AGENDA
CITY COUNCIL - WORK SESSION
TUESDAY, JUNE 2, 2020
1371 WEST FM 550 - MCLENDON-CHISHOLM, TEXAS 75032
6:30 PM

Page

1. CALL SPECIAL WORK SESSION TO ORDER

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND TEXAS FLAGS

3. CITIZEN COMMENTS

4. DISCUSS FISCAL YEAR 2019-2020 BUDGET PROJECTIONS AND FISCAL YEAR 2020-2021 PROPOSED BUDGET AND RELATED MATTERS

3 - 4 4.1. Discuss sewer operating and maintenance needs as related to the current and proposed budget. A representative from Inframark, the City's sewer operating and maintenance provider, will be in attendance to present information and answer questions.
Inframark Presentation
Quote Lift Station Pump Rebuild
Quote Lift Station Pump Install

4.2. Discuss technology needs as related to the current and proposed budget. A representative form the City's Information Technology provider, My Computer Guy, may be in attendance to present information and answer questions.

5 - 7 4.3. Discuss public safety planning including short and long term needs for facilities, site location, vehicles, equipment, personnel, operating and maintenance and related matters.
Staff Report - Fire Station Update

8 - 33 4.4. Discuss proposed changes to the Master Fee Schedule.

Staff Report - Proposed Changes to Master Fee Schedule
2019 Sewer Rate Study
Current Fee Schedule

34 - 38 4.5. Discuss employee salaries and benefits.
TMRS Information for Cities
TMRS Understanding Contribution Rates for cities

39 - 83 4.6. Discuss Comprehensive Plan update, timeline for completion and probable costs.
Staff Report - Comprehensive Plan Update
Res. 2020-03 Establishing Economic Dev Committee
Comprehensive Plan

84 - 103 4.7. Discuss and review existing and proposed City financial policies.
Staff Report - City Financial Policies
Fund Balance Policy
Investment Policy

104 - 105 4.8. Discuss Certified property value estimates as provided by Rockwall County Appraisal District and related matters. The City's Accountant, Ray Smith, may be in attendance to present information and answer questions.
Certified Estimates

106 - 115 4.9. Discuss projected budget for Fiscal Year 2019-2020 (current budget) and Council funding priorities, revenues, expenditure and tax rate for Fiscal Year 2020-2021. City Accountant, Ray Smith, will may be in attendance to present information and answer questions.
Budget Summary FY 20-21
Budget Worksheet FY 20-21
Payroll Projection FY 20-21

116 4.10. Discuss Budget and Tax Rate Adoption Calendar.
Proposed Budget Calendar

5. ADJOURN

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

I, Rochelle Green, do hereby certify that the above Notice of Meeting of the City Council of McLendon-Chisholm, Texas was posted on or before 9:00 p.m., May 29, 2020 on the outside bulletin board at City Hall, a place convenient and readily accessible to the public at all times.

MACHINING & VALVE AUTOMATION SERVICES LLC
PO BOX 311
ROYSE CITY TX 75189
214-502-6432

QUOTE

DATE	QUOTE #
4/30/2020	2020-100374

INFRAMARK
9550 HELMS TRL SUITE 800
FORNEY TX 75126
AP@INFRAMARK.COM

REP	TERMS
COLT	NET 30

DESCRIPTION	QTY	COST	TOTAL
MCLENDOM CHISOM LIFT STATION MOTOR PUMP REBUILD			
MOTOR REBUILD AND RE-ASSEMBLY OF THE COMPLETE MOTOR AND PUMP. TO INCLUDE A NEW 30 FT CABLE	1	6,700.00	6,700.00

IF EXTRA LABOR OR MATERIALS NOT DESCRIBED ABOVE ARE REQUIRED, THE OWNER WILL BE NOTIFIED FOR APPROVAL BEFORE WORK IS COMPLETED. THIS QUOTE IS GOOD FOR 90 DAYS FROM THE DATE REFERENCED ABOVE. WE THANK YOU FOR CONSIDERING MVA SERVICES FOR YOUR SERVICE NEEDS.

TOTAL **$6,700.00**

THANKS

COLT MILLER
MVA SERVICES
SERVICE YOU CAN COUNT ON!
COLT@MVASERV.COM
OFFICE 214-502-6432
CELL 469-662-8161

*****DUE TO THE CORONA VIRUS OUTBREAK ALL SHIP DATES ARE ESTIMATED & NOT GUARANTEED*****

MACHINING & VALVE AUTOMATION SERVICES LLC
PO BOX 311
ROYSE CITY TX 75189
214-502-6432

QUOTE

DATE	QUOTE #
4/30/2020	2020-100375

INFRAMARK
9550 HELMS TRL SUITE 800
FORNEY TX 75126
AP@INFRAMARK.COM

REP	TERMS
COLT	NET 30

DESCRIPTION	QTY	COST	TOTAL
MCLENDOM CHISOM LIFT STATION PUMP INSTALL			
MVA SERVICE TECHNICIAN / MECHANICAL SPECIALIST CREW TECHNICIAN / MECHANICAL SPECIALIST 2 MAN CREW TO INSTALL THE PUMP AND MOTOR IN THE LIFT STATION AND WIRE THE MOTOR BACK IN.	6	175.00	1,050.00
MVA 15 TON CRANE / EQUIPMENT CHARGE	1	250.00	250.00

IF EXTRA LABOR OR MATERIALS NOT DESCRIBED ABOVE ARE REQUIRED, THE OWNER WILL BE NOTIFIED FOR APPROVAL BEFORE WORK IS COMPLETED. THIS QUOTE IS GOOD FOR 90 DAYS FROM THE DATE REFERENCED ABOVE. WE THANK YOU FOR CONSIDERING MVA SERVICES FOR YOUR SERVICE NEEDS.

TOTAL **$1,300.00**

THANKS

COLT MILLER
MVA SERVICES
SERVICE YOU CAN COUNT ON!
COLT@MVASERV.COM
OFFICE 214-502-6432
CELL 469-662-8161

*****DUE TO THE CORONA VIRUS OUTBREAK ALL SHIP DATES ARE ESTIMATED & NOT GUARANTEED*****

City of McLendon-Chisholm

Staff Report

Discuss public safety planning including short and long-term needs for facilities, site location, vehicles, equipment, personnel, operating and maintenance and related matters.

Date:

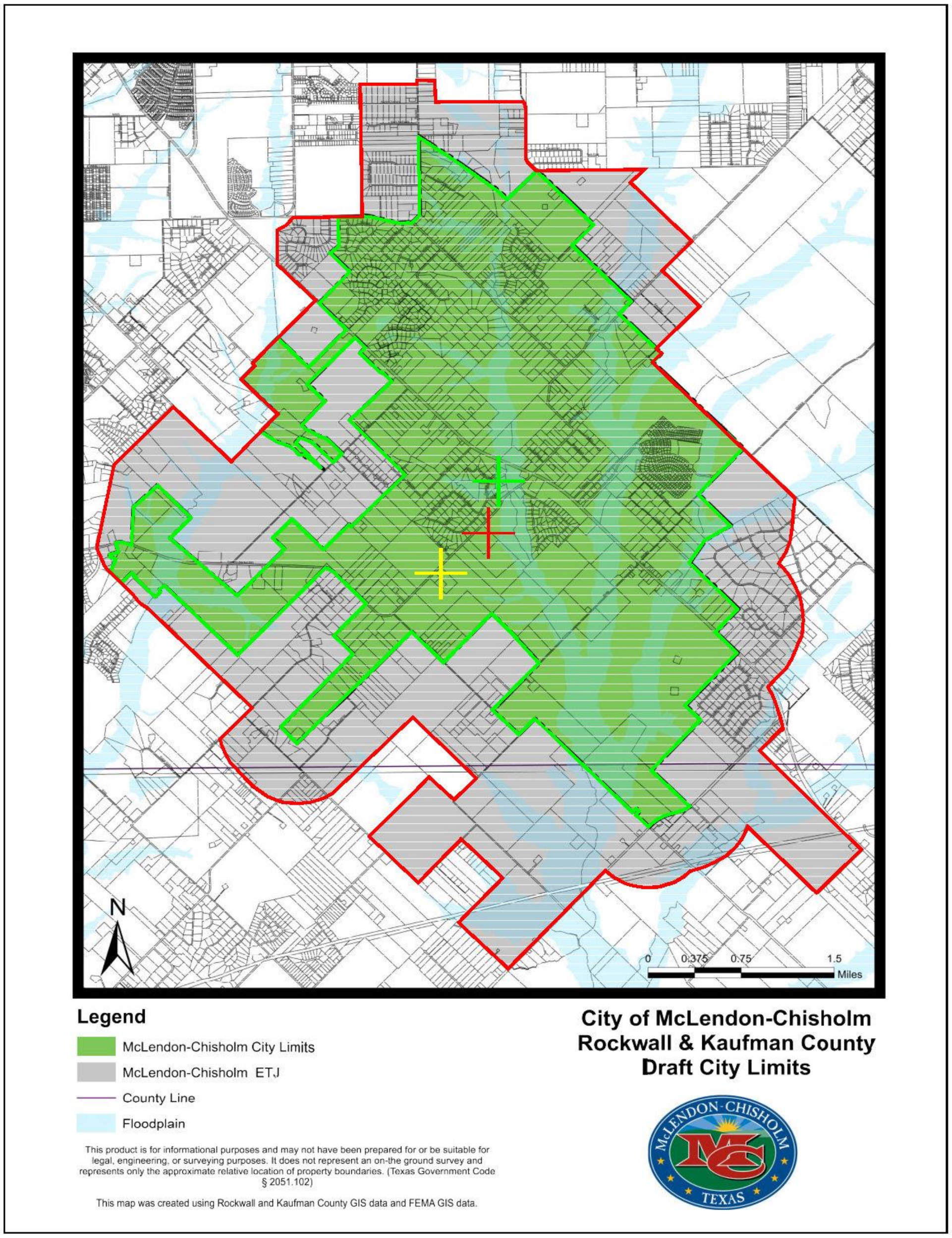
June 2, 2020

Background

The Texas Department of Transportation (TxDOT) purchased the fire station property located at 1250 S. Hwy 205, McLendon-Chisholm. Funds in the amount of $4,551,087 were deposited in the Fire Capital Fund at LOGIC. Funds will remain in the LOGIC account until needed in order to earn interest. A checking account will be opened with the City's primary bank and funds will be transferred from LOGIC to the checking account as needed to pay for station costs as they are incurred.

Station Location

The Mayor, Fire Chief and City Administrator considered multiple criteria in recommending the City Hall site as the most suitable location for the new station. Determining factors include locating a central site to serve the city and ETJ for prompt emergency response times, quick access to major thoroughfares, current and future traffic conditions, compatible land use to surrounding area, easy ingress/egress from the station to the road, and cost. Sites on Hwy 205, Hwy 205/FM 550 vicinity and City Hall were considered. The site on Hwy 205 is over a mile north of city center and 1.3 miles from ETJ center, is likely to be retail in the future and would require improvement of an adjacent road for ingress/egress adding considerable cost to the project. The Hwy 205/FM 550 site vicinity is nearly city center, but the area will be 100% retail in the future and lot size may limit future expansion for training grounds or related use. Additionally, locating a public facility on a retail lot could result in reduction of sales tax that could be generated by a retail establishment on the same site. The additional cost for either the Hwy 205 or the Hwy 205/FM 550 vicinity site would have added an additional $300,000 to $500,000 to the overall project cost just for land purchase. The City Hall site is .9 miles from city center and .3 miles from ETJ center, has adequate space for current and long-term needs, is compatible with adjacent land use, and requires no additional cost for land purchase. The savings may be applied toward future capital needs producing a tax savings for residents.



Green is the exact center of the City now.
Red is the exact center of the ETJ.
Yellow is the proposed fire station location.

Design/Build Method

Several area fire departments were surveyed in the process of researching the most efficient method for designing and building a station. Due to the city's size, defined budget, limited staff and build time constraints, it was determined that utilizing a design/build method is the most efficient means for building the station.

Rather than hiring an architect and then bidding out separately for construction, the design/build method allows the City to hire a firm that will design and construct the station. Additionally, firms that offer design/build services offer turnkey pricing. This allows for better cost control and generally saves time as well as money. This method will require the City's Engineer, Building Official and Fire Chief to provide project construction oversight.

Process and Estimated Timeline for Station Construction

June 12	Request for Qualifications Issued
July 3	Submissions Due
July 10	Staff narrows candidate firms and invites construction proposals
July 28	Staff makes recommendation to hire design/build firm and Council hires
Sept 22	Preliminary drawings/renderings provided to Council and public for review and comments
Oct 27	Final plans provided for Council approval
November	Groundbreaking/construction
July 2021	Anticipated completion

Schedule may vary due to weather and other unpredictable conditions

Jim Simmons, Fire Chief/Fire Marshal

City of McLendon-Chisholm

Staff Report

Discuss proposed changes to the Master Fee Schedule

Date:

June 2, 2020

Background:

The Master Fee Schedule is reviewed each year as part of the budget process. Proposed changes include the following:

Service	**Current Rate**	**Proposed Rate**
Sewer Rate	$57.75	$60.64
Pool Permit	$500 plus inspection fees (usually 4 inspections at $75 each) = $800	$200 plus inspection fees = $500 Total
Mechanical/HVAC	$100 plus inspection fees	No Change
Plumbing Permit	$150 plus inspection fees	$100 plus inspection fees
Electrical Permit	$150 plus inspection fees	$100 plus inspection fees
Solicitor's Permit		$100 (up to 4 individuals per permit) $25 for each additional person.

The sewer rate proposed is derived from the sewer rate study completed last year. The rate study is attached to the packet. New information regarding NTMWD rates are not available at this time.

The current pool permit fee is high as compared to neighboring cities. The proposed fee covers the city's costs.

Mechanical and HVAC permits are currently $100 plus inspection fees. Plumbing and Electrical permits are currently $150 plus inspections. Plumbing and Electrical permits are similar and should reflect a similar fee. Staff proposes to reduce the plumbing and electrical permit fee to $100 plus inspection fees to be in line with the mechanical and HVAC permits.

Council recently approved changes to the City's nuisance ordinance and now requires a solicitor's permit. A fee needs to be established for the permit. Staff proposes a $100 fee which includes background checks for up to four individuals plus $25 for each additional person attached to the permit.

Fire Department related proposed permit fees are attached.

Recommendation:

Staff recommends Council consider the proposed Master Fee Schedule and have staff prepare an ordinance with an effective date of October 1, 2020 and present to Council for adoption at a future meeting.

Lisa Palomba, City Administrator

Jim Simmons, Fire Chief/Fire Marshal

Fire Permit Fees and Misc. Fees

Permits (Construction & Operational)	
Permit Description	**Fee**
Automatic Fire Extinguishing Systems	
1. New Install	3rd party plan review*
2. Modification to Existing System	
a. Less than 20 heads	No permit needed
b. 20 or more heads, modifications alterations/modifications to the system risers, and/or special applications (i.e. water curtains).	3rd party plan review*
3. Kitchen Hood & Duct	1st page: $150, each additional page $100
4. Special Hazard (clean agent, dry chem, etc.)	3rd party plan review*
Battery System	
New Install & modifications	3rd party plan review*
Outdoor Burn	
1. Commercial/Residential Burn Permit	$25 review fee per residential burn permit $150 review fee per commercial burn permit
Carbon Dioxide Systems (beverage dispending)	
New Install & modifications	3rd party plan review*
Compressed Gases	
New Install & modifications	3rd party plan review*
Cryogenic Fluids	
New Install & modifications	3rd party plan review*
Electronic Access Control Systems	
New Install & modifications	1st page: $150, each additional page $100
Emergency Responder Radio Coverage System	
New Install & modifications	3rd party plan review*
Fire Alarm and Detection Systems and related equipment	
1. New Install	3rd party plan review*
2. Modification to Existing System	
a. Less than 20 devices	1st page: $150, each additional page $100
b. 20 or more devices	3rd party plan review*
c. Panel Replacement	1st page: $150, each additional page $100
d. Minor notification device modifications (such as adding horn/strobe for fire sprinkler monitoring or expanded notification coverage with less than 10 devices added)	No permit needed
Fire Pump and related equipment	
New Install & modifications	3rd party plan review*
Fireworks	
1. Fireworks/Pyro – Outdoor Shows	$50
Flammable and Combustible Liquids	
New Install & modifications	3rd party plan review*
Gates and Barricades (across fire apparatus access roads)	
New Install & modifications	No Fee
Hazardous Materials	
New Install & modifications	3rd party plan review*
High-Piled Storage	
New Install & modifications	3rd party plan review*
Industrial Ovens	

New Install & modifications	3rd party plan review*
LP-gas	
New Install & modifications	No Fee
Model Rocketry	
Per Event	No Fee
Private Fire Hydrants	
New Install & modifications	3rd party plan review*
Smoke Control or Smoke Exhaust Systems	
New Install & modifications	3rd party plan review*
Solar Photovoltaic Power Systems	
New Install & modifications	3rd party plan review*
Spraying and Dipping	
New Install & modifications	3rd party plan review*
Standpipe Systems	
New Install & modifications	3rd party plan review*
Tanks	
Underground Tanks	
New Install & modifications	1st page: $150, each additional page $100
Aboveground Tanks	
New Install & modifications	1st page: $150, each additional page $100
Temporary (Construction Site) Tanks	
New Install & modifications	No Fee
Removal of Tank	No Fee
Temporary Membrane Structures and Tents	
New Install & modifications	No Fee
Traffic Calming Devices (Speed Humps)	
New Install & modifications	No Fee
Two-Way Communication System	
New Install & modifications	1st page: $150, each additional page $100
Underground Fire Service Systems	
New Install & modifications	1st page: $150, each additional page $100
Others	
All other Construction or Operational permits not specifically listed above (See IFC 105.6 and 105.7)	No Fee, 1st page: $150, each additional page $100, or 3rd party plan review*, as determination by Fire Code Official

*$5 Administrative Fee for all permits requiring 3rd Party Plan Review
*Permits requiring 3rd Party Review, if reviewed in house, 1st page: $150, each additional page $100

Miscellaneous Fees	
Fee Description	**Fee**
Inspections	
Home Occupancy Inspection Fee	$75.00
Outside of Normal Business Hours	$75.00 per hour (min of 2 hrs.)
Re-inspection fee The re-inspection fee would be assessed after 2 failed inspection to which a permit was issued.	$75.00
Fire Watch	
1. Per Fire Service Personnel	$50.00 per hour (min of 2 hrs.)
2. Per Fire Apparatus	$400.00 per hour

City of McLendon-Chisholm

2019 Wastewater

Rate Study and Financial Forecast

City Council Presentation

WILLDAN

October 8 2019

Presentation Format

- Background on Rates
- Customers and Growth
- Current and Forecast Cost of Service
- Proposed Rate Plan
- Next Steps

WILLDAN

Preliminary – Subject to Change

Facts about Water and WW Rates in the 21st Century

- Average utility has been increasing rates 5-6% per year; trend expected to continue
- AWWA forecasts that water and wastewater rates across USA will triple in the next 15 years
- Rate adjustments are primarily due to reasons beyond a utility's control – inflation, system replacement, etc.
- NTMWD/Rockwall wastewater increases will have a major impact on City's long-term rate plan
- Ability to maintain forecast customer growth and related connection fees important part of Utility's financial stability

City of McLendon-Chisholm
Current Wastewater Rate Structure

Wastewater Rates

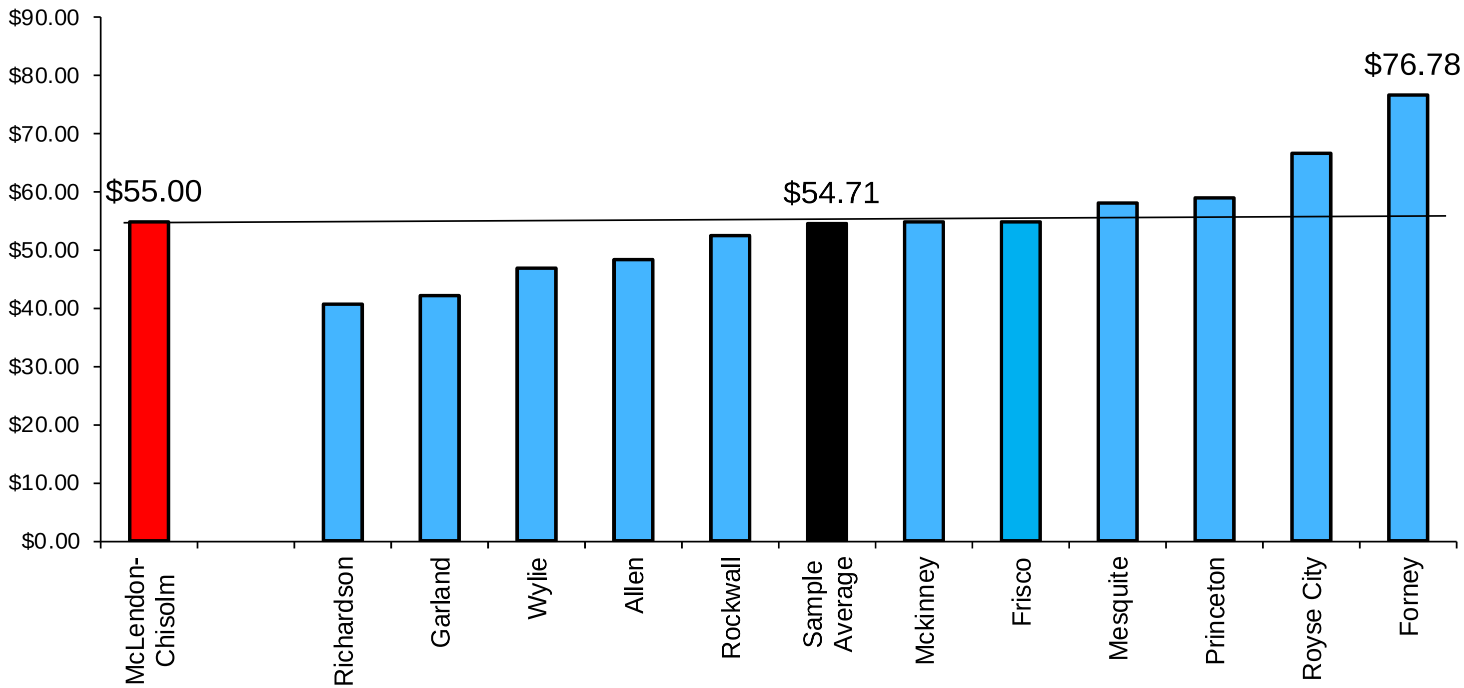
Residential Wastewater Rates

Minimum Charge	$	55.00
Volume Rate (per 1,000 Gallons)		-

WILLDAN

Preliminary – Subject to Change

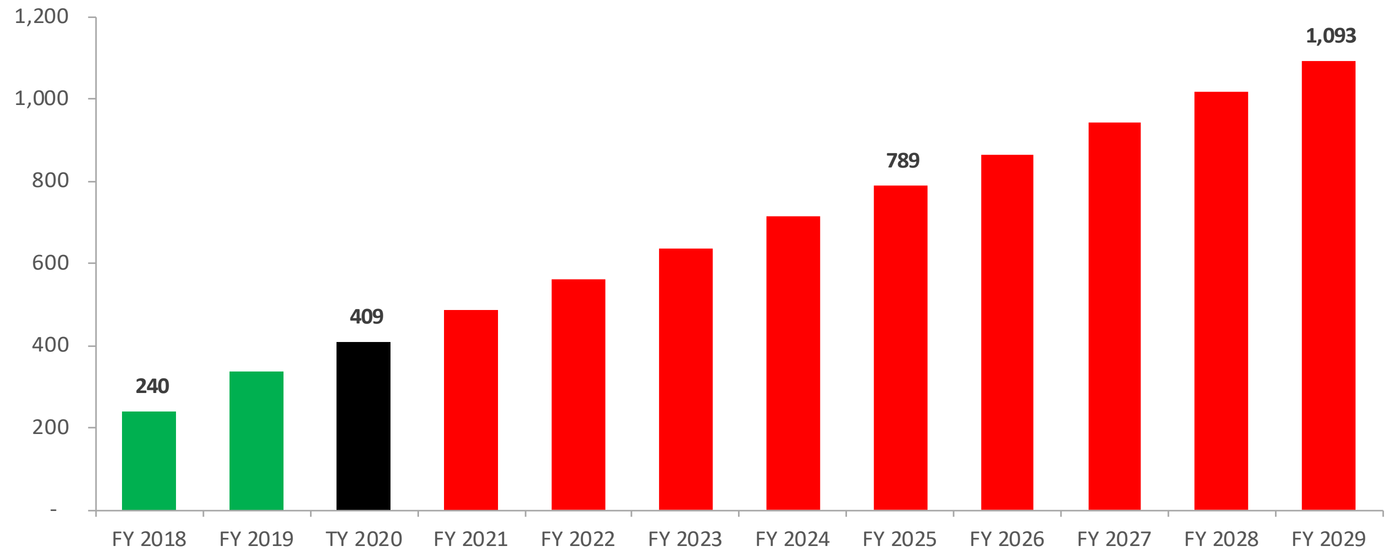
Monthly Residential Charge Comparison
7,500 Gal Wastewater



Preliminary – Subject to Change

Forecast
Wastewater Accounts

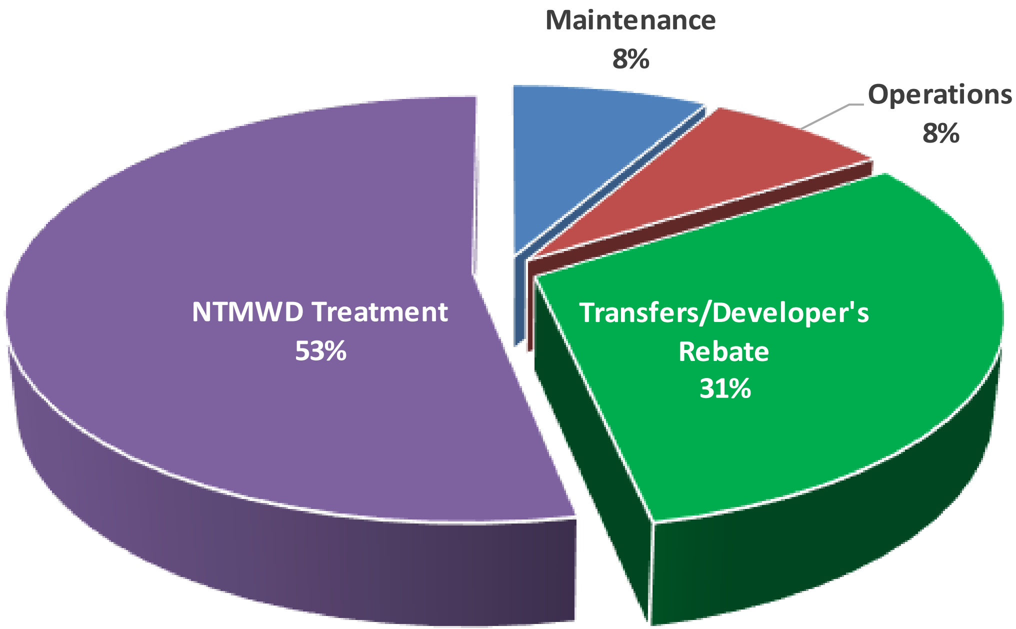
Average Annual Increase = 11.5%



Preliminary – Subject to Change

Wastewater Utility
FY 2020 Operating/Capital Outlays

Total = $441,270



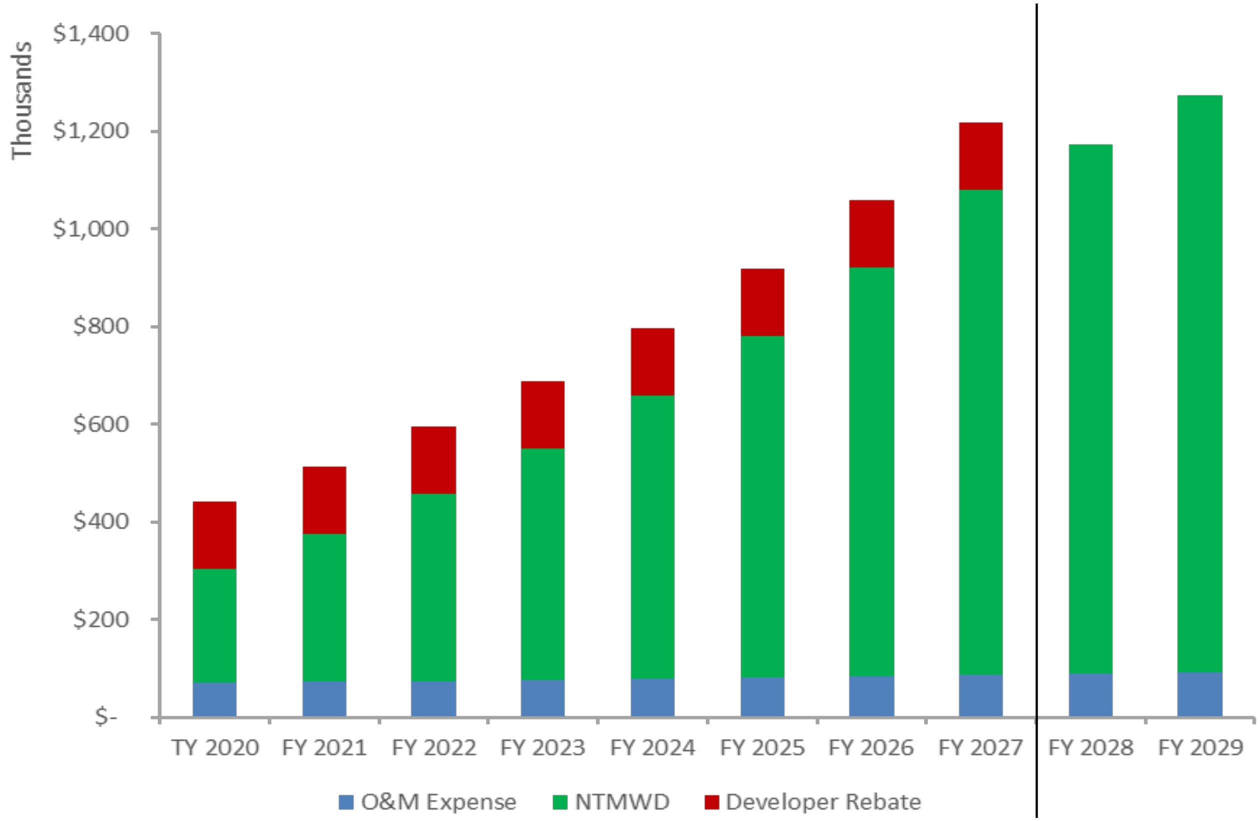
Key Assumptions Driving Forecast Financial and Rate Plan

- Contract operating expenses increase 3% per year
- Biggest impact on rate plan = NTMWD/Rockwall cost increases for wastewater treatment
  - estimated at 9.0% per year
- **Important**: Tap Fees (non-rate revenues) are 45% of total utility revenue:
  - Any slowdown in customer growth will require additional rate increases
  - Fees are expected to end after FY 2027, resulting in a revenue reduction of $91,00 in FY 2028

WILLDAN

Preliminary – Subject to Change

Forecast Cost of Service



WILLDAN

Preliminary – Subject to Change

Forecast Revenue Requirement

	Operating Expenses	NTMWD	Developer Rebates	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
WASTEWATER Revenue Requirement						
TY 2020	$ 69,570	$ 234,900	$ 136,800	$ 441,270	$ 226,900	**$ 214,370**
FY 2021	71,657	303,897	136,800	512,354	226,900	**285,454**
FY 2022	73,807	383,506	136,800	594,113	226,900	**367,213**
FY 2023	76,021	475,088	136,800	687,909	226,900	**461,009**
FY 2024	78,302	580,161	136,800	795,263	226,900	**568,363**
FY 2025	80,651	700,424	136,800	917,875	226,900	**690,975**
FY 2026	83,070	837,770	136,800	1,057,640	226,900	**830,740**
FY 2027	85,562	994,313	136,800	1,216,675	226,900	**989,775**
FY 2028	88,129	1,084,796	0	1,172,925	(1,100)	**1,174,025**
FY 2029	90,773	1,183,512	0	1,274,285	(1,100)	**1,275,385**

Notes on Rate Proposal

- Rate plan recommends 5 years of annual adjustments, effective January 1, 2020 and October 1 2020-2023
- Council has option to adopt multi-year plan or single adjustment
- Recommend rate plan be reviewed every two years given:
  - The utility's reliance on tap fee revenue connected to rapidly changing growth
  - The volatility of NTMWD charges

Wastewater Monthly Charge Required For Utility Self Sufficiency

Current	Effective				
	Jan-20	Oct-20	Oct-21	Oct-22	Oct-23
$ 55.00	**$ 57.75**	$ 60.64	$ 63.67	$ 66.85	$ 70.20
	2.75	**2.89**	**3.03**	**3.18**	**3.34**
	5.0%	5.0%	5.0%	5.0%	5.0%

WILLDAN

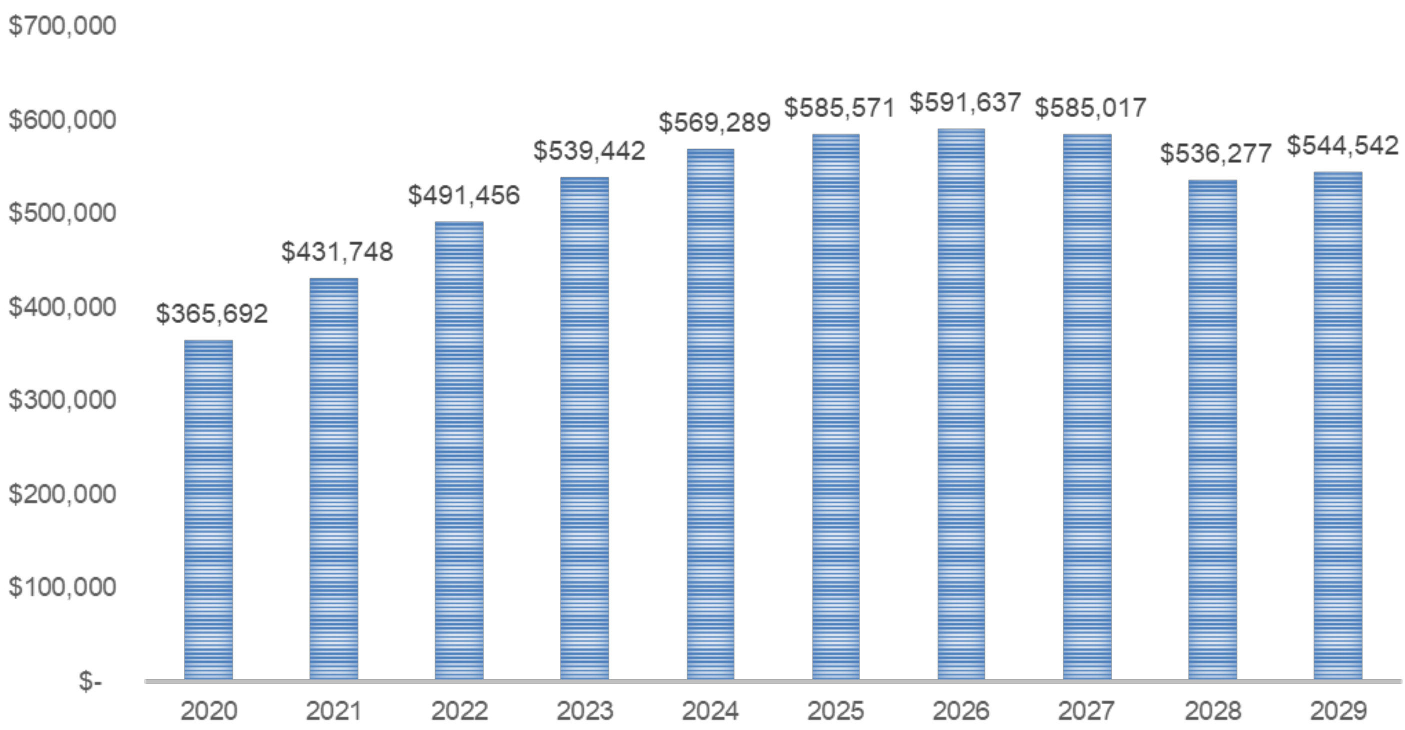
Preliminary – Subject to Change

Wastewater Monthly Charge Required For Utility Self Sufficiency

Effective				
Oct-24	**Oct-25**	**Oct-26**	**Oct-27**	**Oct-28**
$ 75.11	$ 81.12	$ 87.61	$ 100.75	$ 114.85
4.91	**6.01**	**6.49**	**13.14**	**14.10**
7.0%	8.0%	8.0%	15.0%	14.0%

Elimination of Connection Fee Revenue

Proposed Rate Plan
Forecast Fund Balance



WILLDAN

Preliminary – Subject to Change

Presentation Summary
Benefits of Proposed Rate Plan

- Will enable utility to operate on a stand-alone basis and independent of general fund assistance
- Will cover estimated increased cost of NTMWD Wastewater treatment
- Will result in financially-healthy utility that has ability to fund operations and immediate capital needs
- Will ensure that ratepayers paying only what it costs to provide wastewater service

Questions?

Preliminary – Subject to Change

Ordinance No. 2019-03
Approved 05/28/2019

CITY OF MCLENDON-CHISHOLM
ORDINANCE NO. 2019-03

AN ORDINANCE OF THE CITY OF McLENDON-CHISHOLM, TEXAS, AMENDING SECTION 3.01.001 OF ARTICLE 3.01 OF CHAPTER 3, "BUILDING REGULATIONS," OF THE CODE OF ORDINANCES BY AMENDING THE FEE SCHEDULE; PROVIDING A REPEALING CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, it is the intent of the City Council of the City of McLendon-Chisholm, Texas ("**City**") to protect the public health, safety and welfare of the citizens of the City and safeguard the finances of the City; and

WHEREAS, the City is authorized to impose and collect fees relating to activities regulated by the City and the City Council may amend the related fee schedule to reflect current costs incurred by the City resulting from administering such regulations; and

WHEREAS, the Texas Legislature approved H.B. 852 effective May 21, 2019, which prohibits the practice of considering valuation of a proposed residential structure in determining and calculating residential building permit fees and it is necessary that the fee schedule be amended; and

WHEREAS, the City Council finds that the fee schedule attached to this Ordinance as Exhibit A and incorporated herein levies fees that have a rational and reasonable relationship to actual costs incurred by the City for the related activities and that the fees are reasonably necessary for the administration of the activity for which the fees are charged.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF McLENDON-CHISHOLM, TEXAS:

SECTION 1. The recitals set forth in the WHEREAS clauses of this Ordinance are true and correct, constitute findings and determinations by the City Council acting in its legislative capacity and are incorporated herein.

SECTION 2. That Section 3.01.001(a) of Article 3.01 "General Provisions," of Chapter 3 "Building Regulations," is hereby amended for the sole purpose of repealing the current Exhibit A fee schedule and replacing it with the Exhibit A fee schedule attached to this Ordinance, which fees shall be effective, and shall be assessed, from and after the effective date of this Ordinance.

SECTION 3. That all provisions of the ordinances of the City of McLendon-Chisholm in conflict with the provisions of this Ordinance, to the extent of such conflict, be and the same are hereby repealed and all other provisions of the ordinances of the City of McLendon-Chisholm not in conflict with the provisions of this Ordinance shall remain in full force and effect.

SECTION 4. That should any sentence, paragraph, subdivision, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this Ordinance as a whole or any part or provision hereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Code of Ordinances as a whole.

SECTION 5. It is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

SECTION 6. This Ordinance shall take effect immediately after its passage and the publication of the caption, as the law in such cases provides.

DULY PASSED and APPROVED by the City Council of the City of McLendon-Chisholm, Texas, on the 28th day of May 2019.

APPROVED:

Keith Short, Mayor

ATTEST:

Lisa Palomba, City Secretary

City of McLendon-Chisholm
Master Fee Schedule

Exhibit A
Ordinance 2019 – 03

Miscellaneous Fees

Fence Permit	$50
Trade Permits, Mechanical Permits	$100
Plumbing Permit	$150
Electrical Permit	$150
Commercial Certificate of Occupancy	$150
Credit Card Fee	5%
Sewer Tap Fee	$3,000
Sewer Customer Deposit	$135 ($110 Refundable)
Sewer Monthly Fee	$55
Contractor Registration (Other than plumbing & electrical	$100
Contractor Registration Plumbing & Electrical	$0
OSSF Permit Fee	$500
Resubmittal OSSF Fee	$100
Pool Installation OSSF Revie Fee (no inspection)	$ 50
OSSF Modification Fee	$200

Food Establishment Permit Fees

Temporary Establishment	$50
Food Establishment	$300
Catering Truck	$300
Day Care Facility	$300
Grocery Store (Per Outlet)	$300
Limited Service	$300
Additional Inspections Required	$100
Seasonal Events	$150
Prepackaged Food and Beverage	$150

Continued on Next Page

Approved 05/28/2019

Building Permit Fees Commercial/Non-Residential
(All Building Permit Applications Subject to a Plan Review Fee)

Valuation is based on construction value of project. Permit applicant pays this fee at the time the permit is issued.

Total Valuation	Fee
$1-$5,000	Actual Inspection Charges Plus $50
$5,000 to $249,999	Actual Inspection Charges Plus 1.000% of Valuation Rounded up to Next $1,000
$250,000 to $449,999	Actual Inspection Charges Plus 1.050% of Valuation Rounded up to Next $1,000
$450,000 to $649,999	Actual Inspection Charges Plus 1.075% of Valuation Rounded up to Next $1,000
$650 to $849,999	Actual Inspection Charges Plus 1.100% of Valuation Rounded up to Next $1,000
$850,000 to $9,999,999	Actual Inspection Charges Plus 1.25% of Valuation Rounded up to Next $1,000
Over $1,000,000	Actual Inspection Charges Plus 1.150% of Valuation Rounded up to Next $1,000

Residential Building Permits
(All Building Permits subject to a Plan Review Fee)

Residential New Construction/Remodels	$1.17 Per Square Foot Plus Inspection Fees (Includes Total Square Footage living, garages, porches, etc.)
Residential Minor Construction Projects	$0.59 Per Square Foot Plus Inspection Fees (Porch Additions, Patio Covers, garages, non-habitable living space, etc.)
Swimming Pool	$500 Plus Inspection Fees

Plan Review Fees (Fees are not applied toward Building Permits)

Commercial New Construction	2% of Valuation ($500 minimum) Paid at time of submittal
Residential New Construction	$125 Paid at time of submittal
Other Residential Projects including Pools	$75

Continued on Next Page

Approved 05/28/2019

Development Fees**
Application and Process Fees Only

Plat Fees**

ETJ Preliminary/Final Plat	Same as All City Fees. May Require review by Rockwall County and be subject to County Fees. See Interlocal Agreement January 30, 2006
Preliminary Plat	$175 per lot Plus $10 per acre (Acreage rounded to the next whole number) Plus all Consultant Costs.
Final Plat	$150 per lot Plus $10 per acre (Acreage rounded to the next whole number) Plus all Consultant Costs.
Replat/Amended Plat	$150 per lot Plus $10 per acre (Acreage rounded to the next whole number) Plus all Consultant Costs.

Zoning Related Fees**

Zoning Change Request	$600 Plus $10 Per Acre Plus all Consultant Costs
Zoning Board of Adjustment Request	$400 Plus all Consultant Costs
Special Use Permit	$400 Plus all Consultant Costs

**Please consult the City of McLendon-Chisholm Code of Ordinances for subdivision and zoning projects prior to submitting an application. All land use projects begin by contacting City Staff at 972-524-2077.

**The City recognizes that professional guidance is necessary when undertaking any land use project including platting, zoning or Board of Adjustment applications. Therefore, the City will provide a one-hour or 2 half-hour complementary professional consultations with the City Planner and/or City Engineer. The complimentary consultations will be arranged by City Staff. Limit of one complementary consultation per property.

The applicant must pay the actual fee (very small and simple projects) or deposit the estimated fee with the City prior to the consultants beginning work on an application. Should the actual consultant costs exceed the estimate, the applicant will be required to deposit additional funds with the City before work on a project continues. Unused deposit funds will be refunded to an applicant within 60 days of project end.

**All Consulting Costs include City Planner, City Engineer, Legal Fees and any other outside consultant costs incurred by the City. A request will not be scheduled for an agenda until all outstanding fees are current.

Continued on Next Page

Approved 05/28/2019

Fire Code Plan Review Services (Fire Alarm/Sprinkler Systems)
(Commercial)

Valuation	Fee
Up to $250,000	$500
$250,000 to $500,000	$850
$501,001 to $1,000,000	$1,100
$1,000,001 to $3,000,000	$1,600
3,000,001 to $6,000,000	$2,400
$6,000,001 and up	$2,400 plus $0.35 for each additional $1,000

Fire Code Inspection Services

Residential	$25
Commercial	$50 initial inspection, reinspection $75

Approved 05/28/2019

TMRS®
TEXAS MUNICIPAL RETIREMENT SYSTEM

Information for Cities

(more at www.tmrs.com)

Key Facts About TMRS

- TMRS is a statewide retirement system that cities may elect to join (889 cities as of 12/31/19).
- TMRS has over 113,900 contributing members and over 61,400 retirees and beneficiaries (as of 12/31/2019).
- TMRS is a "hybrid" **cash-balance** defined benefit retirement plan rather than a traditional, formula-based defined benefit plan.
- Each city stands on its own by having its own actuarial assets, liabilities, and funded ratio.

Benefits

- Benefits are based on a **member's account balance** at retirement. The retirement benefit is funded through mandatory employee deposits plus interest, mandatory city matching contributions, and investment income.
- Each city chooses from a menu of benefit options to design a retirement program that suits its needs (see pages 2 and 3).

Economic Impact

- TMRS paid a total of $1.64 billion in benefits in 2019, up from $1.3 billion in 2018, and $1.3 billion in 2017.
- Most TMRS annuities are spent by retirees in the community where they worked, benefiting the local and state economy.

Sound Funding

- TMRS' **Investment Return Assumption is 6.75%**.
- Each city's unfunded liability is amortized over a closed period of no more than 30 years.
- Each member's benefits are advance funded over the member's working career.
- TMRS' funded ratio was 87.1% as of 12/31/2018.

Source: 2018 TMRS Comprehensive Annual Financial Report (CAFR). Post 12/31/2018 numbers are unaudited.

City Plan Changes Table

By law, each city that decides to join TMRS must adopt the basic plan features designed for all cities (see box at right).
The options that individual cities may choose to add, modify, or discontinue are shown in this table.
Changes may be made by ordinance at any time, but are effective on the dates shown.

Basic Plan Options for New Cities

- Employee contribution rate (5%, 6%, or 7%)
- City matching ratio (1 to 1, 1½ to 1, 2 to 1)
- 5-year vesting
- Retirement Eligibility (5 years of service and age 60, or 20 years of service at any age)

Action / Plan Option	How are plan options added or changed?	When do changes take effect?**	Outcome of changes
Join TMRS	City Council, by ordinance	First day of month selected	Installs quality, competitive retirement plan for members.
Increase employee contribution rate (up to 7%)	City Council, by ordinance; no employee consent required	First day of month selected	The higher the contribution rate, the larger the benefit earned by the member. Increasing the employee deposit percentage increases the employer contribution rate.
Reduce employee contribution rate	To reduce rate takes a 2/3 vote of employees, then Council must adopt by ordinance	First day of month after the 90th day after ordinance adopted	Reduces benefit for employees.
Change city matching ratio (either Increase or Reduce)	City Council, by ordinance; no employee consent required	January 1 of the calendar year after adoption	By law, cities must match at least 1 to 1.
Reduce vesting requirement (from 10 years to 5) Note: Vesting may not be increased.	City Council, by ordinance; no employee consent required	First day of month after adoption	Reducing vesting to 5 years allows members to be entitled to a retirement benefit sooner, assuming a refund is not taken.
Reduce retirement age/service requirement to 20-year, any age	City Council, by ordinance (after public hearing); no employee consent required	First day of month after adoption	Allows for earlier retirement; city can't go back to 25-year retirement once change is made.
Adopt USC (50%, 75%, or 100% of USC calculation)	City Council, by ordinance; USC can be adopted on its own or with COLAs; USC can be adopted ad hoc or annually repeating	January 1 of the year after adoption	Recalculation based on employee's most recent average compensation can mean a better benefit for retirees and increases costs for employer city.
Reduce USC percentage (reduction options are 50% or 75% of USC calculation)	City Council, by ordinance	January 1 of the year after adoption	If employee is eligible for USC, new amounts will be smaller; previously granted USC remains and continues to earn 5% interest.
Rescind repeating USC	City Council, by ordinance	January 1 of the year after adoption	Benefits no longer recalculated for compensation or plan changes.
Adopt or rescind transfer USC	City Council, by ordinance	January 1 of the year after adoption	Adoption potentially increases costs for employer city because it allows USC calculating factors to be transferred from another city. Conversely, rescinding potentially reduces costs and benefits.
Adopt COLAs (Annuity Increases) (30%, 50%, or 70% of CPI)	City Council, by ordinance. If this option is chosen, it must be adopted in tandem with USC or repeating USC. COLAs can be adopted ad hoc or annually repeating	January 1 of the year after adoption	Helps protect retiree benefits from inflation, but increases costs for employer city.
Reduce COLA percentage (reduction options are 30% or 50% of CPI)	City Council, by ordinance	January 1 of the year after adoption	Retirees previously receiving larger COLA (Annuity Increase) percentage may not see a COLA for one or more years.
Rescind annually repeating COLAs (Annuity Increases)	City Council, by ordinance. Must be dropped if annually repeating USC is dropped	January 1 of the year after adoption	Future increases will only occur when city readopts the COLA. Retiree benefits are not adjusted annually.
Adopt or rescind Supplemental Death Benefit (for active members or for active and retired members)	City Council, by ordinance	First day of the month after adoption. Benefit can only be discontinued effective January 1, if ordinance adopted before preceding November 1	Rescinding it reduces cost to city and eliminates a benefit. Adding it will increase costs.
Military Service Credit	City Council, by ordinance	First day of the month after adoption	Applying this credit does not increase the benefit, but may add service credit toward retirement eligibility for some members.
Restricted Prior Service Credit (also Probationary Prior Service)	City Council, by ordinance	First day of month after adoption	Allows eligible employees who have previous public service, including active military, to receive time credit. Applying this credit to members' accounts does not increase the amount of their benefit but can add actuarial cost.
Buyback of refunded TMRS service	City Council, by ordinance. Employee must have previously refunded TMRS service, be on the payroll at time of adoption, and have 24 consecutive months of deposits with the adopting city	Date of adoption	No up-front cost for adoption of buyback. TMRS will estimate costs that accrue if some or all employees purchase their refunded service. Employee repays refunded amount plus reinstatement fees.
Stop enrolling new employees*	City Council, by ordinance	First day of month after adoption. This change only applies to employees starting after that date	City still must fund retirements of employees enrolled prior to adoption.

* Once a city has joined TMRS, it must continue to provide TMRS benefits for all eligible employees. By law, if a city stops active participation in TMRS, it must maintain the retirement accounts of the employees who have already joined the System. It must continue to fund existing pension benefits, and it must match at its established rate when its current employees retire.

** The effective dates shown in this column apply **after** the city has adopted the respective ordinance and the ordinance has been given to TMRS.

Investment Returns

- TMRS administers $31.0 billion in assets as of 12/31/2019.
- Annual investment returns (as of 12/31/2019; Net of Fees)

1-year return	3-year average	5-year average	10-year average	20-year average	30-year average
14.54%	8.34%	6.38%	6.85%	7.79%	8.27%

Quarterly asset and performance information and the Investment Policy Statement are posted on the Investment page of the TMRS website.

Resources for Cities

City Portal • *www.tmrs.com/CityPortal/Logon* • TMRS SOC-1 Audit Reports and your city's census data

My City Plan • *www.tmrs.com/my_city_plan.php* • type your city's name to see a "Snapshot" of benefits

City Plan Provisions • *www.tmrs.com/city_plans.php* • searchable by city name or city region

City Rate Letters • *www.tmrs.com/city_rate_letters.php* • choose your city's name in the dropdown menu

Guides, Flyers, Publications, and Actuarial Valuations • *www.tmrs.com/pubs_cities.php*

E-Bulletin for Cities • *www.tmrs.com/e_bulletins.php*

How to Contact TMRS

Toll-free • 800.924.8677
Local (in Austin) • 512.476.7577
Website • *www.tmrs.com*
Need Help? • *www.tmrs.com/contact.php*
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Actuarial Information
Leslee Hardy • *lhardy@tmrs.com*

GASB 68 and 75

Information is available on the TMRS website under Eye on GASB.
Specific questions may be emailed to *pensionaccounting@tmrs.com*.

TMRS® Texas Municipal Retirement System

Understanding Contribution Rates
For Cities

Phone: 512.476.7577 • Fax: 512.476.5576
Need Help? *www.tmrs.com/contact.php* • Website: *www.tmrs.com*
Mailing address: P.O. Box 149153 • Austin, TX 78714-9153

Toll free:
800.924.8677
Hablamos Español.

What Is a Contribution Rate?

Your city participates in the Texas Municipal Retirement System (TMRS), a pension plan that will pay a lifetime benefit to employees who qualify for membership and who retire from your city. Each year, TMRS' consulting actuary conducts an actuarial valuation of your city's TMRS plan to determine the Actuarially Determined Employer Contribution (ADEC) rate that is required to fund your plan. This contribution rate is expressed as a percentage of your covered employee payroll. TMRS' funding policy is designed to minimize volatility from year to year. Following each actuarial valuation, TMRS provides your city with an Annual Rate Letter that shows the components of your contribution rate for the upcoming Plan Year: January 1 through December 31. Individual city Rate Letters are posted on the TMRS website in early June. The TMRS Act requires all participating cities to contribute the actuarially determined contribution rate each year.

Example Contribution Rate Breakdown

The Annual Rate Letter shows the following components of your city's rate (for example):

Normal Cost:	**10.20%**	
Prior Service:	**3.41%**	
Total Retirement Rate:	**13.61%**	The ADEC
Supplemental Death Benefit:	**0.12%**	
Total Combined Contribution:	**13.73%**	

The **Total Retirement Rate** is made up of two parts — **Normal Cost** and **Prior Service.** Normal Cost is the present value of the projected future benefits for the workforce that is being allocated to the current valuation year. Prior Service is the amount needed to amortize the Unfunded Actuarial Accrued Liability (UAAL) over the amortization schedule for your city. If your city has chosen to include the **Supplemental Death Benefit** provision, it is added to the Normal Cost and Prior Service to determine the **Total Combined Contribution** rate. Another way to think of the ADEC is it's the full rate not including the Supplemental Death Benefit portion.

How Is Your Plan Funded?

All retirement plans, including TMRS, are funded using this basic equation:

Contributions (C) + Income (I) = Benefits (B) + Expenses (E)

Your employees' deposits of 5%, 6%, or 7% of their pay plus the city's contribution is the (C) in this equation. Those combined contributions along with income in the form of investment returns (I) make up the assets that fund lifetime benefits (B) for your employees and pay the System expenses (E). The costs of the benefits (B) are tied directly to the actuarial experience of your city (e.g., retirements, terminations, salary patterns, mortality, economic conditions).

Interest on city accounts is credited December 31 of each year, based on your Benefit Accumulation Fund (BAF) account balance as of January 1 of that calendar year. The interest credit rate is set by the TMRS Board of Trustees at a meeting after the fund's total return on investments is determined.

Why Do City Rates Fluctuate?

The primary financial objective of TMRS, as stated in the policy, is to "pre-fund the long-term costs of promised benefits to plan members and beneficiaries at an approximate level percent of payroll from year to year." Even though TMRS tries to keep contributions level from year to year, city rates are likely to fluctuate slightly. The annual valuation of your plan analyzes these fluctuations; reasons for fluctuations may include changes in your city's plan provisions, actuarial experience, or, less commonly, changes in actuarial assumptions/methodologies made by the TMRS Board with the advice of its consulting actuary.

How Does TMRS Receive the City's Contribution?

The total combined contribution rate is submitted to TMRS as part of the city's monthly Payroll Report. The Monthly Payroll Report consists of: the Employee Contributions Report, the Summary of Monthly Payroll Report, the city's remittance as calculated on the Summary, and additional contributions, if needed. The best way to submit your city's payroll is through the TMRS City Portal.

OVER →

TMRS® Texas Municipal Retirement System

Understanding Contribution Rates
For Cities

FAQs about City Rates (ADEC)

Q. What TMRS plan features affect the cost of our city's plan?

A. The design of each city's plan has the most effect on the cost of the plan. Each city in TMRS chooses an Employee Deposit Rate (5%, 6%, or 7%), City Matching Ratio (1:1, 1.5:1, or 2:1), Vesting Requirement (5 or 10 years), and Retirement Eligibility Requirements (20 or 25 years). A quick way to view a city's chosen features is "My City Plan" on the TMRS website.

The optional Updated Service Credit (USC) and Annuity Increase (COLA) provisions make a significant cost impact on a city's rate. These costs are reflected in both the Normal Cost and the Prior Service portion of the rate. TMRS uses the Entry Age Normal actuarial funding method that funds an employee's benefit over his or her working career. For cities that have repeating USC/COLA provisions, much of the cost of USC/COLAs is reflected in the Prior Service rate. The Prior Service rate is also viewed as the rate necessary to amortize the Unfunded Actuarial Accrued Liability (UAAL). TMRS' amortization policy uses the process of laddering over closed periods, with new experience losses not to exceed 25-year periods.

Q. What is the UAAL?

A. The UAAL is the liability associated with retirement benefits that is not covered by the actuarial value of assets. If a city has a UAAL, a portion of the annual contribution rate is dedicated to amortizing the UAAL over the specified period of time for your city. Although the UAAL may be a large number, the ADEC provides a "payment plan" to reduce it to zero over time. Many TMRS cities have a negative UAAL and are "overfunded."

Q. Is the city rate based on TMRS experience as a whole or on individual city experience?

A. Each year, our consulting actuarial firm evaluates each city's past year's history, including the number of retirements, refunds, deaths, salary increases, and overall payroll increase/decrease. Rates are based on each city's demographics and experience.

Q. How does investment return affect the city's rate?

A. Funds are pooled for investment purposes but each city has assets allocated to its BAF and the annual investment income is credited to those assets. Note that, in a bad year, the allocation may be negative. Since investment returns will fluctuate from year to year, TMRS has adopted a 10-year actuarial smoothing technique to help insulate city rates from dramatic volatility in the market.

Q. Is a city allowed to pay more than required?

A. Each city in TMRS is required to pay its ADEC. Cities may choose to contribute more than the ADEC. If additional payments are made, the city makes more rapid progress toward reducing its UAAL.

Q. How do plan changes affect the rate?

A. Cities control which of the available features they wish to include in their plans. If a plan becomes too costly, the City Council can reduce benefits and the cost of the plan to fit within the city's budget. Benefits can be added at the city's discretion as well.

Q. How can I get more information about the rate?

A. Your city's Regional Manager can answer most rate questions, including providing projections of the costs of proposed plan changes. For more complex issues, such as the effect of making additional contributions, the TMRS Director of Actuarial Services can help. ■

Version 1.0, November 2017.

City of McLendon-Chisholm

Staff Report

Discuss the Comprehensive Plan update, timeline for completion and probable costs.

Date:

June 2, 2020

Background:

The 2015 Comprehensive Plan was adopted in March 2016. Michael R. Coker, the City's current Planner, served as the project consultant. Since that time, there have been only minor updates to the Future Land Use Plan and Transportation Plan.

In 2019 the City Council discussed the need for updates to the Comprehensive Plan. At that time, it was decided not to engage a planner specifically for this purpose. Council determined that the Planning & Zoning Commission, the City Council and the Economic Development Committee could likely do the necessary work involved in updating the plan with minimal guidance from the City's Planner.

On February 25, 2020, Council approved Resolution 2020-03 establishing an Economic Development Committee. The Resolution tasks the committee with developing an Economic Development Plan. As part developing the Economic Development Plan, the Committee will seek input from the City Planner on concepts to update the City's Comprehensive Plan.

While the City sought applicants for the Economic Development Committee, largely due to COVID-19, applicants have yet to be appointed for this committee. Therefore, the committee is not yet active.

As related to the above-mentioned Economic Development Plan and Comprehensive Plan update, staff requested a quote and proposed scope of work for a new or updated Comprehensive Plan. The City Planner is suggesting $15,000 for an update and $20,000 to develop a new Comprehensive Plan. The City Planner estimates a new or updated plan could requires six to eight months to complete. The proposed scope of work is provided by Mike Coker as follows:

Proposed Scope of Work: New or updated Comprehensive Plan

TASKS:

1. Perform City and area reconnaissance and prepare photographic inventory of City and surrounding area
2. Prepare presentation for combined meeting of the City Council and City Planning and Zoning Commission that provides for an overview of the purpose, process and timing for the development of the new or updated Comprehensive Plan [PPT]
3. Meet with City Council and Planning and Zoning Commission to provide an overview of the purpose, process and timing for the development of the new Comprehensive Plan

4. Develop preliminary Comprehensive Plan objectives and strategy for development
5. Commence data assembly to support objectives for Comprehensive Plan
6. Prepare outline for new or updated Comprehensive Plan [PPT]
7. Meet with City Council and Planning and Zoning Commission to review the initial objectives and strategy for preparing the Comprehensive Plan
8. Prepare and present outline, objectives and strategy resulting from meeting with City Council and Planning and Zoning Commission to the Community at a community meeting [PPT]
    a. Provide opportunity for community input and responses
9. Prepare Draft Comprehensive Plan
10. Present Draft Comprehensive Plan to City Council and Planning and Zoning Commission and community at a community meeting [PPT]
11. Revise Draft consistent with direction from City Council and Planning and Zoning Commission
12. Present revised Draft Comprehensive Plan to City Council and Planning and Zoning Commission
13. Present revised Draft Comprehensive Plan to community at community meeting [PPT]
    a. Provide opportunity for community input and responses
14. Prepare final draft Comprehensive Plan
15. Present the final Draft Comprehensive Plan to the Planning and Zoning Commission at a public hearing [PPT]
16. Prepare any revisions as requested by the Planning and Zoning Commission
17. Prepare and present the final Draft Comprehensive Plan to the City Council at a public hearing
18. Prepare Comprehensive Plan as adopted by the City Council [PPT]
19. Review adoption ordinance [prepared by City Attorney] in anticipation of adoption by the City Council

Deliverables:
New or updated Comprehensive Plan
Updated maps
One digital reproducible Copy of New Comprehensive Plan

Recommendation:

Consider budgeting $20,000 for development of an updated or new Comprehensive Plan so the Economic Development Committee, Planning & Zoning Commission and City Council will have the benefit of having an updated Comprehensive Plan as a guide for future city development.

Lisa Palomba, City Administrator

RESOLUTION NO. 2020-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS ESTABLISHING AN ECONOMIC DEVELOPMENT COMMITTEE; ESTABLISHING REGULATIONS FOR SUCH COMMITTEE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of McLendon-Chisholm desires to create a committee known as the "Economic Development Committee"; and,

WHEREAS, the mission of the McLendon-Chisholm Economic Development Committee is to advise and recommend to the City various methods and ways to broaden and diversify the tax base through new business attraction, land acquisition and development, progressive infrastructure, corporate business expansion, and job creation; and Economic Development Committee is created to advocate for business locations or expansion projects and to encourage growth of the community.

THEREFORE, BE IT RESOLVED THAT THE FOLLOWING GUIDELINES ARE ESTABLISHED FOR THE CREATION OF THE CITY OF MCLENDON-CHISHOLM ECONOMIC DEVELOPMENT COMMITTEE:

SECTION 1: Membership

1. The Committee will have seven voting members and two alternates who shall be appointed by the City Council. Members shall serve two-year terms. Four members shall serve two-year terms the first year and three members shall serve one-year terms the first year and will be appointed in July.
2. The Committee shall select a Chairman and Vice-Chairman from among its members.
3. The City Council shall designate one Council Member as a sole non-voting member to serve as a liaison to Council and to provide periodic updates to the Council and request items to be placed on the agenda.
4. The City Administrator and/or City Secretary shall be responsible for posting meeting agendas and materials and preparing minutes for approval.

SECTION 2: Meetings

1. Meetings shall be held at least monthly and must comply with the Texas Open Meetings Act. Any meeting materials, emails regarding city business, or other related information is subject to open records request. At the first meeting, the Committee will designate the time, location and date the Committee shall meet from that date forward and shall adopt a resolution stating same.
2. Prior to adjourning each meeting, the Committee, without discussion, shall determine topics and agenda language for the next meeting. Any supporting documents needed for the agenda packet must be provided to the City Secretary one week in advance of the meeting.

SECTION 3: Member Training

1. Each member shall be responsible for taking Texas Open Meetings Act Training and Public Information Act Training. A certificate of completion shall be provided to the City Secretary who shall cause such to be kept on file as required by the current records retention schedule.
2. Membership is encouraged to seek educational opportunities for independent study and/or group training.

SECTION 4: Attendance

Members are encouraged to notify the City Secretary and Committee Chairperson if a meeting must be missed. Members absent more than 75% of meetings, or members who miss three successive meetings, may be removed by a majority vote of the Committee and shall be considered to have resigned and an Alternate Member shall become a regular meeting. In the event of a vacancy, Council shall appoint a new member or alternate in the event of a vacancy.

SECTION 5: STRUCTURE

1. The Economic Development Committee may be subdivided into two sub committees.
   a. One committee shall consider commercial land use zoning, regulations, and Commercial Development Standards
   b. The second committee shall consider identifying and soliciting appropriate commercial business.
2. Three regular members and one alternate shall serve on each subcommittee.

SECTION 6: RESPONSIBILITIES

1. The Economic Development Committee is responsible for advising the City on developing an inclusive process for assessing community economic development needs and priorities in an orderly fashion and providing recommendations to Council in the form of a proposed Economic Development Plan that reflects, at a minimum, the following:
   a. Plan Purpose, goals and objectives
   b. Brief history of the Community
   c. Core Values of the Community (what is special about M-C, who are we?
   d. Vision for the Community reflecting rural Texas heritage (what do we want to be and what do we want to look like)
   e. Assessment of appropriateness of commercial areas including current and proposed land use as shown on the zoning map, Comprehensive Plan, and Commercial Design Standards and data gathered from various sources including community input. Assessment may identify desirable and undesirable commercial uses, identify areas for proposed change and conclusion.
   f. Assessment and conclusions regarding soliciting desired business.

g. Plan for prioritizing and executing the Plan including objectives, steps, action, and timeline for completion including 1-year, 2-year, and 5-year completion goals.
h. The Economic Development Plan shall be presented to the Planning & Zoning Commission for consideration. Any recommendations will be reviewed by the Economic Development Committee and final Plan shall be delivered to Council for approval and adoption.
i. The Economic Development Committee shall seek input from the City Planner on concepts to update the City's Comprehensive Plan as follows:
    i. Current City commercial zoning
    ii. Impacts that the upgrades to Hwy 205, Hwy 548, and Hwy 549 will have on current commercial zoning
    iii. Establishment of a percentage-based system for the City; e.g. as an example 40% residential, 40% Agricultural, 10% greenspace, and 10% commercial business. As the widening of Hwy 205 claims property from the City, the Comprehensive Build Plan should be updated to maintain the proper percentages determined by the citizens and City Council.
    iv. Identify and recommend changes to the Comprehensive Build Plan, such as:
        1. Establish one or more centralized business districts via the current zoning along Hwy 205.
        2. Establishment of Green / Open Space areas that can be funded under Rockwall County's Master Plan to maintain McLendon-Chisholm's character and create Open Spaces within Rockwall County where citizens can go play, relax, shop, etc.

SECTION 7: SUPPORT

City staff shall provide reasonable support to the Committee such as arranging for access to City facilities for meetings and access to City resources for copies and communications.

SECTION 8: EFFECTIVE DATE

This Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVE THIS THE 25th DAY OF February, 2020.

Shelly Green

Shelly Green, City Secretary

Keith Short

Keith Short, Mayor

City of McLendon-Chisholm, TX

Planning For The Future

2015 COMPREHENSIVE PLAN

Adopted March 22, 2016

TABLE OF CONTENTS

ACKNOWLEDGEMENTS AND CREDITS

We wish to acknowledge the following individuals and organizations who were instrumental in guiding the Comprehensive Plan process. Also, thank you to the citizens of McLendon-Chisholm for their vision and contributions to this plan.

ACKNOWLEDGEMENTS

MAYOR AND COUNCIL

Gary Moody, Mayor
Steve Hatfield, Mayor Pro Tem
Gary Lovell, Council Member
Jack Pullen, Council Member
Patrick Short, Council Member
Jerry Klutts, Council Member
Lee Nichols, Former Council Member

PLANNING AND ZONING COMMISSION

Jay Webb, Chairman
Troy Reich, Vice Chairman
Karla Clark, Commission Member
Jerry Packer, Commission Member
Rhonda Davis, Commission Member

Brian McKinney, Alternate Commission Member
Terrell Miller, Alternate Commission Member
Paul Wilson, Alternate Commission Member

CITY STAFF

Dave Butler, City Administrator
Stephanie Galanides, City Secretary
Deborah Sorensen, Former City Secretary
Dub Douphrate, City Engineer

CREDITS

City-Data.com
Rockwall County
Kaufman County
Rockwall County Appraisal District
Kaufman County Appraisal District
Rockwall Independent School District
Federal Emergency Management Agency
RCH Water Supply Corporation
North Central Texas Council of Governments
State of Texas
Texas Department of Transportation
U.S. Army Corps of Engineers
U.S. Census Bureau
U.S. Fish and Wildlife Service

PROJECT CONSULTANTS

Michael R. Coker Company
3111 Canton Street, Suite 140
Dallas, Texas 75226
214-821-6105
www.cokercompany.com

OVERVIEW

Among the objectives of this comprehensive plan is the preservation of McLendon-Chisholm's rural lifestyle. The City's mission statement establishes the overarching guide for this plan:

"To serve and protect its citizens while preserving our heritage and planning for the future"

The Comprehensive Plan for the City of McLendon-Chisholm is to be used as a guide for future development and redevelopment of the City and as a tool to identify community goals and objectives and to measure the success of the implementation of those community goals and objectives, as well as to provide guidance for the establishment of development regulations. In that vein, elements have been included regarding current land use; future land use; transportation, parks and open space; economic development; public facilities, and housing. An element at the end of the Plan identifies specific actions that need to be accomplished by the City in order to effect the planned outcomes identified in this Plan.

Most of the property in the City is in large lot or agricultural uses. There are a number of subdivisions that provide for a variety of single family detached housing environments, from relatively small lots [Sonoma Verde] to very large lots [Mira Vista] as well as farms and ranches of all sizes.

The City of McLendon-Chisholm is located between the City of Rockwall in Rockwall County and the City of Terrell in Kaufman County. Nearby communities include the City of Heath to the west and south and the cities of Rockwall and Fate to the north and west. Texas State Highway 205 runs through the center of McLendon-Chisholm and connects Rockwall and Terrell. This transportation linkage is bringing residential development and increased population to all of the land along SH 205 and McLendon-Chisholm is no exception. The commercial uses that exist in the City are along this same transportation artery.

The growth in value and numbers of the residential portions of the community has created the need for additional municipal facilities including a new City Hall, expanded fire protection services, and has generated interest in the provision of law enforcement in addition to the protection afforded by the Rockwall County Sheriff's Department.

The national, state and local transportation systems provide relatively convenient access to the community and to surrounding employment centers, shopping, recreation and entertainment.

On October 18, 1969, the two communities incorporated as the City of McLendon-Chisholm. Subsequently, the town has grown steadily, due in no small measure to its proximity to major employment centers and its commitment to a less dense, rural heritage.

MCLENDON-CHISHOLM, TEXAS

The City began as two separate settlements, McLendon's and Chisholm, each of which was named for a prominent landowning family in the early 1850s. McLendon's was named for P. A. McLendon, a local landowner who about 1870 built a combination store, cotton gin, and blacksmith shop that remained in continuous operation until 1975. A schoolhouse and church were constructed at the same time. A post office was opened in 1880 and remained in operation until 1905. By 1896 the farm settlement had 150 residents and nine businesses.

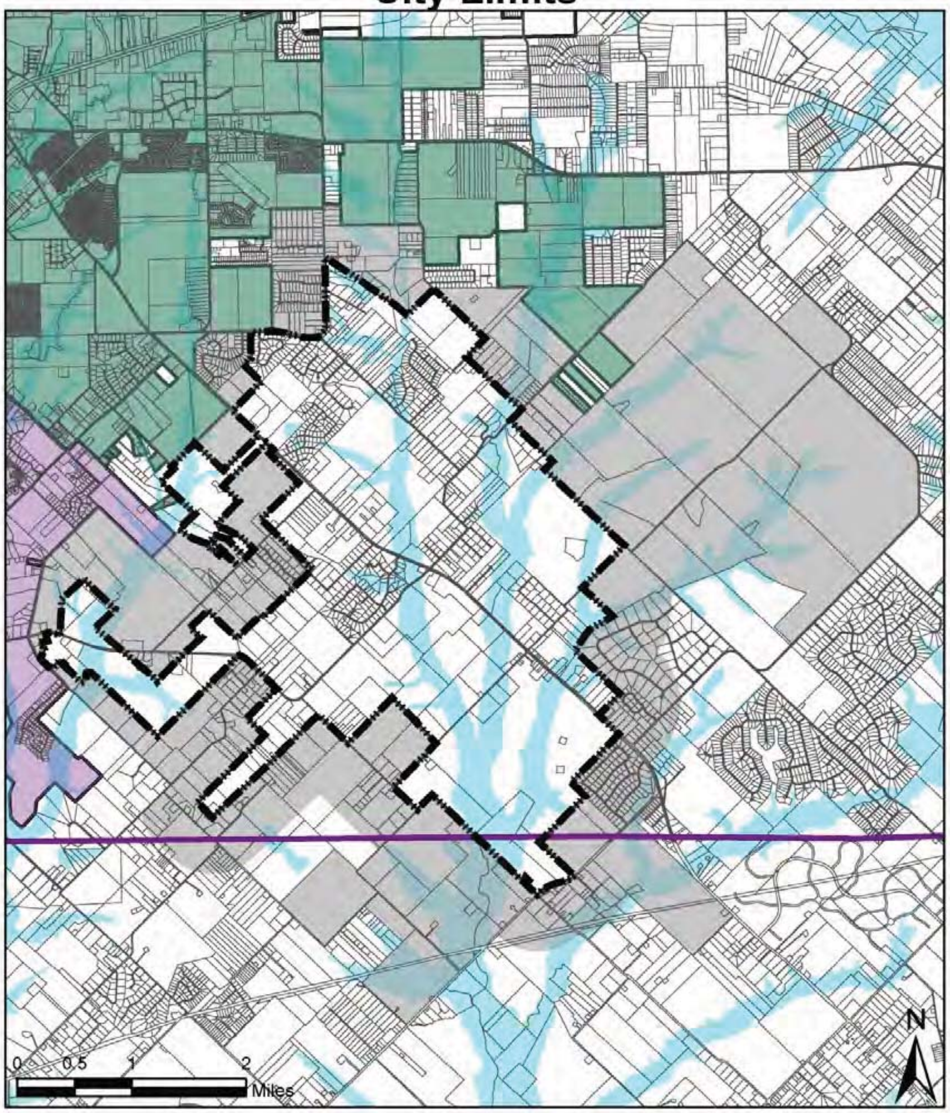
Chisholm derived its name from Enoch Parson Chisholm, who settled on 200 acres in 1856, and from his brother, B. Frank Chisholm, a colonel in the Civil War. Enoch was not only a farmer and landowner, but a licensed preacher in the Methodist Episcopal Church, South, as well. He organized the Chisholm Methodist Church in his home in 1871 and by 1875 had constructed a small chapel, called Chisholm Chapel by the congregation, which was still standing in the 1980s. The community had two small school buildings, which were combined to form Berry Creek Academy in 1886. In 1898 this school had four rooms, four teachers, and 301 students; it was the second-largest school in the county. A Chisholm post office was opened in 1891 and remained in operation until 1905. The community's first store was built in 1890.

LEGISLATIVE AUTHORITY

Chapter 213 of the Texas Local Government Code establishes the foundation for the adoption of the Comprehensive Plan. The purpose of the Comprehensive Plan is to promote sound development of the municipality and to promote the public health, safety and welfare.

This Comprehensive Plan does not and shall not constitute zoning regulations or establish zoning district boundaries within this municipality.

City of McLendon-Chisholm
City Limits



This map was created using Rockwall and Kaufman County GIS data and FEMA GIS data. This map does not represent an on the ground survey.

DEMOGRAPHICS AND PROJECTIONS

The City of McLendon-Chisholm has grown from its humble beginnings as two farming communities to an attractive residential community providing a variety of housing options, while attempting to maintain a housing inventory that is more focused on larger lots and encouraging a more rural atmosphere. This commitment to larger lots, that is lots that are an acre and one-half or larger, has a built in population regulator.

POPULATION

The average household in McLendon-Chisholm had a little over three persons according to the 2010 U.S. Census. In 2013 the average household had 3.25 people. Population is growing in McLendon-Chisholm, and historically has been at a more manageable rate than some of the surrounding communities. However, there a couple of large subdivisions that could change the population dramatically.

The City's population in 1990 was 548 according to the 1990 US Census. The population in 2000 according to the U.S. Census Bureau was 914. In 2010 the population grew to 1,373. In 2013 the estimated population was 1,669. Using this extrapolation the estimate for city population in 2015 is 1,866 and by 2020 could reach as many as 2362. If this trend were to continue, the population in 2030 would be 4203.

Growth of residential uses and families within the corporate limits continues to grow, in the 2010 Census the average family size was 3.0 people per household. In 2013 it is estimated to have increased to 3.25 people per household. It is likely that the household size will continue to increase as a younger population continues to move into the City.

Noteworthy in this analysis are two large residential developments that may have significant impact on population: one is the Sonoma Verde development that, upon completion of the last phase, allows as many as 1,095 homes and has the potential to increase the City's population by 3,558. The other potential development is Triple Creek Ranch Planned Development that could add as many as 1,867 residential units to the community and those additional homes could add another 6,067 people to the City. Given the existing population of around 1,866, the City's population could easily exceed 11,000 at build out of those two subdivisions.

Both the Sonoma Verde and Triple Creek development plans call for smaller lots that have off-site sanitary sewer systems provided for the communities, whereas, most of the rest of residential development in the City relies upon on-site sanitary sewer systems.

In addition to the already approved developments within the City limits, there is a substantial portion of the extra territorial jurisdiction that may provide increased residential and commercial growth opportunities. Some of those potential developments are expected to have off-site sanitary sewer capacity. Increases in population based upon growth in the extra territorial jurisdiction have not been factored into this projection, but could have profound impact on the future of the City.

In 2010 the Census showed that the general population was 94.4 percent white, 6.6 percent Hispanic and 2.0 percent black. In 2015 just under 90 percent of the population is white with about 6.6 percent Hispanic, 2.0 percent black with the remaining population a variety of ethnicities. The population that is other than white, black or Hispanic is increasing as the population in the City increases.

Property values in McLendon-Chisholm have steadily increased since incorporation, even in some difficult economic times. Over the last seven years property values for properties developed with residential uses that are not farming or ranching uses on an acre and one-half or more have increased an average of fifteen percent per annum. This increase has occurred while the national economy has struggled. However, larger acreages with or without residential uses have not had similar property value increases.

FAMILY INCOMES

Family income in 2000 was $81,079 and in 2013 family incomes have increased to $117,794. That is an increase of $36,715 and a little over 44 percent in a thirteen year period. The City has been experiencing an increase in the number of professionals over the last 15 years. It is likely that the average family income will continue to increase.

EDUCATION LEVELS

97.4 percent of all citizens over the age of 25 have completed high school.
29.0 percent of all citizens over the age of 25 have earned a bachelor’s degree
13.0 percent of all citizens over the age of 25 have earned a graduate or higher degree

As the population continues to increase, it is projected that the educational levels will continue to improve.

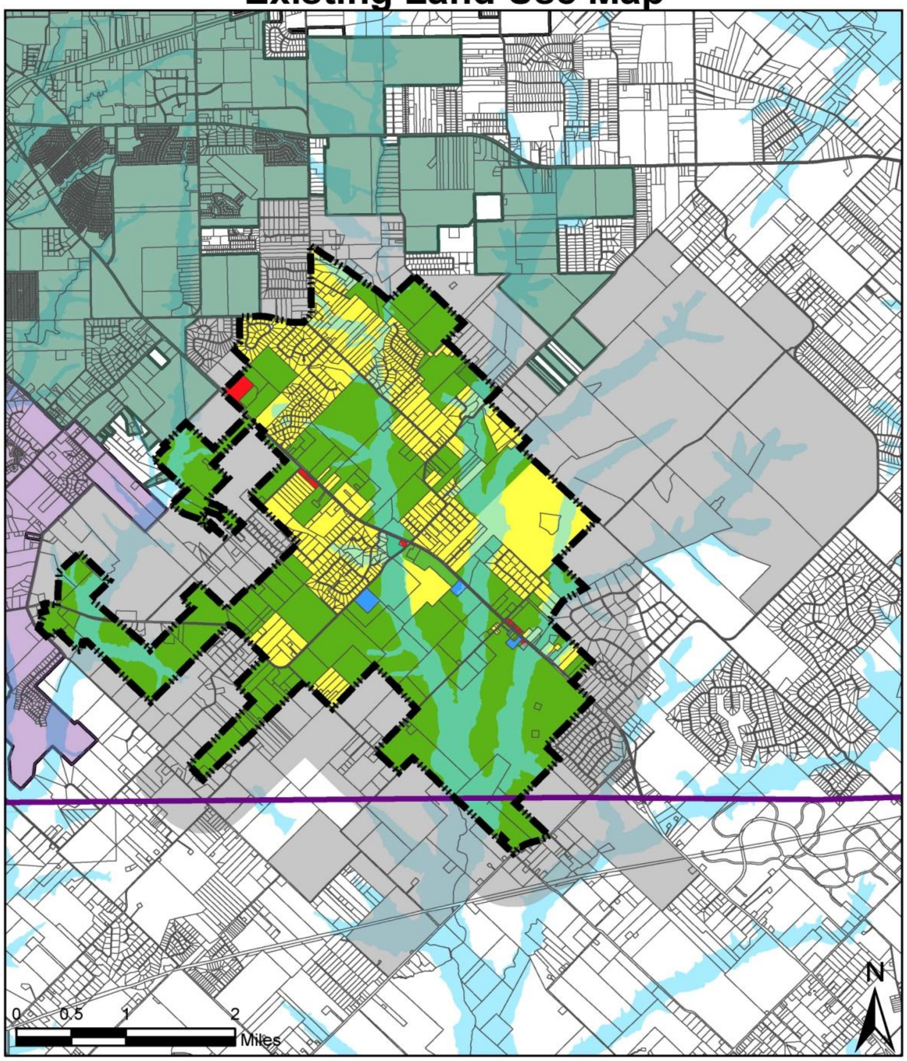
CURRENT LAND USES

Two windshield surveys were conducted and aerial photographs were examined to identify existing land uses. The City has rolling topography with large open expanses of pastureland and a number of drainage areas [floodplains and creeks] coursing through the area from northeast to southwest.   There are large areas of agricultural uses including farming and ranching. Currently, retail and other commercial uses are located along SH 205. The bulk of the development in the community is agricultural and residential. [See the existing land use map for more specifics regarding how land is being used in the City]

Current Land Use Distribution

LAND USE	SQUARE MILES
Agriculture	8.34
Institutional	0.05
Commercial	0.06
Low Density Residential	4.15
Total	**12.6**

City of McLendon-Chisholm
Existing Land Use Map

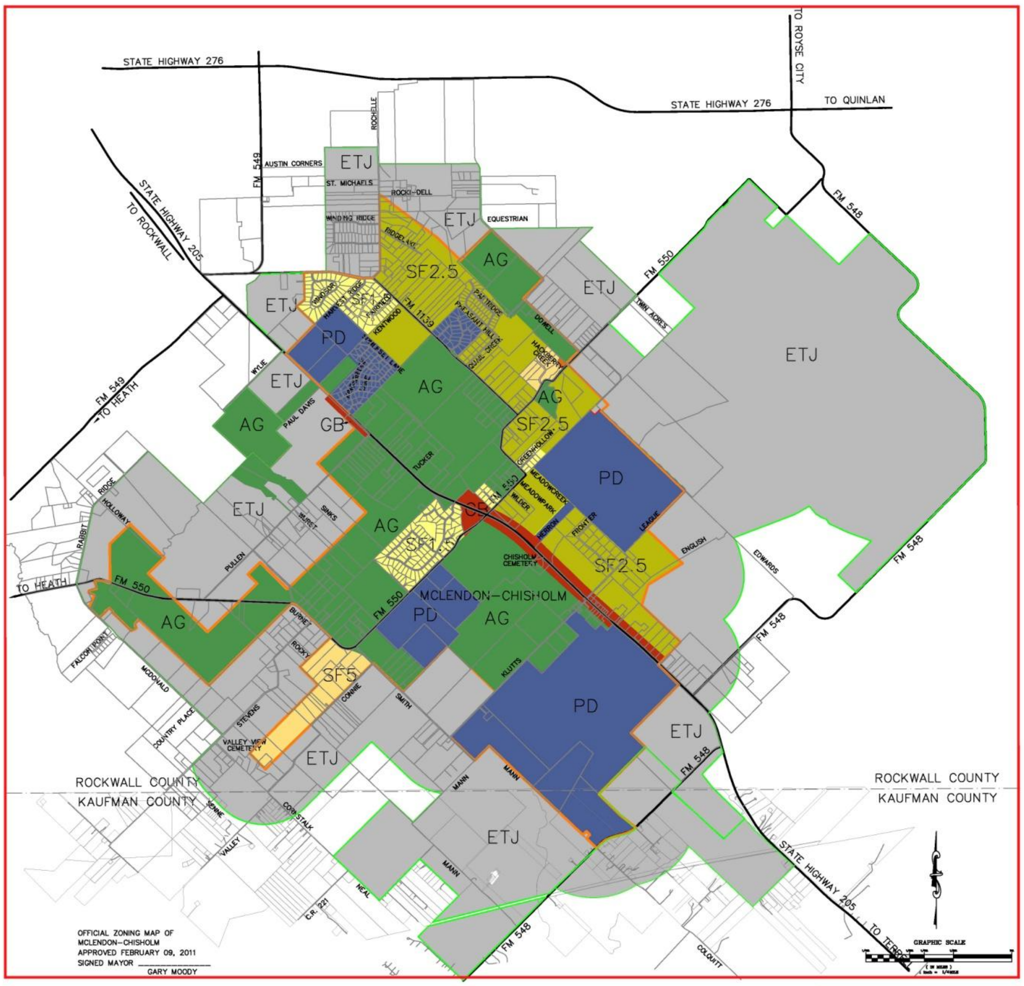


Legend

- McLendon-Chisholm City Limits
- McLendonChisholm ETJ
- Streets
- Agriculture
- Institutional
- Commercial
- Low Density Residential
- City of Heath
- City of Rockwall

This map was created using Rockwall and Kaufman County GIS data and FEMA GIS data.
This map does not represent an on the ground survey.

CITY OF MCLENDON–CHISHOLM ZONING MAP
ROCKWALL & KAUFMAN COUNTY, TEXAS



Legend

AG	Agricultural District
SF5	Single Family Residential (5 Acre Lot)
SF2.5	Single Family Residential (2.5 Acre Lot)
SF1.5	Single Family Residential (1.5 Acre Lot)
MH	Manufactured Home District
NC	Neighborhood Commercial District
GB	General Business District
CP	Commercial Planned Center District
O1	Office District
O2	Office District
LI	Light Industrial District
PD	Planned Development District
ETJ	Extra Territorial Jurisdiction Area

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THIS MAP WAS PREPARED FOR AND INTENDED TO BE A GENERAL GUIDE ONLY. DUE TO GRAPHIC REQUIREMENTS, SOME AREAS ARE NOT TO AN EXACT SCALE. FOR ACTUAL BOUNDARIES, SEE THE ORDINANCE IN QUESTION.

FUTURE LAND USES

An issue consistently mentioned by City residents is the preservation of the rural nature of McLendon Chisholm. Additional residential and commercial development within the City will change many aspects of the City's character. Residents hold the desire to ensure that as future development decisions are made such that new development and change will be compatible with the qualities of the community today. Through the maintenance of predominantly rural residential development and limiting commercial development to the primary corridors through the City, McLendon Chisholm intends to balance its rural nature with competitive market pressure for new development.

GOALS

A. Preserve the rural character of the City by ensuring that single family developments have a maximum residential density of one residential unit for every one and one-half acres of gross land area.

B. Provide appropriate locations for higher density residential, attached single family, and retirement housing.

C. Encourage retail development in areas where there are high traffic volumes and accessibility.

D. Preserve the rural character by maintaining a balance between the expanding urban area and the rural nature of the community.

E. Ensure housing development is compatible with existing and adjacent land uses and has access to community features and natural features.

F. Expand and diversify the City's commercial and sales tax base by appropriate commercial development as depicted on the Future Land Use Map.

POLICIES

1. Existing agricultural resources should be preserved whenever possible.

2. New residential construction shall reflect the low density housing of the existing community.

3. Low density residential developments are required to provide a maximum of one residential unit for every one and one-half acres of land which may not include easements, open space, recreation areas, flood plain or environmentally sensitive areas.

4. Rural residential areas shall ensure minimum two and one-half (2.5) acre lot size.

5. Undeveloped residential land shall be developed compatibly with surrounding development and in a manner responsive to market needs.

6. Consider the uniqueness of areas of the community when making land use decisions.

7. Protect low density and rural residential areas from incompatible or higher intensity residential and commercial uses and maintain adequate buffering (use of natural corridors, for example) between such uses.

8. Create a cohesive identity for McLendon Chisholm commercial areas along SH 205 through the use of design guidelines.

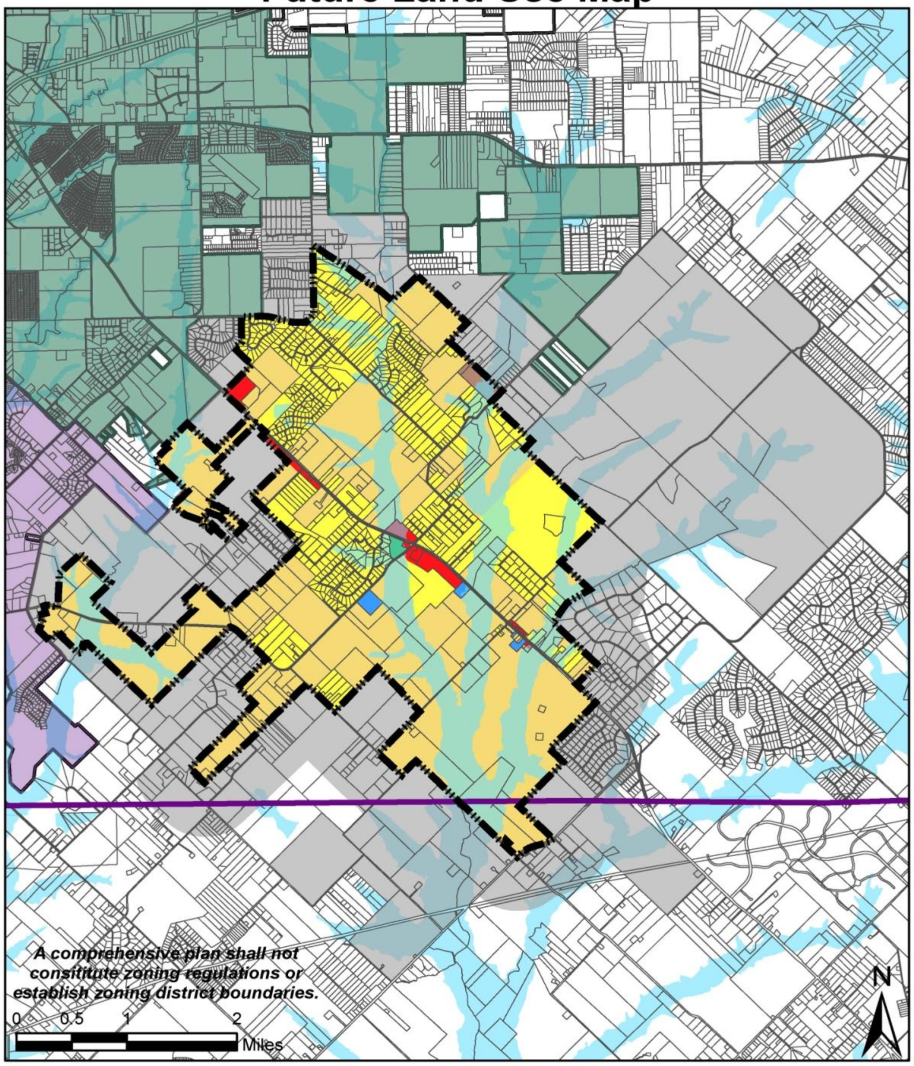
9. Identify other commercial areas within the corporate limits that might serve to provide more retail and commercial land use dispersal within the community.

10. Support and promote existing and new businesses that are viable and responsive to the needs of the community.

11. Portions of the City should be reserved for larger lot single family residential development with lots at least two and one-half [2.5] acres in size.

12. When a request for a change in land use is inconsistent with the Future Land Use Map [FLUM], a request to the city council must first be made to amend the FLUM. Then, if the FLUM is amended, the application may be made to change the land use. Further, if a request to change zoning is inconsistent with the Comprehensive Plan, the applicant should request a change in the Comprehensive Plan and if the Comprehensive Plan is amended by the City Council, then the applicant should request a change in zoning that is consistent with the revised Comprehensive Plan.

City of McLendon-Chisholm
Future Land Use Map



Legend

McLendon-Chisholm City Limits	City of Rockwall	Agriculture	Multifamily
McLendonChisholm ETJ	CountyLine	Low Density Residential	Institutional
City of Heath	Floodplain	Rural Residential	Commercial

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TRANSPORTATION
INCLUDING THOROUGHFARE PLAN

GOAL

To provide a long range plan that provides a transportation system for the citizens of McLendon-Chisholm that efficiently moves vehicular traffic throughout the city.

OBJECTIVES

A. Provide the functional and the dimensional classifications of roadways throughout the city.

B. Work with surrounding communities, Rockwall County and the North Central Texas Council of Governments to develop and implement transportation systems that positively affect the City of McLendon-Chisholm.

C. Provide transportation solutions that contribute to the overall health, safety and welfare of the City.

D. Identify transportation improvements that positively affect the travelling public within the corporate limits.

POLICIES

1. Whenever a property is being platted or a request is made for a change in zoning, property needed for rights of way should be requested for those roadways shown on the Thoroughfare Plan.

2. Thoroughfare Plan roadways shall be periodically evaluated for traffic congestion and capacity improvements.

3. Requests for commercial platting should always include shared access and cross access easements in order to reduce the number of driveways connected to roadways identified on the Thoroughfare Plan.

4. Driveways connected to roadways identified on the Thoroughfare Plan should be minimized to maintain roadway efficiency.

5. When acquiring right of way necessary to comply with the Thoroughfare Plan, care should be taken to minimize the impact on adjacent properties or properties where the proposed roadways will potentially split the property.

6. Revisions should be made to the City of McLendon-Chisholm Subdivision Regulations to reflect modifications to the thoroughfare and local street standards.

DISCUSSION

In practice, the Thoroughfare Plan should be thought of as a blueprint that establishes a set of terminology, standards, and general principles that guide decision-making for all aspects of roadway planning, funding, construction/reconstruction, operation, and maintenance of the City's primary roadway system. Through its adoption, the Council establishes a set of procedures, as well as physical and operational standards that everyone-the single family homeowner, land developer, businesspeople, elected official, and city or other agency staff persons should use in day to day practice to coordinate the development, operation and maintenance of the thoroughfare system.

As a long-range planning tool, it is intended to identify street needs for the next twenty years within the developed area and to establish a desirable thoroughfare system for undeveloped areas and redevelopment areas based on anticipated development patterns.

There are a variety of benefits to be derived from thoroughfare planning, but the primary objective is to enable the street system to be developed in a manner which will adequately serve the current and anticipated future travel demands while creating a pleasing and efficient community transportation system. The complexity of the City environment requires that the thoroughfare plan be compatible with and complement other components of the land-use planning and development process

Transportation planning should contribute to the fulfillment of overall community goals, not dictate these goals. If the Thoroughfare Plan and its implementation are responsive to travel needs and reflect community values, then businesses and residents will be able to locate and invest in the City with confidence. They will know how the street system will be operated and that the City and the home owners associations are committed to maintaining adequate levels of mobility. Over the long term, the plan will also minimize the cost of building roads and their impact on adjacent properties.

There is not a public transportation system that serves the City of McLendon-Chisholm, nor are there plans to incorporate a public transportation system into the transportation system that serves the city. The flexibility and convenience of operating an automobile has contributed significantly to its attractiveness.

The availability of the automobile to the majority of the population permits a wider choice of residential location with respect to employment location. Therefore, continuing reliance on the privately owned automobile/truck will be the transportation system of choice for the foreseeable future. With this caveat in mind, the design of the City's roadway system becomes a critical element in future land use decisions.

Land use decisions and the transportation system are inextricably linked to one another. Failure to take into account the current and future transportation requirements as the City develops would be a critical mistake, from which the City might never recover.

Administratively, the Thoroughfare Plan serves a number of functions and purposes:

FUNCTIONS:

- Identifies general alignment of thoroughfares.
- Specifies right-of-way requirements and protects right of way through the zoning, platting and building permit processes.
- Specifies basic design elements such as pavement width, parkway or shoulder width, and median width.
- Identifies the relative importance of thoroughfares and their role in providing mobility.
- Establishes a philosophy for the development on the thoroughfare system on a citywide basis and for particular areas with special concerns.

PURPOSE:

- To facilitate communication between city staff, elected and appointed officials, land developers, the community and others who may have an interest in the City's transportation system.
- To facilitate effective design, operation, and maintenance of the primary road system which includes the entire roadway system in the City, including local streets.

- To assist citizens in making decisions about the location of their homes or businesses and the future uses of property.

State Highway 205 is the main transportation artery in the City. It bisects the City from northwest to southeast connecting the City to Rockwall on the north and to Terrell on the south. The current status of SH 205 within the City is a two lane undivided roadway with 120 feet of right of way. Other existing roadways that fall comfortably into a classification identifying them as thoroughfares are: FM 1139, FM 550, FM 549, and FM 548, Edwards Road, League Road, Pullen Road, Klutts Road, Sinks Road and Smith Road and are shown on the 2007 McLendon-Chisholm Thoroughfare Plan. Early in 2014 a portion of the proposed Pullen Road between SH 205 and FM 1139 was removed from the Thoroughfare Plan.

[Note: a request has been made to the County to complete the paving of Edwards Road, essentially from League Road to FM 548]

FUNCTIONAL CLASSIFICATION

Functional classification is the process by which streets are grouped into classes, or systems, according to the character of service they are intended to provide. Since most travel involves movement through a network of roads, it is necessary to determine how travel can be channeled within the network in a logical and efficient manner. Functional classification defines the nature of this channelization process by identifying the part that any particular road will play in serving the flow of trips through a street network.

There are three distinct elements of every trip on the street network: main movement, distribution/collection and access. These elements translate directly into the functional classes used in this plan.

1. Arterial streets provide the links between areas of the cities. They typically define neighborhoods and serve the main function of movement from one part of the city to another.

2. Collector streets provide the links between the local streets and arterials. They serve the function of collecting or distributing traffic between the arterials and local streets.

3. Local streets are usually contained within a neighborhood and provide access to adjacent property which is the origin or destination of every trip. The local streets serve the function of internal circulation for all types of development.

The purpose of functional classification is to describe how the street network operates by defining the role that each roadway plays in the system. Classification is necessary for communication among engineers/planners, administrators, and the general public. In addition, it provides the framework for monitoring the status of the network, and efficiently allocating available resources to plan, construct, operate, and maintain it.

Related to the idea of functional classification is the dual role that the roadway plays in providing access to property and travel mobility. The primary function of local streets is to provide access to adjacent property, while arterial streets emphasize a high level of mobility for through traffic movement. Regulation of access is necessary on arterials to enhance their primary function of mobility. Collector streets provide a balance between access to adjacent properties and traffic mobility.

ARTERIAL THOROUGHFARES

The arterial street system is divided into two sub-classifications, "principal" arterials and "minor" arterials. Arterials represent those thoroughfares that are used by the traveling public to travel between neighborhoods and communities within the City. Ideally, arterial thoroughfares define neighborhood boundaries and do not cross into neighborhoods.
The spacing of arterials is closely related to the trip density, including the population density, characteristics of particular areas of the City.

PRINCIPAL ARTERIAL THOROUGHFARES

Principal arterial streets are the back bone of the City's street system. They serve the major centers of activity and high volume traffic corridors, accommodate the longest trips, and carry a high proportion of total area travel on a small percentage of total system mileage.

The network formed by principal arterials is fully interconnected, and provides links to the freeway system and to areas outside the City. Geometric design and traffic control measures are used to enhance the movement of through traffic on principal arterials, while access to abutting property may be restricted, or managed, to protect the traffic carrying capacity of the roadway. Access to abutting land is subordinate to the provision of travel service for major traffic movements. Access should be controlled and driveways should be minimized along these arterials.

MINOR ARTERIAL THOROUGHFARES

Minor arterial streets interconnect with and augment the principal arterial network. They serve traffic with a smaller geographic area of influence, accommodate trip lengths of moderate length, and offer greater opportunities for emphasis on land access than the principal system. The minor arterials carry significant through traffic volumes and are needed to provide route and spacing continuity for the arterial system.

COLLECTOR THOROUGHFARES

The collector street system provides both land access service and traffic circulation around and between residential neighborhoods and commercial/industrial areas. They differ from the arterial system in that collectors distribute trips from the arterials the local street system. Conversely, the collector street also collects traffic from local streets in neighborhoods and channels it into the arterial system. Collectors should accommodate short trip lengths, and do not typically extend across arterial thoroughfares or carry a high percentage of through trips. In some circumstances collectors serve as a relief valve when the arterial system is congested. This can be minimized by providing an adequate arterial street system.

The Thoroughfare Plan identifies five different types of thoroughfares in and around the City of McLendon-Chisholm:

Thoroughfare	
Principal 6 Lane Divided Thoroughfare	[P6D] Principal Arterial
Principal 4 Lane Divided Thoroughfare	[P4D] Principal Arterial
Minor 4 Lane Divided Thoroughfare	[M4D] Minor Arterial
Minor 4 Lane Undivided Thoroughfare	[M4U] Minor Arterial
Collector 2 Lane Undivided Thoroughfare	[C2U]

Minimum right of way requirements

Classification	Right of Way Requirement in Feet
[P6D] Principal Arterial	100’ to 150’
[P4D] Principal Arterial	100’ to 120’
[M4D] Minor Arterial	100’ to 120’
[M4U] Minor Arterial	100’ to 120’
[C2U] Collector	70’

Roadway Capacities

	Typical 24 Hour Volume	Typical 24 Hour Capacity
6 Lane Divided	21,500 vpd	42,000 vpd
4 Lane Divided	14,500 vpd	28,000 vpd
4 Lane Undivided	8,900 vpd	20,000 vpd
2 Lane Undivided	3,600 vpd	10,000 vpd

Source: Institute of Transportation Engineers [ITE] Trip Generation Report, Fifth Edition

Volume is the estimated maximum number of vehicle trips generated in a 24 hour period to provide for reasonable mobility. Capacity is the maximum number of vehicle trips that the roadway can accommodate and mobility is adversely impacted when capacity is reached.

Roadway Design Cross Sections

Roadway cross sections are contained in the Appendix.

DISCUSSION

The current transportation system generally provides sufficient capacity for current levels of development. There are some areas where increased development may have adverse impacts on the capacity of the existing transportation system, for instance FM 1139 tends to be at or over capacity at certain times of the day, but has minimal traffic at other times of the day.

State Highway 205, is the high volume corridor between Terrell and Forney and Heath and Rockwall and is in serious need of increased capacity. The most recent average trip count on SH 205 shows the highway to be over volume and over capacity for a two lane undivided roadway based on ITE volumes and capacities.

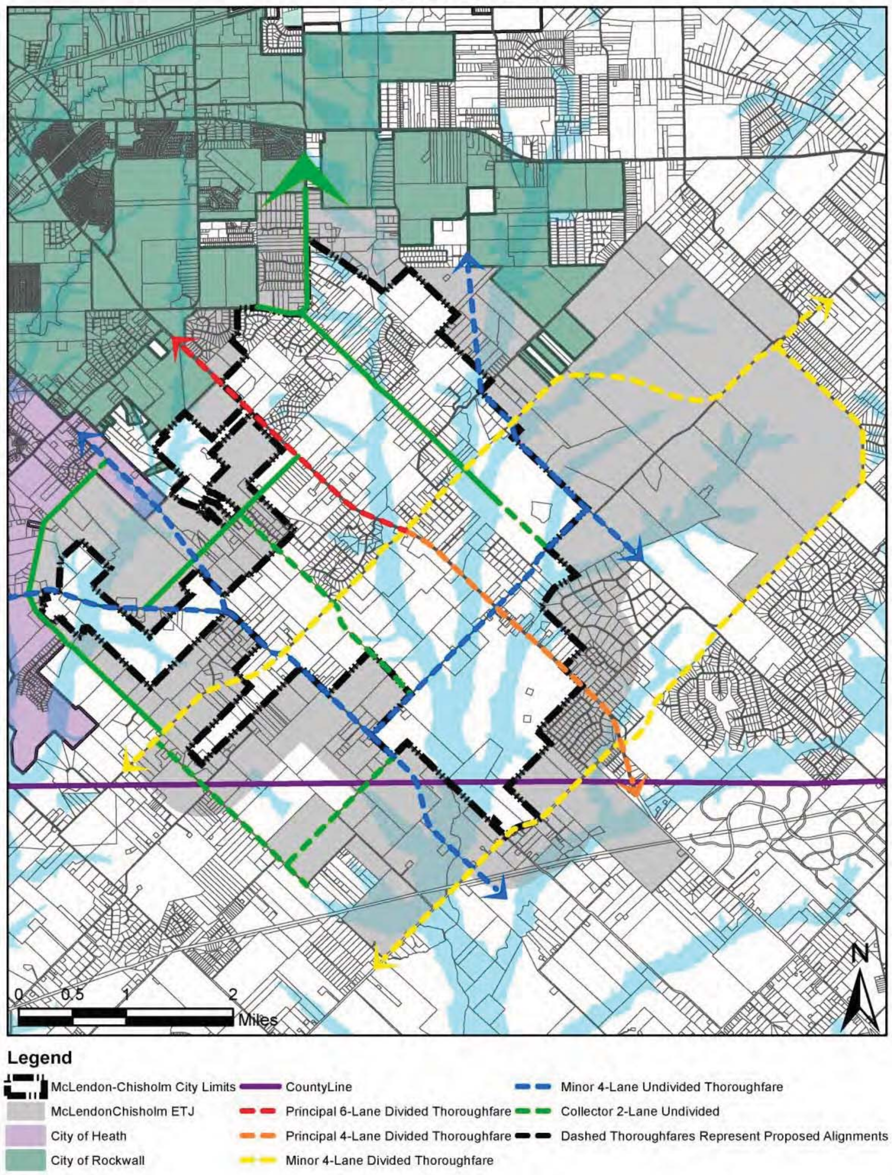
The Texas Department of Transportation, Dallas Office which provides mobility services to the City, has indicated that there are no current plans for the widening of SH 205 between FM 549 and FM 548 within the corporate limits of McLendon Chisholm. The lack of sufficient capacity for the length of the highway adversely affects the residents and property owners of the City as well as the rest of the travelling public. However, the right of way needed for a six lane divided thoroughfare is 150 feet according to the Dallas Texas Department of Transportation office.

Local streets

While local streets are not a part of the adopted Thoroughfare Plan, they do provide the single most important part of the transportation system, they provide access to and from neighborhoods and other residential and low density developments and provide access to the thoroughfare system. Local streets within the City can be developed with curb and gutter or with shoulders and/or bar ditches depending upon the character of the development. See the local street cross sections in the appendix for residential developments that have density higher than one residential unit to the acre and others for residential densities that at less than one residential unit per acre.

The cross sections for local residential streets provide options for both curbed sections and without curbs and are located in the Appendix.

City of McLendon-Chisholm
Thoroughfare Plan
June 2015



This map was created using Rockwall and Kaufman County GIS data and FEMA GIS data.
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OPEN SPACE

GOAL

To provide open space, parks, and recreational opportunities for the citizens of McLendon-Chisholm.

POLICIES

A. Encourage developers and property owners to include open space within new developments at the time of zoning or subdivision

B. Identify potential locations where community supported recreational facilities should be located

C. Identify opportunities to preserve open spaces without incurring continuing municipal operations and maintenance responsibilities

D. When public schools are constructed within the City limits, provision should be made for co-use of the open spaces and athletic fields provided

E. It is desirable for the community to provide open space, park environments and recreational opportunities for its citizens. Given the rural nature of McLendon-Chisholm and the continuing focus on larger lot developments and large estates, property owners and developers should provide recreational facilities that include parks and open space and other amenities to the communities that they develop. In many parts of the City the openness and unrestricted vistas are important resources for the citizens.

F. McLendon-Chisholm consistently reinforces the maintenance of a high quality of life in the City. Further, the community places a high priority on the maintenance of property values and the desire to maintain a rural atmosphere that restricts urbanization [that is a more densely populated community].

NATURAL ENVIRONMENT

McLendon-Chisholm provides environments from rolling hillsides to large open expanses of farm and ranch land to residential subdivisions designed to provide the residents with recreational opportunities. Most developed recreational facilities in the City are privately owned and operated by property owners associations or the private property owners.

At least four major floodways cross the city essentially from the northeast draining to the southwest ultimately ending up in Lake Ray Hubbard. These floodways and floodplains make up about 2.78 square miles of the 12.6 square miles of the City or 22 percent of the land surface in the City. These floodways and flood plains provide an opportunity to incorporate these mostly undevelopable areas into an open space environment that may support the community as a whole.

These flood prone areas are all owned by individuals or corporations. The City does not hold the title to any flood prone areas nor is it the intent of this Chapter to require conveyance of any property to the City for: parks, open space uses, or storm water management facilities. However, it is the City's intent that these flood prone areas be maintained as positive drainage resources for the community as a whole. An ordinance should be enacted to required the maintenance of these natural drainage facilities.

Flood plain areas should be preserved as open space and natural habitat, but continue to be held in private ownership. Development in the flood plain should be discouraged. Without appropriate funding mechanisms for the continued operation and maintenance of parks and trail systems, the City will continue to rely on property owners and developers to provide recreational opportunities for the citizens of the City.

COMMUNITY DESIGN STANDARDS

GOAL

Create and maintain a vibrant community that retains and improves property values, enhances the quality of life for the citizens, and retains the rural visual feel.

Residential

Residential subdivision design should include curvilinear streets rather than being designed in a grid pattern, depending on the size, topography and location of the property to be subdivided. Designs should include strategies to improve pedestrian and bicycle safety when those methods of transport are using the roadway system.

Commercial

The intent of the Commercial Development Standards is to provide a framework for consistent development in concert with the most efficient and sustainable building methods and with an aesthetically pleasing and cohesive appearance. These standards serve as the Hallmark to those visiting, passing through, or residing in the City of McLendon-Chisholm. In order to ensure that the visual impact of development does not detrimentally affect the area in which it is proposed, landscaping plans, building elevations and site plans are required. Architectural compatibility for commercial development and construction will be reviewed by the Planning and Zoning Commission.

POLICIES

1. Commercial and office sites should include property that is at least 300 feet deep but no less than 150 feet in order to provide for landscaping, parking areas, building walkways that provide for an accessible and comfortable pedestrian experience and necessary loading areas and fire lanes.

2. Parking lot interiors and perimeters should be landscaped to screen automobiles and break-up large areas of pavement.

3. Access to commercial property should not encroach into residential neighborhoods. Primary access is directly from arterial streets.

4. Buffering between single family and commercial uses may consist of landscaping, and/or solid walls. In addition, dumpsters and mechanical equipment areas should be screened.

Commercial Design Standards

Building Design

1. The height of new buildings shall not exceed two stories (36 feet maximum) without approval of the Planning and Zoning Commission.

2. Building facades generally respecting pedestrian or human scale design should be incorporated into new development projects.

3. Roof types generally associated with residential buildings such as gable, hip or gambrel are appropriate. Flat roof elements that support HVAC equipment are acceptable, however flat roofs other than those required to support HVAC equipment may only be considered when a request for a Minor Waiver has been approved by the Planning and Zoning Commission.

4. All decorative fixtures, including awnings, signs and lighting, shall be integrated with other design elements of the structures.

5. Building elevations shall be submitted as part of the development application for consideration of the Planning and Zoning Commission. Perspectives, accurate sections or a model of the project may be required to depict the height, mass and scale of the proposed project with respect to its setting and adjacent development.

6. Facades shall generally be built parallel to the street frontage, except at street intersections, where a corner façade containing a primary building entrance may be curved or angled toward an intersection.

Building Form

1. All buildings shall be designed and constructed in tri-partite architecture so that they have a distinct base, middle and top.

2. Buildings which are located on axis with a terminating street or at the intersection of streets shall be considered a Feature Building. Such buildings shall be

designed with features which take advantage of that location, such as an accentuated entry and a unique building articulation which is off-set from the front wall planes and goes above the main building eave or parapet line.

Architectural Features

1. All buildings shall be designed to incorporate no less than six (6) of the architectural elements displayed on all sides of the building from the list below:

    a. Recesses/projections;
    b. Arcades;
    c. Peaked roof forms including gables or irregular shaped roofs;
    d. Arches;
    e. Outdoor patios;
    f. Display windows or bay windows;
    g. Architectural details (such as tile work and moldings) integrated into the building facade;
    h. Articulated ground floor levels or base;
    i. Articulated cornice line;
    j. Integrated planters or wing walls that incorporate landscape and sitting areas;
    k. Offsets, reveals or projecting rib used to express architectural or structural bays;
    l. Decorative beams and braces
    m. Decorative columns
    n. Varied roof heights;
    o. Or other architectural features approved by the Planning & Zoning Commission

2. All retail/commercial buildings shall be architecturally finished on all four (4) sides with same materials, detailing, and features

3. All buildings within a common retail/commercial development, as shown on a Concept Plan or Site Plan, shall have similar architectural styles, materials, and colors. Conceptual facade plans and sample boards shall be submitted with the Site Plan application. The purpose of the conceptual facade plan is to ensure consistency and compatibility for all buildings within a single development.

External Façade Materials

The following shall apply to all exterior walls of buildings:

1. Exterior walls, excluding windows, doors, and other openings, shall be constructed of ninety percent (90%) brick, natural or cast stone, or split face block.

2. The remainder may be constructed of noncombustible materials including exterior stucco. Stucco shall be used only for walls, architectural features, and embellishments not subject to pedestrian contact. Other allowed materials: exterior grade lumber, aluminum and cementitious siding.

3. Unpainted metal, or metal subject to ordinary rusting shall not be used as a building material. Factory finished metal elements as well as metals that develop an attractive oxidized finish, such as copper, galvanized metal, stainless steel or weathering steel, may be used as architectural accents by Minor Waiver approval.

4. Windows and glazing shall be a maximum of 30% of each building elevation.

External Façade Color

All colors shall match the major material used for the exterior façade or shall be approved by the Planning and Zoning Commission.

Off Street Parking and Loading Requirements

1. Off street parking and loading requirements shall be required as provided for in the zoning ordinance.

2. No more than one row of angled or parallel parking shall be allowed between the primary building and the street right-of-way.

3. Cross access easements shall be required by the City Council at the time of platting but shall be indicated on the site plan to ensure access to future median breaks and to reduce the number of needed curb cuts.

4. Driveways adjacent to roadways identified on the Thoroughfare Plan should be spaced at least 600 feet apart when practical.

LANDSCAPING REQUIREMENTS

1. Landscaping shall be required.

2. A landscape buffer-strip shall be a minimum of twenty (20) feet wide and may include a "built-up" berm and/or shrubbery or a combination of both along the entire length of the subject property's frontage. The minimum required height of the aforementioned berm and/or shrubbery or a combination thereof is thirty (30) inches and shall not exceed a maximum height of forty-eight (48) inches.

HOUSING ELEMENT

GOALS

A. Identify the types and quality of the current housing stock within the City

B. Consider other types of housing that would complement the housing environment within the City

C. Identify areas where other types of housing may be located within the City limits

DISCUSSION

A visual housing resource survey was performed in July 2015. As a result of this visual survey it is apparent that the prevalent housing type is detached single family dwellings located mostly on larger lots, farms, and ranches. There are a number of subdivisions within the City, some having a minimum residential density of no less than one dwelling unit per acre and others where density is four or five dwelling units per acre. Generally, a one acre minimum lot size is required for the installation of an on-site sanitary sewer system [septic system], but the smallest residential zoning district requires a minimum lot size of one and one-half acres.

The residential component of the City is growing at a reasonable rate with some larger subdivisions contemplated or in the planning or development stages. The population of the City is growing and based upon available information, younger families with children are moving to the City.

The overwhelming majority of the housing stock is in good to excellent condition. There are some areas of the City where some older housing stock is in marginal to poor condition. There are a limited number of dwelling units that have been abandoned or that are vacant located within the City. The City should utilize code enforcement to bring these abandoned or substandard structures into compliance with City's zoning regulations and codes.

Over the course of the Comprehensive Plan Update, the Planning and Zoning Commission and the City Council have considered a couple of alternative housing types. Among these other housing types are: multifamily and senior housing. As a result of these continuing discussions, some new housing types have been included in the future land use element of the Comprehensive Plan and have been shown on the new Future Land Use Map [FLUM].

The only alternative housing types that has been included in the Future Land Use element of this plan is multifamily housing. This designation may include single family attached housing as well as apartments. Lastly, a senior housing component has been recommended that is designed for higher density housing that may include attached or detached single family dwellings and apartments for residents 55 years of age or older. However, no location for a senior housing component has been shown of the Future Land Use Map.

A significant portion of the Future Land Use Map recommends single family detached housing located on lots that are an acre and one-half or larger including farms and ranches. While not shown on the Future Land Use Map as a future land use there is strong support for the continuation of the agricultural uses that have been and are located within the corporate limits. [The current land use map is reflective of the actual uses currently in the City]

PUBLIC FACILITIES

GOAL

Provide necessary and desired public facilities to support the current and future residents and property owners of the community.

POLICIES

A. It shall be the policy of the City to identify necessary and desired public facilities for the City.

B. When public facilities have been identified and their development and construction has been supported by the community, the City shall include those facilities in a Capital Improvement Program.

C. When new public facilities are considered, not only the cost of acquisition and construction are to be considered, but also the cost of operating and maintaining those new facilities.

D. Maintenance, operating, and replacement costs for equipment and facilities shall be evaluated on an annual basis and necessary cost shall be included in the annual budgeting process.

E. The City shall create a capital improvements program for the acquisition and construction of necessary and desired public facilities.

F. The City shall proactively work with the independent school districts to capitalize on the design and construction of any new educational facilities within the corporate boundaries of the City.

DISCUSSION

An objective of the City has been to minimize the cost of government while ensuring that necessary and desired services are provided. In that vein, increasing public facilities necessarily become a financial liability that the City views with a very keen eye toward, not only the cost of acquisition and construction, but the cost of operations, maintenance, and replacement equipment.

One recommendation for new public facilities:

1. The City should consider the construction of a new fire and emergency services facility on property that the City owns.

ACTION PLAN

This action plan provides direction to the City staff and leadership for the implementation of a number of the goals, objectives, and policies of the Comprehensive Plan. The Action Plan identifies responsibility and timing for each of the actions.

A. City staff shall draft zoning regulations that codify the standards for the senior housing zoning district. [Fiscal Year 2016]

B. City staff shall prepare and recommend adoption and enforcement of an ordinance that is designed to protect the natural drainage channels and creeks within the City. [Fiscal Year 2016]

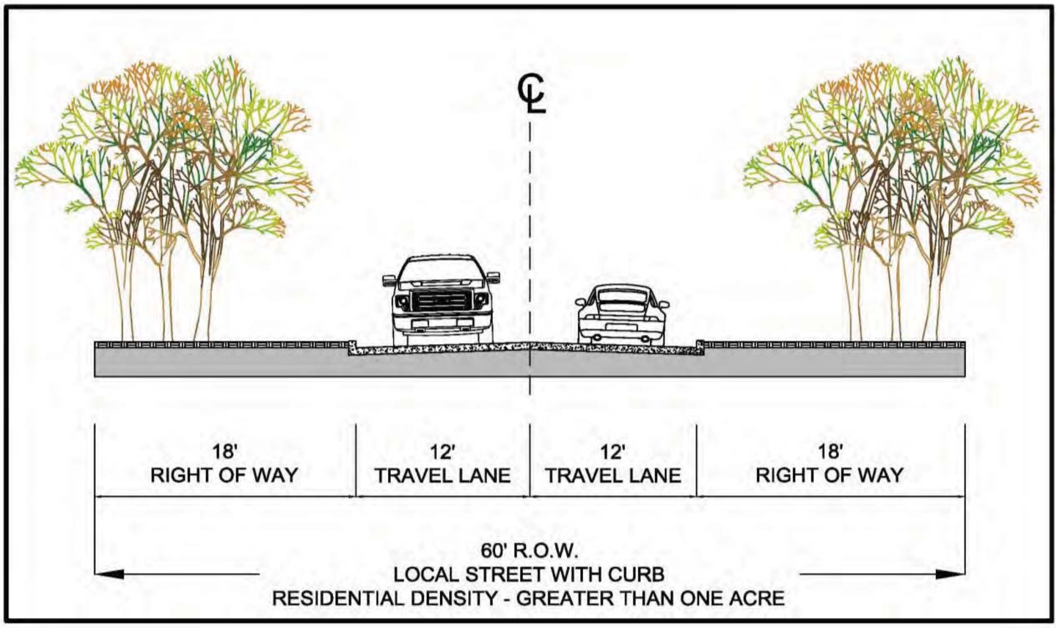
C. The City Council and staff shall work with the Texas Department of Transportation and Rockwall and Kaufman Counties to have SH 205 designated a six lane divided thoroughfare with at least three through lanes each way within 150 feet of right of way within the City. [Fiscal Year 2016 and continuing]

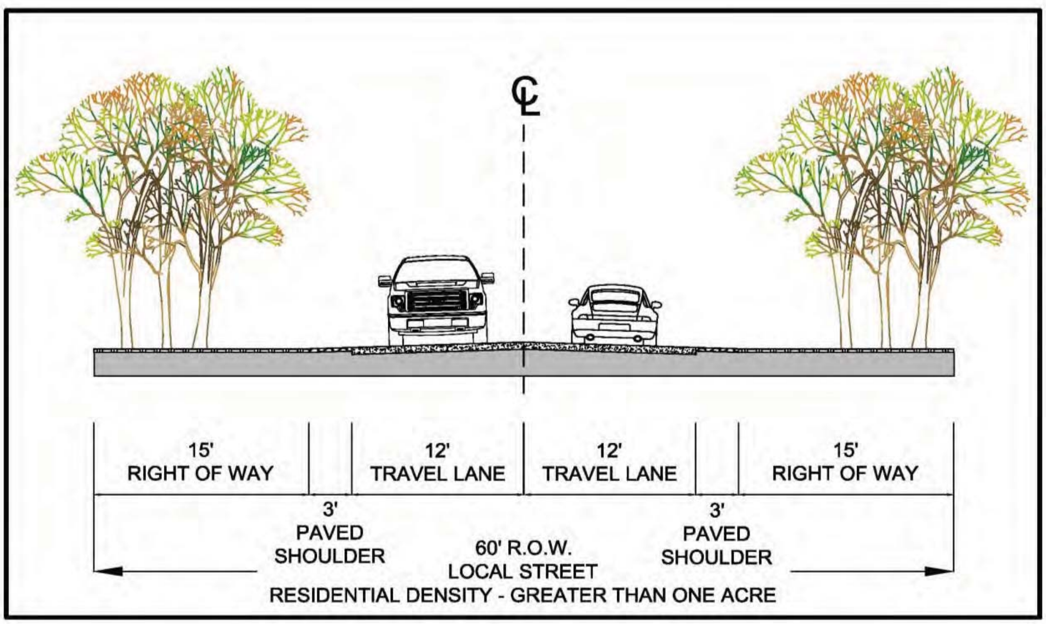
D. The City Council and staff should work with TXDOT, Rockwall County and Kaufman County to increase capacity on SH 205 from Rockwall to Terrell. [Fiscal Year 2016 and continuing]

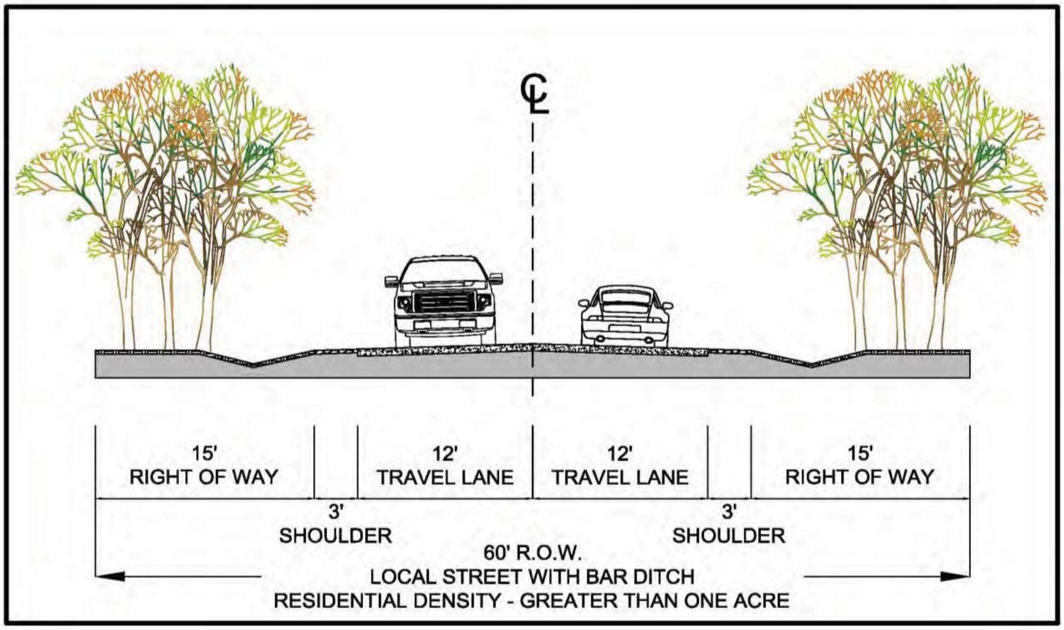
E. City Council and staff should continue to work with Rockwall County to finish Edwards Road from League Road to FM 548 with an all-weather driving surface. [Fiscal Year 2016 and continuing]

F. The City staff should utilize code enforcement to bring abandoned or substandard structures into compliance with City's zoning regulations and codes. [Fiscal 2016 and continuing]

G. The City Council and staff should consider the creation of a capital improvements program for the acquisition and construction of necessary and desired public facilities.[Fiscal Year 2016]


18'
RIGHT OF WAY
12'
TRAVEL LANE
12'
TRAVEL LANE
18'
RIGHT OF WAY
60' R.O.W.
LOCAL STREET WITH CURB
RESIDENTIAL DENSITY - GREATER THAN ONE ACRE


15'
RIGHT OF WAY
12'
TRAVEL LANE
12'
TRAVEL LANE
15'
RIGHT OF WAY
3'
PAVED
SHOULDER
60' R.O.W.
LOCAL STREET
RESIDENTIAL DENSITY - GREATER THAN ONE ACRE
3'
PAVED
SHOULDER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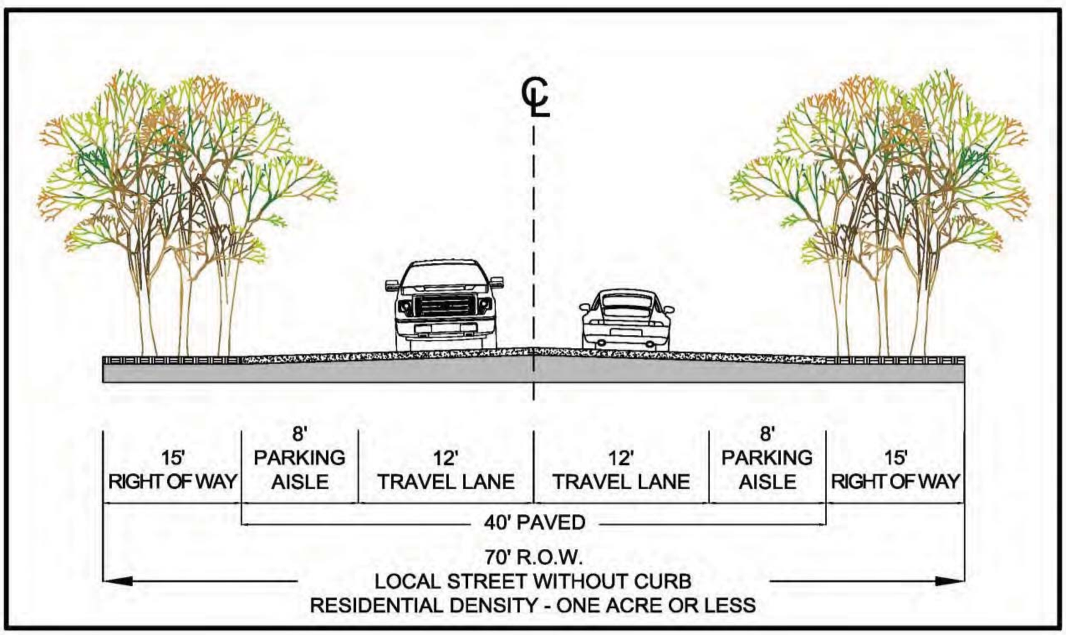
12'
TRAVEL LANE
12'
TRAVEL LANE
15'
RIGHT OF WAY
3'
SHOULDER
3'
SHOULDER
60' R.O.W.
LOCAL STREET WITH BAR DITCH
RESIDENTIAL DENSITY - GREATER THAN ONE ACRE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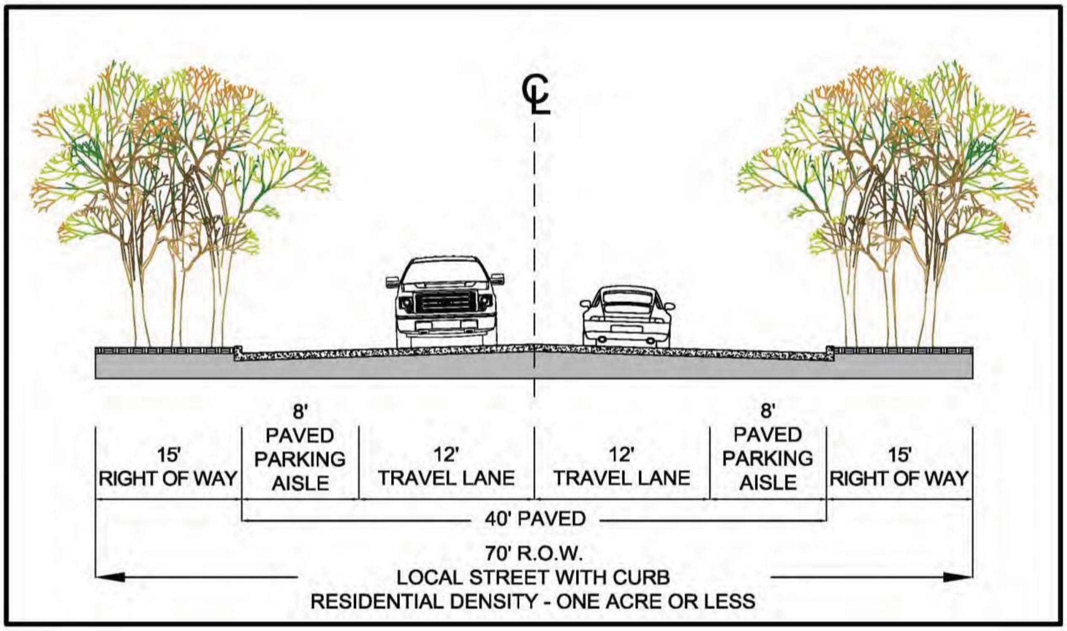
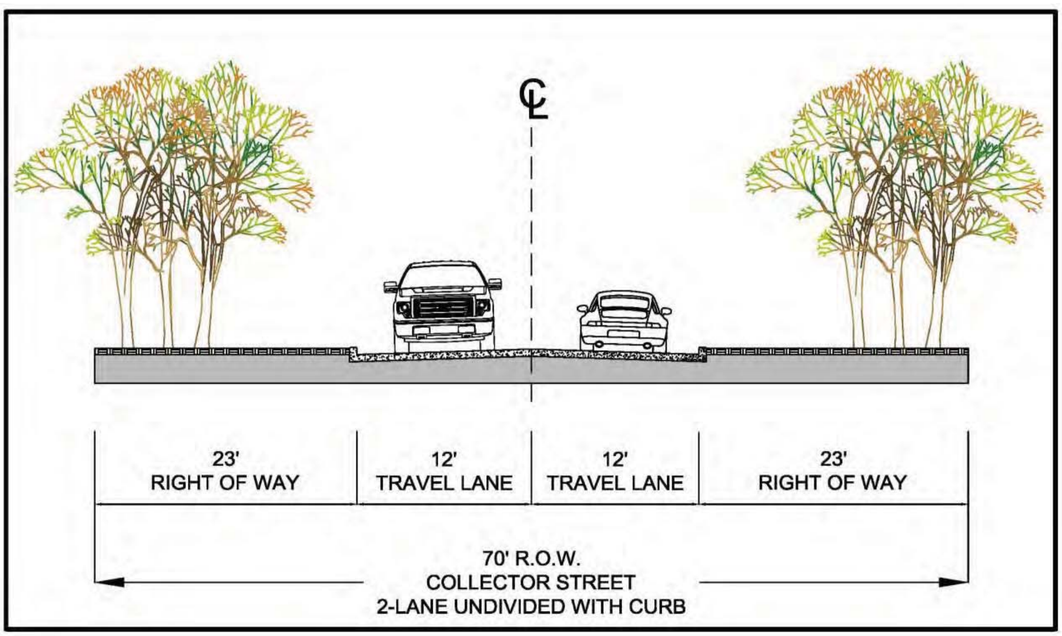
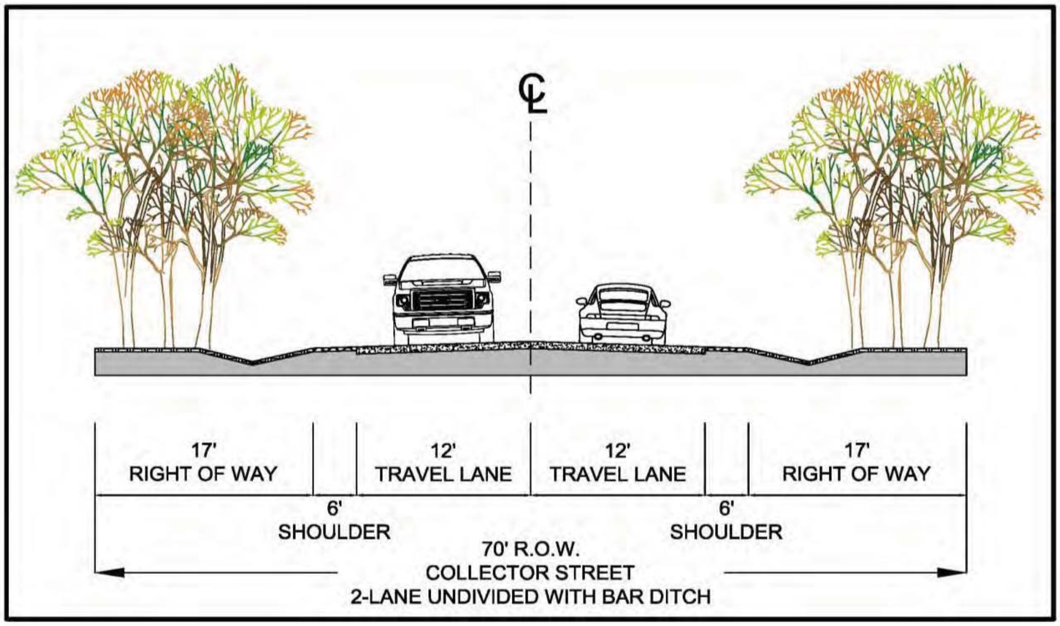
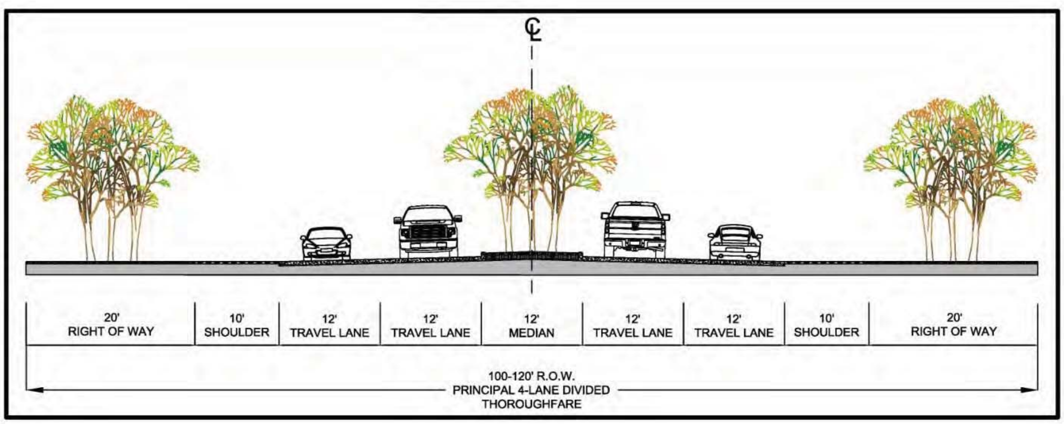
8'
PARKING
AISLE
12'
TRAVEL LANE
12'
TRAVEL LANE
8'
PARKING
AISLE
15'
RIGHT OF WAY
40' PAVED
70' R.O.W.
LOCAL STREET WITHOUT CURB
RESIDENTIAL DENSITY - ONE ACRE OR LESS


8'
PAVED
PARKING
AISLE
15'
RIGHT OF WAY
12'
TRAVEL LANE
12'
TRAVEL LANE
8'
PAVED
PARKING
AISLE
15'
RIGHT OF WAY
40' PAVED
70' R.O.W.
LOCAL STREET WITH CURB
RESIDENTIAL DENSITY - ONE ACRE OR LESS


23'
RIGHT OF WAY
12'
TRAVEL LANE
12'
TRAVEL LANE
23'
RIGHT OF WAY
70' R.O.W.
COLLECTOR STREET
2-LANE UNDIVIDED WITH CURB


CL
17'
RIGHT OF WAY
12'
TRAVEL LANE
12'
TRAVEL LANE
17'
RIGHT OF WAY
6'
SHOULDER
6'
SHOULDER
70' R.O.W.
COLLECTOR STREET
2-LANE UNDIVIDED WITH BAR DITCH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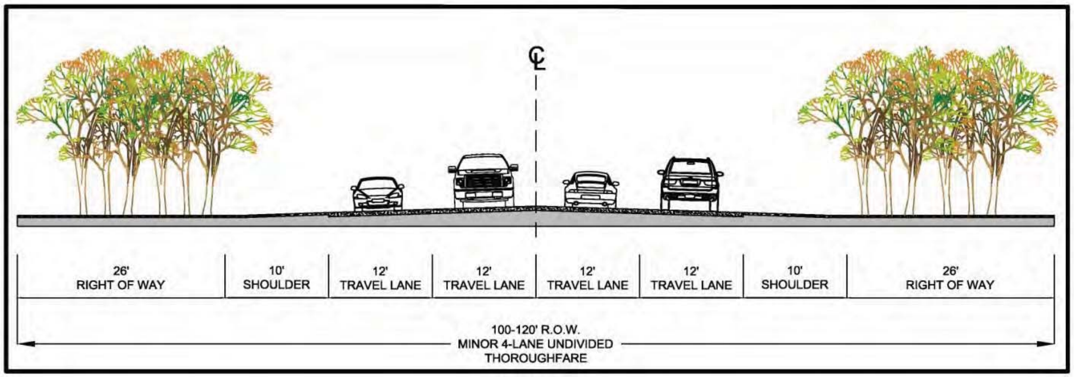
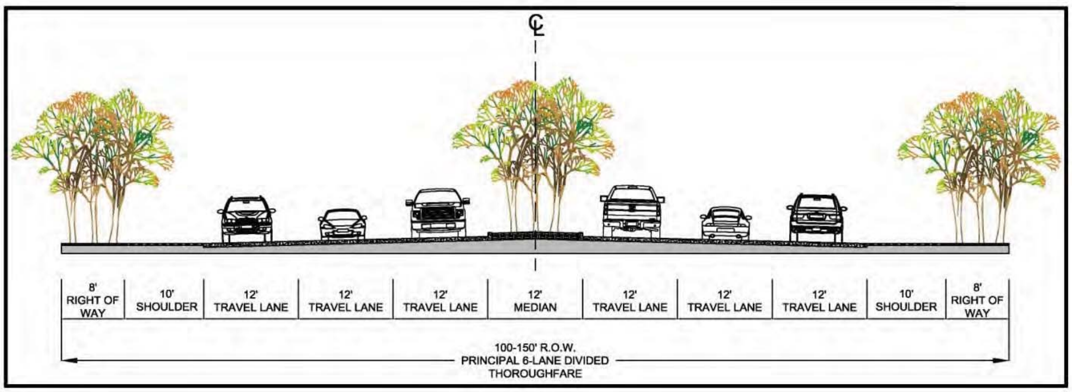
20'
RIGHT OF WAY
10'
SHOULDER
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
MEDIAN
12'
TRAVEL LANE
12'
TRAVEL LANE
10'
SHOULDER
20'
RIGHT OF WAY
100-120' R.O.W.
PRINCIPAL 4-LANE DIVIDED
THOROUGHFARE


CL
26'
RIGHT OF WAY
10'
SHOULDER
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
TRAVEL LANE
10'
SHOULDER
26'
RIGHT OF WAY
100-120' R.O.W.
MINOR 4-LANE UNDIVIDED
THOROUGHFARE


CL
8'
RIGHT OF WAY
10'
SHOULDER
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
MEDIAN
12'
TRAVEL LANE
12'
TRAVEL LANE
12'
TRAVEL LANE
10'
SHOULDER
8'
RIGHT OF WAY
100-150' R.O.W.
PRINCIPAL 6-LANE DIVIDED
THOROUGHFARE

City of McLendon-Chisholm

Staff Report

Discuss and review existing and proposed City financial policies.

Date:

June 2, 2020

Current Policies Background:

It is the objective of the City of McLendon-Chisholm to invest public funds in a manner which will provide maximum security and the best commensurate yield while meeting the daily cash flow demands of the city and conforming to all federal, state, and local statutes, rules and regulations governing the investment of public funds. The City Council adopted an Investment Policy in 2017 and amended the policy in 2019. Staff has reviewed the policy and is not recommending any changes to the Investment Policy at this time. Staff will perform a final review prior to budget adoption and will bring forth any recommended changes at the appropriate time.

The purpose of the City's Fund Balance Policy is to enable the City of McLendon-Chisholm to provide for a prompt response to unforeseen economic uncertainty, unexpected situations such as natural disaster and establish certain capital and operating reserves to provide sufficient cash flow to sustain operability. The policy establishes the appropriate level of reserves which the City will strive to maintain in its fund balance; how the target fund balances will be funded; and the conditions under which fund balances may be utilized. The City Council adopted a Fund Balance Policy in 2019. Staff has reviewed the current policy and is not recommending any changes at this time. Staff will perform a final review prior to budget adoption and will bring forth any recommended changes at the appropriate time.

Recommended Policies Background:

A Debt Management Policy helps to ensure that cities maintain the current or an improved bond rating in order to minimize borrowing and preserve access to credit. A Debt Management Policy provides guidance for staff to ensure high quality debt management decisions; ensure support for debt issuances both internally and externally; impose order and discipline in the debt issuance process; promote consistency and continuity in the decision making process; ensure that the debt management decisions are viewed positively by rating agencies, the investment community and taxpayers; and demonstrate a commitment to long-term financial planning objectives. A Debt Management Policy may be reviewed annually as part of the budget adoption process.

A long-term capital plan is designed to help cities anticipate and project future capital needs, including construction, renovation and repairs and providing equipment to city departments. A long-term capital plan generally covers a period of 5 years and may be reviewed annually or as part of the budget adoption process.

Recommendation:

The City has not yet adopted a Debt Management Policy, a Long-term Financial Plan or Capital Plan. The City Administrator, City Financial Advisor and City Accountant recommend adopting such policies.

Lisa Palomba, City Administrator

CITY OF MCLENDON-CHISHOLM

RESOLUTION NO: 2019-18

A RESOLUTION ESTABLISHING A FUND BALANCE POLICY FOR THE CITY OF MCLENDON-CHISHOLM AND PROVIDING AND EFFECTIVE DATE.

WHEREAS, a Fund Balance Policy is a key element of financial stability; and

WHEREAS, the maintenance of a fund balance is essential to the preservation of the financial integrity of the City; and

WHEREAS, adequate levels of unassigned fund balance will mitigate financial risk from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances; and

WHEREAS, unassigned fund balance is an important measure of economic stability, provides savings for capital replacement and avoids issuance of future debt; and

WHEREAS, the City Council desires to establish a Fund Balance Policy.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS, THAT:

SECTION 1

The City Council has reviewed the attached (Exhibit A) Fund Balance Policy; and

SECTION 2

The City Council hereby adopts the attached Fund Balance Policy.

SECTION 3

The City Council will annually review the Fund Balance Policy and determine appropriate amounts for reserve.

SECTION 4

All resolutions, or parts of resolutions in force with provisions related to this resolution are inconsistent or in conflict with the terms or provisions contained herein, are hereby repealed to the extent of any such conflict only. The non-conflicting sections, sentences, paragraphs, and phrases shall reman in full force and effect.

SECTION 5

This resolution shall become effective immediately upon its passage and approval.

Resolution No. 2019-18
Approved 09/10/2019

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCLENDON-CHISHOLM, TEXAS ON THIS 10TH DAY OF SEPTEMBER 2019.

Keith Short

Keith Short, Mayor

ATTEST:

Lisa Palomba

Lisa Palomba, City Secretary

Resolution No. 2019-18
Fund Balance Policy
Approved 09/10/2019

City of McLendon-Chisholm

Fund Balance Policy

Purpose

A Fund Balance Policy establishes a key element of financial stability for the City of McLendon-Chisholm. The purpose of the City's Fund Balance Policy is to enable the City of McLendon-Chisholm to provide for a prompt response to unforeseen economic uncertainty, unexpected situations such as natural disaster and establish certain capital and operating reserves to provide sufficient cash flow to sustain operability. The policy establishes the appropriate level of reserves which the City will strive to maintain in its fund balance; how the target fund balances will be funded; and the conditions under which fund balances may be utilized.

Definitions:

Fund Equity – A fund's equity is generally the difference between its assets and its liabilities.

Reserves - For the purposes of this policy, the definition of "reserves" is limited to the portion of Fund Balance that is unreserved.

Unreserved – Funds not set aside for existing legal obligations of the City.

Fund Balance – The fund equity of governmental fund for which an accounting distinction is made between the portions that are spendable and non-spendable. Fund balance is classified into five categories:

Non Spendable Fund Balance (inherently not spendable) Includes amounts that are not in a spendable form or are required to be maintained intact. Examples include inventory and permanent funds.

Restricted Fund Balance - (externally enforceable limitations on use) Includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments. Amounts may be spent only for the specific purposes stipulated by external resource providers or as allowed by laws through constitutional provisions or enabling legislation. Examples include grant awards and child safety fees.

Committed Fund Balance – (self-imposed limitation set in place prior to the end of each fiscal year) Includes the portion of net resources upon which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a formal action of City Council. Commitments may be changed or lifted only by the Council taking the same formal action that originally imposed the constraint.

Assigned fund balance – (Limitation resulting from management's intended use) Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance – (Residual net resources) This is the excess total fund balance over non-spendable, restricted, committed, and assigned fund balance. Unassigned amounts are technically available for any purpose.

Policy

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City Council meeting. The resolution must either be approved, amended or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Restricted Fund Balance

All monies from Texas Department of Transportation (TxDOT) for Fire Station Replacement. The City is expected to receive funds from Texas Department of Transportation in an amount equal to or greater than $4,538,718 for the purpose of building a replacement fire station. Once received, these funds are restricted to use for fire station replacement and related costs. Funds may be utilized as needed for this specific purpose without further Council consent.

Assigned Fund Balance Goals/Amounts Held in Reserve

The City will strive to hold the amounts listed below in General Fund Balance, expressed as a dollar amount, general goal or a percentage of the city's annual operating expenditures of the General Fund. These amounts are expressed as a range to recognize that fund balance levels can fluctuate from year to year due to the normal course of city government operations.

$300,000 - $500,000 Utility Fund Balance

The Utility Fund Balance is funded through sewer/utility fees. Funds will be utilized for repair and replacement of water, sewer infrastructure and storm drain infrastructure as needed and as approved by Council. Minimum amount may be reconsidered by Council pending results of a sewer rate analysis or adjusted each fiscal year as deemed necessary.

$100,000 - $500,000 Sonoma Verde Road Fund Balance

Sonoma Road Fund Balance is funded each year through Public Improvement District Assessments. This fund is exclusively for maintenance of public roads in the Sonoma Verde subdivision which are beyond the initial warranty period. The Sonoma Verde Service and Assessment Plan may be adjusted to increase the balance as needed and as determined by Council.

Capital Fleet Replacement Fund Balance

The City's goal is to grow an amount equivalent to an amount required to replace Fire Department apparatus and equipment as needed and pay cash for needed capital rather than increasing or issuing new debt. The City anticipates budgeting an initial amount from current surplus. Council will determine an appropriate amount each budget year to grow the fund. Assigned funds may only be utilized for fire department capital purchases as approved by Council. Once utilization of funds is approved for a specific purpose, Council will continue to grow the fund for future capital needs.

Unassigned Fund Balance Goals/Amounts Held in Reserve

The City desires to maintain a budget stabilization reserve for economic uncertainty, revenue shortfalls, working capital and related needs and for unforeseen natural disaster or catastrophic events.

The City's goal is to achieve and maintain unassigned fund balance in the general fund, excluding Capital Fleet replacement Fund Balance equal to 40-60% of annual budget expenditures. The City considers a balance of less than 40% to be cause for concern, barring unusual or deliberate circumstances. In the event that the assigned or unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

Replenishment of Minimum Fund Balance Reserves

If the general fund balance falls below a total of 40% or if it is anticipated that at the completion of any fiscal year the projected fund balance will be less than the minimum requirement, the City staff, shall prepare and submit a plan to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of fund balance as well as an estimated timeline for achieving such.

These steps may include, but are not limited to, identifying new, nonrecurring, or alternative sources of revenue; increasing existing revenues, charges and/or fees; use of year-end surpluses; and/or enacting cost saving measures such as holding capital purchases, reducing departmental operating budgets, freezing vacant positions, and/or reducing the workforce. The replenishment of fund balance to the minimum level shall be accomplished within a two-year period. If restoration of the reserve cannot be accomplished within such a period without severe hardship to the City, then the Council shall establish an extended timeline for attaining the minimum balance.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

Appropriation of Assigned Fund Balance

Appropriation from the assigned fund balance shall require the approval of the Council and shall be utilized only for purposes described and shall not be utilized for ongoing expenditures unless a viable revenue plan designed to sustain the expenditure is simultaneously adopted.

The Council may appropriate fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the established minimum.

Monitoring and Reporting

The City staff shall be responsible for monitoring and reporting the City's various reserve balances and is directed to make recommendations to the Council on the use of reserve funds both as an element of the annual operating budget submission and from time to time throughout the fiscal year as needs may arise.

Compliance with the provisions of the policy shall be reviewed as a part of the annual operating budget adoption process and subsequent review will be included in the annual audit and financial statement preparation procedures.

CITY OF MCLENDON-CHISHOLM
RESOLUTION NO. 2019-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF McLENDON-CHISHOLM, TEXAS DECLARING THAT THE CITY COUNCIL COMPLETED ITS REVIEW OF THE INVESTMENT POLICY, PROVIDING POLICY UPDATES AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of McLendon-Chisholm, Texas (the "**City**"), in compliance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, adopted Ordinance 2017-17 approving and adopting an Investment Policy which is set forth in Division 2 of Article 1.04 of the City's Code of Ordnances; and

WHEREAS, the Public Funds Investment Act requires the governing body of the City to annually review its Investment Policy regarding the investment of City funds and funds under its control and adopt a Resolution stating it has reviewed the Investment Policy and investment strategies and recorded any changes; and

WHEREAS, the City Council has completed its review of the Investment Policy and investment strategies required by the Public Funds Investment Act, is making minor language change to the Investment Policy and minor changes to investment strategies adding further clarification of objectives and required disclosures and desires to adopt this Resolution memorializing this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF McLENDON-CHISHOLM, TEXAS:

SECTION 1: The recitals set forth in the WHEREAS clauses of this Resolution are true and correct, constitute findings and determinations by the City Council and are incorporated herein.

SECTION 2: That the City Council has completed its review of the Investment Policy and investment strategies and is making minor policy updates as set forth in the 2019-2020 Investment Policy.

SECTION 3: That this Resolution shall become effective immediately upon its passage.

DULY PASSED AND APPROVED THIS THE 10th DAY OF SEPTEMBER 2019.

Keith Short, MAYOR

ATTEST:

Lisa Palomba

Lisa Palomba, CITY SECRETARY

CITY OF McLENDON-CHISHOLM
CORPORATE
SEAL
TEXAS

City of McLendon-Chisholm

2019-2020 Investment Policy

Purpose

It is the objective of the City of McLendon-Chisholm to invest public funds in a manner which will provide maximum security and the best commensurate yield while meeting the daily cash flow demands of the City and conforming to all federal, state, and local statutes, rules and regulations governing the investment of public funds This Policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The Policy and investment strategies may be reviewed annually by the Audit/Finance Committee and will be reviewed annually by the City Council who will formally approve any modifications. This Investment Policy, as approved, is in compliance with the provisions of the Public Funds Investment Act, Texas Government Code Chapter 2256.

Scope

This Investment Policy applies to the investment activities of the City of McLendon-Chisholm, Texas. All financial assets of all funds, including the General Fund and any other accounts, unless explicitly excluded by this policy's guidelines, are included. These funds are accounted for in the City's Comprehensive Annual Financial Report (CAFR). These funds, as well, as others that may be created from time to time, shall be administered in accordance with the provisions of this policy.

In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) shall be governed and controlled by their governing ordinance and by the provisions of the Tax Reform Act of 1986, including all regulations and rulings promulgated there under applicable to the issuance of tax-exempt obligations.

1) Funds covered by this Policy which may be managed as a pooled fund group:
   a) General Reserve Fund
   b) Utility Revenue Fund
   c) Debt Service Fund
   d) Capital Project Fund
   e) Any new fund created by the City unless specifically exempted from this policy by the City or by law.

This Investment Policy shall apply to all transactions involving the financial assets and related activity of all the foregoing funds.

2) Funds covered by this Policy and managed as separately invested assets:
   a) Bond Funds – funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the pooled funds portfolio will result in maximum interest earning retention under the provisions of the Tax Reform Act of 1986.
   b) Endowment Funds – funds given to the City with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specified purposes.

3) This Policy shall not govern funds which are managed under separate investment programs in accordance with the Texas Government Code Section 2256.004. Such programs currently include all funds related to employee retirement programs, other funds established by the City for deferred employee compensation, and certain private donations. The City shall and will maintain responsibility for these funds to the extent required by federal and state law and donor stipulations.

4) This Policy does not apply to the monies held in escrow to retire bonds which are subject to defeasance requirements stated under their respective bond ordinances.

Review and Amendment

The City Council is required by state statute and by this Investment Policy to review this Investment Policy and investment strategies not less than annually and to adopt a resolution or an ordinance stating the review has been completed and recording any changes made to either the policy or strategy statements.

Public Trust

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. All investments shall be designed and managed in a manner responsive to the public trust and consistent with State and Local Law.

Investment Strategy

Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value. The City will maintain portfolios which utilize investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. Preservation and safety of principal shall be the foremost investment objective in each of the portfolios. Liquidity is the second objective. Liquidity's importance to each fund group is emphasized in the following paragraphs. Yield and diversification shall also be a consideration and shall be in compliance with the guidelines set forth in the Investment Policy.

A. **Operating Funds** – Investment strategies for these funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short-to-medium term securities which will complement each other in a laddered or barbell maturity structure.
B. **Debt Service Funds** – Investment strategies for these funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. If the annual debt service obligation is covered, the securities may be purchased that have a stated final maturity date which exceeds the debt service payment date.
C. **Reserve Funds** – Investment strategies for these funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate fund from securities with a low to moderate degree of volatility. Securities should be of high quality

and, except as may be required by any bond ordinance specific to an individual issue, of intermediate to longer-term maturities.

D. **Capital Project Funds** – Investment strategies for these fund portfolios shall have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. These portfolios should include at least 10% in highly liquid securities to allow for flexibility and unanticipated project outlays.

Objectives

The City shall manage and invest its cash with the objectives listed in priority order: Safety; Liquidity; Marketability; Diversification; Yield and Public Trust. Safety of principal invested is always the primary objective.

A. **Safety** – The primary objective of the City's investment activity is preservation of capital. Each investment transaction shall be conducted in a manner to avoid loss of capital.
B. **Liquidity** – The City's investment portfolio shall remain sufficiently liquid to enable the City to meet operating requirements that may be reasonably anticipated. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase.
C. **Marketability** – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Historical market "spreads" between the bid and ask prices of a particular security type of less than a quarter of a percentage point shall define an efficient secondary market.
D. **Diversification** – Investment maturities shall be staggered to provide cash flow based on the anticipated needs of the City. Diversifying the appropriate maturity structure will reduce market cycle risk.
E. **Yield** – The investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on a six-month U.S. Treasury Bill. The City's investment risk constraints and cash flow needs shall be taken into consideration.

Management and Internal Controls

Controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or investment Officers of the City.

Controls and managerial emphasis deemed most important that shall be employed include the following:

Imperative Controls

1. ACH & Wire transfer controls
    a. ACH & Wire transfer are only allowed between Financial Institutions listed on Exhibit A of this document.
    b. Any addition of new Financial Institutions for ACH & Wire transfers must be approved by updating the Investment Policy by resolution/ordinance of City Council.

   c. Dispersal of City Funds to entities not listed on Exhibit A must be made by counter signed checks drawn on the City's operating account.
   d. Institutions listed on Exhibit A will acknowledge in writing their receipt, understanding and willingness to comply with the City's controls.
2. Custodian safekeeping confirmation notices records management
3. Documentation of investment bidding events
4. Written confirmation of telephone transactions
5. Reconcilements and comparisons of security confirmation notices with the investment records
6. Verification of all interest income and security purchase and sell computations

Investment Committee

Members – The Investment Committee will consist of one Council Member; City Administrator, City Secretary-Treasurer and an outside investment advisor if needed. The City Attorney will act as a legal advisor to the Investment Committee. In the event of a vacancy, the remaining officers will confer and forward recommendations to Council for approval.

Scope – The Investment Committee shall meet at least annually to determine general strategies, investment guidelines and to monitor results. Included in its deliberations will be such topics as: economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, authorized broker/dealers (if applicable) and depository institutions, as well as the target rate of return on the investment portfolio

Procedures – The Investment Committee shall provide meeting summations to all members. Any two members of the Investment Committee may request a meeting. Three members must ordinarily be present to meet. Only two members must be present to meet if the City Administrator and City Secretary positions remain one combined position. Investment Committee members may confer by electronic media or by phone if unavailable to physically meet. The investment Committee may establish its own rules of procedures. The Committee shall make recommendations to the City Council for any proposed changes to policy.

Delegation of Authority and Training

Authority to manage the City's investment program is derived from a resolution of the City Council. The resolution designates the City Administrator and the City Secretary-Treasurer as Co-Investment Officers (C-IOs) for the City. Day to day activities may be delegated to a responsible individual(s) who has received the appropriate training required by state statute. The C-IOs shall be responsible for all transactions undertaken and shall establish a system of controls and compliance audit to regulate the activities of persons authorized to execute investment transactions.

The investment officers and persons authorized to execute investment transactions shall attend training sessions of at least 10 hours in compliance with Section 2256.008 of the Act within 12 months after taking office or assuming duties and at least 8 hours every two years thereafter. The training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act. The investment training shall be sponsored, accredited or endorsed by the Government Treasurers Organization of Texas (GTOT), Center for Public Management at the University of North Texas (UNT), Government Finance Officers Association of Texas (GFOAT), Texas Municipal League (TML), North Central Texas Council of Governments(NCTCOG) Association of Public Treasurers United States & Canada (APT US & C), and Government Finance Officers' Association (GFOA).

Safekeeping and Custody

The C-IOs shall establish written procedures for the operation of the investment program, consistent with this Investment Policy. Procedures shall include reference to safekeeping and reporting of the portfolio market value for securities held in safekeeping, banking service contracts and collateral. Securities and collateral will be held by a third-party custodian designated by the City or by the Federal Reserve Bank and held in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited. The Market value of the securities and collateral shall be reported at least monthly by the custodians. Any substitutions and / or releases of collateral must be approved by a C-IO or another person qualified to execute investment transactions designated by the C-IOs. All collateral must have a market value of 103% of the original purchase price of the investment (less FDIC or NCUSIF insurance) plus accrued interest.

Prudent Investor Rule

The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule which states: ***"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."***

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

A. The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
B. Whether the investment decision was consistent with the written investment policy of the entity.

Investment staff shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Nevertheless, the City recognizes that in a marketable, diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment rate of return.

Ethics and Conflicts of Interest

City staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. An investment officer of the City, who has a personal business relationship and/or a relationship by blood or marriage within the second degree, as defined in the PFIA Section 2256.005, with a financial organization seeking to sell an investment to the City shall file a disclosure statement with the Texas Ethics Commission, the City Council, and the City Administrator.

An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship with the Texas Ethics Commission and the City Council. For purposes of this section, an investment officer has a personal business relationship with a business organization if: (1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization; (2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or (3) the investment officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the investment officer. Investment officials of the City shall refrain from personal and business activities involving any of the City's custodians, depositories, broker/dealers or investment advisors which may influence the officer's ability to conduct his duties in an unbiased manner. Investment officials will not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the City's business for personal investment decisions, will in all respects subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchase and sales and will keep all investment advice obtained on behalf of the City and all transactions contemplated and completed by the City confidential, except when disclosure is required by law.

Liability

Investment and management staff acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of the securities are carried out in accordance with the terms of this policy.

Investment Safeguards

Cash Flow – Investment staff of the City will maintain a cash flow analysis which identifies the present and future cash requirements. The investment portfolio (utilizing cash flow analysis) will be structured such that the selling of securities prior to maturity for the purpose of meeting daily cash needs would be on an exception basis only.

Separation of Duties – Investment staff of the City will be responsible for maintaining the cash flow analysis, determining the amount eligible for investment, and all other administrative duties necessary in executing and tracking the investments. Investment Officers will be responsible for the actual investment decisions.

Internal Control – The C-IOs shall establish an annual process of independent review by the City's ad hoc audit committee in conjunction with the annual audit. This review will provide internal control by assuring compliance with policies and procedures.

Risk and Diversification

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary liquidity. Risk is controlled through portfolio diversification which shall be achieved by the following general guidelines:

A. Risk of issuer default is controlled by limiting investments to those instruments allowed by the Act, which are described herein;
B. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity sector, limitation of the weighted average maturity of operating funds investments to less than 18 months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities, and U.S. Agency Obligations or Securities and authorized investment pools.
C. Risk of liquidity due to technical complications shall be controlled by the selection of securities dealers as described herein.
D. Concentration of credit risk is controlled by limiting the amount of investment with a single issuer to no more than 35% of the total portfolio with the exception of State approved investment pools and U.S. Government Securities and Agency Obligation.
E. Custodial credit risk is minimized by requiring pledged securities to be in the name of the City.

Authorized Investments

Assets of the City may be invested in the following instruments if deemed an authorized investment pursuant to the Act, Chapter 2256 Texas Government code, as amended:

A. Obligations of the United States of America, its agencies and instrumentalities;
B. Direct obligations of the State of Texas or its agencies and instrumentalities;
C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or the respective agencies and instrumentalities, including obligations that are fully insured or guaranteed by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
D. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
E. Certificates of deposit issued by a depository institution that has its main office or a branch office in Texas, to include certificates of deposit purchased through the Certificate of Deposit Account Registry Service (CDARS) program from a Texas Bank. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor or the National Credit Union Share Insurance Fund (NCUSIF) or its successor and secured by acceptable collateral securities in the name of or benefit of the City and have a market value of at least 103% of the original purchase price (less FDIC or NCUSIF insurance) plus accrued interest.
F. Public Funds Investment pools in the State of Texas which follow practices allowed by the current law and whose investments may consist of CD's, U.S. Treasuries, U.S. Government Agency Securities, U.S. Government Sponsored Corporation's Instruments, Commercial Paper or other investment instruments permitted by law.

G. Commercial Paper and Banker's Acceptances that have met all requirements of state law, including ratings, term and security.
H. The City is not required to liquidate investments that were an authorized investment at the time of purchase.
I. If an authorized investment in the City's portfolio is rated in a way that causes it to become an unauthorized investment, the investment committee shall review the investment to determine whether it would be more prudent to hold the investment until its maturity, or to redeem the investment. The committee shall consider the time remaining until maturity of the investment, the quality of the investment, and the quality and amounts of collateral which may be securing the investment in determining the appropriate steps to take.
J. The City requires that all City depository accounts have sufficient pledged collateral, valued at market, held by a third-party custodian designated by the City in the City's name, and secured at 103% of the City balances less the amount of FDIC or NCUSIF insurance at all times.

The following is the maximum goal for various types of authorized deposits (shown as a percentage of total investments) for each type of investment. The percentages are based mainly on the safety and liquidity of the investment and to obtain the overall highest rate of return with appropriate risk for the City.

1. Collateralized Certificates of Deposits (CD's):	50%
2. U.S. Treasury Obligations:	100%
3. Municipal Investment Pool (MIP)	100%
4. Commercial Bank Savings Accounts:	15%
5. U.S. Government Agency Securities – non-callable:	100%
6. U.S. Government Agency Securities – callable:	50%
7. U.S Government Sponsored Corporation's Instruments – non-callable:	75%
8. U.S Government Sponsored Corporation's Instruments – callable:	50%
9. State or Local Governmental Obligations:	30%
10. Local Government Investment Pools (LGIP)	100%

Term of Investments

The maximum term of any investment may not exceed three (3) years. Purchases of securities with stated maturities greater than the maximum authorized term require prior City Council approval.

Prohibited Investments

This Investment Policy specifically prohibits investment in the types of securities listed below:

1. Obligations, whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears on interest.
3. All Collateralized mortgage obligations excluding those purchased by state authorized investment pools.
4. Reverse repurchase agreements.

Transaction Bids

Transaction bids may be obtained orally, in writing, electronically, or in any combination of these methods. At least three competitive bids for individual security purchases are required, however this provision excludes transactions involving money market mutual funds, local government investment pools, securities issued and deemed to be made at prevailing market rates, or a reinvestment of funds from a called security with the original broker.

Transaction Settlements

The settlement of all transactions, except investment pool funds and mutual funds, shall be on a delivery versus payment basis.

Reporting

The C-IOs shall submit a signed quarterly investment report to the City Council that contains the information required by the Public Funds Investment Act including but not limited to:

1. Describing in detail the investment position of the entity on the date of the report;
2. Stating the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
3. Stating the maturity date of each separately invested asset that has a maturity date; and
4. Stating the compliance of the investment portfolio of the city as it relates to the investment strategy stated in the City's Investment Policy

Document Retention

As recommended by the Texas State Library and Archives Commission, the guidelines of retaining records for five years from the applicable fiscal year end should be followed for investment funds other than bond proceeds. The C-IOs shall oversee the filing and/or storing of investment records.

Selection of Banks, Brokers and Security Dealers

Depository – City Council shall, by ordinance, "select and designate one or more banking institutions as the depository for the monies and funds of the City" in accordance with the requirement of Texas Local Government Code Chapter 105. At least every three (3) years a depository shall be selected through the City's banking services procurement process as defined by the Investment Committee. This process shall include but is not limited to the following criteria:

1. Qualified as a depository for public funds in accordance with state and local laws.
2. Offered lowest net banking service cost, consistent with the ability to provide an appropriate level of service.
3. Met credit worthiness and financial standards.

For brokers and dealers of government securities the City may select only those dealers reporting to the Market Reports Division of the Federal Reserve Board of New York also known as the "Primary government Security Dealers." Investment officials shall not knowingly conduct business with any firm with whom public entities have sustained losses on investments. All securities dealers shall provide the City with references from public entities which they are currently serving. The city shall review the list of brokers on an annual basis pursuant to Section 2256.025 of the Public Funds Investment Act.

All Financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

1. Audited financial statements
2. Proof of National Association of Securities Dealers (NASD) certification
3. Proof of state registration
4. Certification of having read the City's Investment Policy signed by a qualified representative of the organization
5. Acknowledgement that the organization has implemented reasonable procedures and control in an effort to preclude investment activities not authorized by this policy arising out of investment transactions conducted between the City and the organization.
6. The list of brokers/dealers, financial institutions, banks and investment pools contained in exhibit A are authorized to conduct investment business with the City.

Investment Policy Adoption

The City of McLendon-Chisholm Investment Policy shall be adopted by ordinance of the City Council. The City Council shall review this Investment Policy and investment strategies annually and any modifications made thereto must be approved by the City Council.

EXHIBIT A

Financial institutions, Banks and Investment Pools Authorized to Conduct Investment Business with the City

Alliance Bank, 6130, South FM 549, Rockwall, TX 75032

TexPool, 1001 Texas Avenue, Houston, TX 77002

LOGIC, 1201 Elm Street, Suite 3500, Dallas, TX 75070

Wilmington Trust, 15950 N. Dallas Parkway, Suite 550, Dallas, TX 75248

Rockwall
Central Appraisal District

April 30, 2020

CITY OF MCLENDON-CHISHOLM
LISA PALOMBA
1371 W FM 550
MCLENDON-CHISHOLM, TX 75032

CERTIFIED ESTIMATE OF VALUE FOR 2020
City of McLendon-Chisholm

Dear Ms. Palomba,

Enclosed is the 2020 ***ESTIMATE OF VALUE*** for your taxing unit. State law requires that the district send you an estimate of value for the appraisal roll each year by May 1st. It is important to note that this is just an ***ESTIMATE*** as we continue to work renditions of business personal property due to extension requests, as authorized by the Texas Property Tax Code.

Appraisal Districts are mandated by law to value all property at market value, as well as equal to other similar properties through mass appraisal. April 15th begins the protest period during which property owners may appeal property values. Values will be continuously adjusted during this process.

Sincerely,

Kevin Passons
Chief Appraiser

841 Justin Road
Rockwall, TX 75087
www.rockwallcad.com

Metro: 972-771-2034
Toll Free: 1-877-438-5304
Fax: 972-771-6871

Rockwall
Central Appraisal District

CERTFICATE OF ESTIMATED NET TAXABLE VALUE

ROCKWALL CENTRAL APPRAISAL DISTRICT §
COUNTY OF ROCKWALL §

I, Kevin Passons, Chief Appraiser of the Rockwall Central Appraisal District of Rockwall County, Texas, do hereby certify the City of McLendon-Chisholm **Estimated** Values below for tax year 2020.

Net Taxable Value:	**$533,900,645**
Freeze Adjusted Taxable Value:	**$463,821,521**

Kevin Passons, Chief Appraiser

THE STATE OF TEXAS §
COUNTY OF ROCKWALL §

Subscribed and sworn to before me this 30th day of April, 2020.

HANNAH COPE
My Notary ID # 131856883
Expires January 16, 2023

Hannah Cope
Notary Public in and for the State of Texas

(Affix Notary Seal)

841 Justin Road
Rockwall, TX 75087
www.rockwallcad.com

Metro: 972-771-2034
Toll Free: 1-877-438-5304
Fax: 972-771-6871

City of McLendon Chisholm
Fiscal 2021 Budget Summary
For the fiscal year to end September 30, 2021

Cash Reserves	FY 2020 Current	FY 2020 Projected
General Fund	$ 1,457,772	$ 1,426,631
Fire Capital	$ 4,877,339	$ 4,877,587
	$ 6,335,111	$ 6,304,218
Utility Fund	$ 707,624	$ 753,454
I&S Fund	$ 28,752	$ -

Financial Summary	FY 2020 Current	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget
General Fund Revenue	1,568,471	1,995,846	1,306,263	1,673,281
General Fund Expenses	(617,247)	(1,062,873)	(1,040,505)	(1,273,525)
Surplus	$ 951,224	$ 932,973	$ 265,758	$ 399,756
Add'l Surplus if 3.5% Voter Approval Rate is adopted				*$ 53,340*
Add'l Surplus if 8.0% Voter Approval Rate is adopted				*$ 79,898*
Utility Fund Revenue	417,605	585,452	358,564	641,052
Utility Fund Expenses	(321,215)	(524,101)	(358,564)	(577,143)
Surplus	96,390	61,351	-	63,909
I&S Fund Revenue	122,486	150,726	141,644	149,639
I&S Fund Expenses	(121,139)	(150,726)	(141,644)	(146,312)
Surplus	1,347	-	-	3,327

City of McLendon Chisholm
Operating Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	% of Budget Current YTD	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Revenue					
302 · Franchise Income	195,132	104%	$ 187,000	$ 195,000	Projected to hold steady
303 · Development Income	70,600	471%	15,000	15,000	No significant plat fees on the horizon
304 · Building Permit Income	794,498	241%	330,000	562,000	Based on current projections from Sonoma developer
305 Municipal Court Income	-	0%	1,800	500	
306 · Interest Income	22,417	121%	18,500	25,000	Increase based on earnings from funds received from TXDot
307 · Sign Permit Income	-	0%	100	-	
308 · Septic Fees	14,925	191%	7,800	11,000	Most new construction is not on septic
309 Food Enforcement	2,400	192%	1,250	2,400	
310 · Sales Tax Revenue	308,210	150%	205,750	308,000	No new sales tax revenue projected
313 · Donations	836	139%	600	500	
314 · Copies Public Inf. Income	-	0%	130	100	
317 · Ad Valorem Tax	585,725	109%	537,708	552,991	M&O Revenue based on current rate of 15 cents
318 · Tax Certifications	74	98%	75	-	
321 · Credit Card Fee Revenue	1,029	187%	550	790	
Total Revenue	$ 1,995,846	153%	$ 1,306,263	$ 1,673,281	
Expenditures					
Operating Expenditures					
401 · Municipal Court / Code Enforcement	$ -	0%	$ 50	$ 1,000	Based on increased code enforcement
402 · Election Expense	-	0%	12,250	12,500	
410 · Building Inspections	186,432	158%	117,742	131,875	Correlated with decrease in Bldg Permits
411 · Environment Regulation Expense	6,770	108%	6,255	4,990	Correlated with decrease in Septic Inspections
414 - Animal Control	-	0%	18,000	18,000	
415 · Section 380 Grant Program	11,944	314%	3,800	7,800	Based on current projections from Sonoma developer
418 · Membership Fees	1,662	106%	1,575	2,000	
422 · Public Notice Expense	14,336	157%	9,150	11,750	
423 · Community Functions	7,290	1458%	500	2,000	Only event planned is Christmas Tree Lighting
426 · Appraisal District Collection	5,000	100%	5,000	5,500	
429 · Street Lights				2,900	
430 · Public Safety	377,225	113%	333,555	509,205	see attached detail
Total 400 Operating Expenditures	$ 610,658	120%	$ 507,877	$ 709,520	

City of McLendon Chisholm
Operating Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	% of Budget Current YTD	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Occupancy Expenditures					
502 · Electricity	$ 2,619	97%	$ 2,700	$ 2,900	
506 · Water	9,309	233%	4,000	10,239	
510 · Propane Gas	788	100%	788	870	
514 · Building Maint/Improvements	10,874	89%	12,200	12,000	
516 · Lawn Maintenance	8,220	97%	8,500	-	Will be a duty of new code enforcement officer
520 · Telephone & Internet	7,536	109%	6,900	8,300	
522 · Website Expense	1,138	114%	1,000	2,500	
Total 500 Occupancy Expenditures	$ 40,484	108%	$ 37,432	$ 36,809	
General & Administrative Expenditures					
604 · Municipal Manuals, Books & Maps	346	138%	250	500	
606 · Employee Costs	188,014	85%	222,455	277,342	See payroll and benefit projection worksheet
618 · Liability Insurance	5,292	70%	7,517	5,821	Projected 10% increase
619 · Software Subscriptions	11,534	61%	19,000	12,000	
621 · IT Support	6,825	124%	5,500	7,000	
622 · Office Supplies - City Hall	3,059	102%	3,000	3,500	
623 · Office Equipment	4,055	156%	2,600	4,100	
624 · Office Equip Maintenance	3,803	254%	1,500	4,500	
625 · Printed Materials	1,823	107%	1,700	2,000	
626 · Postage-City Hall	1,077	76%	1,410	1,500	
628 · Bank Fees	1,845	123%	1,500	2,000	
630 · Legal & Professional					
63001-Accounting & Payroll services	53,225	101%	52,514	60,000	Based on increase in transaction postings and higher # of employees
63002 - Financial Audit	15,000	100%	15,000	25,000	Will be higher if new auditor is selected
63003 - Legal	26,952	67%	40,000	40,000	
63005 - City Planner	5,745	13%	45,000	45,000	Increase to accommodate Comprehensive Plan update
63008 - Financial Consulting	26,000	100%	26,000	26,000	
63009 - Engineering	15,000	100%	15,000	25,000	

City of McLendon Chisholm
Operating Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	% of Budget Current YTD	FY 2020 Budget	FY 2021 Proposed Budget	Comments
646 · Mileage Expense	500	100%	500	750	
647 · Council Meetings & Development	650	100%	650	800	
648 · Training	1,937	29%	6,750	7,000	Assumption that normal training will resume
652 · Staff Appreciation	650	76%	850	800	
655 · Code of Ordinance	3,360	96%	3,500	4,000	
699 · Miscellaneous Expense	39	- %	-	-	
Total G & A Expenditures	$ 376,731	80%		$ 472,196	
700 · Capital Expenditures - Operating	35,000	100%	35,000	55,000	$40,000 for Klutts Rd + $15,000 for unplanned events
Total Capital Expenditures	$ 35,000	100%	$ 35,000	$ 55,000	
Total Expenditures	$ 1,062,873	101%	$ 1,052,505	$ 1,273,525	
Surplus (Deficit)	$ 932,972	368%	$ 253,758	$ 399,756	

City of McLendon Chisholm
Utility Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Operating Revenue				
306 · Interest Income	$ 8,966	$ 9,750	$ 8,000	Assuming lower interest rates
Sewer Utility Revenue				
32200 · Sewer Usage Fees	$ 250,000	228,360	306,625	11.5% increase in # of accounts + 10% rate increase (from Rate Study)
32204 · Sewer Deposit Refunds	(514)	(1,100)	(573)	
Transfer from Utility Fund Surplus	54,900	49,554	20,000	2020 Transfer to cover Sewer Line Expansion Design / 2021 Transfer to cover Capital Expenditures
Total Revenue	$ 258,452	$ 286,564	$ 334,052	
Operating Expenditures				
Operation & Maintenance Expenditures				
Sewer Operation & Maintenance				
41304 · O&M Agreement	$ 40,000	$ 33,570	$ 46,000	11.5% increase in # of accounts + 3% rate increase
41305 - O&M Maintenance	13,500	$ 36,000	$ 15,500	11.5% increase in # of accounts + 3% rate increase
41308 · Electricity	108	-	150	
41310 · Sewer Treatment	205,619	231,794	304,000	From Rate Study
Total Operations Expenditures	$ 259,227	$ 301,364	$ 365,650	
600 · General & Administrative Exp	$ 68,675	$ 14,000	$ 15,293	2020 Projection includes $54,900 for Sewer Line Expansion Design / 11.5% 2021 budget increase
700 · Capital Expenditures	$ -	$ -	$ 20,000	Inframark request
Total Expenditures	$ 327,901	$ 315,364	$ 400,943	

City of McLendon Chisholm
Utility Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Surplus (Deficit) from Operations	$ (69,450)	$ (28,800)	$ (66,891)	
Sewer Tap Fees				
32201 · Sewer Tap Fee Revenue	327,000	72,000	327,000	
41312 · Tap Fee Developer Rebate	(196,200)	(43,200)	(196,200)	
Net Revenue from Tap Fees	130,800	28,800	130,800	
Total Surplus (Deficit)	$ 61,351	$ -	$ 63,909	

City of McLendon Chisholm
Interest and Sinking Fund Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Revenue				
Ad Valorem Tax				
317 · Ad Valorem Tax	115,117	$ 107,426	$ 142,739	**I&S Revenue based on current rate of 15 cents**
306 · Interest Income	7,369	3,250	6,900	**Assuming lower Interest Rates**
Transfer from Excess Bond Proceeds	-	-		
Transfer From Interest & Sinking Surplus	28,241	30,968	-	
Total Revenue and Transfers In	$ 150,726	$ 141,644	$ 149,639	
Expenditures				
628 · Bank Fees Expense	$ 2,850		$ 2,850	
660 · Bond Interest Expense	57,876	$ 58,113	56,312	
Transfer To Bond Principal	90,000	90,000	90,000	
Transfer to Early Redemption Sinking Fund		-		
Total Expenditures and Transfers Out	$ 150,726	$ 148,113	$ 146,312	
Surplus (Deficit)	$ 0	$ -	$ 3,327	

City of McLendon Chisholm
Public Safety Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget	Comments
Revenue				
313 · Donations	765	-	-	
316 · County Contract	77,500	67,500	77,500	
319 · Grants	252,000	252,000	117,600	**Reduction per Grant Agreement**
Transfer from Fire Capital Fund	-	-	4,055,000	**$4,000,000 for new station & $55,000 new vehicle**
Transfer from General Fund	350,144	333,555	509,205	
Total Revenue	680,410	653,055	4,759,305	
Expenses				
400 · Operating Expenditures				
418 · Membership Fees	70	-	70	
Total 400 · Operating Expenditures	70	-	70	
430 · Public Safety				
43001 · Liability Insurance	7,730	3,326	7,962	
43002 · Fuel	10,301	10,000	10,000	
43003 · Maintenance & Repair - Vehicles	23,071	20,000	8,000	
43004 · Maintenance & Repair - Station	11,795	12,000	12,000	
43005 · Gear and Supplies	21,211	23,000	23,000	
43006 · Compliance	5,479	6,000	6,000	
43007 ·Radio Maintenance	12,000	12,000	14,653	
43008 · Dispatch	10,000	10,000	10,000	
43009 · Training	3,330	10,000	10,000	
43010 · Software	115	-	115	
43030 · EMS	4,929	3,000	4,400	
43035 · Street Lights	2,882	2,900	-	**Moved to General Fund**
Total 430 · Public Safety	112,843	112,226	106,130	
500 · Occupancy Expenditures				
502 · Electricity	3,248	-	3,500	
506 · Water	455	-	500	
512 · Trash	223	-	-	
516 · Lawn Maintenance	120	-	-	
520 · Telephone & Internet	2,469	-	2,500	
Total 500 · Occupancy Expenditures	6,516	-	6,500	
600 · General & Administrative Exp				
606 · Employee Costs	542,183	525,829	587,123	**See payroll and benefit projection worksheet**

City of McLendon Chisholm
Public Safety Budget Worksheet
For the fiscal year to end September 30, 2021

	FY 2020 Projected	FY 2020 Budget	FY 2021 Proposed Budget	Comments
619 · Software Subscriptions	1,123	-	1,476	
628 · Interest Expense	2,206	-	2,206	
652 · Staff Appreciation	463	-	800	
699 · Miscellaneous Expenses	7	-	-	
Total 600 · General & Administrative Exp	545,981	525,829	591,605	
700 · Capital Expenditures				
Equipment	15,000	15,000		
Vehicles	-	-	55,000	
New Fire Station	-	-	4,000,000	
Total 700 · Capital Expenditures	15,000	15,000	4,055,000	
Total Expenses	680,410	653,055	4,759,305	
Surplus (Deficit)	-	-	-	

City of McLendon-Chisholm
Fiscal 2021 Wage and Benefit Projection

	Current Salary	Increase		Proposed Salary	FICA	Health Ins	Dental Ins	Vision Ins	Retirement	Disability	Workers Comp	Total
Administration												
City Administrator	90,950	3,638	4.00%	94,588	7,236	11,850	706	82	2,270	335	426	117,493
Adminstrative Assistant	18,918	757	4.00%	19,674	1,505						89	21,268
City Secretary	57,500	1,533	2.67%	59,033	4,516	19,061	706	82	1,417	335	266	85,417
Code Enforement Officer	-	37,444	100.00%	37,444	2,864	10,665	706	82	899	335	168	53,164
Total Administration	167,368	43,372	25.91%	210,740	16,122	41,576	2,119	246	4,586	1,006	948	277,342
Fire Department												
Chief	85,145	3,406	4.00%	88,551	6,514	9,931	706	82	2,125	335	4,361	108,244
Captain	48,975	4,134	8.44%	53,109	3,747	6,379	706	82	1,275	335	2,615	65,634
Captain	49,011	4,134	8.43%	53,144	3,749	6,379	706	82	1,275	335	2,617	65,672
Captain	49,099	4,134	8.42%	53,233	3,756	7,612	706	82	1,278	335	2,621	67,002
Fire Fighter	46,877	938	2.00%	47,815	3,586	8,419	706	82	1,148	335	2,355	62,091
Fire Fighter	46,877	938	2.00%	47,815	3,586	7,866	706	82	1,148	335	2,355	61,538
Fire Fighter	46,877	938	2.00%	47,815	3,586	7,866	706	82	1,148	335	2,355	61,538
Fire Fighter	78,624			78,624	6,015	-					3,872	84,639
Volunteer Stipends	10,000			10,000	765						1,100	10,765
Total Fire Department	461,486	18,620	4.03%	480,106	35,304	54,451	4,945	575	9,396	2,347	24,250	587,123

Assumptions

Assumed 4% average increase unless otherwise noted
Health Insurance Increase of 10%
Retirement Plan change from 5% / 1 to 1 match to 7% / 2 to 1 match on Jan 1, 2021
Green - 4% increase after one year anniversary
Full Time Fire Fighter Fighter 4% Increase beginning April 2021
5% Workers Comp increase for fire fighters (per insurance agent)

Fiscal Year 2020-2021 Budget & Tax Rate Adoption Calendar

June 2, 2020	Special Budget Work Session	Staff Recommendations/Council Discussion
June 9, 2020	Regular Council Meeting	
June 23, 2020	Reg. Meeting/Budget WS	
July 7, 2020 (Change from July 14)	Reg. Meeting/Budget WS	
July 25, 2020		RCAD Provides Certified Values
July 28, 2020	Reg. Council Meeting/Budget WS if Needed	
August 4, 2020	Special Budget WS if Needed	
August 11, 2020	Council Sets Proposed Tax Rate (Not to Exceed Rate)	
August 18, 2020		Budget Filed in Office of City Sec.
August 25, 2020	Reg Council Meeting	Budget & Tax Rate Public Hearings
September 8, 2020	Reg Council Meetings – Public Hearing	
September 22, 2020	Reg. Council Meeting	Council Adopts Budget, Tax Rate and Ratification Ord.
October 1, 2020	New Fiscal Year Begins	