

**LOUIS R. RIGBY**  
Mayor  
**JOHN ZEMANEK**  
Councilmember At Large A  
**DOTTIE KAMINSKI**  
Mayor Pro-Tem  
Councilmember At Large B  
**DANNY EARP**  
Councilmember District 1  
**CHUCK ENGELKEN**  
Councilmember District 2



**DARYL LEONARD**  
Councilmember District 3  
**TOMMY MOSER**  
Councilmember District 4  
**JAY MARTIN**  
Councilmember District 5  
**MIKE CLAUSEN**  
Councilmember District 6

## **CITY COUNCIL MEETING AGENDA**

**Notice is hereby given of a Regular Meeting of the La Porte City Council to be held March 23, 2015, beginning at 6:00 PM in the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.**

- 1. CALL TO ORDER**
- 2. INVOCATION** – The invocation will be given by Reid Morgan, St. John's Episcopal.
- 3. PLEDGE OF ALLEGIANCE** – The Pledge of Allegiance will be led by Councilmember Chuck Engelken.
- 4. PUBLIC COMMENTS** (Limited to five minutes per person.)
- 5. CONSENT AGENDA** *(All consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)*
  - (a)** Consider approval or other action of the minutes of the Council meeting held on March 9, 2015 - P. Fogarty
  - (b)** Consider approval or other action regarding an agreement between Harris County and the City of La Porte for a Community Development Block Grant (CDGB) for the La Porte ISD Colored School - C. Alexander
  - (c)** Consider approval or other action regarding an Ordinance renewing an Interlocal Agreement between the City of La Porte and the La Porte Independent School District for the provision of Police School Resource/DARE Officers - K. Adcox
  - (d)** Consider approval or other action authorizing the Mayor to sign a Resolution designating the City Manager as the designated grant official and approving the grant application for the Body Cameras Acquisition Project through the Criminal Justice Division, Office of the Governor, State of Texas - K. Adcox
  - (e)** Consider approval or other action authorizing the City of La Porte to enter into an Interlocal Purchasing Agreement between the City of Houston and Metro as additional party, for participation in cooperative purchasing program - C. Daeumer

## 6. PUBLIC HEARINGS AND ASSOCIATED ORDINANCES

- (a) Public Hearing to receive comments regarding recommendation by the Planning and Zoning Commission to deny an update to the Future Land Use Map component of the Comprehensive Plan of the City of La Porte to change future land use classification for 1.0-acre portion of a 2.14-acre tract of land described as Tracts 262 and 262A, La Porte Outlots (applicants Jose Marroquin & Martina Guadalupe Marroquin, on behalf of property owner Dennis Noseworthy) - E. Ensey
- (b) Consider approval or other action regarding an Ordinance adopting an update to the Future Land Use Map Component of the Comprehensive Plan of the City of La Porte, Texas to change future land use classification for 1.0-acre portion of a 2.14-acre tract of land described as Tracts 262 and 262A, La Porte Outlots from Large Lot Residential to Commercial (applicants Jose Marroquin & Martina Guadalupe Marroquin, on behalf of the property owner Dennis Noseworthy) - E. Ensey
- (c) Public Hearing to receive comments regarding recommendation by the Planning and Zoning Commission to deny Rezone Request #15-92000001 for Jose Marroquin & Martina Guadalupe Marroquin, on behalf of property owner Dennis Noseworthy, for rezone of a 1.0-acre portion of a 2.14-acre tract of land described as Tracts 262 and 262A, La Porte Outlots from Split Large Lot Residential (LL) and General Commercial to exclusively General Commercial (GC) - E. Ensey
- (d) Consider approval or other action regarding an Ordinance amending Chapter 106, Zoning of the Code of Ordinances of the City of La Porte by changing the zoning classification from Split Large Lot Residential (LL) and General Commercial to exclusively General Commercial (GC), for an approximately 1.0-acre portion of a 2.14-acre tract of land described as Tracts 262 and 262A, La Porte Outlots from Large Lot Residential to Commercial (applicants Jose Marroquin & Martina Guadalupe Marroquin, on behalf of the property owner Dennise Noseworthy) - E. Ensey
- (e) Public Hearing to receive comments regarding recommendation by the Planning and Zoning Commission to approve an update to the Future Land Map Component of the Comprehensive Plan of the City of La Porte to change Future Land Use classification for 6.43-acre tract of land described as Tracts 351 and 352, La Porte Outlots, from Large Lot Residential to Light Industrial (applicant, QualaWash Holdings LLC., on behalf of property owner Louisiana Chemical Co., LLC.) - E. Ensey
- (f) Consider approval or other action regarding an Ordinance adopting an update to the Future Land Use Map Component of the Comprehensive Plan of the City of La Porte, Texas, to change Future Land Use classification for 6.43-acre tract of land described as Tracts 351 and 352, La Porte Outlots, from Large Lot Residential to Light Industrial (applicant QualaWash Holdings LLC., on behalf of property owner Louisiana Chemical Co., LLC.) - E. Ensey
- (g) Public Hearing to receive comments regarding recommendation by the Planning and Zoning Commission to approve Rezone Request #15-92000002 for QualaWash Holdings LLC., on behalf of property owner Louisiana Chemical Co., LLC., for rezone of a 6.43-acre tract of land described as Tracts 351 and 352, La Porte Outlots from Large Lot Residential (LL) to Light Industrial (LI) - E. Ensey
- (h) Consider approval or other action regarding an Ordinance amending Chapter 106, Zoning, of the Code of Ordinances of the City of La Porte, by changing the zoning classification from Large Lot Residential (LL) to Light Industrial (LI) for a 6.43-acre tract of land described as Tracts 351 and 352, La Porte Outlots (applicant, QualaWash Holdings LLC., on behalf of the property owner Louisiana Chemical Co., LLC.) - E. Ensey

**7. AUTHORIZATIONS**

- (a) Consider approval or other action authorizing the Mayor to execute an Interlocal Agreement with Harris County for Game Room Regulation Permitting and Enforcement - K. Adcox

**8. DISCUSSION OR OTHER ACTION**

- (a) Discussion or other action regarding individuals operating their business at City facilities - R. Epting

**9. REPORTS**

- (a) Receive report of Fiscal Affairs Committee Meeting - Councilmember Engelken
- (b) Receive 2014 Comprehensive Annual Financial (CAFR) Report - M. Dolby

**10. ADMINISTRATIVE REPORTS**

- Zoning Board of Adjustment Meeting, Thursday, March 26, 2015
- Drainage and Flooding Committee Meeting, Monday, March 30, 2015
- Citizens Forum on Code Enforcement for Northside Neighborhood, Tuesday, March 31, 2015
- La Porte Development Corporation Board Meeting, Monday, April 6, 2015
- La Porte Development Corporation Board Meeting, Monday, April 13, 2015
- City Council Meeting, Monday, April 13, 2015
- Council Budget Retreat, Saturday, April 18, 2015
- City Council Meeting, Monday, April 27, 2015

- 11. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers Engelken, Earp, Clausen, Martin, Moser, Kaminski, Zemanek, Leonard and Mayor Rigby

**12. ADJOURN**

**The City Council reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code (the Texas open meetings laws).**

**In compliance with the Americans with Disabilities Act, the City of La Porte will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.**

**CERTIFICATION**

I certify that a copy of the March 23, 2015, agenda of items to be considered by the City Council was posted on the City Hall bulletin board on March 17, 2015.

*Patrice Fogarty*



**Council Agenda Item  
March 23, 2015**

1. **CALL TO ORDER**
2. **INVOCATION** – The invocation will be given by Reid Morgan, St. John's Episcopal.
3. **PLEDGE OF ALLEGIANCE** – The Pledge of Allegiance will be led by Councilmember Chuck Engelken.
4. **PUBLIC COMMENTS** (Limited to five minutes per person.)

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## Council Agenda Item March 23, 2015

5. **CONSENT AGENDA** *(All consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)*
- (a) Consider approval or other action of the minutes of the Council meeting held on March 9, 2015 - P. Fogarty
  
  - (b) Consider approval or other action regarding an agreement between Harris County and the City of La Porte for a Community Development Block Grant (CDGB) for the La Porte ISD Colored School - C. Alexander
  
  - (c) Consider approval or other action regarding an Ordinance renewing an Interlocal Agreement between the City of La Porte and the La Porte Independent School District for the provision of Police School Resource/DARE Officers - K. Adcox
  
  - (d) Consider approval or other action authorizing the Mayor to sign a Resolution designating the City Manager as the designated grant official and approving the grant application for the Body Cameras Acquisition Project through the Criminal Justice Division, Office of the Governor, State of Texas - K. Adcox
  
  - (e) Consider approval or other action authorizing the City of La Porte to enter into an Interlocal Purchasing Agreement between the City of Houston and Metro as additional party, for participation in cooperative purchasing program - C. Daeumer

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**LOUIS RIGBY**  
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**MINUTES OF THE REGULAR MEETING OF THE  
CITY COUNCIL OF THE CITY OF LA PORTE  
MARCH 9, 2015**

The City Council of the City of La Porte met in a regular meeting on **Monday, March 9, 2015**, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at **6:00 p.m.** to consider the following items of business:

**1. CALL TO ORDER**

Mayor Rigby called the meeting to order at 6:00 p.m. Members of Council present: Councilmembers Kaminski, Martin, Earp, Leonard, Clausen, Moser and Engelken. Absent: Councilmember Zemanek. Also present were City Secretary Patrice Fogarty and City Manager Corby Alexander.

**2. INVOCATION** – The invocation was given by Rickie Edwards, New Hope Missionary Church.

**3. PLEDGE OF ALLEGIANCE** – The Pledge of Allegiance was led by Councilmember Daryl Leonard.

**4. PUBLIC COMMENTS** (Limited to five minutes per person.)

Chuck Rosa, 812 S. Virginia St., addressed Council in regards to the City cancelling the May 9, 2015 General Election, thanking Council and Corby Alexander for their good work and for the sidewalks being installed in his neighborhood.

George Watkins, 5221 Valley Brook Ct., addressed Council in regards to the 4<sup>th</sup> of July Parade and provided an update on the events to be held.

**5. CONSENT AGENDA** *(All consent agenda items are considered routine by City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember requests an item be removed and considered separately.)*

**(a)** Consider approval or other action regarding the minutes of the City Council Meeting held on February 23, 2015 – P. Fogarty

**(b)** Consider approval or other regarding an ordinance declaring the candidates for Mayor and Districts 2 and 3 unopposed; declaring Louis R. Rigby, candidate for Mayor, elected; declaring Chuck Engelken, candidate for District 2, elected; declaring Daryl Leonard, candidate for District 3, elected; and cancelling the May 9, 2015, general election – P. Fogarty

**(c)** Consider approval or other action to adopt a resolution authorizing revision of Section 5.04 of the Bylaws of the City of La Porte Development Corporation – S. Livingston

- (d) Consider approval or other action regarding proposed draft updates of the City of La Porte and La Porte Area Water Authority Drought Contingency Plans and Water Conservation Plans – D. Mick
- (e) Consider approval or other action awarding Bid # 15007 for Clarifier Rehabilitation and authorizing the City Manager to execute a contract for Clarifier Rehabilitation at the City of La Porte Wastewater Treatment Facility – D. Mick
- (f) Consider approval or other action regarding purchase of four replacement tractors through competitive quotes from H-GAC, local government purchasing cooperative and TASB BuyBoard for Fiscal Year 2014-2015 – D. Mick
- (g) Consider approval or other action regarding approval of a community cooperative project with Shady River HOA for pool renovation with a total City contribution of \$5,000 – T. Leach

Regarding Item f, it was pulled from the Consent Agenda for separate consideration.

Councilmember Leonard moved to approve the Consent Agenda Items a, b, c, d, e and g pursuant to staff recommendations. Councilmember Moser seconded. **MOTION PASSED.**

Ayes: Mayor Rigby, Councilmembers Clausen, Moser, Leonard, Engelken, Martin, Kaminski and Earp  
 Nays: None  
 Absent: Councilmember Zemanek

Regarding Consent Agenda Item f, Councilmember Clausen moved to amend the purchase of 3 tractors instead of 4. Councilmember Kaminski seconded. **MOTION PASSED.**

Ayes: Mayor Rigby, Councilmembers Clausen, Moser, Leonard, Engelken, Martin, Kaminski and Earp  
 Nays: None  
 Absent: Councilmember Zemanek

Prior to Council vote, City Attorney Knox Askins read the caption of the ordinance from Consent Agenda Item 5(b):

**Ordinance 2014-3527:** AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS, DECLARING THE CANDIDATE FOR MAYOR, LOUIS R. RIGBY, THE CANDIDATE FOR COUNCILPERSON DISTRICT 2, CHUCK ENGEKEN, AND THE CANDIDATE FOR COUNCILPERSON DISTRICT 3, DARYL LEONARD, UNOPPOSED; DECLARING THE CANDIDATE FOR MAYOR, LOUIS R. RIGBY, THE CANDIDATE FOR COUNCILPERSON DISTRICT 2, CHUCK ENGELKEN, AND THE CANDIDATE FOR COUNCILPERSON DISTRICT 3, DARYL LEONARD, ELECTED; CANCELLING THE ELECTION FOR POSITION OF MAYOR AND SINGLE MEMBER DISTRICTS 2 AND 3; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; CONTAINING A SEVERABILITY CLAUSE; CONTAINING AN OPEN MEETINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE HEREOF.

**6. DISCUSSION OR OTHER ACTION**

- (a) Discussion or other action appointing a councilmember to fill the member vacancy on the Drainage and Flooding Committee – P. Fogarty

Councilmember Leonard moved to appoint Councilmember Martin to member status and Councilmember Earp to alternate member on the Drainage and Flooding Committee. Councilmember Moser seconded. **MOTION PASSED.**

Ayes: Mayor Rigby, Councilmembers Clausen, Engelken, Kaminski, Moser, Leonard, Earp and Martin  
Nays: None  
Absent: Councilmember Zemanek

**7. Reports**

**(a)** Presentation – Receive 2014-2015 Annual Report from Chad Burke, President/CEO of the Economic Alliance Houston Port Region – S. Livingston

Economic Development Coordinator Scott Livingston introduced Chad Burke, President/CEO of the Economic Alliance Houston Port Region, who presented a PowerPoint presentation on the 2014-2015 Annual Report.

**(b)** Receive report of La Porte Development Corporation Board – Councilmember Engelken

Councilmember Engelken reported the La Porte Development Corporation Board received the 2014-2015 Annual Report from Chad Burke, President/CEO of the Economic Alliance Houston Port Region.

**(c)** Receive Strategic Plan Update – T. Leach

Assistant City Manager Traci Leach provided the Strategic Plan Update and asked members of Council for questions or comments. There were no questions or comments.

**8. ADMINISTRATIVE REPORTS**

City Manager Corby Alexander reported on the incident of the two ships colliding in the Bay earlier this afternoon, and advised Council the City is working with the neighboring communities. Mr. Alexander also reported there were no life threatening injuries as a result of the incident.

**9. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers Moser, Kaminski, Zemanek, Leonard, Engelken, Earp, Clausen, Martin and Mayor Rigby.

Councilmember Clausen thanked everyone for attending the meeting; Councilmember Martin thanked Chad Burke for his presentation and the Girls and Boy Scouts for attending the meeting, congratulated Mayor Rigby and Councilmembers Leonard and Engelken on being re-elected, and reminded everyone of the La Porte Development Corporation Board workshop meeting on April 5, 2015, at 5:30 p.m. to establish guidelines for economic development projects and the enhancement grant program; Councilmember Moser congratulated Mayor Rigby and Councilmembers Leonard and Engelken on being re-elected and sent kudos to the La Porte Police Department for their work handling the traffic during the ship collision incident earlier this afternoon; Councilmember Kaminski congratulated Mayor Rigby and Councilmembers Leonard and Engelken on being re-elected and the Girls and Boys Scouts; Councilmember Leonard congratulated Mayor Rigby and Councilmember Engelken and himself for being re-elected, and commented the City is a great community to live in; Councilmembers Engelken and Earp congratulated Mayor Rigby and Councilmembers Engelken and Leonard for being re-elected, and thanked everyone for attending the meeting; and Mayor Rigby congratulated Councilmembers Leonard and Engelken on being re-elected, thanked George Watkins for his work organizing the 4<sup>th</sup> of July Parade, which continues to grow, commented he attended the Boys' Baseball Opening Day, and reminded Councilmembers to pick up evaluation forms for Judge Denise Mitrano.

10. **EXECUTIVE SESSION** The City reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code, including, but not limited to, the following:

**Texas Government Code, Section 551.072** – For the purpose of deliberating the purpose of the purchase, exchange, lease or value of real property: Klein Retreat property and former Happy Barbour property.

City Council recessed the regular Council meeting to convene an executive session at 6:29 p.m. to deliberate the purchase, exchange, lease or value of real property: Klein Retreat property and former Happy Barbour property.

11. **RECONVENE** into regular session and consider action, if any on item(s) discussed in executive session.

Council reconvened into the regular Council meeting at 7:21 p.m.

Councilmember Engelken moved to direct City Manager to move forward with a negotiations. Councilmember Leonard seconded. **MOTION PASSED.**

Ayes: Mayor Rigby, Councilmembers Moser, Leonard, Martin, Clausen,  
Kaminski, Engelken and Earp  
Nays: None  
Absent: Councilmember Zemanek

12. **ADJOURN**

There being no further business, Councilmember Engelken moved to adjourn the meeting. Councilmember Leonard seconded. **MOTION PASSED.**

Ayes: Mayor Rigby, Councilmembers Moser, Leonard, Martin, Clausen,  
Kaminski, Engelken and Earp  
Nays: None  
Absent: Councilmember Zemanek

The meeting was adjourned at 7:21 p.m.

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Patrice Fogarty, City Secretary

Passed and approved on March 23, 2015.

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Mayor Louis R. Rigby

# REQUEST FOR CITY COUNCIL AGENDA ITEM

<p>Agenda Date Requested: <u>March 23, 2015</u></p> <p>Requested By: <u>Corby D. Alexander</u></p> <p>Department: <u>Administration</u></p> <p>Report: <input checked="" type="checkbox"/> Resolution: <input type="checkbox"/> Ordinance: <input type="checkbox"/></p>	<p><b><u>Appropriation</u></b></p> <p>Source of Funds: <u>N/A</u></p> <p>Account Number: _____</p> <p>Amount Budgeted: _____</p> <p>Amount Requested: _____</p> <p>Budgeted Item: <input type="checkbox"/> YES <input type="checkbox"/> NO</p>
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**Exhibits:**

1. Grant Agreement with Harris County
2. Proposed School House Schematic

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## **SUMMARY & RECOMMENDATION**

In July of 2014, the City of La Porte made application to the Harris County to acquire a grant to fund the restoration of the building that housed the original La Porte ISD Colored School. The grant application was successful, and the City of La Porte has been awarded \$589,160 for this project. The grant does come with a match requirement of \$143,000. Council has previously appropriated \$150,000 in the Hotel Motel Tax Fund for the project that can be used to meet match requirements.

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### **Action Required of Council:**

Consider and or approve Community Development Block Grant Agreement with Harris County in the amount of \$589,160.

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### **Approved for City Council Agenda:**

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Corby D. Alexander, City Manager

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Date



**HARRIS COUNTY, TEXAS**  
**COMMUNITY SERVICES DEPARTMENT**

**David B Turkel**  
*Director*  
**Daphne Lemelle**  
*Community Development Director*

**Office of Housing & Community Development**  
8410 Lantern Point Drive  
Houston, Texas 77054  
Tel (713) 578-2000  
Fax (713) 578-2190

March 4, 2015

Mr. Corby Alexander, City Manager  
City of La Porte  
604 W. Fairmont Parkway  
La Porte, Texas 77571

**RECEIVED**

MAR 06 2015  
CITY MANAGER'S  
OFFICE

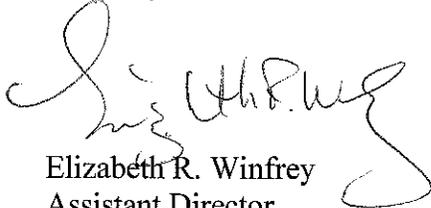
Re: City of La Porte DeWalt Historic Schoolhouse Project  
Project No. C2014-0043

Dear Mr. Alexander:

Enclosed please find the Agreement between Harris County and the City of La Porte for the above-referenced project. The total Community Development Block Grant (CDBG) funds allocated for the DeWalt Historic Schoolhouse Project is \$589,160.00 (of which \$17,160.00 is allocated to Harris County Public Infrastructure Department to provide architectural and engineering services). Please review, sign and return all original copies by March 16, 2015, for placement on the March 31, 2015 Commissioners Court Agenda for final approval.

Should you have any questions or comments, you may contact Mike Nguyen at (713) 578-2000.

Sincerely,



Elizabeth R. Winfrey  
Assistant Director

ERW/DMJ/mvn  
DMJ

Enclosures

**AGREEMENT BETWEEN HARRIS COUNTY AND CITY OF LA PORTE FOR THE  
DEWALT HISTORIC SCHOOLHOUSE PROJECT**

**I. RECITALS**

THIS AGREEMENT, is made and entered by and between Harris County, a body politic and corporate under the laws of the State of Texas, herein called the “Grantee,” and the City of La Porte, a body politic and corporate under the laws of Texas, herein called, the “Subrecipient.”

WHEREAS, the Grantee has applied for and received funds from the United States Government under Title 1 of the Housing and Community Development Act of 1974, Public Law 97-383 application number B-2013-UC-48-0002; CFDA 14.218; C2014-0043;

WHEREAS, the primary purpose of the Community Development Block Grant (CDBG) Program, pursuant to Title 1 of the Housing and Community Development Act of 1974, is to benefit low and moderate income individuals and families;

WHEREAS, the Grantee and Subrecipient desire to enter into an agreement whereby the Grantee will grant CDBG funds to the Subrecipient for the purpose to redesign, renovate and expand the existing approximately 1,120sf former school building, bringing it up to current code, and adding 720sf to the building for a total of 1,840sf of useable area, which is an eligible activity under the rules and regulations regarding CDBG Program grant funds;

WHEREAS, the Subrecipient has submitted an application to the Grantee for Program Year (PY) 2014 to implement the above-described Project and shall perform the activities in a manner satisfactory to the Grantee;

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing CDBG funds; and

WHEREAS, the Subrecipient shall ensure recognition of the role of the Grantee in providing services through this Agreement. All activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Subrecipient shall include reference to Harris County Community Services Department (HCCSD) for the support provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is agreed between the parties hereto that:

## II. SCOPE OF SERVICES

### A. Eligible Activities

The Subrecipient shall provide the activities described in **Exhibit A**, attached hereto and incorporated herein for all purposes, in accordance with the provisions of this Agreement and in compliance with the requirements of the Title 1 of the Housing and Community Development Act of 1974 and all regulations issued there under.

### B. Project Requirements

The Subrecipient shall be responsible for administering a PY 2014 CDBG Project in a manner satisfactory to the Grantee and consistent with any standards required as a condition of providing these funds. This Agreement may provide only partial funding for this Project. The Subrecipient qualifies for the receipt and expenditure of such funding because at least 51% of the persons residing in the service area are of low and moderate income that meet one of the criteria for National Objectives set out in 24 C.F.R. § 570.208(a).

The Subrecipient certifies and agrees that the activities carried out with funds provided under this Agreement shall meet one or more of the CDBG program's National Objectives: (1) benefit low and moderate income persons and households, (2) aid in the prevention or elimination of slums or blight, and/or (3) meet community development needs having a particular urgency, as defined in 24 C.F.R. § 570.208. The Subrecipient agrees to maintain documentation that demonstrates that the activities carried out with funds provided under this Agreement meet one or more of the CDBG program's National Objectives for each activity in each reporting period.

The Subrecipient shall ensure that personnel providing services under this Agreement have all licenses required by law and/or are qualified to perform the services required under this Agreement. The Subrecipient shall further ensure that all Program and/or facility licenses necessary to provide the required services are current and that HCCSD shall immediately be notified if any such required licenses become invalid or are canceled during the term of this Agreement.

### C. Performance Monitoring

The Subrecipient shall be cooperative with Program and financial monitoring visits and/or investigations performed by the Grantee staff, the Harris County Auditor's staff, the U.S. Department of Housing and Urban Development (HUD), and/or the Office of Inspector General (OIG). Substandard performance as determined by the Grantee and/or HUD will constitute non-compliance and breach of this Agreement. The Subrecipient's failure to correct substandard performance within a reasonable period of time after being notified by the Grantee will result in further corrective action by the Grantee including, but not limited to, termination of this Agreement, pursuant to 2 C.F.R. §200.338. Furthermore, the Subrecipient agrees to be cooperative with monitoring and/or investigations performed by HUD and to comply with their findings.

### D. General Administration

1.

Within sixty (60) days after the date of the Agreement is executed, the Subrecipient shall prepare and submit all final drawings, plans, cost estimates and specifications for the Project. The Subrecipient shall be responsible for incorporating into bid specifications any and all HUD and any and all HCCSD requirements, including the "Harris County Community Services Department Subrecipient Construction Policies and Guidelines," attached as **Exhibit C**.

The Subrecipient shall ensure that the specifications require the contractor to furnish adequate Public Liability Insurance and Worker's Compensation Insurance pursuant to the laws of the State of Texas, and Payment Bond and Performance Bond pursuant to applicable OMB Circulars.

Once approved, the complete set of drawings, plans, cost estimates and specifications shall be incorporated into this Agreement as part of **Exhibit A**.

2. Temporary Project Sign and Job Shack

The Subrecipient shall ensure that the specifications include the delivery and installation by contractor of one 4'-0" X 8'-0" temporary project sign pursuant to Grantee requirements. The Subrecipient shall ensure that the cost of the sign is included in all bids. The Subrecipient shall ensure that the specifications require the contractor to furnish adequate workspace at the construction site in the job shack for Grantee inspection and monitoring staff, if applicable.

3. Bidding and Selection of Contractor and Subcontractors

The Subrecipient agrees and understands that all contracted and subcontracted construction activity carried out under this Agreement shall be selected and executed pursuant to federal procurement regulations set out in 2 C.F.R. §200.318, and to Grantee policy and procurement guidelines.

Within fifteen (15) days after the Grantee's written approval of the drawings and specifications as set out above, the Subrecipient shall advertise for and receive bids for the construction of the Project in accordance with approved drawings and specifications which bidding procedure shall be in accordance with this Agreement.

Upon receipt and tabulation of the bids for the Project, the Subrecipient shall determine the lowest and most responsible bidder for the construction of the Project. Within fifteen (15) days after receipt of bids, the Subrecipient shall forward, or cause to forward, to the Grantee, copies of all bids received, copy of all bid bonds, and bid tabulation for the Grantee's review and approval. The Grantee reserves the right to approve the award of the bid. In the event the lowest and most responsible bid for the construction of the Project is an amount that would result in the total cost of the Project being equal to or less than the sum allocated in the construction line item of the budget, detailed in **Exhibit B** of this

Agreement, the Subrecipient shall notify the Grantee of the amount of the lowest and most responsible bid for the Project.

In the event the lowest and most responsible bid for the construction of the Project is an amount in excess of the sum allocated in the construction line item of the budget, detailed in **Exhibit B** of this Agreement, the Subrecipient shall have the following four (4) options:

- a. The Subrecipient shall notify the Grantee of the bid and request the Grantee to agree in writing to use those funds allocated in the contingency line item of the budget, detailed in **Exhibit B** of this Agreement, to fund the construction costs to meet the lowest and most responsible bid received by the Subrecipient. If the Grantee approves the use of contingency funds to meet the lowest and most responsible bid, then the Subrecipient, upon receipt of such notification, shall proceed to let the contract, incorporating all required provisions, and continue with construction of the Project; or
- b. The Subrecipient shall notify the Grantee of the bid and agree in writing to pay the additional cost of the Project. In the event the Subrecipient agrees in writing to pay the additional costs, then and in that event, the Subrecipient shall proceed to let the contract and continue with the construction of the Project. If the Subrecipient fails to agree in writing to pay said additional costs and the Grantee fails to use contingency funds, then and in that event, the Subrecipient may reject all bids and elect not to proceed with the letting of the contract and terminate the Project without any further obligations to the Grantee; or
- c. The Subrecipient shall notify the Grantee of the bid and undertake to negotiate with the Grantee for the Grantee to agree in writing to reduce or delete specific items in the bid proposal so that bids will be within the amount available for construction. In the event the Grantee agrees in writing to reduce or delete items in the bid proposal, the Subrecipient shall re-bid the Project and proceed as if it were the original bid; or
- d. The Subrecipient shall reject all bids and elect not to proceed with the letting of the contract and terminate the Project, giving the Grantee written notice of its termination.

The Grantee may terminate this Agreement without cause, at any time prior to the letting of the contract for construction of the Project, by written notice to the Subrecipient and the Subrecipient shall have no obligation there under except to return to the Grantee the funds paid to the Subrecipient, if any, by the Grantee pursuant to this Agreement.

#### 4. Construction Contract and Subcontractor Written Agreements

Within fifteen (15) days after notification by the Grantee to the Subrecipient that the bid has been approved, the Subrecipient shall provide written notice of award to the lowest and most responsible bidder, in accordance with applicable Federal,

State and local procurement procedures and regulations. The Subrecipient shall contract directly with its contractor, incorporating all requirements of this Agreement herein. The contract between the Subrecipient and its contractor and all contracts between contractor and its subcontractors shall be in accordance with the guidelines of this Agreement and with all applicable CDBG regulations and applicable OMB Circulars.

The Subrecipient shall be responsible for incorporating into the construction contract any and all HUD and HCCSD requirements, including the “Subrecipient Construction Policies and Guidelines,” attached as **Exhibit C**. The construction contract must contain the required insurance and bonding; in lieu of one or more of the bonds otherwise required pursuant to Section VII (F) of this Agreement, the Subrecipient may provide or cause to be provided one or more irrevocable letters of credit in favor of the Grantee in a form acceptable to the Grantee.

The Subrecipient shall submit to the Grantee the form of the construction contract for review and approval prior to executing the construction contract with its selected contractor. Within forty-five (45) days after the Grantee’s written approval of the construction contract form, the Subrecipient shall execute the construction contract with its selected contractor.

The Subrecipient shall ensure that the contractor enters into written agreements with each subcontractor who does work covered by this Agreement. These subcontracts must incorporate the requirements of **Exhibit C**, to the extent applicable, and shall be subject to review, upon request, by the Grantee.

5. Construction Start Date, Construction Schedule and Completion of Work

Construction Start Date – The Subrecipient shall ensure that the construction commences within forty-five (45) days after award of contract. The Subrecipient shall notify or cause to notify the selected contractor with the Notice to Proceed, thereby locking in the Construction Start Date, and shall forward to the Grantee a copy of the Notice to Proceed.

Construction Schedule – The Subrecipient shall furnish or cause to furnish the Grantee with a copy of the detailed Construction Schedule within seven (7) days of the Notice to Proceed. The schedule shall be a bar type schedule and shall be of sufficient detail to show construction sequence, proposed start dates and estimated completion dates for major parts of the construction work.

Completion of Work – The Subrecipient shall ensure that, except in cases of force majeure, the construction of the Project shall be completed on or before the expiration of eighteen (18) months following the Construction Start Date.

6. Schedule of Values, Payments to Contractor and Change Orders

Schedule of Values – The Subrecipient shall furnish or cause to furnish the Grantee with the Schedule of Values for the Project for review prior to the first partial payment.

Payments to Contractor – The Subrecipient shall ensure that requests for payment are based on the percentage of work completed, as detailed in the Schedule of Values and certified by the Subrecipient’s representative. The Subrecipient, through its representative, shall ensure that the work performed by the selected contractor shall be subject to retainage provisions of Section 2252.032 “RETAINAGE” of the Texas Government Code, as it may be amended from time to time.

Upon completion of the Project, and acceptance as such by the Subrecipient and Grantee, final payment shall be made to the contractor releasing retainage. All pay requests and release of retainage shall be verified and signed by PID.

Change Orders – The Subrecipient shall ensure (1) that the cumulative increase in the construction contract shall not exceed twenty-five (25) percent of the original construction contract for contracts awarded at \$1 million or more, and (2) if a change order for a contract with an original contract amount below \$1 million increases the contract amount to \$1 million or more, subsequent change orders may not increase the revised contract amount by more than twenty-five (25) percent pursuant to Section 271.060 of the Texas Government Code, as subsequently amended. The Subrecipient shall approve in writing and submit to the Grantee for review and approval any change orders to the original construction contract, which shall be appropriately reflected in the Schedule of Values and subsequent pay requests. The Grantee reserves the right to approve any change orders. Any extension of time given shall not release the contractor or the surety from their Performance and Payment Bonds or from any obligations hereunder, which shall remain in full force and effect until the discharge of the contractor. All change orders shall be verified and signed by PID.

## 7. Inspections

During the construction of the Project, the Grantee or its designee, the Subrecipient and HUD shall have the right to review all documents, maps, plats, records, photographs, reports or plans affecting said construction. The Subrecipient shall, at its sole expense, furnish the necessary inspection personnel to assure itself of compliance with the construction contract. The Subrecipient understands and agrees to inspections performed by the Grantee’s representative, PID. PID shall have full and final authority in all construction disputes. The Subrecipient agrees to promptly make any corrections or modifications to the construction work as reasonably requested by the Grantee to cause the construction to comply with this Agreement and any applicable HUD requirements.

## 8. Compliance with Public Facilities and Infrastructure Quality Standards

The Subrecipient shall maintain documentation evidencing that the Project complies with all applicable Federal, state and local public facilities and infrastructure quality standards.

9. **Building Plaque**

For projects involving the construction or renovation of a public building, the Subrecipient shall furnish, deliver, and install one 18" x 24" bronze-like plaque built according to Grantee specifications. The Subrecipient shall ensure that the bid specifications require the contractor to furnish the building plaque and that the cost of the building plaque is included in all bids, as applicable.

10. **Compliance Violation(s) Provisions**

The Subrecipient shall ensure that the construction of the Project is conducted pursuant to applicable Federal, state, and local regulations and comply with any and all requirements detailed in the bid specifications, including any and all HUD requirements and any and all Grantee requirements detailed in this Agreement.

The Grantee shall enforce the compliance violations provisions detailed in **Exhibit C**, section 13(D), for any and all violations for which the contractor, through the Subrecipient, has received a Notice of Non-Compliance or a wage restitution notification letter and failed to implement corrective actions within the allotted grace period of fifteen (15) to thirty (30) calendar days from the date of the written notice or letter.

E. **Leveraged Funds**

The Subrecipient shall maintain and make available, for review by the Grantee, source documentation for any leveraged funds contained in **Exhibit B** of this Agreement. Source documentation for leveraged funds may be requested at any time by the Grantee and must be provided in a timely manner.

III. **TIME OF PERFORMANCE**

Services of the Subrecipient shall start upon Harris County Commissioners Court approval of this Agreement and shall terminate when the Project is completed, but not later than eighteen (18) months following the commencement of construction, as specified in Section II (D)(5) of this Agreement. This Agreement may only be extended upon written request to and approval from the Executive Director of HCCSD or his designee. In addition, the Subrecipient's covenants and agreements shall extend for five (5) years after the funds provided for this Project under this Agreement are fully spent, in accordance with 24 C.F.R. § 570.505 and with applicable OMB circulars, or after the Project is completed pursuant to Section II (D)(6) of this Agreement.

IV. **EXPENSES AND PAYMENT**

A. **Budget**

The Subrecipient shall perform the project activities within the monetary limits contained in **Exhibit B**, Budget. The Subrecipient understands that the budget is based upon detailed information submitted by the Subrecipient to the Grantee during the Request for Proposal (RFP) process, and that any changes to the summary budget, attached at **Exhibit**

**B**, will require the Subrecipient to submit a modified detailed line item budget to Grantee for review and approval.

**B. Requesting a Budget Revision**

Any proposed reallocation of funds among various existing budget line items constitutes a budget revision. The Subrecipient shall provide narrative justification for budget revision on letterhead and signed by the representatives, as stated in **Exhibit A**. A budget revision is not approved for expenditure until the Subrecipient receives written approval from the Executive Director of HCCSD, or his designee. Upon approval, the Subrecipient shall provide a revised budget to the Grantee. At the discretion of HCCSD management, no more than two (2) budget revision requests shall be allowed each year, to be submitted no later than ninety (90) days before the end of the Agreement period, as defined in Section III of this Agreement.

New line items or an increase or decrease in funds is a budget amendment and must be formally approved by the Grantee. The Grantee reserves the right to reallocate funds among approved budget line items in order to facilitate implementation of the approved project scope.

**C. Maximum Amount to be Paid**

It is expressly agreed and understood that the total amount to be paid by the Grantee under this Agreement shall not exceed the amount shown in **Exhibit B**, in the section entitled "Maximum Amount to be Paid Under this Agreement." The Subrecipient shall expend awarded funds in a consistent and timely manner. The Grantee reserves the right to reduce any or all of the awarded funds due to untimely expenditure of said funds or Agreement non-compliance.

**D. Payment Contingent on Receipt of Funds from HUD**

It is expressly understood that the Grantee has no County funds for the payment of services to be rendered under this Agreement, and the Grantee's payment obligation under this Agreement is contingent upon receipt of funds from HUD, by virtue of the above mentioned grant(s). Accordingly, notwithstanding anything herein to the contrary, the maximum liability of the Grantee under this Agreement shall not exceed the amount shown in **Exhibit B**, in the section entitled "Maximum Amount to be Paid Under this Agreement," or the amount actually received by the Grantee from HUD pursuant to the grant, whichever is less, and the Subrecipient, by execution of this Agreement, acknowledges its understanding of this fact.

**E. Payment for Eligible Expenses**

The Subrecipient understands and agrees that the Grantee shall reimburse the Subrecipient for only those costs that are eligible under applicable Federal rules, regulations, cost principles, and other requirements relating to reimbursement with HUD grant funds. The Grantee may reimburse the Subrecipient for the total costs, plus a fraction of the overhead costs, of those items that serve only clients from the Grantee service areas, provided that all reimbursements shall be limited to the actual out-of-pocket

expenses incurred by the Subrecipient in the performance of this Agreement, with the exception of certain advances. No reimbursement shall be made for goods or services received by the Subrecipient as in-kind contributions from third parties for assistance to the Program. If indirect costs are charged, the Subrecipient shall develop an indirect cost allocation plan determining the appropriate Grantee share of administrative costs and shall submit such plan to the Grantee for approval.

F. Payment Procedures

The Grantee will reimburse the Subrecipient based upon information submitted by the Subrecipient and consistent with any approved budget and Grantee policy concerning payment. Drawdowns for the payment of eligible expenses and general administration shall be made against the line item budget attached hereto as **Exhibit B** and in accordance with performance. Reimbursement requests must include an invoice with required source documentation on a form approved by the Grantee and submitted on or before the tenth (10<sup>th</sup>) working day of the month for costs incurred during the preceding month. Prior to payment, the Grantee and the Harris County Auditor must approve all invoices. Incorrect reimbursement request may be returned to the Subrecipient for correction and resubmission.

Payments will be adjusted in accordance with advance fund and Program income balances available in Subrecipient accounts. In addition, the Grantee reserves the right to liquidate funds available under this Agreement for costs incurred by the Grantee on behalf of the Subrecipient.

Final reimbursement requests for the Subrecipient shall be received by the Grantee no later than sixty (60) days after completion of the Agreement period. Any requests received after sixty (60) days will not be processed for payment and this Agreement will become void and the remaining funds de-obligated. All unexpended CDBG funds by the Subrecipient will be de-obligated and recaptured by the Grantee.

G. Retainage

Disbursement of funds under this Agreement shall be subject to retainage provisions of Section 2252.032 "RETAINAGE" of the Texas Government Code, as it may be amended from time to time.

H. Expenditure Performance

The Subrecipient shall immediately notify the Executive Director of HCCSD, or his designee, of any problems, delays or adverse conditions that will affect the ability of the Subrecipient to perform its obligations under this Agreement. Any such notice shall include a statement of actions taken or contemplated to be taken by the Subrecipient to resolve such problems, delays or adverse conditions. The Subrecipient shall also promptly notify the Executive Director of HCCSD, or his designee, if it anticipates accomplishing the activities set forth in this Agreement with a lower expenditure of funds than the amount allocated, or within a shorter period of time than the Agreement period.

The Subrecipient further understands and agrees that should the Grantee determine that the Subrecipient will not use all of the funds allocated to the Subrecipient under this Agreement, then Grantee shall reduce the amount allocated to the Subrecipient under this Agreement for the purpose of ensuring that such funds do not remain unspent, and that such monies are promptly reallocated to other service providers in accordance with the Grantee's procurement procedures. The Grantee will notify the Subrecipient in writing of its determination to reduce the amount allocated to the Subrecipient under this Agreement and any such determination by the Grantee shall be final.

I. Supplementing a Request for Payment

A Supplemental Request amending a payment or reimbursement request may be filed with the Grantee after the submission or receipt of the original request. Any Supplemental Request for payment or reimbursement submitted after the date of submission or receipt of the original request will be subject to approval by the Grantee. No more than one Supplemental Request shall be allowed per month.

J. Program Income

The Subrecipient shall report all Program income, as defined in 24 C.F.R. §570.500(a), generated by activities carried out with CDBG funds made available under this Agreement. The use of Program income by the Subrecipient shall comply with the requirements set forth in 24 C.F.R. §570.504. By way of further limitations, the Subrecipient may use such income during the Agreement period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such Program income balances on hand. All unused Program income shall be returned to the Grantee at the end of the Agreement period. Any interest earned on cash advances from the U.S. Treasury is not Program income and shall be remitted promptly to Grantee.

K. Withholding Payments

If HUD initiates an investigation into any matter covered under this Agreement, the Grantee may withhold all payments until the results of the investigation have been revealed and resolved. Reimbursement to the Subrecipient will be determined upon resolution of the investigation by HUD.

L. Repayment of Ineligible Payments

IN THE EVENT HUD DETERMINES THROUGH INVESTIGATIONS AND/OR MONITORING THAT ANY GRANTEE PAYMENT OR REIMBURSEMENT TO THE SUBRECIPIENT IS INELIGIBLE OR DISALLOWED, THE SUBRECIPIENT SHALL IMMEDIATELY AND WITHOUT DELAY FULLY REIMBURSE THE GRANTEE, AND THE GRANTEE WILL REIMBURSE HUD FOR DISALLOWED OR INELIGIBLE COSTS. IF HUD INFORMS THE GRANTEE THAT IT IS REQUIRED TO REFUND MONEYS PREVIOUSLY AWARDED OR DRAWN DOWN FROM THE U.S. TREASURY IN REFERENCE TO THIS AGREEMENT, THE SUBRECIPIENT AGREES TO PAY AN EQUAL AMOUNT TO THE GRANTEE PRIOR TO THE DEMAND DATE OF PAYBACK.

V. NOTICES

Any communication concerning this Agreement shall be directed to the representatives of the Grantee and Subrecipient, as provided in **Exhibit A**, Scope of Services.

VI. SPECIAL CONDITIONS

The Subrecipient agrees to comply with the requirements of 24 C.F.R. Part 570 and all Federal regulations and policies issued concerning the CDBG program. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. Failure to adhere to these conditions will result in termination of this Agreement.

VII. GENERAL CONDITIONS

A. Compliance

The Subrecipient agrees to comply with all applicable Federal, state and local laws and regulations governing the funds provided under this Agreement, including Executive Order 12372, governing the review and coordination of federally assisted programs and projects. Failure to adhere to these conditions or with any provision of this Agreement may result in the Grantee taking one of the following actions: (1) declaring the Subrecipient ineligible to participate for future awards; (2) withholding funds; and (3) termination of this Agreement.

B. Security

For any real property under the Subrecipient's control that was acquired or improved in whole or in part with CDBG funds, the Subrecipient shall execute a "Deed of Trust to Secure Performance, attached in **Exhibit H**, in favor of the Grantee. The executed Deed of Trust to Secure Performance shall extend the terms of this Agreement until five (5) years after the date the Project is completed pursuant to Section III of this Agreement, or for such longer period of time as determined by the Grantee. The Subrecipient's failure or refusal to execute the Deed of Trust to Secure Performance may result in the termination of this Agreement.

C. Independent Contractor

The Subrecipient shall operate as an independent contractor and not as an officer, agent, servant or employee of the Grantee. The Subrecipient shall have exclusive control of, and the exclusive right to control, the details of the work and services performed and shall be solely responsible for the acts and omissions of its officers, members, agents, servants, employees, sub-subrecipients, program participants, licensees or invitees. The doctrine of *respondeat superior* shall not apply as between the Grantee and the Subrecipient, its officers, members, agents, servants, employees, sub-subrecipients, program participants, licensees or invitees, and nothing herein shall be construed as creating a partnership or joint enterprise between the Grantee and the Subrecipient. It is expressly understood and agreed that no officer, member, agent, employee, sub-subrecipient, licensee or invitee of the Subrecipient, nor any program participant hereunder, is in the paid service of the

Grantee and that the Grantee does not have the legal right to control the details of the tasks performed hereunder by the Subrecipient, its officers, members, agents, employees, sub-subrecipients, program participants, licensees or invitees.

The Grantee shall in no way nor under any circumstances be responsible for any property belonging to the Subrecipient, its officers, members agents, employees, sub-Subrecipients, program participants, licensees or invitees, which may be lost, stolen, destroyed or in any way damaged.

D. Indemnity

**THE SUBRECIPIENT COVENANTS AND AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND, AT ITS OWN EXPENSE, THE GRANTEE AND ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS OR SUITS FOR PROPERTY LOSS OR DAMAGE AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF WHATSOEVER KIND OF CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH THE EXECUTION, PERFORMANCE, ATTEMPTED PERFORMANCE OR NONPERFORMANCE OF THIS AGREEMENT AND/OR THE OPERATIONS, ACTIVITIES AND SERVICES OF THE PROGRAM DESCRIBED HEREIN, WHETHER OR NOT CAUSED, IN WHOLE OR IN PART, BY ALLEGED NEGLIGENCE OF OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUBRECIPIENTS OR SUB-SUBRECIPIENTS OF THE GRANTEE; AND THE SUBRECIPIENT HEREBY ASSUMES ALL LIABILITY AND RESPONSIBILITY OF THE GRANTEE AND ITS OFFICERS, AGENTS, SERVANTS, AND EMPLOYEES FOR ANY AND ALL CLAIMS OR SUITS FOR PROPERTY LOSS OR DAMAGE AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS, OF WHATSOEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH THE EXECUTION, PERFORMANCE, ATTEMPTED PERFORMANCE OR NONPERFORMANCE OF THIS AGREEMENT AND/OR THE OPERATIONS, ACTIVITIES AND SERVICES OF THE PROGRAMS DESCRIBED HEREIN, WHETHER OR NOT CAUSED, IN WHOLE OR IN PART, BY ALLEGED NEGLIGENCE OF OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUBRECIPIENTS OR SUB-SUBRECIPIENTS OF GRANTEE. THE SUBRECIPIENT LIKEWISE COVENANTS AND AGREES TO AND DOES HEREBY INDEMNIFY AND HOLD HARMLESS GRANTEE FROM AND AGAINST ANY AND ALL INJURY, DAMAGE OR DESTRUCTION OF PROPERTY OF THE GRANTEE, ARISING OUT OF OR IN CONNECTION WITH ALL ACTS OR OMISSIONS OF THE SUBRECIPIENT, ITS OFFICERS, MEMBERS, AGENTS, EMPLOYEES, SUB-SUBRECIPIENTS, INVITEES, LICENSEES, OR PROGRAM PARTICIPANTS, OR CAUSED, IN WHOLE OR IN PART, BY ALLEGED NEGLIGENCE OF OFFICERS, AGENTS, SERVANTS, EMPLOYEES, SUBRECIPIENTS OR SUB-SUBRECIPIENTS OF THE GRANTEE.**

E. Waiver of Immunity

If the Subrecipient, as a charitable or nonprofit organization, has or claims an immunity or exemption (statutory or otherwise) from and against liability for damages or injury, including death, to persons or property, the Subrecipient hereby expressly waives its rights to plead defensively such immunity or exemption as against the Grantee. This section shall not be construed to affect a governmental entity's immunities under constitutional, statutory or common law.

F. Insurance and Bonding

1. Public Liability Insurance

The Subrecipient shall furnish a Certificate of Insurance as proof that it has secured and paid for policies of public liability and automobile insurance covering all risks incident to or in connection with the execution, performance, attempted performance or nonperformance of this Agreement. The amounts of such insurance shall not be less than the maximum liability that can be imposed on the Grantee under the laws of the State of Texas. At present, such amounts are as follows:

Bodily injury or death, per person	\$100,000
Bodily injury or death, per occurrence	\$300,000
Property damage, per occurrence	\$100,000

The Subrecipient understands that such insurance amounts shall be revised upward at the Grantee's option and that the Subrecipient shall revise such amounts within thirty (30) days following notice to the Subrecipient of such requirements.

2. Worker's Compensation Insurance

The Subrecipient also covenants and agrees to furnish the Grantee with a Certificate of Insurance as proof that it has obtained and paid for a policy of Workers' Compensation Insurance in the amounts required by State law, covering any and all employees of the Subrecipient active in the Program funded under this Agreement; and the Subrecipient agrees to require any sub-Subrecipients to carry adequate Workers' Compensation Insurance in the amounts required by State law.

Accordingly, if the Subrecipient has obtained worker's compensation insurance coverage through self-insurance, as provided by Texas Labor Code § 406.003, such documentation of self-insurance shall be provided to HCCSD prior to, or with the submission of, the first reimbursement request.

3. Documentation of Insurance Coverage

The Subrecipient will submit to the Grantee documentation that it has obtained insurance coverage as required in this Agreement within thirty (30) days of the execution of this Agreement and prior to payment of any monies hereunder.

#### 4. Payment and Performance Bonding

The Subrecipient will provide or cause to furnish the Grantee with Certificate of Insurance as proof that it has obtained and paid for a certificate of Payment Bond and Performance Bond, as required by 2 C.F.R. 200.304

#### G. Recognition of Grantee

The Subrecipient shall ensure recognition of the role of the Grantee in making services available through this Agreement. All facilities, publications and other items used, made available, or made possible through funds obtained pursuant to this Agreement shall be prominently labeled as having been funded by Harris County Community Services Department. The Subrecipient shall maintain a "recognition file." Each instance of recognition shall be documented by including a copy or photograph of each such instance of recognition in the file. Original documents are the preferred means of documentation, but photocopies or photographs may be used when and where appropriate.

#### H. Travel

The Subrecipient must comply with Grantee travel guidelines for any travel paid for with funds provided under this Agreement.

#### I. Relocation, Acquisition and Displacement

The Subrecipient agrees to comply with 24 C.F.R. §570.606 relating to the acquisition and disposition of all real property utilizing Grant funds, and to the displacement of persons, businesses, non-profit organizations and farms occurring as a direct result of any acquisition of real property utilizing Grant funds. The Subrecipient agrees to comply with applicable Grantee Procedures and Policies concerning displacement of individuals from their residences, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

#### J. Copyright

If this Agreement results in any copyrightable material, the Grantee and/or HUD reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work for government purposes.

### VIII. ADMINISTRATIVE REQUIREMENTS

#### A. Financial Management

The Subrecipient agrees to (1) comply with requirements set out in OMB Circular 2 C.F.R. 200.300; (2) adhere to the accounting principles and procedures required therein; (3) utilize adequate internal controls; and (4) maintain necessary source documentation for all costs incurred. The Subrecipient shall administer its Program in conformance with OMB with 2 C.F.R. 200.400 "Cost Principles" for all costs incurred whether charged on a direct or indirect basis.

B. Record-Keeping, Reports, and Audits

1. Records to be Maintained

The Subrecipient shall maintain all records required by this Agreement, records required by 24 C.F.R. §570.506 and records that are pertinent to the activities to be funded under this Agreement, including but not be limited to:

- a. Records providing a full description of each activity undertaken
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program
- c. Records required to determine the eligibility of activities
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program
- f. Financial records as required by 24 C.F.R. §570.502.
- g. Other records necessary to document compliance with Subpart K of 24 C.F.R. Part 570.

2. Property Records

The Subrecipient shall maintain real property inventory records, which clearly identify property purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform to the restrictions specified in 24 C.F.R. § 570.505 and §570.606. The Subrecipient shall ensure that any independent audit required hereunder include a report on real property inventory as a supplemental schedule in the audit.

3. Retention

The Subrecipient shall retain all records pertinent to expenditures incurred under this Agreement for a period of five (5) years after the termination of all activities funded under this Agreement, or after the resolution of all Federal audit findings, whichever occurs later. Records for non-expendable property acquired with funds under this Agreement shall be retained for five (5) years after final disposition of such property. Records for any displaced person, as defined at 42 U.S.C.A. 4601, as amended, must be kept for five (5) years after he/she has received final payment.

4. Construction Policies, Reports and Davis-Bacon and Related Acts Requirements

The Subrecipient shall ensure that each contract subject to Federal (Davis-Bacon and Related Acts) labor standards requirements must contain the appropriate HUD contract provisions containing the labor standards clauses described in **Exhibit C**, subpart 13. These clauses correspond to the Department of Labor (DOL)

regulations prescribing the responsibilities of the contractor and obligating the contractor to comply with the labor requirements. The labor standards clauses also provide for remedies in the event of violations, including withholding from payments due to the contractor to ensure the payment of wages or liquidated damages, which may be found due.

The Subrecipient shall ensure compliance with the Davis-Bacon and Related Acts (DBRA) requirements. The Subrecipient shall furnish or cause to furnish documents evidencing compliance with the DBRA requirements, including but not be limited to the following:

- a. Quarterly Employment Data Report
- b. Certified Weekly Payrolls
- c. Certificate From Contractor Appointing Officer or Employee to Supervise Payment of Employees
- d. Posting of Equal Employment Opportunity Poster, Notice to Employees Poster, and Wage Decision(s)
- e. Section 3 Employment and Women/Minority Business Plan
- f. Certificate for Contracts, Grants, Loans and Cooperative Agreements
- g. General Contractor/ Subcontractor Profile
- h. Section 3 compliance documents

**NOTE: All of the above listed documents pertaining to the DBRA are required to be submitted by the prime contractor, all subcontractors and all third-tier subcontractors without exceptions.**

5. Other Periodic Reports

The Subrecipient shall furnish the following reports to the Grantee, which include, but may not be limited to the following:

- a. Certifications for Contracts, Grants, Loans, and Cooperative Agreements (See **Exhibit D**)
- b. The following reports, as detailed in **Exhibit A**, shall be submitted annually to the Grantee for public facility projects following completion of work as specified in Section III of this Agreement:
  - i. Annual Compliance Report

6. Deadlines

- a. DBRA compliance documents shall be submitted during the course of project construction pursuant to the deadlines set in the bid specifications and **Exhibit C**
- b. Annual compliance reports are due within one month after the end of the reporting period, which commences following completion of work as specified in Section III of this Agreement

7. Audits & Inspections

All records relevant to any matters covered by this Agreement shall be made available to the Grantee, its designees or the Federal government, at any time during normal business hours, as often as the Grantee or other agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. The Subrecipient will respond to the notification of any deficiencies noted in audit reports within thirty (30) days after receipt by the Subrecipient. Any deficiencies must be fully cleared by the Subrecipient. The Subrecipient agrees to have an annual agency audit conducted in accordance with 2 C.F.R. 200.500.

8. Failure to Meet Record-Keeping, Reporting, Audit, and/or Inspection Requirements

The Subrecipient's failure to comply with record-keeping, reporting, audits, and/or inspections as required by this Agreement is a breach of this Agreement and funding will be withheld from the Subrecipient until such time as the reports are timely and accurately submitted. The Grantee maintains the right to terminate this Agreement with the Subrecipient for failure to keep records properly, submit reports for three (3) consecutive months, and/or cooperate with audits/inspections.

C. Procurement

1. Compliance

The Subrecipient shall comply with the (1) public notice and (2) award of contract to the lowest and most responsible bidder procedures of the County Purchasing Act, TEX. GOV'T CODE §262.021 *et seq.*, concerning the purchase of equipment and services and shall maintain an inventory record of all non-expendable personal property, as defined by Grantee policy, that may be procured with funds provided hereunder. The Subrecipient shall procure materials in accordance with the requirements of 2 C.F.R. 200.318 "Procurement Standards," and shall subsequently follow, "Property Management Standards," covering utilization and disposal of property.

2. Use of Real Property

Pursuant to 24 C.F.R. §570.505, any real or personal property under the Subrecipient's control that was acquired or improved in whole or in part with CDBG funds must either be:

- (a) Used by the Subrecipient for eligible activities pursuant to 24 C.F.R. §570.200 that meet one of the National Objectives in 24 C.F.R. §570.208 until five (5) years after expiration or termination of this Agreement pursuant to Section III "Time of Performance," or for such longer period of time as determined to be appropriate by the Grantee; or
- (b) Transferred to the Grantee; or
- (c) Changed use, in which event the Subrecipient shall provide affected citizens reasonable notice of, and opportunity to comment on, any proposed change, and either: (1) the new use of such property qualifies as meeting one of the National Objectives in 24 C.F.R. §570.208 or (2)

- the new use does not meet one of the National Objectives set out in 24 C.F.R. §570.208, in which event the Subrecipient may retain and utilize the property and shall pay to the Grantee an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. No payment shall be required after the period of time specified in paragraph (a) of this section expired; or
- (d) Disposed of in a manner, consistent with 24 C.F.R. §570.505 and 24 C.F.R. §200.311, which results in the amount of the then current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvements to, the property being reimbursed to the Grantee. Such reimbursement shall not be required if disposed of after the period of time specified in paragraph (a) of this section expired.
  - (e) The facility must meet the accessibility requirements detailed at 24 C.F.R. Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered facilities, as defined at 24 C.F.R. §100.201, must also meet the design and construction requirements at 24 C.F.R. §100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

Nothing contained herein shall be construed to conflict with the duties of the Subrecipient as set forth in the Texas Non-Profit Corporation Act (TEX. CIV. STAT. ANN. art.1396-1.01, *et seq.*) or any other applicable statute.

## IX. GENERAL LABOR AND PARTICIPANT REQUIREMENTS

### A. Civil Rights

#### 1. Compliance

The Subrecipient shall comply with Title VI of the Civil Rights Act of 1964 as amended; Title VIII of the Civil Rights Act of 1968 as amended; Section 109 of Title 1 of the Housing and Community Development Act of 1974; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Age Discrimination Act of 1975; Executive Order 11063; and Executive Order 11246 as amended by Executive Orders 11375 and 12086; and all other applicable requirements of 24 C.F.R. Part 570, Subpart K.

The Subrecipient shall comply with any federal regulations issued pursuant to Section 504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 706, as amended), which prohibits discrimination against the handicapped in any federally assisted program. The Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

#### 2. Nondiscrimination

The Subrecipient shall not discriminate against any employee or applicant for

employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital status, or status with regard to public assistance. The Subrecipient shall take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Subrecipient agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Subrecipient setting forth the provisions of this nondiscrimination clause. The Subrecipient shall also abide by Title IX of the Education Amendments of 1972 (20 U.S.C.A. §1681 *et seq.*), which prohibits sex discrimination in federally assisted education programs.

### 3. Limited English Proficiency

Subrecipient shall provide language assistance or ensure program information is available in the appropriate languages for the Grantee's service area and that limited English proficient persons have meaningful access to CDBG assistance, pursuant to Title VI of the Civil Rights Act of 1964.

## B. Affirmative Action

### 1. Approved Plan

The Subrecipient shall be committed to carry out, pursuant to the Grantee's specifications, an Affirmative Action program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1965. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program, upon request. The Subrecipient shall submit a plan for an Affirmative Action program for approval prior to the award of funds, if applicable.

### 2. Women/Minority Business Enterprise

The Subrecipient shall use its best efforts to afford minority- and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the term "minority and women business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and women business enterprises in lieu of an independent investigation.

### 3. Notifications

The Subrecipient shall send to each labor union or representative of workers with

which it has a collective bargaining agreement or other agreement or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

#### 4. EEO/AA Statement

The Subrecipient shall, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action Employer, as applicable.

#### 5. Grievance

The Subrecipient shall establish and maintain written procedures to address grievances or complaints of employees or Program participants under this Agreement. The Subrecipient's written procedures should provide for employees or participants to contact HCCSD only after the complainant has exhausted the Subrecipient's internal procedures. The Subrecipient shall notify all employees and Program participants of its grievance procedure. Such notification must include the telephone number to reach HCCSD. The Subrecipient shall immediately notify HCCSD of all grievances or complaints received by the Subrecipient.

### C. Labor Standards

#### 1. Wages

The Subrecipient shall comply with the requirements of the Secretary of Labor issued in accordance with the provisions of Contract Work Hours and Safety Standards Act [40 U.S.C.A. 3701 *et seq.*], as supplemented by Department of Labor regulations; the Copeland "Anti-Kickback" Act [18 U.S.C.A. 874]; the Davis-Bacon Act [40 U.S.C.A. 3141 *et seq.*, as amended]; and all other applicable Federal, state and local laws and regulations pertaining to labor standards, insofar as those acts apply to the performance of this Agreement. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this section. Such documentation shall be made available to the Grantee for review upon request. The Subrecipient shall also abide by Chapter 11 of Title 18 of the U.S. Code [18 U.S.C.A. 201 *et seq.*], which prohibits a number of criminal activities, including bribery, graft and conflict of interest.

#### 2. OSHA

Where employees are engaged in activities not covered under the Occupational Safety and Health Act of 1970, they shall not be required or permitted to work, be trained, or receive services in buildings or surroundings or under working conditions which are unsanitary, hazardous or dangerous to the participant's health or safety.

### 3. Drug Free Workplace

All profit or non-profit agencies or organizations receiving state or Federal grant funds under the official sponsorship of the Grantee must certify on an annual basis their compliance with the requirements of the "Drug Free-Workplace Act of 1988." Employees are specifically prohibited from manufacturing, distributing, possessing, purchasing, and using illegal drugs or controlled substances in the workplace or in any other facility, location or transport in which the employee is required to be present in order to perform his or her job function.

#### D. Prohibited Activity

The Subrecipient is prohibited from using CDBG funds or personnel employed in the administration of this Program for political activities, sectarian/religious activities, lobbying, political patronage, and/or nepotism activities.

##### 1. Hatch Act

The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.

##### 2. Religious Organization

The Subrecipient agrees that funds provided under this Agreement shall not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization, in accordance with the federal regulations specified in 24 C.F.R. §570.200.

#### E. Conflict of Interest

The Subrecipient shall abide by the provisions of 24 C.F.R. §570.611 with respect to conflicts of interest, and covenants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. The Subrecipient further covenants that in the performance of this Agreement, no person having such a financial interest shall be employed or retained by the Subrecipient hereunder. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Grantee, or of any designated public agencies or subrecipients that are receiving funds under the CDBG Entitlement program.

In applying for CDBG funds, the Subrecipient provided the Grantee with disclosure of the nature of any perceived or actual conflict of interests. If at any time during the course of the term of this Agreement any actual or perceived conflict of interest arises, the Subrecipient agrees to provide a new Conflict of Interest Disclosure form (**Exhibit E**) to the Grantee. Failure to disclose any perceived or actual conflicts of interest may result in termination of this Agreement.

F. Conflicts Disclosure Statement and Conflict of Interest Questionnaire

The Subrecipient shall comply with the provisions of Chapter 176 of the Local Government Code with respect to conflicts of interest a local government officer or vendor may have when contracting or seeking to contract with the Grantee. Chapter 176 of the Local Government Code requires persons desiring to do business with the Grantee to disclose any gifts, with the aggregate value of \$250, given to any local government officer or the local government officer's family member, or employment or other business relationship that the person may have with a local government officer or the local government officer's family members, during the preceding twelve (12) month period.

In applying for CDBG funds, the Subrecipient provided the Grantee with disclosure of the nature of any perceived or actual conflict of interests. The Subrecipient covenants that the Conflicts Disclosure Statement (**Exhibit F**) and/or the Conflict of Interest Questionnaire (**Exhibit G**) have been filed with the Grantee's records administrator, the Harris County Clerk, within the requirements of Chapter 176 of the Local Government Code. Failure to disclose any perceived or actual conflict of interests may result in termination of this Agreement.

G. False Claims

The Subrecipient shall abide by 18 U.S.C.A. 286, which provides for conspiracy to defraud the Federal Government with Respect to Claims. In addition, the Subrecipient will also abide by the False Claims Act (31 U.S.C.A. 3729 *et seq.*); 18 U.S.C.A. 287 relating to False, Fictitious and Fraudulent Claims; 18 U.S.C.A. 245, as amended, relating to Federally Protected Activities; 18 U.S.C.A. 1001, as amended, regarding General Statements or Entries; the Program Fraud Civil Remedies Act (31 U.S.C.A. 3801 *et seq.*); the Federal Claims Collection Act of 1966 (31 U.S.C.A. 3701, 3711, 3716 to 3718), as amended by the Derby Collection Act of 1982; the Meritorious Claims Act (31 U.S.C.A. 3702); the Tucker Act (28 U.S.C.A. 1346, 1491 and 2501 *et seq.*); the Wunderlich Act (41 U.S.C.A. 321-322); the Anti-Deficiency Act (31 U.S.C. 1341 *et seq.*); and Section 208(a) of the Intergovernmental Personnel Act of 1970, as amended.

H. "Section 3" Clause

1. Compliance

The Subrecipient shall comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, the regulations set forth in 24 C.F.R. §135, and all applicable rules and orders. The Subrecipient understands that compliance shall be a condition of the federal assistance provided under this Agreement and binding upon the Grantee, the Subrecipient and any sub-subrecipients. Failure to comply with these requirements shall subject the Grantee, the Subrecipient and any sub-subrecipients, their successors and assigns, to those sanctions specified by the Agreement through which federal assistance is provided, and as set out in 24 C.F.R. §135, Subpart D. The Subrecipient agrees

that no contractual or other disability exists which would prevent compliance with these requirements. The Subrecipient shall include the following language in all subcontracts executed under this Agreement:

“The work to be performed under this contract is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C.A 1701. Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the areas of the project.”

## 2. Notifications

The Subrecipient shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker’s representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

## 3. Subcontracts

The Subrecipient shall include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the sub-subrecipient is in violation of regulations issued by the Grantee. The Subrecipient will not subcontract with any sub-subrecipient which it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. §135 and will not let any subcontract unless the sub-subrecipient has first provided it with preliminary statement of ability to comply with the requirements of these regulations.

### I. Subcontracts

#### 1. Approvals

The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the Grantee prior to the execution of such agreement.

#### 2. Monitoring

The Subrecipient shall monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports submitted to the Grantee and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

### 3. Content

The Subrecipient shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

### 4. Selection Process

The Subrecipient shall insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair, open, and competitive manner. Executed copies of all subcontracts shall be forwarded to the Grantee, along with documentation concerning the selection process. The Subrecipient must adopt and utilize written selection criteria for use in the selection of subcontractors, which selection criteria must conform to the Procurement requirements of 2 C.F.R. §200.318.

### J. Whistleblower Protection Act

The Subrecipient understands and agrees that this Agreement and employees working on this Agreement will be subject to the whistleblower rights and remedies in the pilot program on Contract employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-230) and FAR 3.908. The Subrecipient shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. 4712, as described in section 3.908 of the Federal Acquisition Regulation. The Subrecipient shall insert the substance of this clause, including this paragraph (J), in all subcontracts providing services under this Agreement.

## X. ENVIRONMENTAL CONDITIONS

### A. Air and Water

The Subrecipient shall comply with the following regulations insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C. §7401 *et seq.*
- Clean Water Act, 33 U.S.C.A. 1368.
- Executive Order 11738.
- Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, and 1318 and 1321, relating to inspection, monitoring, entry, reports, and information, and all regulations guidelines issued there under.
- Environmental Protection Agency (EPA) regulations pursuant to 40 C.F.R. Part 50, as amended.
- National Environmental Policy Act of 1969 (42 U.S.C.A. 4321 *et seq.*; as amended).
- HUD Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

B. Flood Disaster Protection

The Subrecipient shall comply with the requirements of the Flood Disaster Protection Act of 1973 (P.L.-2234) in regard to the sale, lease or other transfer of land acquired, cleared or improved under the terms of this Agreement, as it may apply to the provisions of this Agreement.

C. Lead-Based Paint

The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 C.F.R. §570.608 and 24 C.F.R. Part 35, and in particular Sub-Part B thereof. Such regulations pertain to all HUD-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning, and of the advisability and availability of blood-level screening for children under 6 years of age.

D. Historic Preservation

The Subrecipient shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C.A. 470) and the procedures set forth in 36 C.F.R. Part 800, "Protection of Historic Properties," insofar as they apply to the performance of this Agreement. In general this requires concurrence from the Texas Historical Commission and Antiquities Committee for all rehabilitation and demolition of historic properties that are fifty (50) years old or older or that are included on a Federal, state, or local historic property list.

E. Wildlife Protection

The Subrecipient shall comply with the requirements of the Endangered Species Act of 1973 as listed in 50 C.F.R. §17.11 and 50 C.F.R. Part 402; the Lacey Act (16 U.S.C.A. 3371-3378 *et seq.*, as amended); the Migratory Bird Treaty Act (16 U.S.C.A. 703-12); the Fish and Wildlife Coordination Act (16 U.S.C.A. 661 *et seq.*); Section 4(f) of the Department of Transportation Act (49 U.S.C.A. 1653(f)); the Federal Water Pollution Control Act (33 U.S.C.A. 1251 *et seq.*); the Coastal Zone Management Act of 1972, as amended (16 U.S.C.A. 1451); and the Safe Drinking Water Act of 1974 (42 U.S.C.A. 300f *et seq.*, as amended), insofar as they apply to the performance of this Agreement.

XI. ASSIGNMENTS AND AMENDMENTS

A. Assignability

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee. Notice of any such permitted

assignment or transfer shall be furnished promptly to the Grantee.

B. Amendments

The Grantee or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from its obligations under this Agreement.

Additionally, the Grantee may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendment results in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be affected only by written Amendment signed by both the Grantee and Subrecipient. No more than two (2) Amendments to the Agreement shall be allowed each year.

XII. TERMINATION OF AGREEMENT

A. Automatic Termination

This Agreement automatically terminates at the end of the time of performance as specified in Section III., "Time of Performance," of this Agreement.

B. Termination Without Cause

Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least thirty (30) days before the effective date of such termination. In the event of termination for convenience, all finished or unfinished documents, data, studies, surveys, maps, models, photographs, reports or other materials prepared by the Subrecipient under this Agreement shall become the property of the Grantee, and the Subrecipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination, unless HUD has determined through monitoring and/or investigative practices, that the Subrecipient is not entitled to such compensation.

C. With Cause

The Grantee may terminate this Agreement for cause, in whole or in part, if the Subrecipient fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein; and the Grantee may declare the Subrecipient ineligible for any further participation in the Grantee CDBG Entitlement Agreements, in addition to other remedies as provided by law. If the Grantee has cause to believe the Subrecipient is in noncompliance with this Agreement or any applicable rules and regulations, the Grantee may withhold up to twenty-five (25) percent of said Agreement funds until such time as the

Subrecipient is found to be in compliance by the Grantee, or is otherwise adjudicated to be in compliance.

D. Partial Terminations

Partial terminations of the Scope of Services in **Exhibit A** may only be undertaken with the prior approval of the Grantee.

E. Breach of the Agreement

Termination of this Agreement shall not relieve the Subrecipient of liability for any breach of this Agreement that occurs prior to such termination or expiration.

F. Close-outs

The Subrecipient's obligation to the Grantee shall not end until all closeout requirements described in 2 C.F.R. §200.343 are completed to the satisfaction of the Grantee and the Harris County Auditor. Activities during this close-out period shall include, but are not limited to, making final payments, disposing of Program assets, including the return to the Grantee of all unused materials, equipment, unspent cash advances, Program income balances, and accounts receivable, and determining the custodianship of records.

G. Reversion of Assets

Upon expiration or termination of the term of this Agreement, the Subrecipient shall transfer to Grantee any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. For any year following the expiration or termination of this Agreement that the Subrecipient holds personal property attributable to funds hereunder, the Subrecipient shall submit an Annual Report of Personal Property identifying the property and its location, with such report being filed with the Grantee and the Harris County Auditor.

XIII. AGREEMENT REQUIREMENTS

Notwithstanding any provision of this Agreement, the Subrecipient is required to comply with only the federal, state, and local regulations applicable to the specific federally assisted program associated with this Agreement.

XIV. INCORPORATION OF EXHIBITS

The following documents are a part of this Agreement:

- Exhibit A     Scope of Services
- Exhibit B     Budget
- Exhibit C     Harris County Community Services Department Subrecipient  
Construction Policies & Guidelines
- Exhibit D     Certification for Contracts, Grants, Loans and Cooperative  
Agreements
- Exhibit E     Conflict of Interest
- Exhibit F     Conflicts Disclosure Statement
- Exhibit G     Conflict of Interest Questionnaire
- Exhibit H     Deed of Trust to Secure Performance (Sample)

ATTEST:

CITY OF LA PORTE

By: \_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

APPROVED AS TO FORM:

HARRIS COUNTY

VINCE RYAN  
Harris County Attorney

By:  \_\_\_\_\_  
DOUGLAS P. RAY  
Assistant County Attorney

By: \_\_\_\_\_  
DAVID B. TURKEL  
Executive Director, Harris County Community  
Services Department

Date Signed: \_\_\_\_\_

**AUDITOR'S CERTIFICATION**

I hereby certify that funds are available in the amount of \$572,000.00 for construction and related activities to pay the obligation of Grantee under this Agreement.

\_\_\_\_\_  
BARBARA J. SCHOTT  
County Auditor

## Exhibit A, SCOPE OF SERVICES

### I. Application

This Scope of Services is based on the proposal prepared and submitted by the Subrecipient, through the Harris County Community Services Department's annual Request for Proposal (RFP) process. However, in the event of any conflict between the proposal and any provision contained herein, this Agreement shall control. In addition to the activities listed below, the Subrecipient agrees to operate this Project in accordance with Community Development Block Grant requirements and all other applicable Federal, state and local regulations.

### II. Project Description

The Subrecipient shall be responsible for implementing the DeWalt Historic Schoolhouse project during the term of this Agreement. The scope of the Project is to redesign, renovate and expand the DeWalt School, an existing approximately 1,120 square foot former school building, to bring the building up to current codes. The addition of a restroom, kitchen, meeting room, and display foyer to rear of the building will add 720sf bringing the total usable area to 1,840sf.

The Subrecipient shall administer all activities in the provision of the aforementioned public facilities/infrastructure improvements project in accordance with all applicable Federal, state, and local rules and regulations governing these funds, and in a manner satisfactory to the Grantee.

The Subrecipient shall ensure that personnel providing services under this Agreement have all licenses required by law and/or are qualified to perform the services required under this Agreement. The Subrecipient shall further ensure that all Program and/or facility licenses necessary to provide the required services are current and that HCCSD shall immediately be notified if any such required licenses become invalid or are canceled during the term of this Agreement.

### III. Activities

The Subrecipient shall be responsible for the delivery of the following activities in connection with the provision of the above-noted Project. The activities and the submission of reports and compliance documents shall include, but not be limited to the budget line item categories listed in the budget detail of **Exhibit B** and as detailed further below:

**ACTIVITIES, SCHEDULE, AND REQUIRED DOCUMENTS**

No	Activity Name	Schedule	Reports and Compliance Documents
<b>I. Design</b>			
<b>1. Request for Qualifications (RFQ) and Award of Contract</b>			
a.	Draft RFQ	Within fifteen (15) days from the date of this Agreement, the Subrecipient shall submit to the Grantee draft RFQ advertisement for review and approval.	Copy of draft RFQ
b.	RFQ Advertisement	Within seven (7) days from the Grantee's written approval of the RFQ advertisement, the Subrecipient shall proceed with the RFQ process.	Copy of RFQ advertisement with affidavit
c.	RFQ Responses	Within seven (7) days after receipt of RFQ responses, the Subrecipient shall submit to the Grantee copy of all consultant qualifications received along with the date, time and location to conduct applicant interviews.	Copy of all RFQ responses
d.	Selection of Consultant	Within fifteen (15) days after receipt of RFQ responses, the Subrecipient in coordination with the Grantee shall conduct consultant interviews.	N/A
e.	RFQ Interview Scores, Tabulation, and Recommendations	Within seven (7) days after consultant interviews, the Subrecipient shall forward the compliance documents to the Grantee for review and approval.	Copy of all RFQ Interview Scores, Tabulation and Recommendations
f.	Award of Consultant Agreement	Within fifteen (15) days after the Grantee's written approval of the Subrecipient's recommendations of the selected consultant, <b>but not later than one hundred and twenty (120) days from the date of this Agreement</b> , the Subrecipient shall proceed with the letting of the contract for architectural/ engineering services.	Original copy of the executed Contract for Design Services
<b>2. Architectural/ Engineering Design</b>			
a.	Schematic/ Preliminary Design	<p><b>Within 6 (6) months from the date of this Agreement</b>, the Subrecipient shall submit a complete set of the compliance documents to the Grantee.</p>	<p>Complete set of final plans, drawings, bid specifications, construction documentation and cost estimates</p>
b.	Design Development		
c.	Construction Documentation and Bid Specifications		
d.	Bid Out and Contract Award		
e.	Construction Administration		
f.	Additional Services (may include surveying, testing, etc.)		

## ACTIVITIES, SCHEDULE, AND REQUIRED DOCUMENTS

No.	Activity Name	Schedule	Reports and Compliance Documents
<b>II.</b>	<b>Construction</b>		
1.	Design	Within six (6) months from the date of this Agreement, the Subrecipient shall submit the compliance documents to the Grantee for review and approval.	Final set of drawings, plans, cost estimates, bid specifications and construction documents
2.	Bid Out	Within fifteen (15) days after the Grantee's approval of the bid specifications, the Subrecipient shall advertise the project for at least two (2) consecutive weeks.	Copy of bid advertisement with affidavit
3.	Pre-bid Conference	The Subrecipient shall hold a Pre-bid Conference, at least one week before bids are due.	Copy of attendance roster and meeting notes
4.	Bid Opening	The Subrecipient shall hold a Bid Opening, at a minimum of two (2) weeks after the initial advertisement of project.	N/A
5.	Bids, Bid Tabulation and Recommendations	Within fifteen (15) days from the date of the Bid Opening, the Subrecipient shall submit the compliance documents to the Grantee for review and approval.	Copy of all bids, bid bonds, tabulation and recommendations
6.	Notice of Award  DRAFT Construction Contract	Within fifteen (15) days after the Grantee's approval of the lowest and most responsible bid the Subrecipient shall issue the Notice of Award to the contractor. Within forty-five (45) days after the Grantee's written approval of the lowest and most responsible bid, the Subrecipient shall submit the compliance document to the Grantee for review and approval.	Copy of Notice of Award  Copy of the draft construction contract
7.	Executed Construction Contract	Within fifteen (15) days after the Grantee's approval of the draft construction contract, the Subrecipient shall execute the construction contract.	ORIGINAL copy of the executed construction contract
8.	Pre-construction Conference	Within seven (7) days after the date of the executed construction contract, the Subrecipient shall hold the Pre-construction Conference.	Copy of attendance roster and meeting notes
9.	Construction Start Date	Within sixty (60) days of the date of the Executed Construction Contract, the Subrecipient shall issue the Notice to Proceed to the contractor.	Copy of Notice to Proceed
10.	DBRA Compliance Documents	Within seven (7) days of the Construction Start Date and during the project construction, the Subrecipient shall submit or cause to be submitted original compliance documents on a weekly basis.	ORIGINAL DBRA compliance documents
11.	Survey, Inspection, and Testing	The Subrecipient shall perform survey, inspection and testing during the course of implementing the project, as applicable.	Copy of survey, inspection and testing reports, as applicable
12.	Final Walkthrough and Final Punch List	At the completion of the construction activities, the Subrecipient shall hold a Final Walkthrough and issue the Final Punch List, as applicable	Copy of Final Punch List, if applicable
13.	Certificate of Completion, and Certificate of Occupancy or	Within five (5) days of completion of construction and within five (5) days of receipt of Certificate of Occupancy for public facilities/building projects, Subrecipient shall forward copies of certificates, as applicable	Copy of Certificate of Completion and Copy of Certificate of Occupancy, as applicable
14.	Facility Plaque	Public facility projects only: At the completion of construction activities, the Grantee Sponsor shall install a bronze-like plaque pursuant to the Grantee Department's specifications	Facility Bronze Plaque

ACTIVITIES, SCHEDULE, AND REQUIRED DOCUMENTS, continued

No.	Activity Name	Schedule	Reports and Compliance Documents
<b>III.</b>	<b>Five Year Compliance</b>		
1.	Five Year Compliance	12 months after receipt of the Certificate of Occupancy for building projects or Certificate of Completion for non-building projects (e.g. parks), the Subrecipient shall forward to the Grantee the Annual Compliance Report on an annual basis for five years.	Annual Compliance Report

Time/Date variances to the schedule may be approved by the Executive Director of the HCCSD, or his designee, if reasonable justification is provided for the delay.

The Subrecipient shall forward compliance documents upon completion of the activity, or as noted in the schedule.

In addition to normal administrative services required as part of this Agreement, the Subrecipient agrees to document progress using reporting requirements specified in Section VIII of this Agreement.

IV. Notice

Grantee

David B. Turkel, Executive Director  
 Harris County Community Services Department  
 8410 Lantern Point  
 Houston, Texas 77054

Subrecipient

Corby Alexander, City Manager  
 City of La Porte  
 604 W. Fairmont Parkway  
 City of La Porte, Texas 77571-6215

## Exhibit B, BUDGET

### CITY OF LA PORTE DEWALT HISTORIC SCHOOLHOUSE

#### Maximum Amount to be Paid Under this Agreement

It is expressly agreed and understood that the total amount to be paid by the Grantee under this Agreement shall not exceed FOUR HUNDERD NINETY-TWO THOUSAND EIGHT HUNDRED and 00/100 Dollars (\$ 492,800.00).

#### PROJECT SUMMARY

DESCRIPTION	CSD (CDBG)	LEVERAGE	TOTAL
<b>Project Costs</b>			
I. Architectural/Engineering Design	\$79,200.00	\$19,800.00	\$99,000.00
II. Construction	\$492,800.00	\$123,200.00	\$616,000.00
<b>Project Budget Total</b>	<b>\$572,000.00</b>	<b>\$143,000.00</b>	<b>\$715,000.00</b>

CDBG PY2013 \$572,000.00

#### PROJECT DETAIL

Project Costs	CSD (CDBG)	LEVERAGE	TOTAL
<b>I. Architectural/Engineering Design</b>			
Schematic/Preliminary Design	\$12,800.00	\$3,200.00	\$16,000.00
Design Development	\$12,800.00	\$3,200.00	\$16,000.00
Construction Documentation	\$22,400.00	\$5,600.00	\$28,000.00
Bidding and Negotiations	\$6,400.00	\$1,600.00	\$8,000.00
Construction Administration	\$9,600.00	\$2,400.00	\$12,000.00
Additional Services (may include, surveying, testing, etc.)	\$15,200.00	\$3,800.00	\$19,000.00
<b>Subtotal</b>	<b>\$79,200.00</b>	<b>\$19,800.00</b>	<b>\$99,000.00</b>
<b>II. Construction</b>			
Construction (new construction, rehabilitation, renovation)	\$456,000.00	\$120,000.00	\$576,000.00
Contingency (@ 5% of construction)	\$24,000.00	\$0.00	\$24,000.00
Demolition Cost or Other	\$8,000.00	\$2,000.00	\$10,000.00
Surveying	\$800.00	\$200.00	\$1,000.00
Testing	\$2,400.00	\$600.00	\$3,000.00
Inspection	\$1,600.00	\$400.00	\$2,000.00
<b>Subtotal</b>	<b>\$492,800.00</b>	<b>\$123,200.00</b>	<b>\$616,000.00</b>
<b>Project Detail Total</b>	<b>\$572,000.00</b>	<b>\$143,000.00</b>	<b>\$715,000.00</b>

## Exhibit C, HARRIS COUNTY COMMUNITY SERVICES DEPARTMENT SUBRECIPIENT CONSTRUCTION POLICIES & GUIDELINES

These policies are intended to assist those Subrecipients receiving Harris County Community Development Block Grant funds. They will facilitate the Subrecipient's understanding and compliance with applicable federal and county regulations, policies and processes where the Subrecipient is responsible for design, bidding and construction contract administration. If clarification is needed, call Mike Nguyen at 713-578-2000.

1. If federal funds will be used to retain consultants, the Subrecipient must advertise Request for Qualification Statement (RFQ). The Subrecipient shall submit the draft RFQ for approval prior to advertisement. The responding consultant's SF 330 qualification statements must be submitted for review to Harris County Community Services Department (HCCSD) prior to commissioning the consultants. Upon approval by HCCSD, the Subrecipient may retain consultant(s).
  - A. Subrecipient shall submit all plans, drawings and specifications prepared by the consultant for the project for approval by HCCSD.
  - B. Consultants retained by the Subrecipient shall include in the project specifications project construction time limits with liquidated damages to ensure timely completion of the project.
  
2. The Subrecipient shall advertise for bids and award contracts in compliance with the State of Texas bidding procedures and the following subsections of 2 C.F.R. 200 :
 

Section 200.302	"Financial Management", except subparagraph a
Section 200.318	"General Procurement Standards"
Section 200.333	"Retention Requirements for Records"
Section 200.336	"Access to Records"
  
3. The preliminary drawings must be within the previously approved project scope. All construction projects must comply with Harris County requirements and the policies and procedures of Harris County's Department of Public Infrastructure (HCPID), Purchasing Agent, Auditor and HCCSD.
  
4. The Subrecipient will incorporate into the construction documents any and all Department of Housing and Urban Development requirements and all construction policies and guidelines contained herein. Final documents must be approved by HCCSD prior to the execution of the contract for construction.
  
- d. Prior to award of contract, HCCSD will review the bid documents, the bidder's qualification statements, minority business plan and financial statements to ensure that the contractor has a good contracting record, adequate capitalization, equipment, and personnel to successfully complete the project, meets minority participation goals and that the bidder has not been debarred by HUD from working on federal contracts.
  
- e. The Subrecipient, the consultant, and HCCSD shall conduct a pre-bid meeting and a pre-construction conference with the contractor(s).
  
7. The Grantee shall furnish the Subrecipient with specific compliance documentation at the pre-construction conference with the contractor. Without exception, the Subrecipient and the contractor shall be responsible for ensuring compliance by all subcontractors working on the project jobsite with employees covered by the Davis-Bacon Act.
  
8. The Subrecipient shall, at its sole expense, furnish the necessary inspection personnel to assure itself of compliance with the construction contract. The Subrecipient understands and agrees to inspections

performed by the Grantee's representative, HCPID. The Subrecipient understands and agrees that HCPID shall have full and final authority in all construction disputes.

9. The Subrecipient and contractor shall be responsible for preparing monthly pay requests to be reviewed by the consultant prior to submittal for payment. Preparation will consist of a site meeting with the consultant and the contractor's representative to accurately determine the percentage of completion of various components of the work and time used. The Subrecipient, the consultant, the contractor, and HCPID, representative on behalf of HCCSD, will be required to sign each monthly estimate prior to being processed for payment.
10. All change orders must be approved in writing by the Subrecipient prior to any alterations or modifications of the work or specifications. The Subrecipient will be responsible for any increase in cost based on any change order required due to errors and/or omissions. Pursuant to Harris County procurement policies and Texas Local Government Code §271.060, as amended, the Subrecipient must ensure that (1) cumulative increases in the construction contract amount shall not exceed twenty-five percent (25%) of the **original contract amount** for contracts awarded at \$1 million or more, and (2) if a change order for a contract awarded below \$1 million increases the contract amount to \$1 million or more, subsequent change orders may not increase the **revised contract amount** by more than twenty-five percent (25%).
11. The Subrecipient must submit the following documentation to HCCSD **prior** to sending Notice of Award to proposed contractor **and** execution of the construction contract.

Prior to sending Notice of Award:

- Copy of the bid advertisement.
- Copy of the bid tabulations.
- Copies of all bids submitted.
- Copies of bidders' bid bonds or cashier's checks or letters or credit in favor of Harris County, in a form acceptable to the Harris County.
- Copy of the minutes and attendance roster of the bid opening.
- Consultant's recommendation of contractor.
- Request authorization from HCCSD to award project to lowest and most responsible bidder.

Prior to execution of contract:

- Copy of DRAFT Construction Contract with contractor for HCCSD review and approval.
- Copy of proposed subcontractor list along with subcontractor profiles.
- Section 3 Employment and Minority Business Plan – completed by the contractor.
- Section 3 compliance documents.
- Certificates for Contracts, Grants, Loans and Cooperative Agreements – signed by the contractor.

12. The Subrecipient must submit the following documentation **after** award of contract, but **prior** to Pre-Construction Meeting:
  - Copy of the performance, payment and maintenance bonds.
  - Copy of "Certificate of Authority" issued by the State Board of Insurance of Texas for the surety company. Only companies listed in the Department of the Treasury circular #570 (most recent issue) will be accepted.
  - Certification of bid award by the City Council/Board.
  - Original copy of the executed contract between the successful bidder and the Subrecipient.
  - Copy of the purchase order.
  - Copy of subcontractor list.

- Schedule of Values based on standard Construction Specifications Institute (CSI) format (16 divisions) and given in labor and materials listed separately per line item including overhead and profit for each.
- Construction schedule (Bar Chart or Critical Path Method).

### 13. Davis Bacon and Related Acts Requirements

The Subrecipient shall ensure compliance with the Davis-Bacon and Related Acts requirements and shall furnish or cause to furnish the required reports documenting compliance with the Davis-Bacon and Related Acts requirements.

Basic labor standards compliance parameters involve the payment to construction laborers and mechanics not less than the prevailing wage rate established in the wage determination for the type (classification) of work and the hours of work they actually performed. Contractors and subcontractors and any lower-tier subcontractors (employers) are required to prepare, certify and submit weekly payroll reports reflecting all of the laborers and mechanics (employees) engaged in construction of the site of the work. The certified payrolls must clearly indicate name, address, social security number, job classification, corresponding hourly pay rate, hours worked, and any other pertinent information requested on the form. Employers may also be required to submit related documents in order to demonstrate compliance with these standards. The Grantee will not accept incomplete certified payrolls. All required documentation and forms submitted to Grantee must be originals.

Each contract subject to Federal (Davis-Bacon & Related Acts) labor standards requirements must contain the appropriate HUD contract provisions containing the labor standards clauses. These clauses correspond to the U.S. Department of Labor (DOL) Regulations prescribing the responsibilities of the contractor and obligating the contractor to comply with the labor requirements. The labor standards clauses also provide for remedies in the event of violations, including withholding from payments due to the contractor to ensure the payment of wages or liquidated damages, which may be found due. These contract clauses are described below.

#### **A. Responsibility of the Principal Contractor.**

Basic labor standards compliance parameters involve the payment to all construction laborers and mechanics not less than the prevailing wage rate established in the wage determination for the type (classification) of work and the hours of work they actually perform. Contractors and subcontractors and any lower-tier subcontractors (employers) are required to prepare, certify and submit weekly reports reflecting all of the laborers and mechanics (employees) engaged in construction of the site of the work. Employers may also be required to submit related documentation in order to demonstrate compliance with these compliance parameters.

The principal contractor (also referred to as the prime contractor or general contractor) shall be responsible for the full compliance of all employers (contractors, subcontractors, and any lower-tier subcontractors) with the labor standards provisions applicable to the project. For ease of reference, the term “contractor” shall mean the principal, prime contractor, or general contractor, “subcontractor” shall mean any and all subcontractors and lower-tier subcontractors, and the term “employer” shall include the contractor and any subcontractors and lower-tier subcontractors.

#### **B. Davis-Bacon Definitions & Compliance Parameters**

##### **(ii) Definitions.**

- a. **Laborer or mechanic.** "Laborers" and "mechanics" are those individuals whose duties are manual or physical in nature including workers who are performing the work of a trade (e.g., Electrician). These terms include apprentices, trainees and, for contracts subject to CWHSSA, watchmen and guards. "Laborers" and "mechanics" are the two groups of workers that shall be paid not less than the Davis-Bacon wage rates.
- **Working foremen.** Foremen or supervisors that perform regularly construction work and devote **more** than 20% of their time as a laborer or mechanic are treated as "laborers" or "mechanics" for labor standards purposes for the time performing construction work.
  - **Exclusions.** Persons whose duties are primarily administrative, managerial or clerical are not laborers or mechanics.
- b. **Employee.** Every person who performs the work of a laborer or mechanic is "employed" regardless of any contractual relationship, which may be alleged to exist between a contractor or subcontractor and such person. This means that even if there is a contract between a contractor and a worker, the contractor shall ensure the worker is paid at least as much as the wage rate on the wage decision for the classification of work they perform. Note that there are no exceptions to the prevailing wage requirements for relatives or for self-employed laborers and mechanics.

*See also Labor Relations Letter LR-96-01, Labor standards compliance requirements for self-employed laborers and mechanics.*

- c. **Apprentices and Trainees.** The only workers who can be paid less than the wage rate on the wage decision for their work classification are "apprentices" and "trainees" registered in approved apprenticeship or training programs, including *Set-Up* apprenticeship programs designed for Davis-Bacon construction work. Approved programs (bona fide programs) are those which have been registered with DOL or DOL-recognized State Apprenticeship Council (SAC).
- 1) **Probationary apprentice.** A person in the first 90 days of probationary employment as an apprentice in a bona fide apprenticeship program but who has not yet been formally registered in such a program may be considered an "apprentice" provided that the BAT or SAC has certified that such person is eligible for probationary employment as an apprentice.
  - 2) **Pre-apprentice.** A "pre-apprentice" person who has not been DOL or SAC certified for probationary apprenticeship is not considered to be an "apprentice" and shall be paid in full journeyman's rate on the wage decision for the classification of work they perform.
  - 3) **Ratio of apprentices and trainees to journey man.** The maximum number of apprentices or trainees that you can use on the job site cannot exceed the ratio of apprentices or trainees to journeymen allowed in the approved program.
- d. **Prevailing Wages.** The term "wages" means the basic hourly rate of pay plus any contribution irrevocably made by an employer to a bona fide fringe benefit fund, plan or program. All laborers and mechanics employed or working on the site of the work shall be paid unconditionally and not less often than once a week the full amount of wages and bona fide fringe benefits computed at rates not less than those contained in the wage determination. Employers who do not make contributions or payments to bona fide fringe

benefit funds, plans, or programs shall pay an amount equivalent to the fringe benefit rate (if any) required on the wage determination directly to the employee added to the basic hourly rate of pay.

- e. **Piece-work.** Some employees are hired on a piece-work basis, that is, the employee's earnings are determined by a factor of work produced. For example, a Drywall Hanger's earnings may be calculated based upon the square feet of sheetrock actually hung, a Painter's earnings may be based upon the number of units painted. Employers may calculate weekly earnings based upon piece rates **provided** the weekly earnings are sufficient to satisfy the wage requirement based upon actual hours, including any overtime, worked. If the weekly piece rate earnings are not sufficient, the employer shall re-compute weekly earnings based upon actual hours worked and the rate on the wage decision for the work classification(s) involved.
- f. **Fringe benefits** include medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the above; unemployment benefits, life insurance, vacation or holiday pay; defraying costs of apprenticeship or similar programs; or other bona fide fringe benefits. In addition to contributions, fringe benefits may reflect the rate of costs to the employer that may be reasonably anticipated in providing bona fide fringe benefits pursuant to an enforceable commitment to carry out a financially responsible program. Fringe benefits **do not** include benefits required by other Federal, State or local law, such as the employer's contribution to Social Security or some disability insurance payment.
- g. **Overtime** hours are defined as all hours worked on the site of the work in excess of 40 hours in any workweek. Overtime hours shall be compensated at not less than one and one-half times the regular rate of basic pay plus the straight-time rate of any required fringe benefits.
- h. **Deductions.** The employer may make payroll deductions as permitted by DOL Regulations 29 C.F.R. Part 3. These regulations prohibit the employer from requiring employees to "kick-back" (i.e. give up) any of their earnings. Allowable deductions which do not require prior DOL permission may include employee obligations for income taxes, Social Security payments, insurance premium, retirement, savings accounts, and any other legally-permissible deduction authorized by the employee. Deductions may also be made for payments on judgments and other financial obligations legally imposed against the employee.
- i. **Proper Designation of Trade.** Employers shall select a work classification on the wage decision for each worker based on the actual type of work they performed and shall pay each worker no less than the wage rate and fringe benefits required on the wage decision for that classification regardless of their level of skill. In other words, if someone is performing carpentry work on the project, they must be paid no less than the wage rate on the wage decision for Carpenters *even* if they are not considered by their employer to be fully trained as a Carpenter. NOTE that the only workers who can be paid less than the rate on the wage decision for their craft are apprentices and trainees registered in approved programs.
- j. **Split Classifications.** Laborers and mechanics that perform work in more than one classification may be compensated at the rate specified for each classification **provided** that the employer maintains time records that accurately set forth the time spent in each classification in which work was performed. If accurate time records are not maintained, the employee shall be compensated at the highest of all wage rates for the classifications in which work was performed.

- k. Additional classifications and wage rates.** If the general contractor determines that the wage decision does not include a classification or classifications needed for the construction of the project, than the general contractor shall submit to HCCSD a request for an **additional classification and wage rate**. HCCSD shall review and forward the request for additional work classification and wage rate to HUD for review and preliminary approval. HUD shall review and shall forward the request for additional classification and wage rate to DOL for final review and approval. NOTE that the final decision rests with DOL.

The general contractor shall make the request for additional classification and wage rate in writing. All third party subcontractors shall submit their request for additional classification and wage rate to their general contractor for further processing. All requests shall identify the project, the project's wage decision, the additional work classification(s) that is (are) missing and recommend a wage rate and fringe benefits (usually the rate the employer already is paying to the employees performing the work) for that classification. The primary contractor may need to describe the work that the new classification will perform.

The additional classification and wage rate request may be approved if:

- a. The requested classification is used by construction contractors in the area of the project. The area is usually defined as the *county* where the project is located.
  - b. The work that will be performed by the requested classification is not already performed by another classification that is already on the wage decision. In other words, if there already is an Electrician classification and wage rate on the wage decision, the general contractor cannot request another Electrician classification and wage rate.
  - c. The proposed wage rate for the requested classification "fits" with the other wage rates already on the wage decision. For example, the wage rate proposed for a trade classification such as Electrician shall be at least as much as the lowest wage rate for other trade classifications already contained in the wage decision. And,
  - d. The workers that will be employed in the added classification (if it is already known who the workers are or will be), or the workers' representative, must agree with the proposed wage rate.
1. **HCCSD Review.** Grantee shall review the request for additional classification and wage rate to determine whether the request meets the DOL rules outlined above and forwards the request to HUD for further review and preliminary approval. If additional information is required, HCCSD shall contact the general contractor for more information. HCCSD shall inform the general contractor in writing in the event that HCCSD's review finds that the request does not meet the above described rules. The written response shall also inform the general contractor of their option to revise and resubmit their request for additional classification and wage rate in order to meet the above described rules.
  2. **HUD Review.** The HUD Labor Relations field staff shall review the request for additional classification and wage rate to determine whether the request meets the DOL rules outlined above. If additional information is required, HUD shall contact HCCSD for more information. If the HUD Labor Relations review finds that the request meets the rules, HUD shall forward to HCCSD their preliminary approval on the request and refer it to DOL for final review and approval. HCCSD shall inform the general contractor of HUD's preliminary approval and referral to the DOL.

If HUD Labor Relation review finds that the request for additional classification and wage rate does not meet the above described rules, HUD shall not approve the request. In this case, HUD shall forward to DOL the request with an explanation why HUD believes the request should not be approved. NOTE that the DOL holds the authority on the final decision on the request. HCCSD shall inform the general contractor of HUD's disapproval/ referral letter to the DOL.

3. ***DOL Review and Decision.*** The DOL shall respond to HUD in writing about the additional classification request and wage rate request. HUD shall forward to HCCSD the final decision from DOL on the request, while HCCSD, in turn, informs the prime contractor of DOL's final decision to be implemented at the job site.

If DOL does not approve the contractor's request, DOL's written response to HUD shall include information about the classification and wage rate that shall be used by the contractor at the job site. Upon receipt from HUD copy of the DOL's response and instructions, HCCSD shall inform the general contractor of DOL's denial and of any instructions about the classification and wage rate to be used at the job site.

*Additional classification criteria and procedures are discussed in more detail in DOL Regulations 29 C.F.R. §5.5 and HUD Handbook 1344.1.*

- I. **Site of Work.** The "site of work" is where the Davis-Bacon wage rates apply. Usually, this means the boundaries of the project. That is the "site of work" is limited to the physical place or places where the construction called for in the contract will remain when work on it has been completed. "Site of work" includes other adjacent or nearby property used by the contractor/subcontractor in the construction of the project (e.g. fabrication sites) provided they are dedicated exclusively or nearly so to the performance of the contract or project, and are so located in proximity to the actual construction location that it would be reasonable to include them.

## **C. Reporting Requirements**

### **(i) Payrolls and Basic Records.**

Payrolls and basic records relating to such payrolls shall be maintained by each employer with respect to their own workforce employed on the site of the work. The principal contractor shall maintain such records relative to all laborers and mechanics working on the site of the work. Payrolls and related records shall be maintained during the course of the construction work and preserved by the contractor and all employers for at least 3 years following the completion of the work. Such records shall contain:

- The name, address and social security number of each laborer and mechanic;
- His or her correct work classification(s);
- Hourly rates of pay including rates of contributions or costs anticipated for fringe benefits;
- Daily and weekly number of hours worked, including any overtime hours;
- Gross amount paid;
- Deductions made and actual net wages paid;
- Evidence pertaining to any fringe benefit programs;
- Evidence of the approval of any apprenticeship or trainee program, the registration of each apprentice or trainee and the ratios and wage rates contained in the program.

Grantee may obtain copies of the WH-347 from the HUD Labor Relations Field staff for their jurisdiction.

(ii) **Certified Payroll Reports.**

Certified weekly payroll reports (CPRs) shall be submitted with respect to each week any contract work is performed. Each contractor and subcontractor (employer) shall prepare and certify such payroll reports to demonstrate compliance with the labor standards requirements. The principal contractor is responsible for full compliance with regard to its own workforce and with regard to the compliance of every subcontractor. For this reason, all CPRs and any related records are submitted to the HCCSD through the principal contractor.

- 1) **CPR format.** CPR information may be submitted in any form provided that the Grantee Labor Standards Designee can reasonably interpret the information to monitor employer compliance with the labor standards. Employers are encouraged to utilize DOL Payroll Form WH-347. HCCSD shall make available to each principal contractor a limited number of copies of the WH-347 for the contractor's reproduction and use.
- 2) **Submission requirements.** CPRs shall be submitted for each employer beginning with the first week such employer performs work on the site of the work until the work has been completed for the project. CPRs shall be submitted promptly following the close of each such pay week.
- 3) **CPR preparation.** CPRs for each employer shall be numbered sequentially beginning with "1" for the first week that work was performed at the job site. The CPR for the last week of work to be performed on the project by each employer shall be clearly marked Final.
  - a. **Project and Employer Information.** Each payroll shall identify the employer's name and address, the project name and number, project address, and the week ending date. The payrolls shall include the *week dates* in the spaces provided and the payrolls shall be numbered sequentially.
  - b. **Employee Information.** The first payroll on which each employee appears shall contain the employee's name, address and unique employee number. Thereafter, the address only need to be reported if there is a change in such information or if another employee has the same name.
  - c. **Apprentices or Trainees.** The first payroll on which any apprentice or trainee appears shall be accompanied with a copy of that apprentice's or trainee's registration in an approved program. A copy of the approved program pertaining to the wage rates and ratios shall also accompany the first CPR on which the first apprentice or trainee appears.
  - d. **Split Classifications.** For an employee that worked in a split classification, the employer shall make a separate entry for each classification of work performed distributing the hours of work for each classification, accordingly, and reflecting the rate of pay and gross earnings for each classification. Deductions and net pay may be based upon total gross amount earned for all classifications. The division of hours worked in different classifications shall be accurately maintained and clearly reported.
  - e. **Hours worked at other job sites.** The CPRs should reflect ONLY hours worked at the site of work. If an employee performs work at job sites other than the project for which the CPR is prepared, those "other jobs" hours should not be reported on the CPR. In

these cases the employer should list the employee's name, classification, hours performed on this project only, and the rate of pay and gross earnings earned on this project. Deductions and net pay may be reflected based upon the employee's total earnings (for all projects) for the week.

f. **Rate of Pay.** Employers shall report the basic hourly rate of pay for each employee for this project. If the wage decision includes a fringe benefit and the employer does not participate in approved fringe benefit programs, the employer shall add the fringe benefit rate to the basic hourly rate of pay. Also, the employer shall list the overtime rate if overtime hours are worked.

i. **Piece-work.** For any piece-work employee, the employer shall compute an *effective hourly rate of pay* for each employee each week based on the employee's piece-work earnings for that week. To compute the effective hourly rate of pay, the employer shall divide the piece-work earnings by the total number of hours worked each week, including consideration for overtime hours.

The effective hourly rate shall be reflected on the certified payroll and the hourly rate of pay may not be less than the wage rate (including fringe benefits, if any) on the wage decision for the classification of work performed. It does not matter that the effective hourly rate of pay changes from week-to-week, only that the rate is no less than the rate on the wage decision for the classification of work performed.

NOTE that the overtime rate for piece-work shall be computed at one and one-half times the basic rate of pay plus any fringe benefits.

ii. **Gross Wages Earned.** The employer shall show the gross amount of wages earned for work performed on this project. NOTE that the employees with work hours and earnings on other projects, the employer shall show gross wages for this project over gross earnings for all projects (for example, \$425.40/\$764.85) and base deductions and net pay for "all projects" earnings for that week.

iii. **Deductions.** The employer shall report the amounts of any deductions from the gross earnings. "Other" deductions shall be identified (for example, Savings Account, Loan Repayment, Child Support, etc.). Any voluntary deductions, that is, not required by law or by an order of proper authority, shall be authorized in writing by the employee or provided for in a collective bargaining (union) agreement. Written authorization shall be signed by the employee and shall accompany the first payroll on which the deduction appears.

iv. **Net Pay.** The employer shall report the net pay on each payroll submitted.

g. **Statement of Compliance (Weekly Payroll Certification).** Each weekly payroll shall be accompanied by a "Statement of Compliance." The Statement of Compliance shall be executed by the original signature of the principal executive of the employer or of a person authorized in writing by the principal. The Statement of Compliance shall contain the language prescribed on DOL Form WH-348 or the reverse side of Form WH-347 which shall certify to the following:

1. That the weekly payroll contains the information required to be maintained and that the information is correct and complete;

2. That each laborer or mechanic (including each apprentice and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations 29 C.F.R. Part 3; and
  3. That each laborer or mechanic has been paid not less than the applicable wage rate and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract. If the employer pays a portion of the required fringe benefits to programs and the balance directly to the employee, the employer shall explain those differences in the spaces provided on the Statement of Compliance. If the employer pays the fringe benefits directly to the employees, then the employer shall add the cash equivalent of the fringe benefits to the reported basic hourly rate of pay.
- 4) **"No Work" payrolls.** Employers are not required to submit CPRs for weeks during which no work was performed on the site of the work provided that the CPRs are numbered sequentially and that the employer has provided written notice that its work on the project has been suspended.
  - 5) **Falsification.** The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

**(iii) Other reports**

- Quarterly Employment Data Report;
- Certificate From Contractor Appointing Officer or Employees to Supervise Payment of Employees;
- Section 3 Employment and Women/Minority Business Plan;
- Certificate for Contracts, Grants, Loans and Cooperative Agreements;
- Contractor and Subcontractor(s) Profile(s); and
- Section 3 Certification requirements

**(iv) Inspection of Records and On-site Interviews.**

Each employer shall make the required records (CPRs and related documents) available for inspection, copying or transcription by authorized representatives of the Grantee, HUD or DOL. In addition, each employer shall permit authorized representatives to interview employees during working hours on the job site. Failure by any employer to submit the required records or to make them available, or to permit on-site employee interviews may, after written notice to the contractor, cause a suspension of any further payment, advance or guarantee of funds. In addition, failure to submit the records on request or to make them available may be grounds for debarment action pursuant to 29 C.F.R. 5.12.

**(v) Requests by Outside Parties for Payrolls.**

In order to protect the personal privacy interests of employees, copies of weekly payrolls shall not be released to outside parties and may be withheld under Exemption 6 of the Freedom of

Information Act (FOIA) unless the employee's personal identifiers (e.g., name, address, social security number) are first deleted.

**(vi) Confidentiality.**

The identity of any person providing information concerning the labor standards compliance of any contractor or subcontractor shall not be disclosed in any manner to anyone other than the Grantee or Federal officials unless written consent is provided in advance by such person. Additionally, any portions of a statement or written document provided by such person, which would reveal the identity of the source shall not be disclosed without prior written consent. Disclosure of such statements and documents shall be governed by the provisions of the FOIA and the Privacy Act of 1974.

- a. Privacy Act Release.** The Grantee's Labor Standards Designee shall make available a Privacy Act Release format to each person making a statement or providing documentation, which alleges underpayment of wages. The format shall permit such person to indicate whether disclosure of identity is authorized.

*The Grantee may develop a form for its use in its jurisdiction for this purpose.*

- b. DOL investigatory materials.** From time to time, the DOL may furnish investigatory materials to the Grantee or HUD in the course of its administration and enforcement operations. None of the material, other than computations of back wages and liquidated damages and the summary of back wages due, may be disclosed in any manner to anyone other than Grantee or HUD staff responsible for administering the contract without prior approval from the DOL.

Subrecipient shall ensure compliance with the Davis-Bacon and Related Acts requirements and shall furnish or cause to furnish the required reports documenting compliance with the Davis-Bacon and Related Acts requirements. Grantee will review all certified payrolls and conduct worker interviews and will hold the contractor responsible for compliance with labor, EEO, Section 3 employment opportunities and minority business requirements. The County, through Grantee, reserves the right to withhold funds from the general contractor to compensate workers in accordance with the appropriate wage scales as promulgated by the U.S. Department of Labor.

**D. Compliance Violation(s) Provisions**

As required by the Davis-Bacon Act and applicable Harris County Guidelines, the Subrecipient and the contractor, through the Subrecipient, shall be assessed fines for compliance violations.

- (i) The Grantee shall issue a written Notice of Non-Compliance or wage restitution letter detailing each violation as it arises with instructions on how to cure the violation. The Notice of Non-Compliance or wage restitution letter shall provide for a fifteen (15) to thirty (30) calendar day grace period from the date of the written notice or letter for corrective actions.
- (ii) Violations shall be punishable against the Subrecipient or the contractor, through the Subrecipient, on a per day/per violation basis and, provided the Grantee has not received reports documenting corrective actions.

14. The Subrecipient will not be permitted to perform any "force account work," wherein the Subrecipient uses its own employees, materials, and/or equipment. All portions of construction work will be subject to the competitive bidding process referenced above.

15. The Subrecipient's contractor shall furnish, deliver, and install one 4'-0" X 8'-0" temporary project sign according to Harris County specifications. The Subrecipient will ensure that the specifications will be made part of the project manual and the cost of the project sign will be included in all bids.
16. The Subrecipient's contractor, on all building projects, shall furnish, deliver, and install one 18" X 24" bronze-like plaque, built according to Harris County specifications. The Subrecipient will ensure that the specifications be made part of the project manual and the cost of the plaque will be included in all bids.

**Exhibit D, CERTIFICATION FOR CONTRACTS, GRANTS, LOANS  
AND COOPERATIVE AGREEMENTS**

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

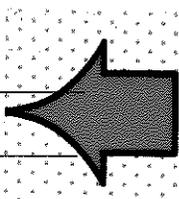
Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or Print Name)

\_\_\_\_\_  
(Title)



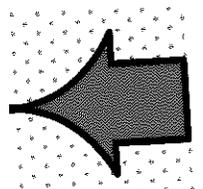
Covered Action:

\_\_\_\_\_  
City of La Porte DeWalt Historic Schoolhouse Project C2014-0043



# EXHIBIT F, CONFLICT DISCLOSURE STATEMENT

<b>LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT</b> <small>(Instructions for completing and filing this form are provided on the back.)</small>		<b>FORM CIS</b>
This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with chapter 176, Local Government Code.		<b>OFFICE USE ONLY</b>  Date Received _____
<b>1</b>	Name of Local Government Officer	
<b>2</b>	Office Held	
<b>3</b>	Name of person described by Sections 176.002(a) and 176.003(a), Local Government Code	
<b>4</b>	Description of the nature and extent of employment or business relationship with person named in item 3	
<b>5</b>	List gifts if aggregate value of the gifts received from person named in item 3 exceed \$250  Date Gift Received _____ Description of Gift _____ <input type="checkbox"/> Did Not Accept Gift  Date Gift Received _____ Description of Gift _____ <input type="checkbox"/> Did Not Accept Gift  Date Gift Received _____ Description of Gift _____ <input type="checkbox"/> Did Not Accept Gift  (attach additional forms as necessary)	
<b>6</b>	<b>AFFIDAVIT</b>  I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to a family member (as defined by Section 175.001(2), Local Government Code) of a government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(b), Local Government Code.  <div style="text-align: right; margin-right: 100px;">                         _____                          Signature of Local Government Officer                     </div>  AFFIX NOTARY STAMP / SEAL ABOVE  Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20____, to certify which, witness my hand and seal of office.  <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <span>_____ Signature of officer administering oath</span> <span>_____ Printed name of officer administering oath</span> <span>_____ Title of officer administering oath</span> </div>	



Adopted 11/02/2005

## EXHIBIT F, CONFLICT DISCLOSURE STATEMENT, (p. 2)

### LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of a governing body of a local government entity or a director, superintendent, administrator, president, or other person designated as the executive officer of the local government entity. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a Class C misdemeanor.

Please refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

#### INSTRUCTIONS FOR COMPLETING THIS FORM

*The following numbers correspond to the numbered boxes on the other side.*

1. **Name of Local Government Officer.** Enter the name of local government officer filing this statement.
2. **Office Held.** Enter the name of the office held by the local government officer filing this statement.
3. **Name of person described by Sections 176.002(a) and 176.003(a), Local Government Code.** Enter the name of the person described by Section 176.002, Local Government Code with whom the officer has an employment or other business relationship as described by Section 176.003(a), Local Government Code.
4. **Description of the nature and extent of employment or business relationship with person named in item 3.** Describe the nature and extent of the relationship of the employment or other business relationship with the person in item 3 as described by Section 176.003(a), Local Government Code.
5. **List gifts if aggregate value of the gifts received from person named in number 3 exceed \$250.** List gifts received during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the person named in number 3 that in the aggregate exceed \$250 in value.
6. **Affidavit.** Signature of local government officer.

Adopted 11/02/2008

# EXHIBIT G, CONFLICT OF INTEREST QUESTIONNAIRE

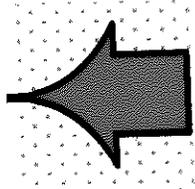
<b>CONFLICT OF INTEREST QUESTIONNAIRE</b> For vendor or other person doing business with local governmental entity		<b>FORM CIQ</b>		
<p>This questionnaire is being filed in accordance with chapter 176 of the Local Government Code by a person doing business with the governmental entity.</p> <p>By law this questionnaire must be filed with the records administrator of the local government not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.</p> <p>A person commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; padding: 2px;">OFFICE USE ONLY</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Date Received</td> </tr> </tbody> </table>		OFFICE USE ONLY	Date Received
OFFICE USE ONLY				
Date Received				
<p><b>1</b> Name of person doing business with local governmental entity.</p>				
<p><b>2</b></p> <p><input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire.</p> <p>(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which an activity described in Section 176.006(a), Local Government Code, is pending and not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)</p>				
<p><b>3</b> Describe each affiliation or business relationship with an employee or contractor of the local governmental entity who makes recommendations to a local government officer of the local governmental entity with respect to expenditure of money.</p>				
<p><b>4</b> Describe each affiliation or business relationship with a person who is a local government officer and who appoints or employs a local government officer of the local governmental entity that is the subject of this questionnaire.</p>				

Amended 05/13/2009

EXHIBIT G, CONFLICT OF INTEREST QUESTIONNAIRE, (p.2)

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b>		<b>FORM CIQ</b>
For vendor or other person doing business with local governmental entity		Page 2
<b>5</b> Name of local government officer with whom filer has affiliation or business relationship. (Complete this section only if the answer to A, B, or C is YES.)		
This section, item 5 including subparts A, B, C & D, must be completed for each officer with whom the filer has affiliation or business relationship. Attach additional pages to this Form CIQ as necessary.		
A. Is the local government officer named in this section receiving or likely to receive taxable income from the filer of the questionnaire?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
B. Is the filer of the questionnaire receiving or likely to receive taxable income from or at the direction of the local government officer named in this section AND the taxable income is not from the local governmental entity?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
C. Is the filer of this questionnaire affiliated with a corporation or other business entity that the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		
D. Describe each affiliation or business relationship.		
<b>6</b> Describe any other affiliation or business relationship that might cause a conflict of interest.		
<b>7</b>		
_____ Signature of person doing business with the governmental entity		_____ Date

Amended 05/13/2006



## Exhibit H, DEED OF TRUST TO SECURE PERFORMANCE

Date: \_\_\_\_\_, 2015.

**SAMPLE**

Grantor:

Grantor's Mailing Address:

Trustee:

Ed Emmett, County Judge of Harris County Texas  
(or his successor in office)

Trustee's Mailing Address (including county):

1001 Preston, Suite 911, Houston, Harris County, Texas 77002

Beneficiary:

Harris County, a body politic and corporate under the laws of  
the State of Texas

Beneficiary's Mailing Address (including county):

1001 Preston, Suite 911, Houston,  
Harris County, Texas 77002

Property (including improvements):

See Exhibit A attached hereto and made a part hereof for all purposes.

Prior Lien(s) (including recording information):

Other Exceptions to Conveyance and Warranty:

Easements, rights of way and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances and other instruments that affect the property.

### GRANT

On or about \_\_\_\_\_, 2015, \_\_\_\_\_ and Harris County entered into an agreement for the acquisition of land or the construction/rehabilitation/renovation of a \_\_\_\_\_ utilizing Emergency Shelter Grant (ESG) funds from the United States Government as authorized under Title I of the Housing and Community Development Act of 1974. Such Agreement is sometimes called "the Agreement" in this document.

Such Agreement was considered and approved by Commissioners Court on \_\_\_\_\_, 2015; the order approving the agreement is recorded at Vol. \_\_\_\_\_ Page \_\_\_\_\_ in the Harris County Clerk's Commissioners Court Minutes. The Agreement and Order approving the same is incorporated in this document by reference for all purposes.

Funds provided under the Agreement have been utilized to purchase the property by \_\_\_\_\_.

For value received and to secure performance of the obligations of Grantor contained on the Agreement and in this Deed of Trust Grantor conveys the property to Trustee in trust.

If Grantor performs all the covenants of this deed of trust and the Agreement, this deed of trust shall have no further effect, and Beneficiary shall release it at Grantor's expenses five (5) years from the date of funding, or when such funds have been expended for the purposes of the Project, or the Project is completed as described in Section III. TIME OF PERFORMANCE of the Agreement, whichever occurs at a later date.

Grantor warrants and agrees to defend the title to the property.

GRANTOR'S ADDITIONAL OBLIGATIONS

Grantor agrees to:

1. Keep the property in good repair and condition;
2. Pay all taxes and assessments, if any, on the property when due and provide Beneficiary with evidence of such payment within ten days of such payment;
3. Preserve the lien's priority as it is established in this deed of trust;
4. Maintain, in a form acceptable to Beneficiary, an insurance policy that:
  - a. covers all improvements to their full insurable value as determined when the policy is issued and renewed, unless Beneficiary approves a smaller amount in writing;
  - b. contains an 80 percent coinsurance clause;
  - c. provides fire and extended coverage, including windstorm coverage;
  - d. protects Beneficiary with a standard mortgage clause;
  - e. provides flood insurance at any time the property is in a flood hazard area; and
  - f. contains such other coverage as Beneficiary may reasonably require;
5. Comply at all times with the requirements of the 80 percent coinsurance clause;
6. Deliver the insurance policy to Beneficiary and deliver renewals to Beneficiary ten (10) days prior to expiration;
7. If this is not a first lien, pay all prior lien Agreements and abide by all prior lien instruments;
8. Perform all obligations Grantor is required to perform in the Agreement;
9. Comply at all times with the terms of any restrictive covenants applicable to the property
10. Provide such financial reports and other documents as Beneficiary may from time to time request in order to assure that \_\_\_\_\_ is in compliance with this deed of trust and the Agreement.

#### BENEFICIARY'S RIGHTS

1. Beneficiary may appoint in writing a substitute or successor trustee, succeeding to all rights and responsibilities of Trustee.
2. If Grantor fails to perform any obligations, Beneficiary may perform those obligations and be reimbursed by the Grantor on demand at Beneficiary's address for any sums so paid, including attorney's fees, plus interest at 12 percent per annum. The sum to be reimbursed shall be secured by this deed of trust.
3. If Grantor fails to perform any of Grantor's obligations on this deed of trust or the Agreement or if default occurs on a prior lien note or other instrument, and the default continues after Beneficiary gives Grantor notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Beneficiary may:
  - a. request Trustee to foreclose this lien, in which case Beneficiary or Beneficiary's agent shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended; and
  - b. purchase the property at any foreclosure sale by offering the highest bid and then have the bid credited on any sums owed Beneficiary.

#### TRUSTEE'S DUTIES

If requested by Beneficiary to foreclose this lien, Trustee shall:

1. Either personally or by agent, give notice of the foreclosure sale as required by the Texas Property Code as then amended.
2. Sell and convey all or part of the property to the highest bidder for cash with a general warranty binding Grantor, subject to prior liens and to other exceptions to conveyances and warranty; and
3. From the proceeds of the sale, pay, in this order:
  - a. expenses of foreclosure, including a commission to trustee of 5 percent of the bid;
  - b. to Beneficiary, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
  - c. any amount required by law to be paid before payment to Grantor; and
  - d. to Grantor, any balance.

#### GENERAL PROVISIONS

1. If any of the property is sold under this deed of trust, grantor shall immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor shall become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. recitals in any Trustee's deed conveying the property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not

- constitute an election of remedies.
4. This lien shall remain superior to liens later created.
  5. If any portion of any sums owed to Beneficiary cannot be lawfully secured by this deed of trust, payments shall be applied first to discharge that portion.
  6. Grantor assigns to Beneficiary all sums payable to or received by Grantor from condemnation of all or part of the property; from private sales in lieu of condemnation, and from damages caused by public works or construction on or near the property. After deducting any expenses incurred, including attorney's fees, Beneficiary may release any remaining sums to Grantor or apply such sums to reduce any sums owed Beneficiary. Beneficiary shall not be liable for failure to collect or to exercise diligence in collecting any such sums.
  7. Grantor assigns to Beneficiary absolutely, not only as collateral, all present and future rent and other income and receipts from the property. Leases are not assigned. Grantor warrants the validity and enforceability of the receipts of the assignment. Grantor may as Beneficiary's licensee collect rent and other income and receipts as long as Grantor is not in default under the agreement or this deed of trust. If Grantor defaults in performance of the Agreement or this deed of trust, Beneficiary may terminate Grantor's license to collect and then as Grantor's agent may rent the property if it is vacant and collect all rent and other income receipts. Beneficiary neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the property. Beneficiary may exercise Beneficiary's rights and remedies under this paragraph without taking possession of the property. Beneficiary shall apply all rent and other income and receipts collected under this paragraph first to expenses insured in exercising Beneficiary's rights and remedies and then to Grantor's obligations under the Agreement and this deed of trust in the order determined by Beneficiary. Beneficiary is not required to act under this paragraph, and acting under this paragraph does not waive any of Beneficiary's other rights or remedies. If Grantor becomes a voluntary or involuntary bankrupt, Beneficiary's filing a proof of claim in bankruptcy will be tantamount to the appointment of a receiver under Texas law.
  8. Interest on the debt secured by this deed of trust shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted payment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all instruments concerning the debt.
  9. Grantor hereby covenants, represents and warrants to Beneficiary that Grantor's intended occupancy, operation, and use of the Property do not and will not violate any applicable environmental law pertaining to health or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-75 (1986) as amended by the Superfund Amendments and Reauthorization Act, Publ. L. No. 99-499, 100 stat. 1613 (1986) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901-91 (1985) as amended from time to time ("RCRA"), the Texas Water Code, as amended from time to time, the Texas Solid Waste Disposal Act, as amended from time to time. Beneficiary makes no representations or warranties whatsoever to Grantor regarding the presence or absence of hazardous or toxic materials in, at or under the Property.
  10. When the context requires, singular nouns and pronouns include the plural.
  11. This deed of trust shall bind inure to the benefit of, and be exercised by successors in interest of all parties.

## SECURITY AGREEMENT

1. In addition to creating a deed of trust on all the real and other property described above, Grantor also grants to Beneficiary a security interest in all property other than the realty pursuant to the Texas Uniform Commercial Code. Grantor grants to Beneficiary a security interest in all equipment, accounts, general intangibles, fixtures and other personal property used or acquired for use, on or in connection with the use or operation of the Property, or otherwise related to the Property and all products and proceeds thereof; all of which are hereinafter referred to as the Collateral for the purposes of this section of the deed of trust. In this section of the deed of trust the Beneficiary is sometimes called the Secured Party.
2. Debtor covenants and agrees with Secured Party that:
  - (a) In addition to and cumulative of any other remedies granted in this instrument to Secured Party or the Trustee, Secured Party or the Trustee may, upon or at any time after default under the instrument, proceed under the Uniform Commercial Code as to all or any part of the Collateral and shall have and may exercise with respect to the Collateral all the rights, remedies and powers of a Secured party under the Uniform Commercial Code, including without limitation the right and power to sell, at public or private

sale or sales, or otherwise dispose of, lease or use the Collateral and any part or parts thereof in any manner authorized or permitted under the Uniform Commercial Code after default by a debtor, and to apply the proceeds thereof toward payment of any costs expenses, attorney's fees and legal expenses incurred by Secured Party, and toward payment of the Indebtedness in such order or manner as Secured Party may elect. Among the rights of Secured Party upon and after the occurrence of an event of default, and without limitation, Secured Party shall have the right to take possession of the Collateral and to enter upon any premise where the same may be situated for such purpose without being deemed necessary, appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease other use or disposition as herein authorized. To the extent permitted by law, Debtor expressly waives any notice of sale or other disposition of the Collateral and any other rights or remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of Secured Party existing after default hereunder; and to the extent any such notice is required and cannot be waived, Debtor agrees that if such notice is mailed, postage prepaid, to the Debtor at the address designated at the beginning of this instrument (or if no address is designated, at Debtor's most recent address as shown by the records of the Secured Party) at least ten (10) days before the time of any public sale or disposition, or the date after which the Collateral will be sold or disposed of by private sale, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of any such notice.

- (b) Secured Party is expressly granted the right, at its option, to transfer at any time to itself to its nominee the Collateral or any part thereof, and to receive the monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for the Indebtedness or to apply it on the principal and interest or other amount owing on any of the Indebtedness, whether or not then due, in such order or manner as Secured Party may elect. All rights to marshaling of assets or sale in inverse order of alienation, including any such rights with respect to the Collateral are hereby waived.
- (c) All recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment, lease or other disposition or use of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein, and no other proof shall be required to establish the full legal propriety of the sale or other action or of any fact, condition or thing incident thereto and all recitals in any instrument shall be presumed conclusively to have performed or to have occurred.
- (d) Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaking, holding preparing for sale, lease, or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral and the like which are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorney's fees, legal expenses and costs shall be added to the Indebtedness secured by this instrument and Debtor shall be liable therefore,
- (e) Should Secured Party elect to exercise its rights under said Uniform Code as to part of the personal property or fixtures described herein, this election shall not preclude any other exercise of the rights and remedies granted by the other Articles of this instrument as to the remaining personal property or fixtures.
- (f) Secured Party may, at its election, at any time after delivery of this instrument, sign one or more copies hereof in order that such copies may be used as a financing statement under said Uniform Commercial Code. Said signature by Secured Party may be placed between the last sentence of this instrument and Debtor's acknowledgement or may follow Debtor's acknowledgement. Secured Party's signature need not be acknowledged and is not necessary to the effectiveness hereof as a deed of trust, mortgage, assignment, pledge, and security agreement or (unless otherwise required by applicable law) as a financing statement.
- (g) So long as any amount remains unpaid on the Indebtedness, Debtor will not execute and there will not be filed in any public office any financing statement or statements affecting the Collateral other than financing statements in favor of Secured Party hereunder, unless prior written specific consent and approval of Secured Party shall have been first obtained.
- (h) Secured Party is authorized to file in any jurisdiction where Secured Party deems it necessary, a financing statement or statements and one or more continuation statement, and at the request of Secured Party, Debtor will join Secured Party in executing one or more financing statements, continuation statements or both pursuant to said Uniform Commercial Code in form satisfactory to Secured Party, and will pay the cost of filing or recording in all public offices at any time and from time to time whenever filing or recording of any financing statement, continuation statement or this instrument is deemed by Secured Party to be necessary or desirable.
- (i) Certain of the Collateral is or will become "fixtures" (as that term is defined in said Uniform Commercial Code) on the real estate described or referred to in this instrument, and this instrument upon being filed

for record in the real estate records of the county wherein such fixtures are situated shall operate also as a financing statement upon such of the Collateral which is or may become fixtures.

3. Debtor further warrants and represents to Secured Party that, except for the security interest granted hereby in the Collateral, Debtor is the legal and equitable owner and holder of the Collateral free of any adverse claim and free of any security interest or encumbrance except only those (if any) expressly hereinafter referred to or described, and Debtor agrees to defend the Collateral against all claims and demands of any person at any time claiming the same or any interest therein. Debtor further warrants and represents that Debtor has not heretofore signed any financing statement directly or indirectly affecting the Collateral or any part thereof, and no such financing statement signed by Debtor is now on file in any public office except only those statement (if any) true and correct copies of which have been delivered to Secured Party.
4. In the event of a foreclosure sale under this deed of trust, Grantor agrees that all the property may be sold as a whole at Beneficiary's option and that the property need not be present at the place of sale.

#### VENDORS LIEN

The debt evidenced by the Agreement is in part payment of the purchase of the property; the debt is secured both by this deed of trust and by the vendor's lien on the property, which is expressly retained in a deed to Grantor of even date. This deed of trust does not waive the vendor's lien, and the two liens and rights created by this instrument shall be cumulative. Beneficiary may elect to foreclose under either of the liens without waiving the other or may foreclose under both. The deed is incorporated into this deed of trust by reference.

#### RESTRICTIONS ON TRANSFER

If all or any part of the Property is sold, conveyed, leased for a period longer than three (3) years, leased with an option to purchase, or otherwise sold (including by contract for deed), without the prior written consent of the Beneficiary, then the Beneficiary may at Beneficiary's option declare the outstanding principal balance of the Agreement, plus accrued interest, to be immediately due and payable.

THE STATE OF TEXAS §  
 COUNTY OF HARRIS §

The Commissioners Court of Harris County, Texas, convened at a meeting of said Court at the Harris County Administration Building in the City of Houston, Texas, on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, with the following members present, to wit:

Ed Emmett	County Judge
El Franco Lee	Commissioner, Precinct No. 1
Jack Morman	Commissioner, Precinct No. 2
Steve Radack	Commissioner, Precinct No. 3
R. Jack Cagle	Commissioner, Precinct No. 4

And the following members absent, to-wit \_\_\_\_\_, constituting a quorum, when among other business, the following was transacted:

**ORDER AUTHORIZING EXECUTION OF AGREEMENT BETWEEN HARRIS COUNTY  
 AND THE CITY OF LA PORTE  
 FOR THE DEWALT HISTORIC SCHOOLHOUSE PROJECT**

Commissioner \_\_\_\_\_ introduced an order and made a motion that the same be adopted. Commissioner \_\_\_\_\_ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

	Yes	No	Abstain
Judge Emmett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Morman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Radack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Cagle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

RECITALS:

THIS AGREEMENT, is made and entered by and between Harris County, a body politic and corporate under the laws of the State of Texas, herein called the "Grantee," and the City of La Porte, a body politic and corporate under the laws of Texas, herein called, the "Subrecipient."

WHEREAS, the Grantee has applied for and received funds from the United States Government under Title 1 of the Housing and Community Development Act of 1974, Public Law 97-383 application number B-2013-UC-48-0002; CFDA 14.218; C2014-0043;

WHEREAS, the primary purpose of the Community Development Block Grant (CDBG) Program,

pursuant to Title 1 of the Housing and Community Development Act of 1974, is to benefit low and moderate income individuals and families;

WHEREAS, the Grantee and Subrecipient desire to enter into an agreement whereby the Grantee will grant CDBG funds to the Subrecipient for the purpose to redesign, renovate and expand the existing approximately 1,120sf former school building, bringing it up to current code, and adding 720sf to the building for a total of 1,840sf of useable area, which is an eligible activity under the rules and regulations regarding CDBG Program grant funds;

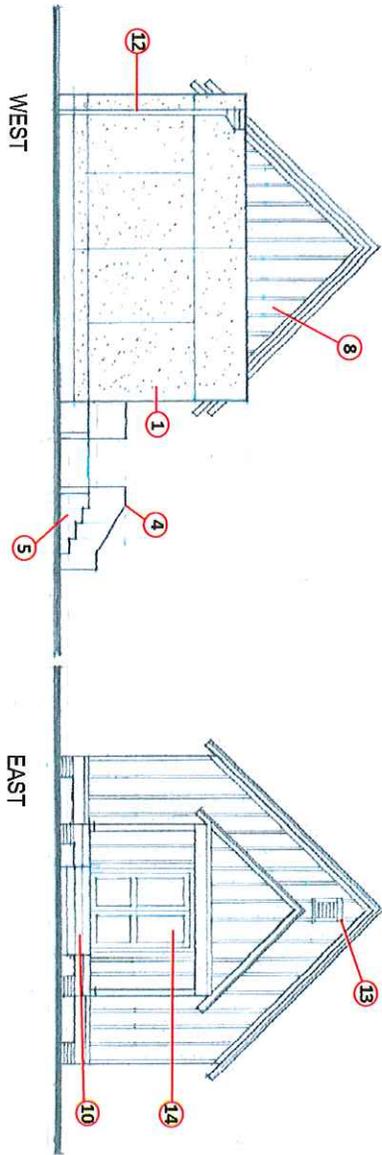
WHEREAS, the Subrecipient has submitted an application to the Grantee for Program Year (PY) 2014 to implement the above-described Project and shall perform the activities in a manner satisfactory to the Grantee;

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing CDBG funds; and

WHEREAS, the Subrecipient shall ensure recognition of the role of the Grantee in providing services through this Agreement. All activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Subrecipient shall include reference to Harris County Community Services Department (HCCSD) for the support provided herein.

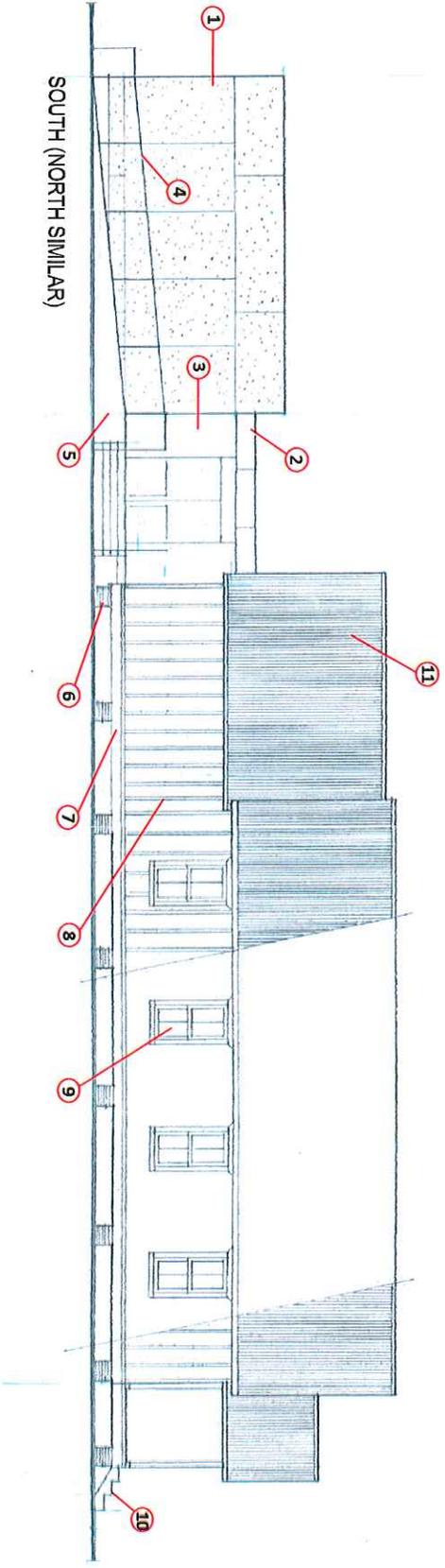
NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF HARRIS COUNTY, TEXAS THAT:

- Section 1: The recitals set forth in this Agreement are true and correct.
- Section 2: The Executive Director of Harris County Community Services Department or his Designee is hereby authorized to execute an Agreement between Harris County and City of La Porte for the partial funding of the DeWalt Historic Schoolhouse project, in the amount not to exceed \$572,000.00. The Agreement is attached hereto and made a part hereof for all purposes.
- Section 3: The Harris County Community Services Department and its Executive Director or his Designee are authorized to take such actions and execute such other documents as they deem necessary or convenient to carry out the purpose of this Agreement.



TYPICAL MATERIALS

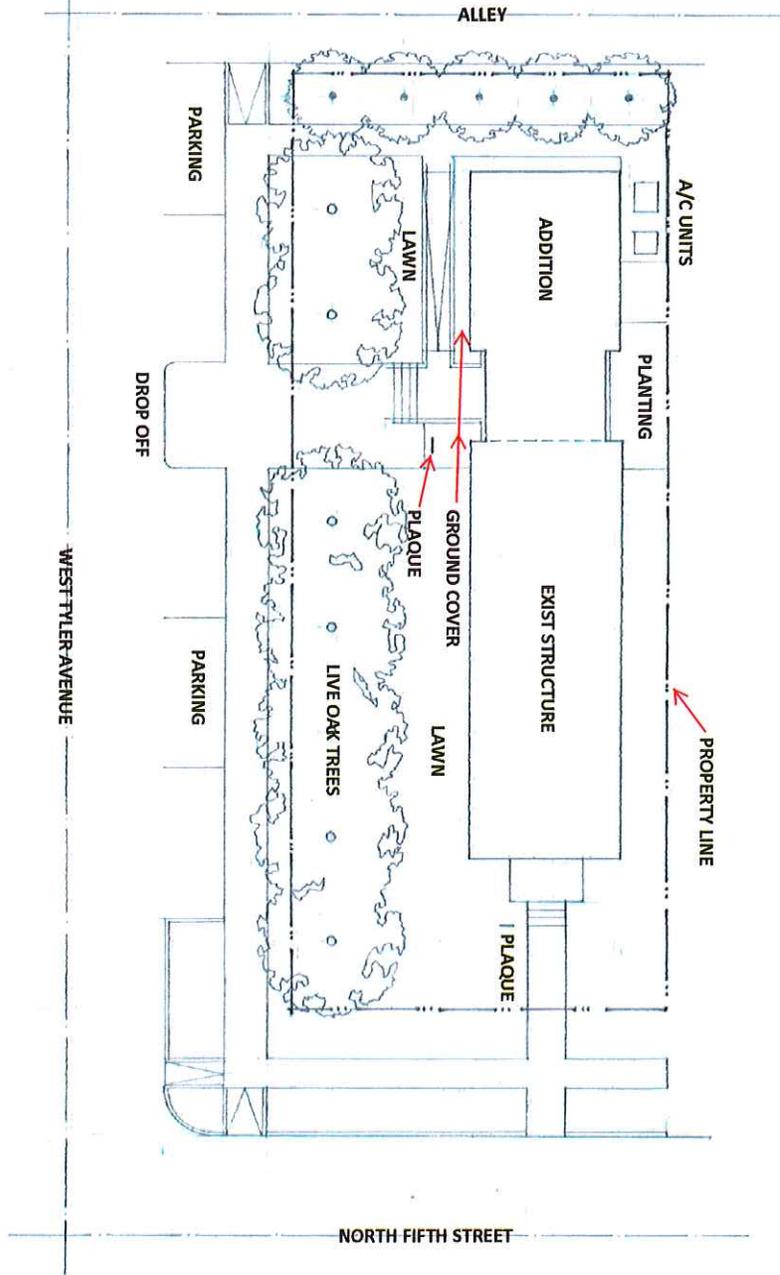
- 1. CEMENT PLASTER
- 2. METAL PANEL
- 3. FRAMELESS GLAZING
- 4. STAINLESS STEEL HANDRAIL
- 5. CIP CONCRETE RAMP + STAIRS
- 6. BRICK PIERS
- 7. PAINTED WOOD TRIM
- 8. PAINTED WOOD BOARD + BATTEN
- 9. SINGLE HUNG WOOD WINDOWS
- 10. WOOD STEPS
- 11. GALVANIZED METAL ROOF
- 12. PREFINISHED LEADER + DS
- 13. WOOD LOUVER
- 14. WOOD PANEL DOORS



EXTERIOR ELEVATIONS

1/8" = 1'-0"

SITE DEVELOPMENT PLAN  
1/16" = 1'-0"



RHA PROJECT: 1361

07 JULY 2014

DE WALT HISTORIC SCHOOLHOUSE

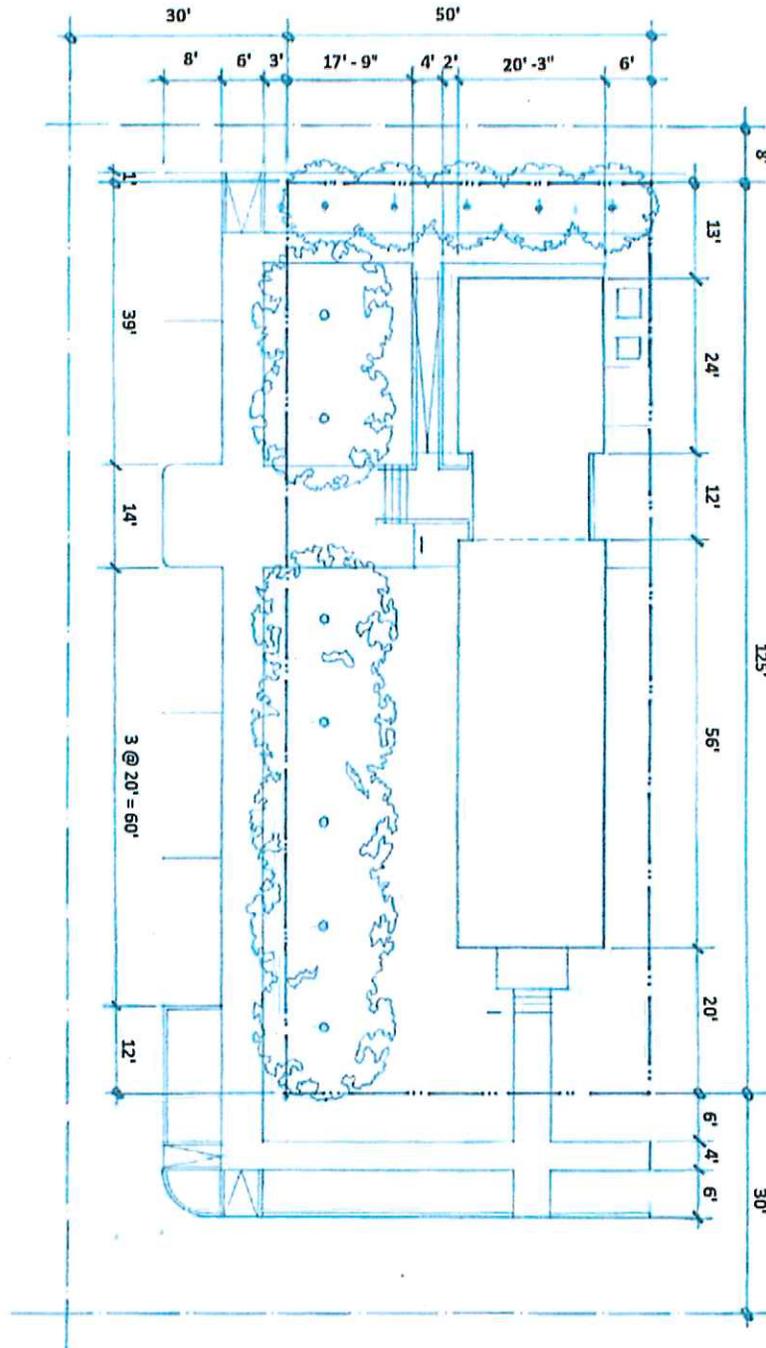
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SITE LAYOUT  
1/16" = 1'-0"



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07 JULY 2014

DE WALT HISTORIC SCHOOLHOUSE

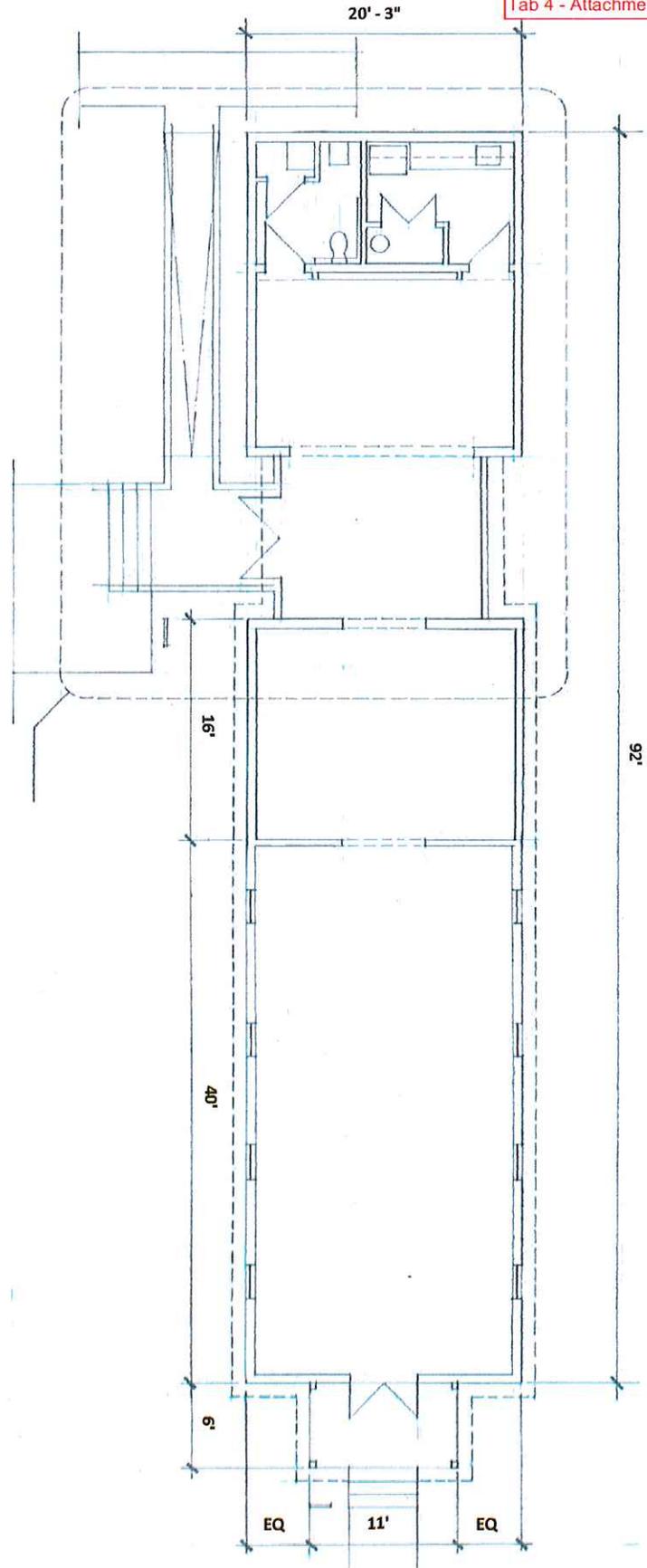
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1/8" = 1'-0"  
PLAN DIMENSIONS



RHA PROJECT: 1361

07 JULY 2014

### DE WALT HISTORIC SCHOOLHOUSE

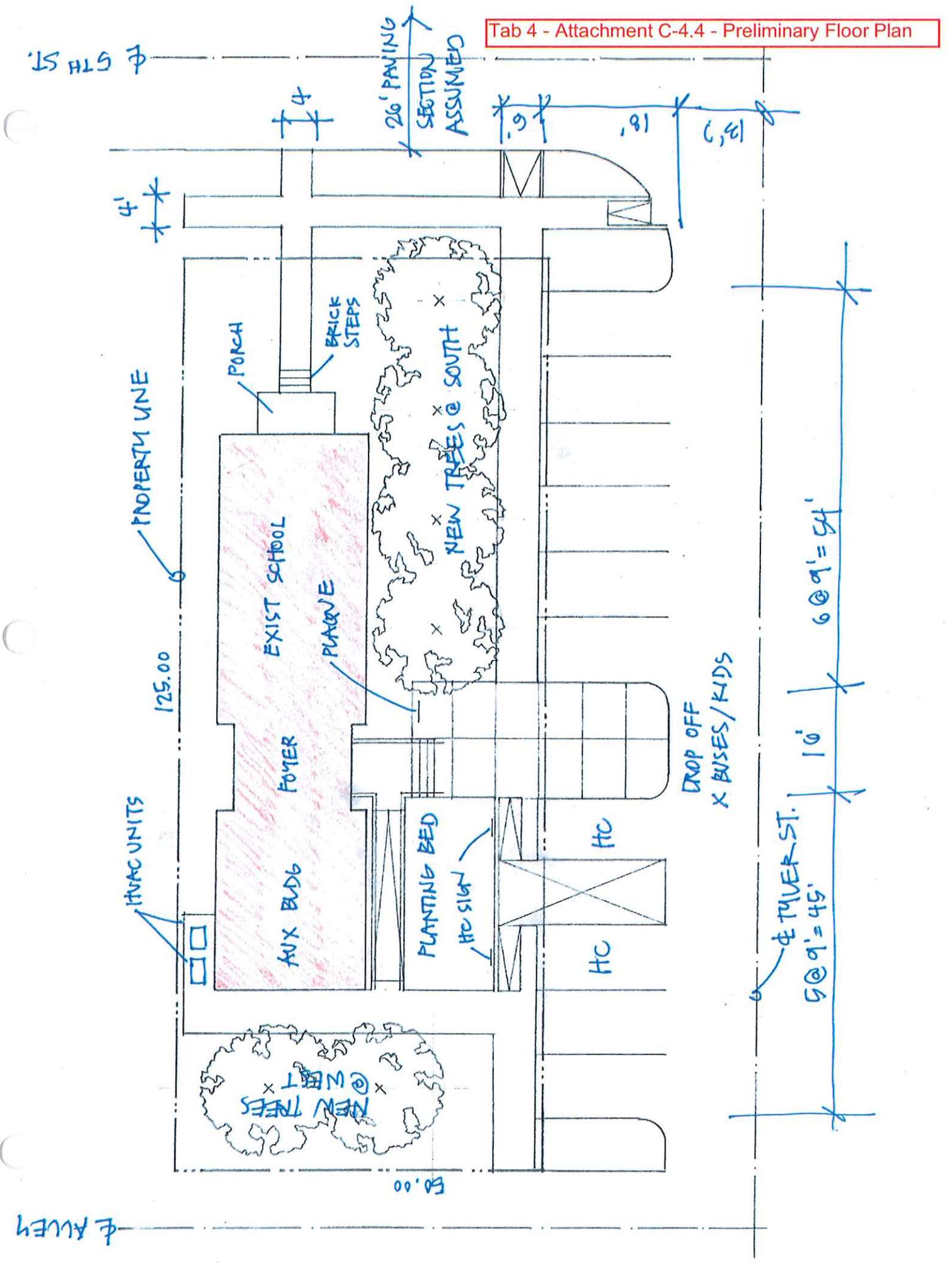
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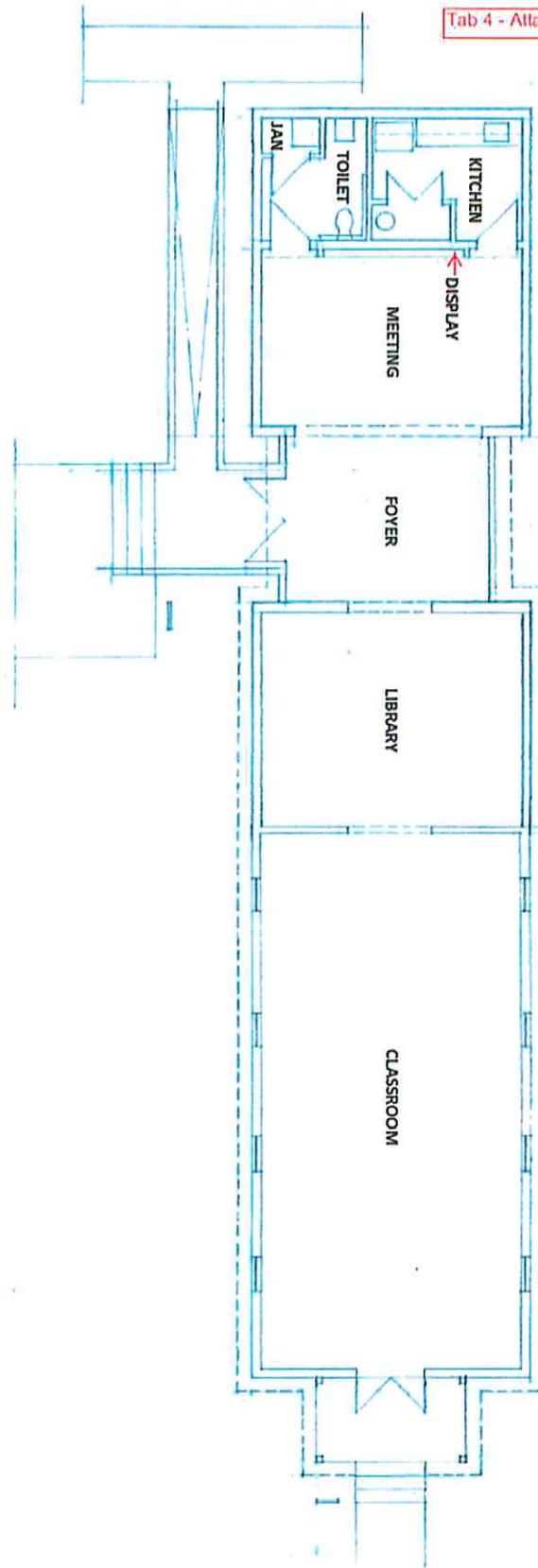


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Tab 4 - Attachment C-4.5 - Composite floor plan

COMPOSITE FLOOR PLAN  
1/8" = 1'-0"



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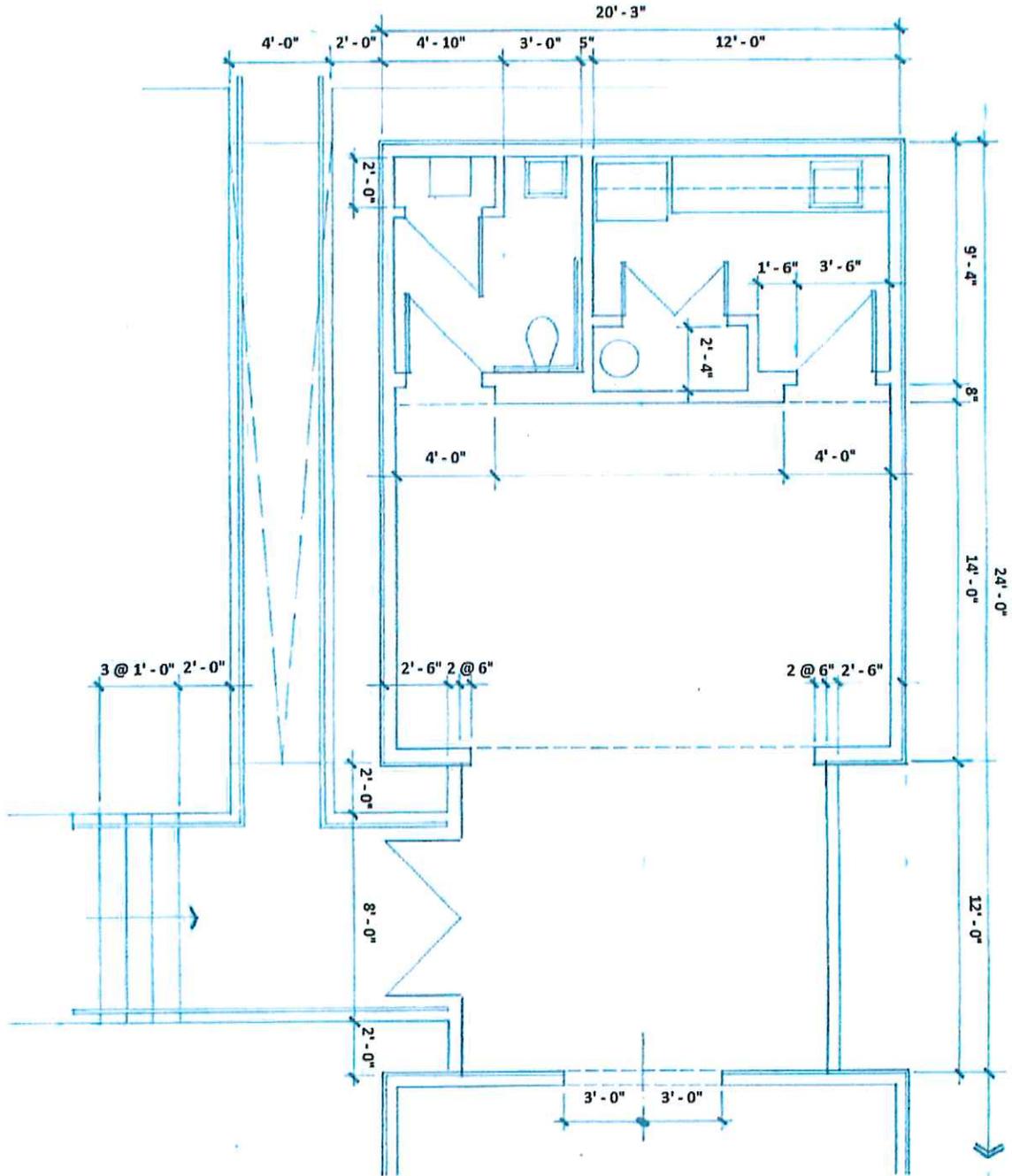
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ADDITION FLOOR PLAN  
1/4" = 1'-0"



FWA PROJECT: 1361

07 JULY 2014

DE WALT HISTORIC SCHOOLHOUSE

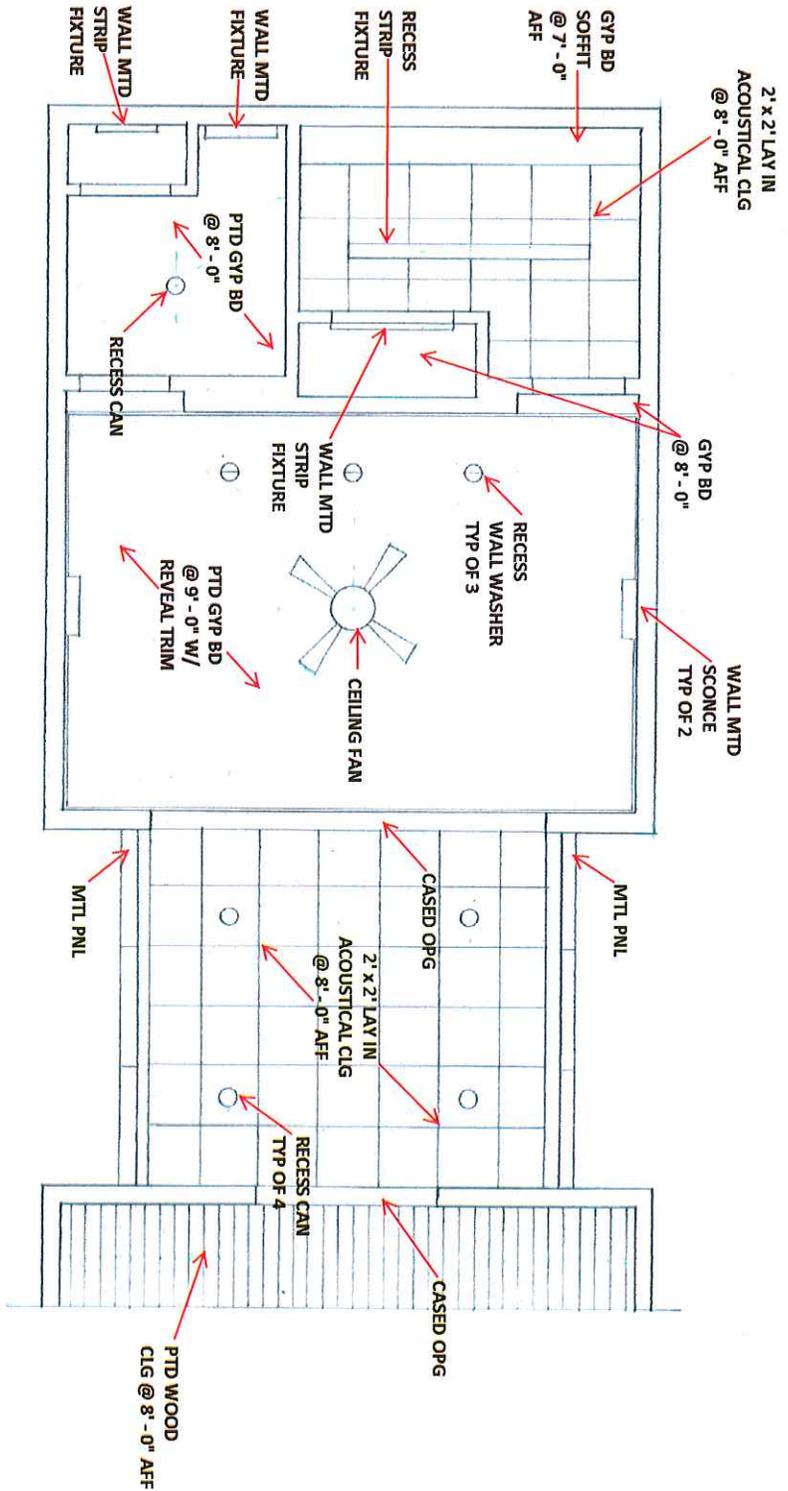
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ADDITION REFLECTED CEILING PLAN  
1/4" = 1'-0"



RHA PROJECT: 1361

07 JULY 2014

DE WALT HISTORIC SCHOOLHOUSE

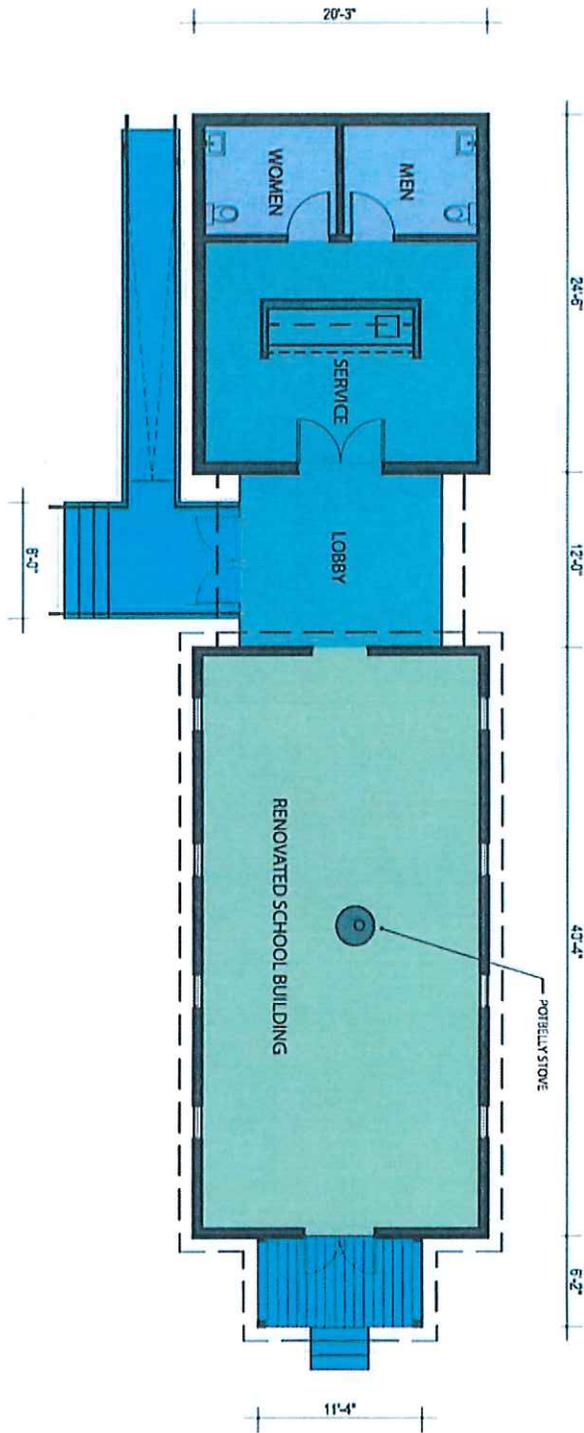
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FLOOR PLAN  
1/8" = 1'-0"



RHA PROJECT: 1361

03.14.14

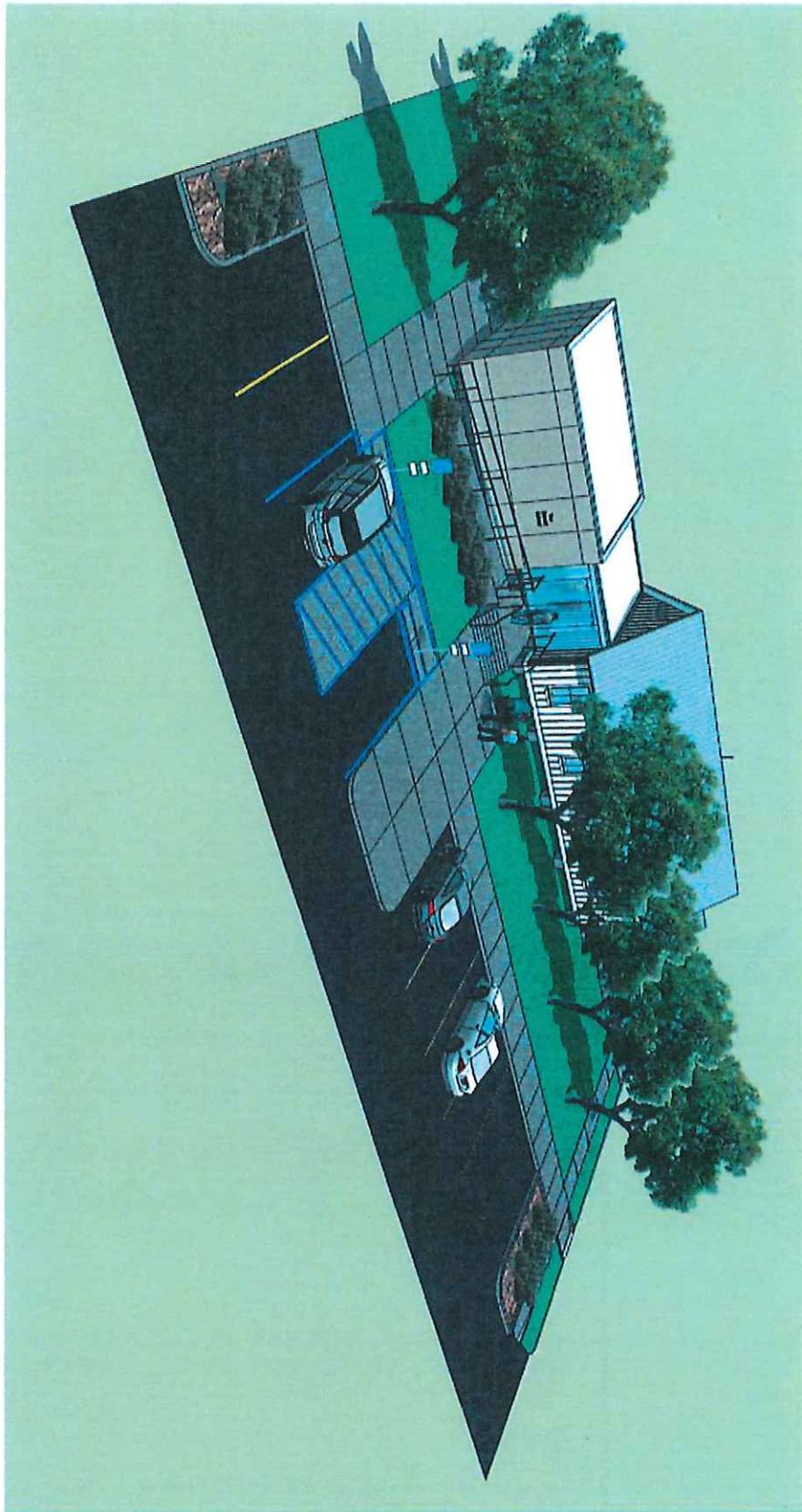
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RHA PROJECT: 1361

03.14.14

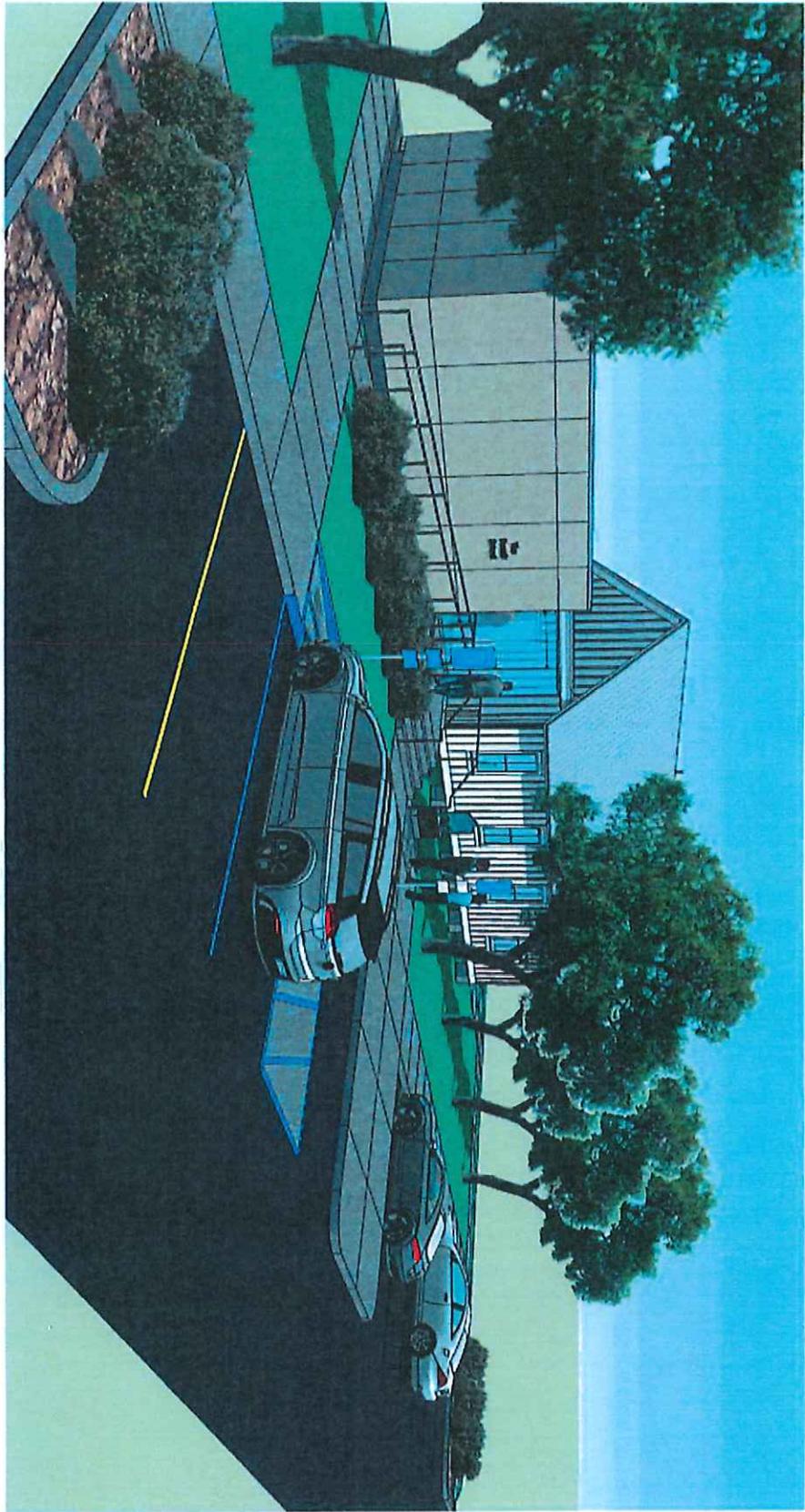
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RIA PROJECT: 1361

03.14.14

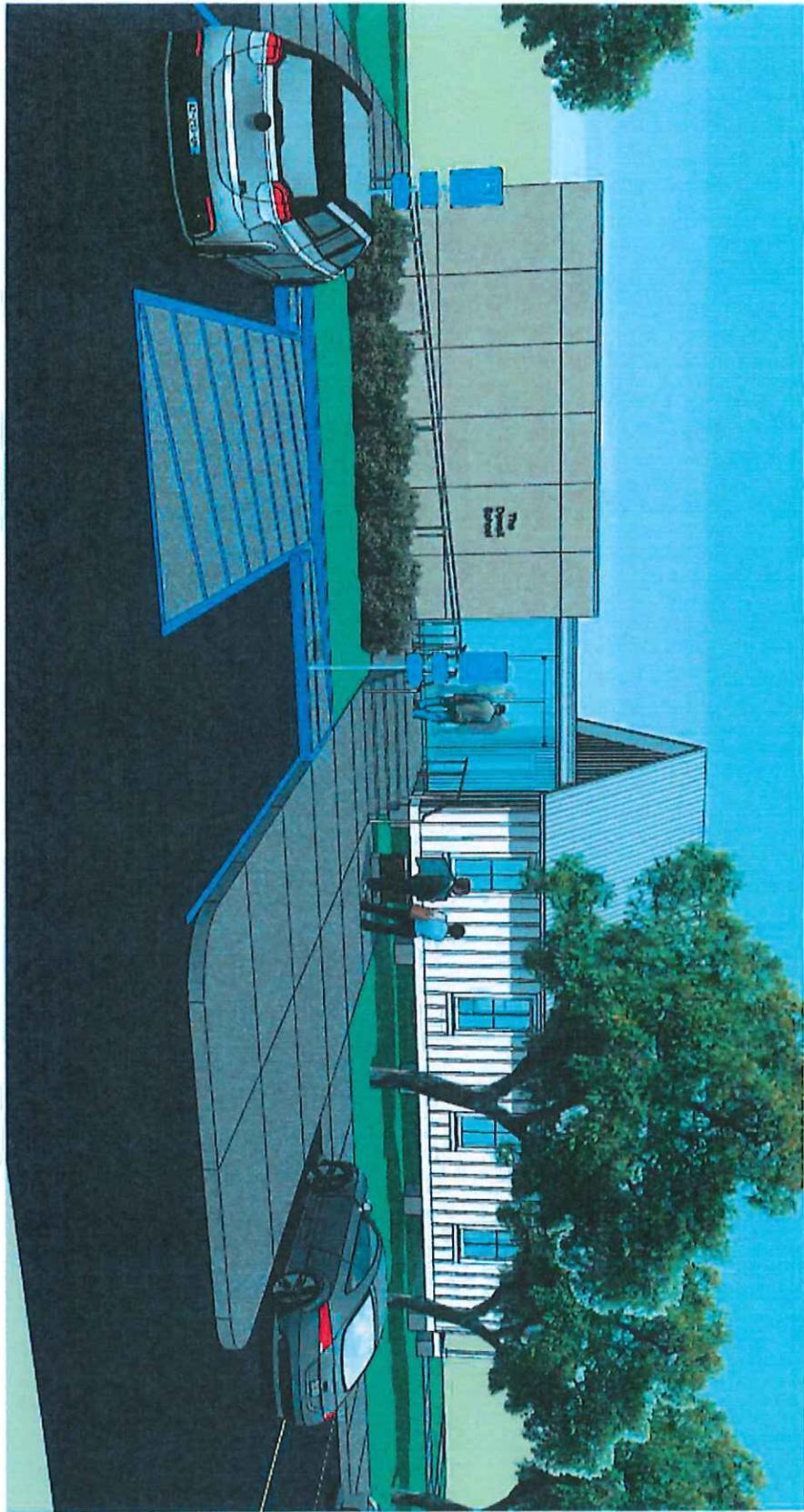
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RHA PROJECT: 1351

03.14.14

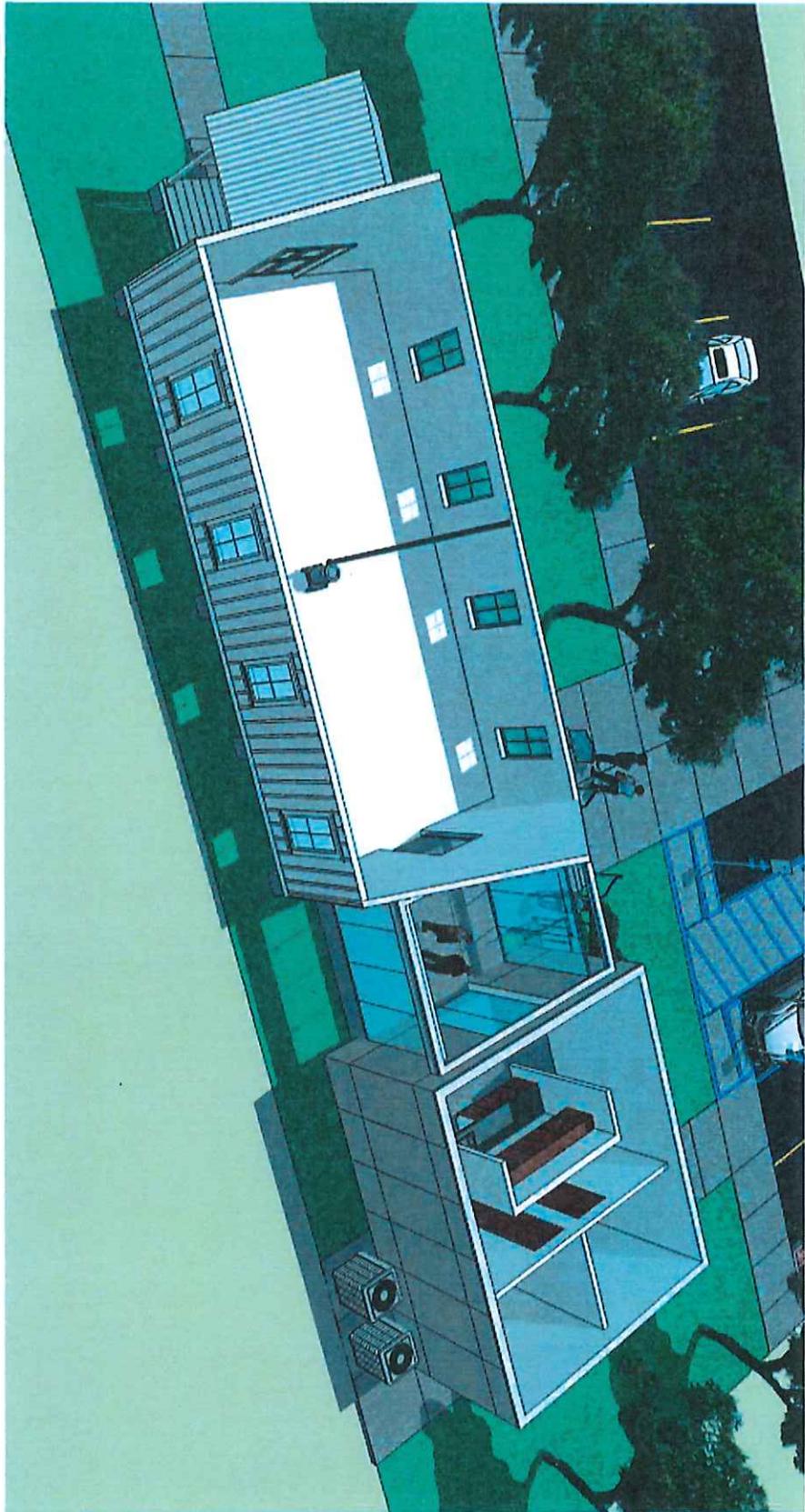
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## REQUEST FOR CITY COUNCIL AGENDA ITEM

<b>Agenda Date Requested:</b> <u>03-23-15</u>	<b><u>Budget</u></b>
<b>Requested By:</b> <u>Kenith Adcox</u>	<b>Source of Funds:</b> _____
<b>Department:</b> <u>Police</u>	<b>Account Number:</b> _____
<b>Report:</b> <u>    </u> <b>Resolution:</b> <u>    </u> <b>Ordinance:</b> <u>XXX</u>	<b>Amount Budgeted:</b> _____
<b>Exhibit:</b> <u>Ordinance, Extension of Interlocal Agreement</u>	<b>Amount Requested:</b> _____
<b>Exhibit:</b> <u>Contract between City and LPISD (Ex. A to Ordinance)</u>	<b>Budgeted Item:</b> YES    NO

### **SUMMARY & RECOMMENDATION**

At the conclusion of the 2014-2015 school year, the current Police School Resource/DARE Officers contract between the City and La Porte ISD will end. The contract, however, provides for a two-year extension; and the La Porte ISD has agreed to the exercise of this option. The extension agreement includes provisions for annual cost increases based on the standard Consumer Price Index.

City staff recommends extending the agreement with La Porte ISD for the provision of Police School Resource/DARE Officers.

---

#### **Action Required by Council:**

Consider approval or other action of an Ordinance to renew an Interlocal Agreement between the City of La Porte and the La Porte Independent School District for the provision of Police School Resource/DARE Officers.

---

#### **Approved for City Council Agenda**

---

**Corby Alexander, City Manager**

---

**Date**

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE APPROVING AND AUTHORIZING RENEWAL OF INTERLOCAL AGREEMENT BETWEEN THE CITY OF LA PORTE AND THE LA PORTE INDEPENDENT SCHOOL DISTRICT FOR PROVISION OF SIX PATROL OFFICERS AT LA PORTE INDEPENDENT SCHOOL DISTRICT SCHOOLS; MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

WHEREAS, by Ordinance No. 2012-3427, the City of La Porte authorized and approved a three year contract ("contract" herein) with La Porte ISD for the provision of six patrol officers at La Porte ISD schools, which contract terminates at the conclusion of the 2014-2015 school year; and

WHEREAS, the contract provides an option for the parties to agree to renew the contract upon the same terms and conditions of the contract, for a single two (2) year renewal term, covering the 2015-2016 and 2016-2017 school years, upon the written approval of both parties; and

WHEREAS, the City Council wishes to exercise the option to extend the contract for a single two (2) year renewal term.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE:

**Section 1.** That the City Council of the City of La Porte, Texas exercises its option to extend the contract by and between the City of La Porte, Texas and La Porte ISD for provision of six patrol officers at La Porte ISD schools, for a single two (2) year renewal term, covering the 2015-2016 and 2016-2017 school years, upon the same terms and conditions of the contract. Said contract is attached hereto as Exhibit "A" and incorporated by reference for all purposes

**Section 2.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contacts and posting thereof.

**Section 3.** This Ordinance shall be effective from and after its passage, and it is so ordered.

PASSED AND APPROVED, this the \_\_\_\_ day of \_\_\_\_\_, 2015.

**CITY OF LA PORTE, TEXAS**

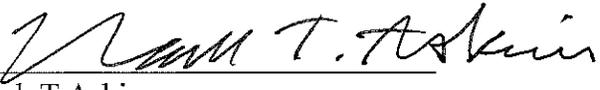
By: \_\_\_\_\_  
Louis R. Rigby, Mayor

**ATTEST:**

---

Patrice Fogarty  
City Secretary

**APPROVED:**

---

Clark T. Askins  
Assistant City Attorney

## AGREEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

WHEREAS, this Agreement is made and entered into by and between the LAPORTE INDEPENDENT SCHOOL DISTRICT, hereinafter called "DISTRICT", and the CITY OF LA PORTE, a Texas Municipal Corporation, hereinafter called "CITY".

### WITNESETH:

WHEREAS, DISTRICT desires to have the Chief of Police of the City of La Porte, hereinafter called "CHIEF", authorize and direct six (6) of CITY'S patrol officers, hereinafter called "PATROL OFFICERS", to devote those officers' working time to the District Schools, during the normal school year, including teacher work days; and

WHEREAS, DISTRICT is willing to pay the CITY an agreed amount equal to the cost to the CITY for supplying law enforcement services, including salary and benefits, as detailed in Exhibit A, so as to enable PATROL OFFICERS assigned by the CHIEF to provide those services;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and benefits to both parties is, it is AGREED as follows:

#### I.

The CITY agrees to authorize the CHIEF to assigning PATROL OFFICERS to provide law enforcement services to La Porte Schools. As used herein, the phrase "working time" means the usual or normal hours that the PATROL OFFICER is required to work in any calendar month and the area of the schools, the time the PATROL OFFICERS are in court in connection with cases arising out of events occurring within the area, the time the PATROL OFFICERS spend in preparing reports and documents pertaining to events occurring in the areas, the time the PATROL OFFICERS spend transporting persons arrested in the area to jail, the time the PATROL OFFICERS spend investigating crimes or possible crimes committed in the area, and the time spent in any and all activities related to performing law enforcement services for the DISTRICT shall be deemed working time. The items lists above are explanatory and the meaning for "working time" is not limited to said list.

#### II.

The DISTRICT agrees to pay to the CITY the sum of \$355,228.55 ("Base Amount") for assignment of six (6) PATROL OFFICERS to the DISTRICT, for the first school year included in this agreement. The Base Amount is based on six (6) officers working eight (8) hours each day for 181 days in the school year, and shall serve as compensation for the working time of said PATROL OFFICERS.

The Base Amount shall remain consistent for the first year, except as otherwise provided under this agreement, but said Base Amount shall increase to the sum of \$357,711.81 for school year two, and further increase to the sum of \$358,935.18 for school year three, of this agreement. Said increases of the Base amount shall include and incorporate the PATROL OFFICERS' structured pay raises for school year two and three under this agreement, as indicated in the salary schedule of payment attached as Exhibit A to the agreement and incorporated by reference for all purposes.

The DISTRICT agrees to pay the CITY for any additional hours that the DISTRICT requires of the PATROL OFFICERS to provide law enforcement services to La Porte Schools. Any additional hours must be approved through the CHIEF or his designee.

As detailed below, the DISTRICT further agrees that the Base Amount, and/or the increases to the Base Amount for school year two, and each year thereafter, as specified in the preceding paragraph and on Exhibit A to this agreement, may be increased by a factor equal to Consumer Price Index – Urban (CPI-U) increases or three (3) percent, whichever is greater. The CITY shall notify the DISTRICT of any increases at least thirty (30) days prior to the effective date of the proposed increase.

Starting with school year 2013-2014 (Year 2, August 2013) the base amount will be increased by a factor equal to the Consumer Price Index. Such factor will be an arithmetic equation with the year of January 2013 of Consumer Price Index to all urban consumers being the numerator and the year January 2011 of the Consumer Price Index to all consumers will be the denominator. The resulting quotient, if greater than 3% will be multiplied by the base to arrive at the current billing amount. If the quotient is less than 3%, then 3% will be multiplied by the base amount of the 2013 school year to determine the amount to be billed.

For the school year 2014-2015 (Year 3, August 2014), the same methodology will be applied except the numerator for school year 2014-2015 will be 2014 of the Consumer Price Index to all urban consumers. Furthermore, for school year 2014/2015 if the quotient is less than 3% then the base amount for Year 3 will be multiplied by 3%.

The CITY agrees to provide to the DISTRICT an invoice, at the beginning of each semester, setting forth costs for providing the law enforcement services to the DISTRICT. The DISTRICT agrees to reimburse the CITY the cost as set forth in the invoice within thirty (30) days of the date of such invoices. If the DISTRICT, for any reason disputes any items in any invoices submitted by the CITY, the DISTRICT shall promptly notify the CITY of the dispute and request clarification and/or remedial action. The decision of the CITY regarding all disputes involving the cost for providing PATROL OFFICERS shall be final. Payment shall be made to the City of La Porte, Attention: Finance Director, 604 West Fairmont Parkway, La Porte, Texas 77571. Invoices sent by the CITY shall be addressed to the La Porte Independent School District: Attention: Business Office, 301 East Fairmont Parkway, La Porte, TX 77571. Either party hereto may change its address for the purposes of this agreement by giving written notice of such change in the manner provided for in this agreement.

### III.

The term of this agreement shall be for each school year, as determined by the DISTRICT, commencing August 20, 2012, for the 2012-2013 school year, and ending on the final day of school in the year 2015, and shall include an option to extend this agreement for an additional two (2) years, with the same terms and conditions upon the express written approval of the CITY and the DISTRICT.

It is expressly understood and agreed that the period or term of this agreement may be terminated with or without notice by the CITY at any time after the DISTRICT has defaulted on any payment of any obligation hereunder. Further, it is expressly understood and agreed that the period or term of this

agreement may be terminated by the CITY or DISTRICT for any reason with 90-day written notice to the other party. Payments hereunder shall be pro-rated to effective date of cancellation.

Any notice permitted or required to be given in this section to the DISTRICT shall be given by registered or certified United States, mail, postage prepaid, return receipt requests, and addressed to the DISTRICT at 301 East Fairmont Parkway, La Porte, Texas 77571.

Any notice permitted or required to be given in this section to the CITY shall be given by registered or certified United States mail, postage prepaid, return receipt requested, and addressed to the CITY, Attention: City Manager, at 604 West Fairmont Parkway, La Porte, Texas 77571.

#### IV.

Operating with the La Porte Police Department's SRO Operating Procedures, it is expressly understood and agreed that any PATROL OFFICERS assigned to work at the DISTRICT shall be subject to the exclusive control and supervision of the CHIEF and to the same extent as all other PATROL OFFICERS, and shall have no duty or obligation to the DISTRICT other than those duties or obligations which the PATROL OFFICERS would have to the public generally, to enforce state laws and CITY ordinances, specifically, PATROL OFFICERS shall not be required to enforce DISTRICT rules and regulations. The CHIEF shall set the working times (hours and days) for the PATROL OFFICERS after consulting with a designated agent of the DISTRICT.

#### V.

It is expressly agreed and understood between the DISTRICT and the CITY, that if, in the opinion of the CHIEF, it is necessary to use the PATROL OFFICERS assigned to carry out this agreement for other duties due to an emergency, or other reasons as determined solely by the CHIEF, that the CHIEF may temporarily suspend the assignment of PATROL OFFICERS to comply with the agreement. It is, however understood by both the CITY and the DISTRICT that the DISTRICT will be credited on a pro-rata basis for the charges hereunder if an officer is temporarily assigned to other duties at the direction of the CHIEF.

#### VI.

Both parties mutually agree that the CITY is an independent contractor, and shall have exclusive control of performance hereunder, and that employees of the CITY are in no way to be considered employees of the DISTRICT.

#### VII.

Should any litigation be commend between the parties hereto concerning this agreement, or the rights and duties of either party in relation thereto, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees in such litigation. Nothing in the paragraph shall be construed so as to limit or waive the sovereign immunity of either the CITY or the DISTRICT.

#### VIII.

This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties hereunder shall be performed in Harris County, Texas.

#### IX.

If any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

X.

This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understanding of written or oral agreements between the parties respecting the subject matter within.

XI.

No amendment, modification, or alteration of the terms hereof shall be binding unless submitted in writing, dated subsequent to the date hereof, and duly executed by both parties.

XII.

Neither party to this agreement may assign their rights, duties, or interest without first obtaining written consent of the other party. Consent to one assignment shall not be deemed to be consent to any subsequent assignment. An assignment without the written agreement of both parties, or an assignment by operation of law, shall be void, and shall, at the option of either party, terminate this agreement.

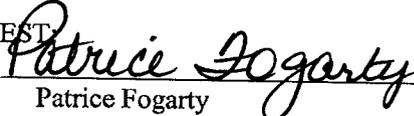
IN WITNESS WHEREOF, the undersigned DISTRICT and CITY hereto execute this agreement effective on this 13<sup>th</sup> day of August, 2012.

CITY OF LA PORTE

By: 

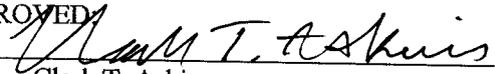
City Manager

ATTEST

By: 

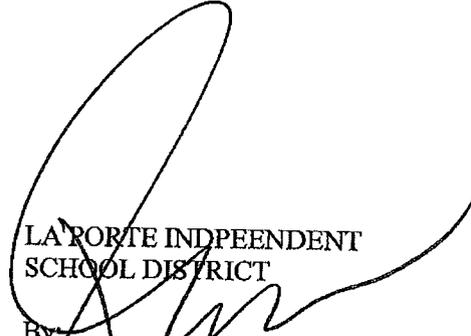
Patrice Fogarty  
City Secretary

APPROVED

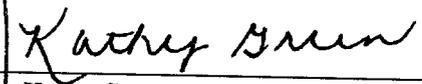
By: 

Clark T. Askins  
City Attorney

LA PORTE INDEPENDENT  
SCHOOL DISTRICT

By: 

Superintendent, Lloyd Graham

By: 

President, Kathy Green  
Board of Trustees

# La Porte Police Department

## EXHIBIT A

### LPISD Officers for School Year

#### Year 1

	Whitchurch Persails		Novosad	Larkey	Stanley	Parsons
	LPISD #1	LPISD #2	LPISD #3	LPISD #4	DARE	DEWALT
Wages	39,356.64	43,266.24	42,267.12	43,266.24	43,266.24	43,266.24
FICA	3,010.78	3,309.87	3,233.43	3,309.87	3,309.87	3,309.87
Health	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29
Life	28.39	28.39	28.39	28.39	28.39	28.39
TMRS	6,938.58	7,627.84	7,451.69	7,627.84	7,627.84	7,627.84
Work/Comp	322.72	354.78	346.59	354.78	354.78	354.78
	<b>55,306.40</b>	<b>60,236.41</b>	<b>58,976.52</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>
			<b>Total Year 1 355,228.55</b>			

#### Year 2

	Whitchurch Persails		Novosad	Larkey	Stanley	Parsons
	LPISD #1	LPISD #2	LPISD #3	LPISD #4	DARE	DEWALT
Wages	40,326.80	43,266.24	43,266.24	43,266.24	43,266.24	43,266.24
FICA	3,085.00	3,309.87	3,309.87	3,309.87	3,309.87	3,309.87
Health	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29
Life	28.39	28.39	28.39	28.39	28.39	28.39
TMRS	7,109.61	7,627.84	7,627.84	7,627.84	7,627.84	7,627.84
Work/Comp	330.68	354.78	354.78	354.78	354.78	354.78
	<b>56,529.77</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>
			<b>Total Year 1 357,711.81</b>			

#### Year 3

	Whitchurch Persails		Novosad	Larkey	Stanley	Parsons
	LPISD #1	LPISD #2	LPISD #3	LPISD #4	DARE	DEWALT
Wages	41,296.96	43,266.24	43,266.24	43,266.24	43,266.24	43,266.24
FICA	3,159.22	3,309.87	3,309.87	3,309.87	3,309.87	3,309.87
Health	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29	5,649.29
Life	28.39	28.39	28.39	28.39	28.39	28.39
TMRS	7,280.65	7,627.84	7,627.84	7,627.84	7,627.84	7,627.84
Work/Comp	338.64	354.78	354.78	354.78	354.78	354.78
	<b>57,753.15</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>	<b>60,236.41</b>
			<b>Total Year 1 358,935.18</b>			

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 23, 2015</u>	<u>Appropriation</u>
Requested By: <u>Kenith Adcox</u>	Source of Funds: <u>N/A</u>
Department: <u>Police</u>	Account Number:
Report: <input type="radio"/>	Amount Budgeted:
Resolution: <input checked="" type="radio"/> Ordinance: <input type="radio"/>	Amount Requested:
Other: <input type="radio"/>	Budgeted Item: <input type="radio"/> YES <input type="radio"/> NO

**Attachments :**

- 1. Resolution**
- 2. Grant Requirements & Application**
- 3. Equipment Quote**

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### SUMMARY & RECOMMENDATIONS

Staff has prepared a state Justice Assistance Grant (JAG) application for the acquisition of fifty (50) body cameras, a server and UPS, and miscellaneous ancillary items to support the cameras. This project will support body cameras to be fitted to each uniformed patrol officer to visually and audibly document his/her actions and surroundings while on duty in various types of encounters, to include arrests, uses of force, and other such events. The grant is competitive in nature and is being offered through the Criminal Justice Division of the Governor's Office. As part of the grant application process, a Resolution is required designating the City Manager as the authorized official to sign grant documents and accept the grant if awarded.

The total cost of the acquisition would be approximately \$83,330. The JAG grant would pay for ½ of the costs, or \$41,665. The City of La Porte would have to provide a 50 percent match of \$41,665. To this end, the Police Department has also made a formal request for funding to the Harris County District Attorney's Office (DA), asking that the DA provide funds to cover the required match. Should the JAG grant be awarded and the District Attorney deny the request for additional funding, the City would need to include the required matching funds in its 2015-2016 general fund budget should it wish to accept the grant.

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**Action Required of Council:**

Consider approval or other action to authorize the Mayor to sign a Resolution designating the City Manager as the designated grant official and approving the grant application for the Body Cameras Acquisition Project through the Criminal Justice Division, Office of the Governor, State of Texas.

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

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**Date**

**RESOLUTION NO. 2015-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS, AUTHORIZING THE POLICE OFFICER BODY CAMERA PROJECT BE ACQUIRED THROUGH A GRANT FOR THE 2015-2016 FISCAL YEAR; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.**

**WHEREAS**, the City Council of the City of La Porte finds it in the best interest of the citizens of La Porte that the Police Officer Body Camera Project be acquired through a grant for the 2015-2016 fiscal year. This grant will aid the City and Police Department in obtaining critical equipment and software to document encounters and interactions with citizens.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF  
THE CITY OF LA PORTE:**

**Section 1.** The City of La Porte authorizes the Police Officer Body Camera Project be acquired through a grant for the 2015-2016 fiscal year, and approves submission of the grant application via a law enforcement grant to the Office of the Governor, Criminal Justice Division.

**Section 2.** The City of La Porte agrees that in the event of loss or misuse of any Criminal Justice Division grant funds, such grant funds will be returned to the Criminal Justice Division in full.

**Section 3.** The City of La Porte agrees that it will appropriate any matching funds in support of the grant, if applicable.

**Section 4.** The City of La Porte hereby designates the City Manager as the grantee's authorized official, who is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the City of La Porte.

**Section 5.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 6.** This Resolution shall be effective upon its passage and approval.

**PASSED AND APPROVED** this 23<sup>rd</sup> day of March, 2015.

CITY OF LA PORTE

By:

\_\_\_\_\_  
Louis R. Rigby  
Mayor

ATTEST:

APPROVED:

\_\_\_\_\_  
Patrice Fogarty  
City Secretary

  
\_\_\_\_\_  
Clark T. Askins  
Assistant City Attorney

## Request for Applications – Justice Assistance Grant Programs

The Criminal Justice Division (CJD) of the Governor's Office is soliciting applications for projects that reduce crime and improve the criminal justice system during the 2016 grant cycle.

**Purpose:** The purpose of this solicitation is to reduce crime and improve the criminal justice system.

**Available Funding:** Federal funds are authorized under the Edward Byrne Memorial Justice Assistance Grant Program (JAG), 42 U.S.C. 3751(a). JAG funds are made available through a Congressional appropriation to the United States Department of Justice. All awards are subject to the availability of appropriated federal funds and any modifications or additional requirements that may be imposed by law.

**Funding Levels:**

Minimum: \$10,000

Maximum: None

Match Requirement: None

**Standards:** Grantees must comply with the standards applicable to this funding source cited in the *Texas Administrative Code* (1 TAC Chapter 3), and all statutes, requirements, and guidelines applicable to this funding.

**Prohibitions:** Grant funds may not be used to support the following services, activities, and costs:

- 1) inherently religious activities such as prayer, worship, religious instruction, or proselytization;
- 2) lobbying;
- 3) any portion of the salary of, or any other compensation for, an elected or appointed government official;
- 4) non-law enforcement vehicles or equipment for government agencies that are for general agency use;
- 5) weapons, ammunition, tasers, explosives or military vehicles;
- 6) admission fees or tickets to any amusement park, recreational activity or sporting event;
- 7) promotional gifts;
- 8) food, meals, beverages, or other refreshments;
- 9) membership dues for individuals;
- 10) any expense or service that is readily available at no cost to the grant project or that is provided by federal, state, or local funds (i.e. supplanting);
- 11) fundraising;
- 12) construction, renovation or remodeling;
- 13) medical services;
- 14) transportation, lodging, per diem or any related costs for participants, when grant funds are used to develop and conduct training;
- 15) legal services for adult offenders; and
- 16) any other prohibition imposed by federal, state, or local law.

**Eligible Applicants:**

- 1) State agencies;
- 2) Units of local government;
- 3) Independent school districts;
- 4) Senior Universities;
- 5) Judicial Districts;
- 6) Native American tribes; and
- 7) Community supervision and corrections departments.

**Eligibility Requirements:**

- 1) Projects must focus on reducing crime and improving the criminal justice system.
- 2) Eligible applicants must provide law enforcement, corrections, or judicial services.
- 3) In order for an applicant to be eligible, the county (or counties) in which the applicant is located must have a 90% average on both adult and juvenile criminal history dispositions reported to the Texas

## Request for Applications – Justice Assistance Grant Programs

Department of Public Safety for calendar years 2009 through 2013. This requirement must be met by August 1, 2015.

- 4) Eligible applicants operating a law enforcement agency must be current on reporting Part I violent crime data to the Texas Department of Public Safety for inclusion in the annual Uniform Crime Report (UCR) and must have been current for the three previous years.
- 5) Eligible applicants must have a DUNS (Data Universal Numbering System) number assigned to its agency (to request a DUNS number, go to <http://fedgov.dnb.com/webform/displayHomePage.do>).
- 6) Eligible applicants must be registered in the federal System for Award Management (SAM) database located at <https://www.sam.gov/> and maintain an active registration throughout the grant period.

**Project Period:** Grant-funded projects must begin on or after October 1, 2015, and expire on or before September 30, 2016. Grant-funded equipment only projects are generally awarded for a six month grant period. CJD will consider any other proposed changes to the start or end dates on a case-by-case basis.

**Application Process:** Applicants must access CJD's grant management website at <https://eGrants.governor.state.tx.us> to register and apply for funding.

**Preferences:** Preference will be given to programs addressing one or more of the following areas which are listed in order of priority:

- 1) Crime Data – Enhancements to records management systems to allow local law enforcement to contribute appropriate data: a) to the National Data Exchange (N-DEx) through the Texas Data Exchange (TDEx) application hosted by the Texas Department of Public Safety (DPS), or b) to the National Incident-Based Reporting System (NIBRS) through the Uniform Crime Reporting section at DPS. (NOTE: Units of local government providing law enforcement services are encouraged to take advantage of funding under this priority. It is anticipated that NIBRS reporting will become mandatory for larger jurisdictions.);
- 2) Mental Health – Specialized training to increase the number of mental health officers and the ability of law enforcement to work with individuals diagnosed with mental illness;
- 3) Trafficking – Projects that disrupt drug and human trafficking including areas along and near major state corridors;
- 4) System Improvements – Projects that promote the efficiency and effectiveness of law enforcement agencies and prosecutor offices; and
- 5) Innovative or Evidence Based Programs – Projects that reduce crime and violence in areas with high crime rates or organized criminal activity.

**Closing Date for Receipt of Applications:** All applications must be certified via CJD's grant management website on or before February 27, 2015.

### Selection Process:

- 1) For eligible local and regional projects:
  - a) Applicants are responsible for contacting their applicable regional council of governments (COG) regarding their application. Each of Texas' 24 COG's holds its own application workshops and facilitates application prioritization for certain programs within its region.
  - b) Applications will be forwarded by CJD to the appropriate COG.
  - c) The COG's criminal justice advisory committee will prioritize all eligible applications based on state priorities, identified community priorities, cost and program effectiveness.
  - d) CJD will accept priority listings that are approved by the COG's executive committee.
  - e) CJD will make all final funding decisions based on eligibility, approved COG priorities, reasonableness of the project, availability of funding, and cost-effectiveness.
- 2) For state discretionary projects, applications will be reviewed by CJD staff members or a review group selected by the executive director. CJD will make all final funding decisions based on eligibility, reasonableness, availability of funding, and cost-effectiveness.

**Contact Information:** If additional information is needed, contact the eGrants help desk at [eGrants@governor.state.tx.us](mailto:eGrants@governor.state.tx.us) or (512) 463-1919.

## City of La Porte Application

/wEPDwUKLTkzC

E7147C19

**Agency Name:** City of La Porte Police Department

**Grant/App:** 2894101 **Start Date:** 10/1/2015 **End Date:** 9/30/2016

**Project Title:** Police Officer Body Camera Project

**Status:** Pending OOG Review

**Eligibility Information**

**Your organization's Texas Payee/Taxpayer ID Number:**  
17460015526008

**Application Eligibility Certify:**

Created on:2/5/2015 9:54:55 AM By: Ron Parker

**Profile Information**

**Applicant Agency Name:** City of La Porte Police Department

**Project Title:** Police Officer Body Camera Project

**Division or Unit to Administer the Project:** Police Department Patrol Operations

**Address Line 1:** La Porte Police Department

**Address Line 2:** 3001 North 23rd Street

**City/State/Zip:** La Porte Texas 77571-3185

**Start Date:** 10/1/2015

**End Date:** 9/30/2016

**Regional Council of Governments(COG) within the Project's Impact Area:** Houston-Galveston Area Council

**Headquarter County:** Harris

**Counties within Project's Impact Area:** Harris

**Grant Officials:**

**Authorized Official**

**User Name:** Corby Alexander

**Email:** alexanderc@laportetx.gov

**Address 1:** 604 West Fairmont Parkway

**Address 1:**

**City:** La Porte, Texas 77571

**Phone:** 281-471-5020 Other Phone:

**Fax:** 281-842-1259

**Title:** Mr.

**Salutation:** Mr.

**Project Director**

**User Name:** Ron Parker

**Email:** parkerr@laportetx.gov

**Address 1:** La Porte Police Department

**Address 1:** 3001 23rd Street

**City:** La Porte, Texas 77571

**Phone:** 281-471-3810 Other Phone: 281-898-0272

**Fax:** 281-470-1590

**Title:** Mr.  
**Salutation:** Deputy Chief

**Financial Official**

**User Name:** Gay Collins  
**Email:** collinsg@laportetx.gov  
**Address 1:** 604 W Fairmont Pkwy  
**Address 1:**  
**City:** La Porte, Texas 77571  
**Phone:** 281-470-5045 Other Phone:  
**Fax:**  
**Title:** Ms.  
**Salutation:** Ms.

**Grant Writer**

**User Name:** Ron Parker  
**Email:** parkerr@laportetx.gov  
**Address 1:** La Porte Police Department  
**Address 1:** 3001 23rd Street  
**City:** La Porte, Texas 77571  
**Phone:** 281-471-3810 Other Phone: 281-898-0272  
**Fax:** 281-470-1590  
**Title:** Mr.  
**Salutation:** Deputy Chief

**Problem Statement:**

Please provide a detailed account in the Problem Statement section of the existing issues your project will target.

Enter your problem statement:

Recent events in the media and across the nation related to uses of force, arrests, etc. by police have caught the attention of many. In some situations, the outcome was the version of events by police versus the versions of citizen(s). Many, including the US Attorney General and others in positions of influence, have opined the use of body cameras would go far in addressing many of the questions in these types of situations. Just recently, two major law enforcement agencies in Harris County (the Harris County Sheriff and Houston Police), were awarded special funding by the Harris County District Attorney for the purchase and acquisition of body cameras for police personnel in their organizations. However, no other agencies were addressed. For a relatively small agency, such as ours, such a purchase is significant and is not currently budgeted. Additionally, such a purchase would represent a significant strain on our current financial resources. Therefore, our agency is making application for grant funding to address this concern. With such funding, we would be able to acquire body cameras for our uniformed patrol personnel, to include one for each field officer, related software and a server to store relevant digital data on as generated from these devices. In addition, the City of La Porte is offering and prepared to match the requested funding amount (funding request=\$41,665, match by our agency=\$41,665; total budget=\$83,330). The acquisition of such equipment would enable our patrol personnel to visually and audibly record our contacts with citizens. This would include scenarios such as citizens contacts, traffic stops, detainments, arrests, crimes in progress, active investigations as they occur, uses of force, and others. Such recordings would assist significantly in establishing credibility in criminal investigations,

prosecutions, internal affairs investigations, media inquiries, citizen complaints, and many other scenarios where all are attempting to resolve what occurred in situations. Our agency is not able to acquire this equipment in its entirety for the foreseeable future without such grant funding. Yet, we are of the opinion the equipment we seek in this grant request is viable and desirable given the potential impact to our police and our citizens.

**Supporting Data:**

Provide as much supporting data, to include baseline statistics and the sources of your data, which are pertinent to where the grant project is located and/or targeted. Do not use statewide data for a local problem or national data for a statewide problem.

Enter your supporting data:

Officials in the federal government, state government, local district attorney, prosecutors, defense attorneys, media, citizens, activists, and others all agree on one aspect of this topic. The presence of body cameras on police officers would go far in addressing and resolving concerns in many police/citizen contacts, particularly related to complaints raised in such contacts, uses of force, and other situations. While a few major law enforcement agencies in our county were recently awarded such funding by the District Attorney, many agencies, to include ours, were not considered for such funding. With our agency responding to almost 40,000 calls for service annually, making over 2,000 arrests per year, with a residential population of approximately 35,000, and perhaps triple that number in a daytime working/transient population, the need for such equipment is important since we achieve a significant number of police/citizen contacts on a regular basis.

**Community Plan:**

For projects that have a local or regional impact target area, provide information regarding the community plan need(s) that your project will address.

Enter your community planning needs:

In the current Harris County Community Plan, Introduction, page 5, "the growth rate of Harris County has strained local city and county budgets to their limits. Economic slumps, business down-sizing, and reduction in federal budgets have translated into hardships for the community, schools, and families. The county also faces increasing problems of violence and drug-related crimes with insufficient resources to adequately address these needs." As mentioned on page 44 of the Harris County Community Plan, " Finally, the Houston-Galveston Area Council covers thirteen counties in which over 200 criminal justice agencies service about a quarter of the state's population. As populations increase and with the greater mobility of people in today's society, the need for inter-agency cooperation in dealing with crime has become increasingly critical. However, such cooperation calls for a degree of sophistication and coordination that far exceeds many agencies' manpower and equipment. Thus a resource gap exists in the ability of these agencies to maximize the efficiency and utility of existing resources." Our agency suffers from these same constraints. Funding opportunities at all levels have severely restricted our ability to fund several critical resources that are needed. This particular application would go far in addressing improvement in our law enforcement capability to serve our citizens. It would also address improvements to efficiency, accuracy and credibility in the criminal justice system, as mentioned in the county plan.

**Goal Statement:**

Provide a brief description of the overall goals and objectives for this project.

Enter a description for the overall goals and objectives:

This project is designed to address the concerns as outlined in the Harris County Community Plan above. It would also address the grant's primary mission to "improve criminal justice systems and

prevent crime". Also, this application addresses a grant priority of "making improvements to efficiency, accuracy and credibility", within the purpose area of law enforcement. Simply, our goal is to equip all of our uniformed patrol personnel with a body camera, temporarily affixed to their uniform while on duty and in contact with citizens, and to also acquire the supporting software, server and ancillary items to effectively and efficiently run the system. Having achieved this will address the primary mission and priority of this particular grant, as well as addressing the areas mentioned already in the Harris Community Plan. It will also improve efficiency in law enforcement and the criminal justice system to which we contribute, enhance credibility, provide overall improvement in our system, and improve police/community relations. Such acquisition would address and resolve concerns related to credible and accurate investigations, and prosecutions, as well as incidents related to complaints and uses of force.

**Cooperative Working Agreement (CWA):**

When a grantee intends to carry out a grant project through cooperating or participating with one or more outside organizations, the grantee must obtain authorized approval signatures on the cooperative working agreement (CWA) from each participating organization. Grantees must maintain on file a signed copy of all cooperative working agreements, and they must submit to CJD a list of each participating organization and a description of the purpose of each CWA. Cooperative working agreements do not involve an exchange of funds.

For this project, provide the name of the participating organization(s) and a brief description of the purpose(s) for the CWA(s). You should only provide information here that this project's successful operation is contingent on for the named service or participation from the outside organization.

Note: A **Sample CWA** is available [here](#) for your convenience.

Enter your cooperating working agreement(s):

NA

**Continuation Projects:**

For continuation projects only, if your current or previous year's project is NOT on schedule in accomplishing the stated objectives, briefly describe the major obstacles preventing your organization from successfully reaching the project objectives as stated within your previous grant application. (Data may be calculated on a pro-rated basis depending on how long the current or previous year's project has been operating.)

Enter your current grant's progress:

NA

**Project Summary:**

Briefly summarize the entire application, including the project's problem statement, supporting data, goal, target group, activities, and objectives. Be sure that the summary is easy to understand by a person not familiar with your project and that you are confident and comfortable with the information if it were to be released under a public information request.

Enter your summary statement for this project:

Recent events, not only locally, but at the state and national levels, have caused concern in the area of police/community relations. This is particularly true in incidents involving use of force in contacts between police and citizens. Influential persons and organizations at all levels, both private and public sector, have voiced concern, especially regarding the resulting public unrest and distrust of police in certain situations. This has been to the extent that many have strongly suggested that all law enforcement acquire and utilize body cameras on their law enforcement personnel. While many law

enforcement administrators agree this would potentially offer some improvement and help in establishing more trust, credibility and efficiency in the law enforcement system and in criminal justice, most agencies, including our own, are unable to provide adequate funding for such an endeavor. As such, this organization is making application for grant funding to address this concern. We are projecting a budget of \$83,330 to fund this project, with a request for grant monies in the amount of \$41,665. This agency is prepared to match that amount of \$41,665 to fund the project. This will provide for the acquisition of a body camera for each uniformed patrol officer in the Patrol Operations Division, the primary units and officers who have daily contact with citizens and who are most at risk of having to project use of force in violent encounters, as well as most susceptible to citizen complaints, making arrests, performing investigations at their onset, etc. In addition to the funding of body cameras, the funding would also enable us to acquire supporting software and a server, as well as any required ancillary elements, to support the entire project. The target groups involved in this project would include the following: a. our uniformed patrol officers; b. the citizens we come in to contact with through calls for service, investigations and inquiries, arrests, etc.; The activities would include: the purchase, installation, issuance and utilization of body cameras to our personnel in support of their daily mission of law enforcement operations. The objectives would include: a. the recording and capturing of events as they unfold during encounters between police and citizens; b. the use of such recordings to address complaints, administrative reviews, internal affairs investigations, criminal investigations, uses of force, and other such related issues; c. the improvement in resolution of complaints, concerns, investigations and prosecutions; d. improvement in relations between police and citizens in any concerns that might arise through these types of incidents.

**Selected Project Activities:**

ACTIVITY	PERCENTAGE:	DESCRIPTION
Technology	100.00	The acquisition of body cameras for police officers in the field will enhance the valuable of video and audio data as events unfold in encounters between police and citizens, to include situations such as arrests, uses of force, gathering of field evidence, citizen complaints, prosecutions, and other similar situations.

**Geographic Area:**

The geographic area will include the legal city jurisdictional boundaries of the City of La Porte. The city is located along the Houston Ship Channel in east Harris County, and is adjacent to two major shipping ports (Barbours Cut Terminal and Bay Port Terminal), one of which is home to a cruise line. There are also a number of petro chemical manufacturers and industries in the area, several major highways (one of which is a major evacuation route for Galveston County to the south), and the state park for the USS Texas battleship and San Jacinto Monument.

**Target Audience:**

Target audience will be those citizens we come in to contact with on police calls for service and as a result of our normal enforcement duties. Some of these contacts will result in conflict, with some ending in use of force, arrest, etc. It is these types of incidents where the equipment funding through this grant will assist significantly in mitigating what actually occurred in those types of situations. This will result in greater efficiency, effectiveness and credibility in investigations, complaints and prosecutions.

**Gender:**

The equipment funded through this grant will address situations involving both genders, male and female.

**Ages:**

The equipment funded through this grant will address persons of all ages.

**Special Characteristics:**

Special characteristics this project will address will be digital visual and audio data and the capturing of events as they unfold, while the body camera is attached to the officer. This will be extremely helpful in events related to arrests, uses of force, gathering of evidence, prosecutions, citizens complaints, and similar situations in encounters and interactions between police and citizens.

## Objective Output Measures

OUTPUT MEASURE	CURRENT DATA	TARGET LEVEL
Number of NEW data systems to be developed.	0	1
Number of existing data systems enhanced with grant funds.	0	0
Number of subscriptions to data sharing systems.	50	50

## Objective Outcome Measures

OUTCOME MEASURE	CURRENT DATA	TARGET LEVEL
Number of personnel with access to improved data / information sharing systems.	0	50
Number of agencies who benefitted from improvements to the new or enhanced data systems.	0	1

**Budget Details Information****Budget Information by Budget Line Item:**

CATEGORY	SUB CATEGORY	DESCRIPTION	CJD	CASH MATCH	IN-KIND MATCH	GPI	TOTAL	UNIT/ %
Equipment	Specialty Camera and Accessories (e.g., video observation, pole cams, towers, etc.)	Body surveillance cameras to be mounted to and carried on uniformed patrol officers' uniforms, and supporting server and software.	\$41,665.00	\$41,665.00	\$0.00	\$0.00	\$83,330.00	1

**Source of Match Information**

**Detail Source of Match/GPI:**

DESCRIPTION	MATCH TYPE	AMOUNT
Department Budget for La Porte PD, 2015-2016 budget	Cash Match	\$41,665.00

**Summary Source of Match/GPI:**

Total Report	Cash Match	In Kind	GPI Federal Share	GPI State Share
\$41,665.00	\$41,665.00	\$0.00	\$0.00	\$0.00

**Budget Summary Information**

**Budget Summary Information by Budget Category:**

CATEGORY	CJD	CASH MATCH	IN-KIND MATCH	GPI	TOTAL
Equipment	\$41,665.00	\$41,665.00	\$0.00	\$0.00	\$83,330.00

**Budget Grand Total Information:**

CJD	CASH MATCH	IN-KIND MATCH	GPI	TOTAL
\$41,665.00	\$41,665.00	\$0.00	\$0.00	\$83,330.00



11375 W. Sam Houston Parkway South #800  
Houston, TX 77031  
P. 281-925-0488 | F. 281-925-0535

Quotation Expiration: 11-01-2015  
Terms: Net 30 Days  
FOB Point: Destination

**Prepared for:** La Porte Police Department (La Porte, Texas)  
**Address:** 3001 North 23rd Street  
**City, State:** La Porte, TX 77572  
**Contact:** Lieutenant Daeumer

Quote #	Date
584615-1	3/11/2015
<b>Prepared by:</b>	
Sam Inthirath (832 584-3360)	

BACK OFFICE STORAGE AND ARCHIVAL		List Price	Quoted	Quantity	Total
BSVR-01	SERVER	\$ 21,026.60	\$ 18,284.00	1	\$ 18,284.00
BUPS-01	UPS	\$ 1,892.90	\$ 1,646.00	1	\$ 1,646.00
COBAN VIEVU BODY WORN CAMERA		List Price	Quoted	Quantity	Total
VIEVU-03	VIEVU LE3 Body Worn Camera Package Includes: LE3 Camera, 110v Wall Adapter, USB/RS232 Cable, Two Spring Clips and Pin Clip, 90 day factory warranty	\$ 899.00	\$ 855.00	50	\$ 42,750.00
WLIC-221	COBAN VIEVU DVMS Secured Interface -First Year Software Maintenance and Technical Support (per device)	\$ 105.00	\$ 90.00	50	\$ 4,500.00
WMAIN-16	VIEVU 21 month Extended Warranty (available only if VIEVU unit is purchased from COBAN)	\$ 330.00	\$ 295.00	50	\$ 14,750.00
SHIPPING		List Price	Quoted	Quantity	Total
LFEE-050	Shipping - In-Car Equipment (EDGE, M7 MDC, M7 VMDC, ALPR)	\$ 50.00			\$ -
LFEE-055	Shipping - Back Office Hardware (Server, Auto DVD, Interview, Jail) Each	\$ 150.00	\$ 150.00	1	\$ 150.00
LFEE-053	Shipping - Miscellaneous (VIEVU, Spares, Options)	\$ 25.00	\$ 25.00	50	\$ 1,250.00

Subtotal \$ 83,330.00  
Additional Discount (s)  
Taxes (if applicable)  
**GRAND TOTAL \$ 83,330.00**

**Terms /Conditions / Assumptions:**

- If required, bid bond, performance bond, permits and fees will be at additional costs.
- A tax exempt number will be provided upon acceptance of this proposal.

TITAN M7 Mounting Hardware Note: (as applicable) COBAN does not provide mounting equipment below the keyboard. Agency will need to use its existing or procure pedestal/arm to support the monitor and keyboard mount from COBAN or third party.

Wireless Services Note: All prices may change depending on outcome of site survey.

- A. All electrical, conduit, pipe stubs, cores, raceways, chases, sleeves, plywood, dumpsters, etc. are to be provided and installed by others.
- B. All work to be done during the normal workday.
- C. All cable to be plenum rated.
- D. Cross-connects and patch cables are not part of this price.
- E. Electronics for data to be provided and installed by others.
- F. Labor is guaranteed to be as specified, and the above work to be performed in accordance with drawings and specifications submitted for above work and completed in a substantial workmanlike manner.

Lease Payment Options	
COBAN Technologies, Inc. 11375 W Sam Houston Pkwy S # 800 Houston, Texas 77031 <b>Equipment Price</b> <span style="float: right;">\$ 83,330.00</span>	
<b><u>\$1.00 Purchase Lease or Finance Agreement</u></b>	
24 month payment	\$3,800.68
36 month payment	\$2,589.06
48 month payment	\$1,983.25
60 month payment	\$1,621.60
ALL PAYMENTS ARE SUBJECT TO AN APPROVAL & APPLICABLE TAX	
- Semi-annual & annual Terms available - Unsecured lease with no blanket liens, loan covenants, or additional collateral required - Payments are fixed for the term with no annual financial review or early call by lender <b>Longer term options available for \$200,000 and above transactions</b>	
Please contact us for more information.	



11375 W. Sam Houston Parkway South #800  
Houston, TX 77031  
P. 281-925-0488 | F. 281-925-0535

Quotation Expiration: 11-01-2015  
Terms: Net 30 Days  
FOB Point: Destination

**Prepared for:** La Porte Police Department (La Porte, Texas)  
**Address** **3001 North 23rd Street**  
**City, State** **La Porte, TX 77572**  
**Contact** **Lieutenant Daeumer**

Quote #	Date
584615-1	3/11/2015
<b>Prepared by:</b>	
Sam Inthirath (832 584-3360)	

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 23, 2015</u>	<u>Appropriation</u>
Requested By: <u>Cherell Daeumer</u>	Source of Funds: <u>N/A</u>
Department: <u>Finance</u>	Account Number:
Report: <input checked="" type="radio"/> Resolution: <input type="radio"/> Ordinance: <input type="radio"/>	Amount Budgeted:
Other: <input type="radio"/>	Amount Requested:
	Budgeted Item: <input type="radio"/> YES <input type="radio"/> NO

**Attachments :**

- 1. Interlocal Purchasing Agreement**
- 2. Amended Interlocal Purchasing Agreement**
- 3. Notice to add Party Form**

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### SUMMARY & RECOMMENDATIONS

Per Chapter 271-102 of the Texas Local Government Code, a local government may participate in a cooperative purchasing program with another local government. Attached is an Interlocal Agreement between the City of Houston and METRO. This agreement was amended to allow local governments or political subdivisions of the State of Texas to be added to the original agreement.

Staff is requesting approval to enter into the interlocal purchasing agreement between the City of Houston and METRO as an additional party. This will allow the City of La Porte to purchase materials and services using contracts between the City of Houston and METRO or other added local governments and applicable contracted vendors. There is no cost to the City to participate. The participation in the interlocal agreement satisfies the requirement of the local government to seek competitive bids for goods and services.

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**Action Required of Council:**

Consider approval or other action to join the interlocal agreement between the City of Houston and METRO as an additional party.

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

---

**Date**

C74231  
2011-0457

## INTERLOCAL PURCHASING AGREEMENT

This Interlocal Purchasing Agreement ("Agreement") entered into between the Metropolitan Transit Authority of Harris County, ("METRO") and The City of Houston, a home rule municipality of the State of Texas ("City"), collectively known as the "Parties", to permit procurement units of the Parties to purchase materials and services using contracts between the City or METRO and applicable contracted vendors. In consideration of the mutual promises contained in this Agreement, and of the mutual benefits to result thereof, the Parties agree as follows:

### 1. DEFINITIONS

1.1 "Eligible Procurement Unit" means a department or official of a local government or political subdivision of the State of Texas responsible for procuring materials and services for a Party.

1.2 "Procuring Party" means the Party who advertises for procurements of materials and services following the State of Texas and local purchasing requirements for each Party.

1.3 "User Party" means the Purchasing Agent or Procurement Agent of a Party who purchases materials and services from the Procuring Party's Vendor Contract.

1.4 "Vendor" means the successful bidder or proposer who contracts with the Procuring Party and agrees, upon request of a User Party, to provide the same products and services at the same price.

1.5 "Vendor Contract" means the Purchase Agreement between the Procuring Party and the successful bidder or proposer that meets the purchasing requirements for each Party.

### 2. AUTHORIZATION

Appropriate action by ordinance, resolution or otherwise pursuant to the laws applicable to each Party shall be necessary before this Agreement becomes effective. The governing body of each Party shall designate in writing a representative to conduct matters under this Agreement.

### 3. SCOPE OF SERVICES

3.1 The Parties may make available certain contracts with vendors and service providers (collectively "Vendors") in which the Parties are able to mutually purchase materials and services in compliance with each Party's applicable procurement statute ("Vendor Contracts"). This Agreement shall not apply to procurements using grant or federal funds.

3.2 The Procuring Party may invite the Eligible Procurement Unit, by written notice, to participate in any solicitation applicable under this Agreement, according to the procedure attached as Exhibit "A". Specifications for the materials and services required will be determined jointly by the Parties before the solicitation of a good or service.

3.3 All procurements shall be conducted in accordance with the applicable laws, rules and regulations of the State of Texas for each Party. The Eligible Procurement Unit of a Party shall ensure that its legal requirements are met and shall be responsible for any additional actions that may be necessary to meet those requirements.

3.4 All Vendor Contracts shall include the terms and conditions requested by the Eligible Procurement Unit pursuant to the procedure in the attached Exhibit "A".

3.5. The Eligible Procurement Unit shall:

(A) Issue a purchase order or execute a contract with the Vendor for the purchase of the goods or service offered under the Vendor Contract; and

(B) Ensure that contracts and purchase orders issued against Vendor Contracts are consistent with the terms and prices established in the Vendor Contracts and ensure the Vendor complies with any provisions relating to the quality of items and terms of delivery; and

(C) Make timely payments to the Vendor for all materials and services received in accordance with the terms and conditions of the Vendor Contract. Payment for materials or services and inspection and acceptance of materials or services ordered by the Eligible Procurement Unit shall be the exclusive obligation of such unit. Such payments shall be made from current funds available to the Eligible Procurement Unit on or before the due date for payment of the invoice for the delivery of any materials or services under the Vendor Contract; and

(D) Be responsible for ordering materials or services under the Vendor Contract pursuant to the terms of this Agreement.

#### **4. NEGOTIATION OF VENDOR CONTRACTS PROHIBITED**

The Parties shall not use the Vendor Contracts as a method or tool to re-negotiate prices or services.

#### **5. ADVERTISEMENT OF VENDOR CONTRACTS**

The Parties shall not advertise or market the Vendor Contracts without the prior written consent of the other Parties.

#### **6. LIMITATION OF LIABILITY**

**NOTHING IN THIS AGREEMENT MAY BE CONSTRUED AS CREATING ANY PERSONAL LIABILITY ON THE PART OF ANY OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF ANY PUBLIC BODY THAT MAY BE A PARTICIPANT TO THIS AGREEMENT AND THE PARTICIPANTS EXPRESSLY AGREE THAT THE EXECUTION OF THIS AGREEMENT DOES NOT CREATE ANY PERSONAL LIABILITY ON THE PART OF ANY OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF EITHER PARTICIPANT.**

#### **7. TERM**

The term of this Agreement is one (1) year, commencing on the date this Agreement is finally executed by all the required officials for each Party. Thereafter, this Agreement will automatically renew for 20 successive one-year terms, unless a Party indicates in writing to the other Party its intent to terminate this Agreement before the end of the then current term.

#### **8. TERMINATION FOR CONVENIENCE**

Either Party may terminate this Agreement for any reason with at least thirty (30) days written notice to the other Party. In the event a Party terminates this Agreement, the remaining Party shall not be liable for any costs or damages incurred by the Party as a result of such termination.

#### **9. AMENDMENTS**

This Agreement may be modified or amended only by a written Amendment signed by all Parties.

## **10. SEVERABILITY**

If any provision of this Agreement is determined to be invalid or unenforceable for any reason, such determination shall not affect any other term of this Agreement, which shall continue in full force and effect.

## **11. ASSIGNMENT**

This Agreement shall not be assigned or otherwise transferred to a third party without the prior written consent of each Party.

## **12. JOINT VENTURE**

The Parties agree and acknowledge that this Agreement does not create a joint venture, partnership, or joint enterprise, and that each Party is not an agent of the other Party and that each Party is responsible in accordance with the laws of the State of Texas for its own negligent or wrongful acts or omissions and for those of its officers, agents or employees in conjunction with the performance of services covered under this Agreement, without waiving any governmental immunity available to the Parties under Texas law and without waiving any defenses of the Parties under Texas law. The provisions of this section are solely for the benefit of the Parties and are not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

## **13. NOTICES**

All notices or communications which are required or permitted herein shall be in writing and shall be sufficient if delivered personally, sent by facsimile transmission, or sent by registered or certified mail, postage prepaid, return receipt requested, to the parties at their address or facsimile numbers set forth below, which may be changed by notice to the other party:

METRO: VP Procurement and Materials or his/her designee  
1900 Main Street  
Houston, Texas

City: City of Houston Purchasing Agent or his/her designee  
Strategic Purchasing Division (SPD)  
901 Bagby, Ste. B113 (Concourse Level)  
Houston, TX 77002

## **14. FUNDING OBLIGATION**

All Parties acknowledge neither Party has allocated or appropriated any funds under this Agreement. All funding obligations shall be addressed in any subsequent purchase order or contract relating to the Vendor Contract issued by a Party pursuant to this Agreement.

## **15. APPLICABLE LAWS**

Venue and jurisdiction of any lawsuit, or cause of action arising under or in connection with this Agreement, shall lie exclusively in Harris County, Texas.

## **16. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Parties hereto and supersedes any prior understandings whether oral or written respecting the subject matter. Any amendment to this Agreement must be in writing, signed by all parties and accomplished in accordance with the modification requirements of the respective Parties.

**IN TESTIMONY OF WHICH**, this Agreement, in duplicate originals, each having equal force has been executed on behalf of the parties hereto as follows, to wit:

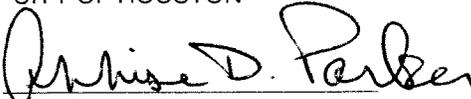
- a. It has on the 16<sup>th</sup> day of JUNE, 2011, been executed on behalf of METRO by its President and Chief Executive Officer and attested by its Assistant Secretary, pursuant to the Resolution of its Board of Directors authorizing such execution.
- b. It has on the \_\_\_\_ day of \_\_\_\_\_, 2011, been executed on behalf of City by its Mayor and attested by its City Secretary, pursuant to the ordinance of its City Council authorizing such execution.

**CITY OF HOUSTON**

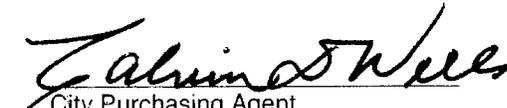
ATTEST/SEAL:

  
City Secretary

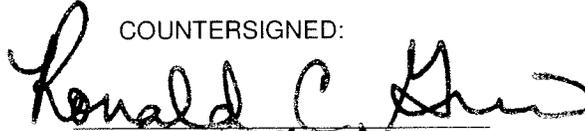
CITY OF HOUSTON

By   
Mayor

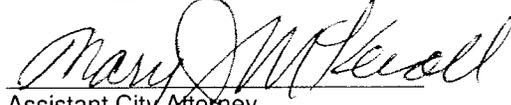
APPROVED:

  
City Purchasing Agent,

COUNTERSIGNED:

  
City Controller 

APPROVED AS TO FORM:

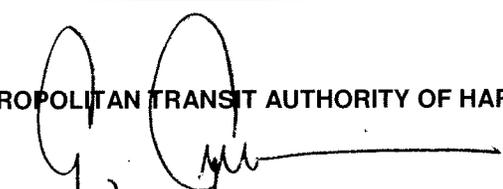
  
Assistant City Attorney  
L.D. File No. 0371100080001

DATE COUNTERSIGNED:

6/9/11

**METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS**

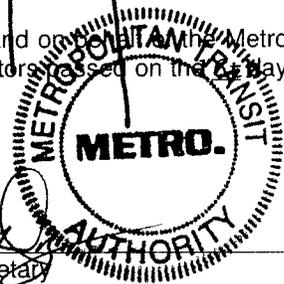
By:

  
George Gleanias  
President and Chief Executive Officer

Executed for and on behalf of the Metropolitan Transit Authority pursuant to Resolution No. 20110457 the Board of Directors, passed on the 8th day of JUNE 2011, and on file in the office of Assistant Secretary of METRO.

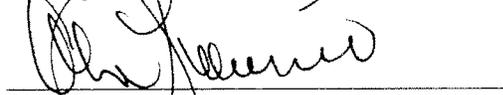
ATTEST:

  
Assistant Secretary



**JUN 16 2011**

APPROVED:

  
Alva Trevino  
General Counsel

  
Susan Bailey  
Sr. Vice President and Chief Financial Officer

EXHIBIT "A"

INTERLOCAL PROCEDURES  
FOR  
PROCUREMENTS

The following is a procedure that will be used before any solicitation is released in order for both parties to agree to terms and conditions:

Before a solicitation is developed, the User Party shall meet with and provide the Procuring Party with its requirements which shall include, but not be limited to the following:

- Estimated quantities of items/services required for the contract.
- Specification/scope of services/statement of work.
- Required articles that are necessary, i.e. insurance, federal articles, indemnification, specific contract articles, small business, etc.

The Procuring Party shall provide a draft of the solicitation for review and mutual approval by the other before the solicitation is issued.

All parties may participate in the Pre-Bid/Pre-Proposal Conferences, if held.

All parties shall have the right to review the evaluation process and award of contract.

CONTRACT NO. C74231-001

**CONTRACT NO. C74231**

**FIRST AMENDED INTERLOCAL PURCHASING AGREEMENT**

**BETWEEN**

**CITY OF HOUSTON**

**AND**

**THE METROPOLITAN TRANSIT AUTHORITY**

**FIRST AMENDED INTERLOCAL PURCHASING AGREEMENT**

C74231  
2011-0869

This First Amended Interlocal Purchasing Agreement ("Amended Agreement") entered into between the Metropolitan Transit Authority of Harris County, ("METRO"); and The City of Houston, a home rule municipality of the State of Texas ("City"); collectively known as the "Parties", to permit procurement units of the Parties to purchase materials and services using contracts between the City, or METRO and applicable contracted vendors. In consideration of the mutual promises contained in this Agreement, and of the mutual benefits to result thereof, the Parties agree as follows:

**RECITALS**

- 1. **The City and METRO entered into an Interlocal Purchasing Agreement approved by Ordinance No. 2011-0457 on June 8, 2011 and board resolution number 2011-0457 ("Original Agreement"),**  
*AND METRO BOARD Resolution (2011-52) MK*
- 2. **The Parties desire to authorize the Purchasing Agent of the City of Houston and the Vice President of Procurement and Materials of METRO to add other local governments and political subdivisions of the State of Texas to the Original Agreement.**

**NOW, THEREFORE,** the Parties agree to the terms and conditions of this First Amended Agreement as follows:

**I. AMENDMENT**

- 1. The following sections are hereby added to the Original Agreement as follows:

**"17. ADDITIONAL PARTIES**

City and METRO, by written notice from both the City Purchasing Agent and the Vice President of Procurement and Materials at any time during the term of the Original Agreement (C74231), may approve and add local governments or political subdivisions of the State of Texas to the Original Agreement, to permit its procurement units to purchase materials and services using contracts between the City or METRO or other added local governments or political subdivisions of the State of Texas and applicable contracted vendors. Any such written notice shall take effect on the date stated in the signed notice from the City and METRO and shall be in accordance with the General Terms and Conditions as set forth in the Original Agreement (C74231) between the City and Metro. The written notice shall be in the form attached as Exhibit "A" to this First Amendment.

**"18. RESPONSIBLE OFFICERS**

The City Purchasing Agent for the City of Houston and the Vice President of Procurement and Materials are authorized to approve adding local governments or political subdivisions of the State of Texas to the Original Agreement in accordance with Section 17 of this Agreement."

**II. OTHER TERMS AND CONDITIONS**

Except as provided herein, all other terms and conditions of the Original Agreement remain unchanged and in full force and effect. If a conflict between the Original Agreement and this Amended Agreement exists or occurs, this Amended Agreement shall control.

III. SIGNATURES

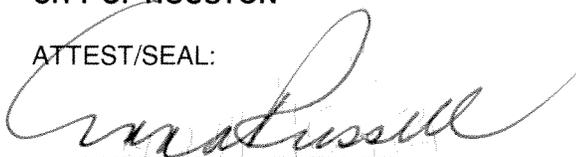
This First Amended Agreement has been executed on behalf of **The CITY OF HOUSTON** by its duly authorized representative and **METRO** by its duly authorized representative.

This First Amended Agreement, in duplicate originals, each having equal force has been executed on behalf of the parties hereto as follows:

- a. It has on the 27<sup>th</sup> day of October, 2011, been executed on behalf of METRO by its President and Chief Executive Officer and attested by its Assistant Secretary, pursuant to the Resolution of its Board of Directors authorizing such execution.
- b. It has on the 14<sup>th</sup> day of October, 2011, been executed on behalf of City by its Mayor and attested by its City Secretary, pursuant to the ordinance of its City Council authorizing such execution.

CITY OF HOUSTON

ATTEST/SEAL:

  
 City Secretary

APPROVED:

  
 City Purchasing Agent

APPROVED AS TO FORM:

  
 Assistant City Attorney  
 L.D. File No. 0371100680002

CITY OF HOUSTON

By   
 Mayor Matthew D. Appel

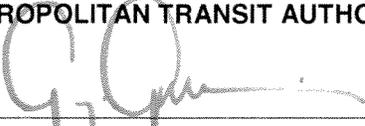
COUNTERSIGNED:

  
 City Controller Serrano Holt

DATE COUNTERSIGNED:

10-14-11

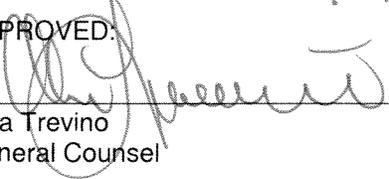
**METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS**

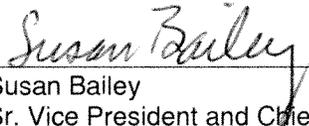
By:   
George Greanias  
President and Chief Executive Officer

Executed for and on behalf of the Metropolitan Transit Authority pursuant to Resolution No. 2011-101 the Board of Directors passed on the 27<sup>th</sup> day of October 2011, and on file in the office of Assistant Secretary of METRO.

ATTEST:  
  
Assistant Secretary



APPROVED:  
  
Alva Trevino  
General Counsel

  
Susan Bailey  
Sr. Vice President and Chief Financial Officer

**EXHIBIT "A"**  
**Notice to Add Party to**  
**Interlocal Purchasing Agreement, as amended**  
**Dated \_\_\_\_\_**  
**Contract No \_\_\_\_\_**

1. Pursuant to Section 17 of the Original Agreement between the City and METRO, [INSERT AGENCY HERE] desires to be added as a party to the Original Agreement, as may be amended from time to time, to allow its procurement unit to purchase materials and services using contracts between all of the parties to the Original Agreement and its applicable contracted vendors.

2. [INSERT AGENCY NAME HERE] represents that it has the authority to enter into and become a party to the Original Agreement, as amended.

3. [INSERT AGENCY NAME HERE] shall comply with all of the terms and conditions of the Original Agreement, as amended.

4. The designated representative for [INSERT AGENCY NAME HERE] shall be \_\_\_\_\_.

5. Pursuant to Section 13 of the Original Agreement, all notices for [INSERT AGENCY NAME HERE] shall be given to: \_\_\_\_\_.

This notice becomes effective upon [date] at which time [INSERT AGENCY NAME HERE] may begin purchasing materials and services under the Original Agreement, as amended.

CITY OF HOUSTON  
RESPONSIBLE OFFICER

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS  
RESPONSIBLE OFFICER

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

[INSERT AGENCY NAME HERE]

**Notice to Add Party to  
Interlocal Purchasing Agreement, as amended  
Dated October 27, 2011  
Contract No. C74231**

1. Pursuant to Section 17 of the Original Agreement between the City and METRO, City of La Porte desires to be added as a party to the Original Agreement, as may be amended from time to time, to allow its procurement unit to purchase materials and services using contracts between all of the parties to the Original Agreement and its applicable contracted vendors.
2. City of La Porte represents that it has the authority to enter into and become a party to the Original Agreement, as amended.
3. City of La Porte shall comply with all of the terms and conditions of the Original Agreement, as amended.
4. The designated representative for City of La Porte shall be Cherell Daeumer, Purchasing Manager.
5. Pursuant to Section 13 of the Original Agreement, all notices for City of La Porte shall be given to:

Cherell Daeumer  
Purchasing Manager  
City of La Porte  
604 W. Fairmont Parkway  
La Porte, Texas 77571

This notice becomes effective upon March 23, 2015 at which time City of La Porte may begin purchasing materials and services under the Original Agreement, as amended.

CITY OF HOUSTON  
RESPONSIBLE OFFICER

By: \_\_\_\_\_  
Printed Name: Calvin D. Wells

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS  
RESPONSIBLE OFFICER

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

CITY OF LA PORTE

By: \_\_\_\_\_  
Printed Name: Cherell Daeumer, Purchasing Manager

## REQUEST FOR CITY COUNCIL AGENDA ITEM

<b>Agenda Date Requested:</b> <u>March 23, 2015</u>
<b>Requested By:</b> <u>Eric Ensey</u>
<b>Department:</b> <u>Planning</u>
<b>Report:</b> ____ <b>Resolution:</b> ____ <b>Ordinance:</b> ____

Exhibits:

<b><u>Appropriation:</u></b>	
<b>Source of Funds:</b>	<u>N/A</u>
<b>Account Number:</b>	<u>N/A</u>
<b>Amount Budgeted:</b>	<u>N/A</u>
<b>Amount Requested:</b>	<u>N/A</u>
<b>Budgeted Item:</b>	<u>N/A</u>

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### SUMMARY & RECOMMENDATION

The request is for consideration of an ordinance amending the City's Future Land Use Map in response to the proposed zone change application #15-92000001. This request would amend the City's Future Land Use Map for a 1.0 acre portion of a 2.14 acre tract of land described as Tracts 262 and 262A, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from "Large Lot Residential" to "Commercial."

The City of La Porte's Future Land Use Map currently identifies the subject site with a split of land uses: Large Lot Residential on the western portion of the site and Commercial on the eastern portion of the site along Sens Road. In order to rezone the property, the City's Land Use Map would need to be amended to identify the entire site as Commercial use.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this request to amend the City's Future Land Use Map. The Commission voted unanimously to recommend denial of the proposed amendment to the City's Future Land Use Map. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least  $\frac{3}{4}$  of the City Council (which is 7 members) is required to overrule a recommendation of the Planning and Zoning Commission.

#### **Action Required by Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to deny an ordinance amending the Future Land Use Map component of the Comprehensive Plan.

#### **Approved for City Council Agenda**

---

**Corby D. Alexander, City Manager**

---

**Date**

**Approved for City Council Agenda**

---

**Corby D. Alexander, City Manager**

---

**Date**

## REQUEST FOR CITY COUNCIL AGENDA ITEM

<p><b>Agenda Date Requested:</b> <u>March 23, 2015</u></p> <p><b>Requested By:</b> <u>Eric Ensey</u></p> <p><b>Department:</b> <u>Planning</u></p> <p><b>Report:</b> ____ <b>Resolution:</b> ____ <b>Ordinance:</b> <u>X</u></p> <p><b>Exhibits:</b></p> <p style="padding-left: 40px;">Ordinance P&amp;Z Decision Letter</p>	<p><b><u>Appropriation:</u></b></p> <p><b>Source of Funds:</b> <u>N/A</u></p> <p><b>Account Number:</b> <u>N/A</u></p> <p><b>Amount Budgeted:</b> <u>N/A</u></p> <p><b>Amount Requested:</b> <u>N/A</u></p> <p><b>Budgeted Item:</b> <u>N/A</u></p>
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### SUMMARY & RECOMMENDATION

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The City of La Porte’s Future Land Use Map currently identifies the subject site with a split of land uses: Large Lot Residential on the western portion of the site and Commercial on the eastern portion of the site along Sens Road. In order to rezone the property, the City’s Land Use Map would need to be amended to identify the entire site as Commercial use.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this request to amend the City’s Future Land Use Map. The Commission voted unanimously to recommend denial of the proposed amendment to the City’s Future Land Use Map. Section 106-171 of the City’s Code of Ordinances indicates that the affirmative vote of at least ¾ of the City Council (which is 7 members) is required to overrule a recommendation of the Planning and Zoning Commission.

**Action Required by Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to deny an ordinance amending the Future Land Use Map component of the Comprehensive Plan.

**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

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**Date**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE ADOPTING AN UPDATE TO THE FUTURE LAND USE MAP COMPONENT OF THE COMPREHENSIVE PLAN OF THE CITY OF LA PORTE, TEXAS UPON RECOMMENDATION OF THE PLANNING AND ZONING COMMISSION OF THE CITY OF LA PORTE, TEXAS; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.**

WHEREAS, Section 211.004 of the Texas Local Government Code provides that zoning regulations must be adopted in accordance with a Comprehensive Plan;

WHEREAS, Section 213.003 of the Texas Local Government Code provides that a municipality may amend a Comprehensive Plan by ordinance, after public hearing and review by the municipality's planning commission or department; and

WHEREAS, Section 213.003 of the Texas Local Government Code also provides that a municipality may establish, in its charter or by ordinance, procedures for adopting and amending a Comprehensive Plan; and

WHEREAS, Chapter 106, "Zoning" Article I, Section 106-3, and Article II, Section 106-65 of the Code of Ordinances of the City of La Porte, delegates to the Planning and Zoning Commission the duty to review and make recommendations relevant to modifications of the Comprehensive Plan and Zoning Ordinance; and

WHEREAS, the City of La Porte has a Comprehensive Plan, which Plan was adopted by the City Council of the City of La Porte, Texas in 1986; and amended on the 22<sup>nd</sup> day of January, 2001; amended on the 18<sup>th</sup> day of August, 2006; and amended on the 12<sup>th</sup> day of November, 2012; and amended on the 28<sup>th</sup> day of October, 2013; and amended on the 8<sup>th</sup> day of December, 2014.

WHEREAS, pursuant to mandate of Chapter 106, "Zoning" of the Code of Ordinances of the City of La Porte, the Planning and Zoning Commission of the City of La Porte has reviewed all elements of the Comprehensive Plan, and as duly approved by the City Council of the City of La Porte, to consider possible amendments thereto; and

WHEREAS, at the La Porte Planning and Zoning Commission meeting which occurred on February 19, 2015, the La Porte Planning and Zoning Commission reviewed the Future Land Use Map component of the Comprehensive Plan for the purpose of considering a proposed amendment to change the designation for an approximately 1 acre tract of land further described as Tracts 262 and 262A, La Porte Outlots, Enoch Brinson Survey A-5, City of La Porte, Harris County, Texas, from split "Large Lot Residential" and "Commercial" classifications, to exclusively "Commercial", and voted to recommend to the La Porte City Council such amendment to the Future Land Use Plan component of the Comprehensive Plan be denied;

NOW, THEREFORE, BE IT RESOLVED BY

THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS, THAT:

Section 1 That an amendment to the Future Land Use Map component of the Comprehensive Plan of the City of La Porte, Texas, which is incorporated to this ordinance by reference herein and attached hereto as Exhibit A, be and is hereby authorized, approved, and adopted by the City Council of the City of La Porte, Texas, after duly noticed public hearing held at its March 23, 2015 meeting, against the recommendations of the Planning and Zoning Commission of the City of La Porte, Texas.

Section 2 The City Secretary of the City of La Porte or her designated representative shall be required to make this amendment to the Comprehensive Plan available to the public and duly mark and note the updated reference on the Future Land Use Plan component of the Comprehensive Plan of the City of La Porte, Texas.

Section 3 The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject to this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 4 This Ordinance shall be in effect from and after its passage and approval.

Passed and approved this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF LA PORTE

By: \_\_\_\_\_

Louis R. Rigby, Mayor

ATTEST:

By: \_\_\_\_\_

Patrice Fogarty, City Secretary

APPROVED:

By: Clark Askins

Clark Askins, Assistant City Attorney

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Eric Ensey Source of Funds: N/A  
Department: Planning & Development Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

**Attachments :**

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### SUMMARY & RECOMMENDATIONS

The applicants (Jose Marroquin & Martina Guadalupe Marroquin, on behalf of the property owner Dennis Noseworthy) are seeking to rezone a 1.0 acre portion of a 2.14 acre tract of land described as Tracts 262 and 262A, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from LL, Large Lot Residential, to GC, General Commercial.

The subject site is split-zoned, with a portion of the site zoned CG along Sens Road, and a portion zoned LL. The portion of the site proposed to be rezoned is approximately 1.0 acres out of a larger 2.14 acre parcel that is currently vacant. Should the rezoning be approved, the applicant is proposing construction of an automobile and truck repair facility.

The site is currently identified in the Future Land Use Map with a split-land use designation with Large Lot Residential on the western portion of the site and Commercial on the eastern portion of the site along Sens Road. As a result, in order to rezone the property the City's Future Land Use Map will need to be amended to identify this site as Commercial.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this rezoning request. There were two public hearing notice responses received by the City in opposition to the request expressing concern with the proposal. The Commission voted unanimously to recommend denial of the proposed rezoning. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least 3/4 of the City Council (which is 7 Council members) is required to overrule a recommendation of the Planning and Zoning Commission.

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#### **Action Required of Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to deny Rezone Request #15-9200001, which is an ordinance amending Chapter 106 "Zoning" of the Code of Ordinances of the City of La Porte by changing the zoning classification from split Large Lot Residential (LL) and General Commercial (GC) to exclusively General Commercial (GC), for an approximately 1 acre tract of land herein described.

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Eric Ensey Source of Funds: N/A  
Department: Planning & Development Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

### Attachments :

1. Ordinance
2. P&Z Recommendation Letter
3. Zone Change Application
4. Area Zoning Map
5. Area Land Use Map
6. Notification Response Letters

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### SUMMARY & RECOMMENDATIONS

The applicants (Jose Marroquin & Martina Guadalupe Marroquin, on behalf of the property owner Dennis Noseworthy) are seeking to rezone a 1.0 acre portion of a 2.14 acre tract of land described as Tracts 262 and 262A, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from LL, Large Lot Residential, to GC, General Commercial.

The subject site is split-zoned, with a portion of the site zoned CG along Sens Road, and a portion zoned LL. The portion of the site proposed to be rezoned is approximately 1.0 acres out of a larger 2.14 acre parcel that is currently vacant. Should the rezoning be approved, the applicant is proposing construction of an automobile and truck repair facility.

The site is currently identified in the Future Land Use Map with a split-land use designation with Large Lot Residential on the western portion of the site and Commercial on the eastern portion of the site along Sens Road. As a result, in order to rezone the property the City's Future Land Use Map will need to be amended to identify this site as Commercial.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this rezoning request. There were two public hearing notice responses received by the City in opposition to the request expressing concern with the proposal. The Commission voted unanimously to recommend denial of the proposed rezoning. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least 3/4 of the City Council (which is 7 Council members) is required to overrule a recommendation of the Planning and Zoning Commission.

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**Action Required of Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to deny Rezone Request #15-92000001, which is an ordinance amending Chapter 106 “Zoning” of the Code of Ordinances of the City of La Porte by changing the zoning classification from split Large Lot Residential (LL) and General Commercial (GC) to exclusively General Commercial (GC), for an approximately 1 acre tract of land herein described.

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

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**Date**

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 106 "ZONING" OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY CHANGING THE ZONING CLASSIFICATION FROM SPLIT LARGE LOT RESIDENTIAL (LL) AND GENERAL COMMERCIAL (GC) TO EXCLUSIVELY GENERAL COMMERCIAL (GC), FOR AN APPROXIMATELY 1 ACRE TRACT OF LAND HEREIN DESCRIBED; MAKING CERTAIN FINDINGS OF FACT RELATED TO THE SUBJECT; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** Chapter 106 "Zoning" of the Code of Ordinances is hereby amended by changing the zoning classification of the following described property, to wit: approximately 1 acre tract of land located on the west side of Sens Road between N. H Street and N. L Street further described as Tracts 262 and 262A, La Porte Outlots, Enoch Brinson Survey A-5, City of La Porte, Harris County, Texas, from split Large Lot Residential (LL) and General Commercial (GC) classifications, to exclusively General Commercial (GC).

**Section 2:** All ordinances or parts of ordinances inconsistent with the terms of this ordinance are hereby repealed; provided, however, that such repeal shall be only to the extent of such inconsistency and in all other respects this ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered by this ordinance.

**Section 3.** Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

**Section 4.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, Tx. Gov't Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 5.** The City Council of the City of La Porte hereby finds that public notice was properly mailed to all owners of all properties located within two hundred feet (200') of the properties under consideration in compliance with code provisions.

**Section 6.** The City Council of the City of La Porte hereby finds, determines, and declares that all prerequisites of law have been satisfied and hereby determines and declares that the

amendments to the City of La Porte Zoning Map and Classification contained in this Ordinance as amendments thereto are desirable and in furtherance of the goals and objectives stated in the City of La Porte's Comprehensive Plan.

**Section 7.** This Ordinance shall be effective upon its passage and approval of this Ordinance..

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF LA PORTE

By: \_\_\_\_\_

Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
Patrice Fogarty, City Secretary

APPROVED:

  
\_\_\_\_\_  
Clark T. Askins, Assistant City Attorney



March 4, 2015

Honorable Mayor Rigby and City Council  
City of La Porte

RE: Rezone Request #15-92000001

Dear Mayor Rigby and City Council:

The La Porte Planning and Zoning Commission held a public hearing at the February 19, 2015 meeting on a request by Jose Marroquin & Martina Guadalupe Marroquin (on behalf of the owner Dennis Noseworthy) to rezone a tract of land approximately 1.0 acre in area further described as Tracts 262 and 262A, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from LL, Large Lot Residential, to GC, General Commercial. The applicant is seeking approval of the proposed zone change for development of the property as a future automotive and truck repair facility.

The Commission unanimously voted to recommend denial of the proposed rezone.

Respectfully submitted,

Hal Lawler  
Chairman, Planning and Zoning Commission

cc: Tim Tietjens, Director of Planning and Development  
Department File

City of La Porte  
604 W. Fairmont Pkwy.  
La Porte, TX 77571

Planning & Development Department  
**ZONE CHANGE PERMIT APPLICATION**

Phone: 281.470.5073  
Fax: 281.470.5005  
www.laportetx.gov

**1. PROPERTY OWNER CONTACT INFORMATION:**

OWNER'S NAME: Jose Marroquin & Martina Guadalupe Marroquin PHONE 1: 281-932-7433  
PHONE 2: n/a FAX #: n/a  
E-MAIL: jmtruckservices@yahoo.com  
MAILING ADDRESS: 2507 Mulberry Lane, Pasadena TX 77502

**2. AGENT REPRESENTING PROPERTY OWNER (If Applicable):**

AGENT / CONTRACTOR COMPANY: Hilda Cantu - Cannon Realty and Associates  
PHONE 1: 832-215-5349 PHONE 2: \_\_\_\_\_  
E-MAIL: hcantu@cannonrealtyassociates.com FAX #: 281-936-0450  
MAILING ADDRESS: 25511 Budde Road, Suite 1603 The Woodlands, TX 77380  
CONTACT PERSON'S NAME: Hilda Cantu PHONE: 832-215-5349

**3. PROPERTY DESCRIPTION:**

HCAD PARCEL NO(s) 13-digit Tax ID(s): 1.) 0231360000257  
2.) 0231360000258  
3.) \_\_\_\_\_  
PROPERTY ADDRESS (If existing): 2014 & 2022 Sens Road, La Porte, TX 77571  
PROPERTY LEGAL DESCRIPTION: TRS 261A & 262 La Porte Outlots | TRS 261 & 262A La Porte Outlots

**4. ZONING INFORMATION OF PROPERTY:**

CURRENT ZONING DESIGNATION: Commercial/Residential REQUESTED ZONING DESIGNATION: Commercial  
CURRENT SIC/NAICS USE NO.: None PROPOSED USAGE: General Auto/Truck Repair NAICS Code: 811111

**5. APPLICATION CHECKLIST & SUPPORTING DOCUMENTATION (Check applicable boxes):**

- COMPLETE ITEMS 1-5 OF PERMIT APPLICATION
- ATTACH CERTIFIED PLAN [check applicable box(es)]:
  - GENERAL PLAN
  - MINOR DEV. SITE PLAN
  - MAJOR DEV. SITE PLAN
  - PRELIM. PLAT
- SUBMIT NON-REFUNDABLE \$300.00 APPLICATION FEE

PRINTED NAME: Jose E. Marroquin SIGNATURE: [Signature] DATE: 01-02-2015  
Martina Gpe Marroquin [Signature]

**(STAFF USE ONLY):**

APPLICATION NO: 15-92000001

DATE OF P&Z PUBLIC HEARING: Feb 19, 2015 RECOMMENDATION:  YES  NO  
APPLICANT & ADJACENT OWNERS NOTIFIED:  YES  NO DATE OF NOTIFICATION: \_\_\_\_\_  
DATE OF CITY COUNCIL AGENDA: \_\_\_\_\_ APPROVED:  YES  NO  
ADOPTED BY ORDINANCE NO.: \_\_\_\_\_  
COMMENTS: \_\_\_\_\_

January 2, 2015

Jose Marroquin  
Martina Guadalupe Marroquin  
2507 Mulberry Lane  
Pasadena, TX 77502

City of La Porte Texas  
Planning & Development Department  
604 W. Fairmont  
La Porte, TX 77571

To Whom It May Concern:

We are applying for a rezone change to an unimproved property, 2014 & 2022 Sens Road. Currently, the front of the property is zoned commercial (1 acre). The remaining 1.140 acres are zoned residential. My petition is for the property to be rezoned to all commercial. My plans for the property are to expand my current business, General Auto/Truck Repair.

Please find enclosed the application, the HCAD plot map and the HCAD property information.

Thank you for your time and consideration.

Sincerely,

Jose Marroquin



Martina Guadalupe Marroquin



## Ensey, Eric

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**From:** dkdesigns2 [dkdesigns2@earthlink.net]  
**Sent:** Tuesday, January 27, 2015 7:56 PM  
**To:** Ensey, Eric  
**Subject:** Authorization

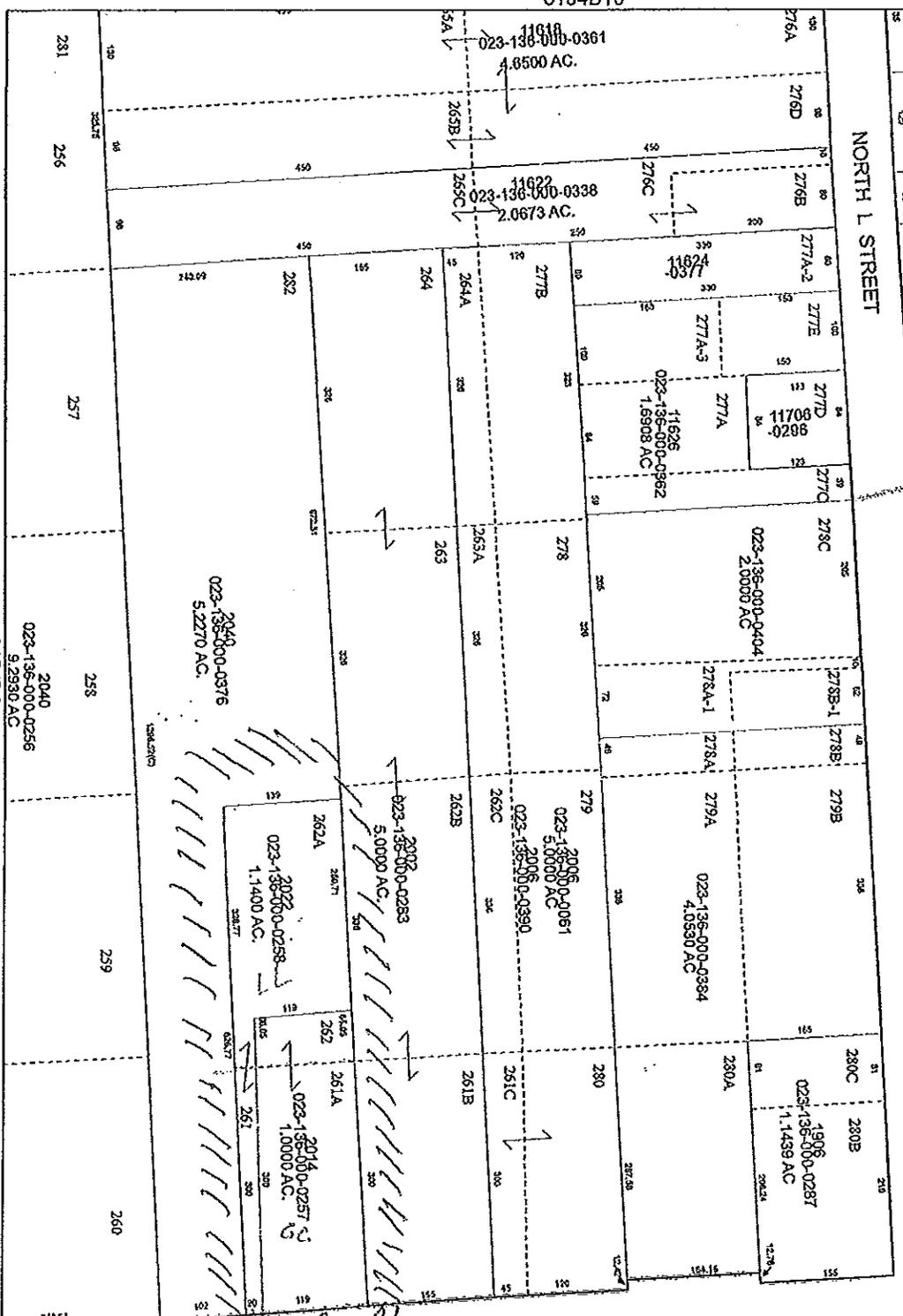
This is to give authorization to buyers of property located at 2022 and 2014 Sens Road as commercial property.  
Dennis Noseworthy

Sent from my Verizon Wireless 4G LTE smartphone

6154B7

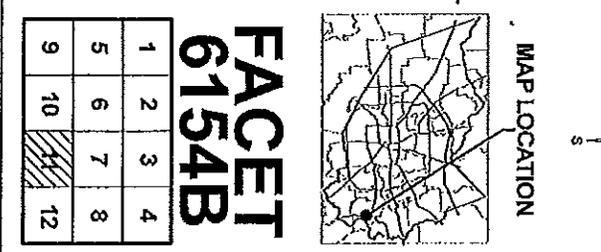


6154B10



NORTH 2

6154B12



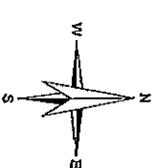
FACET 6154B

1	2	3	4
5	6	7	8
9	10	11	12



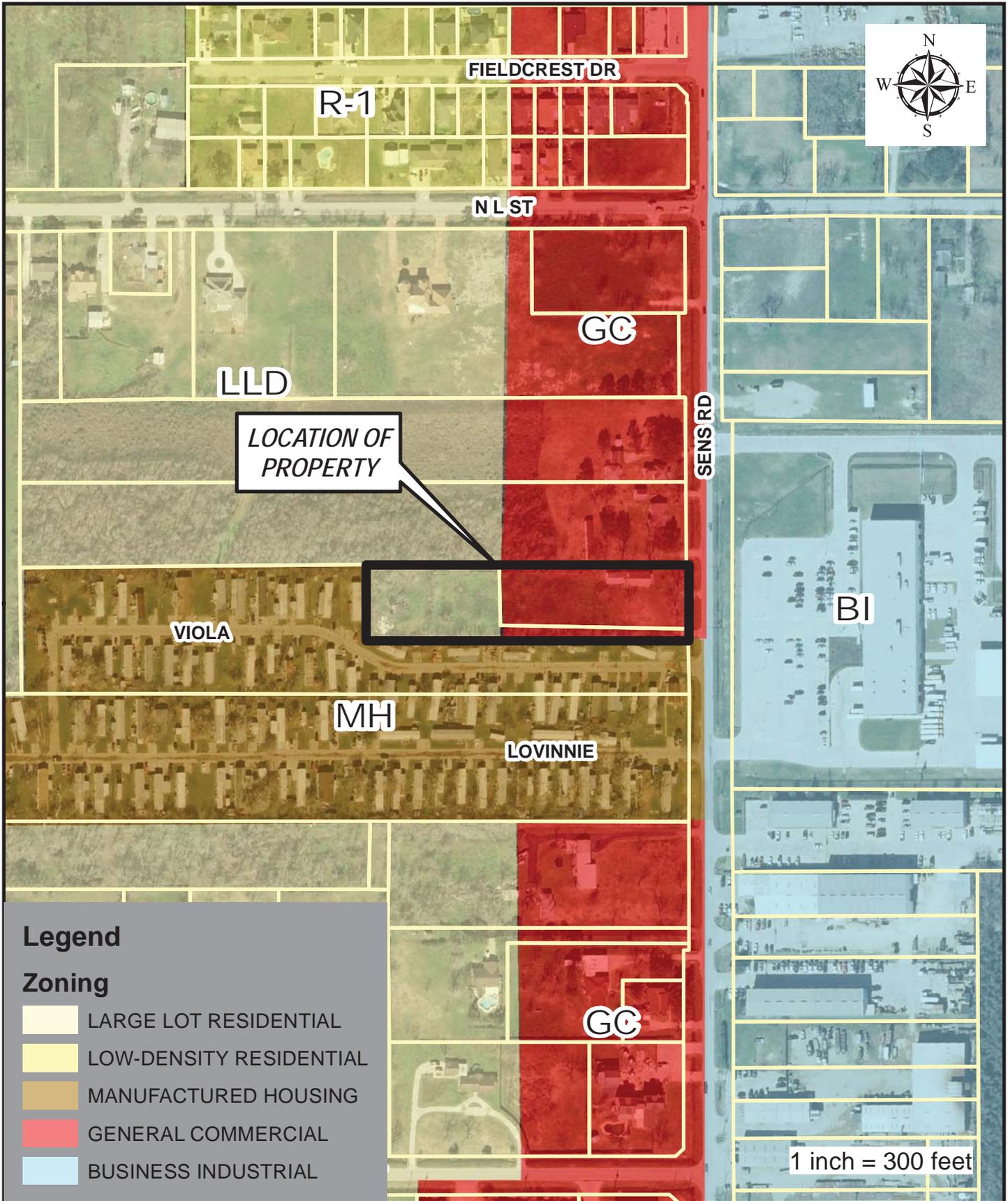
**Harris County Appraisal District**

0 100 200  
PUBLICATION DATE: 2/24/2009

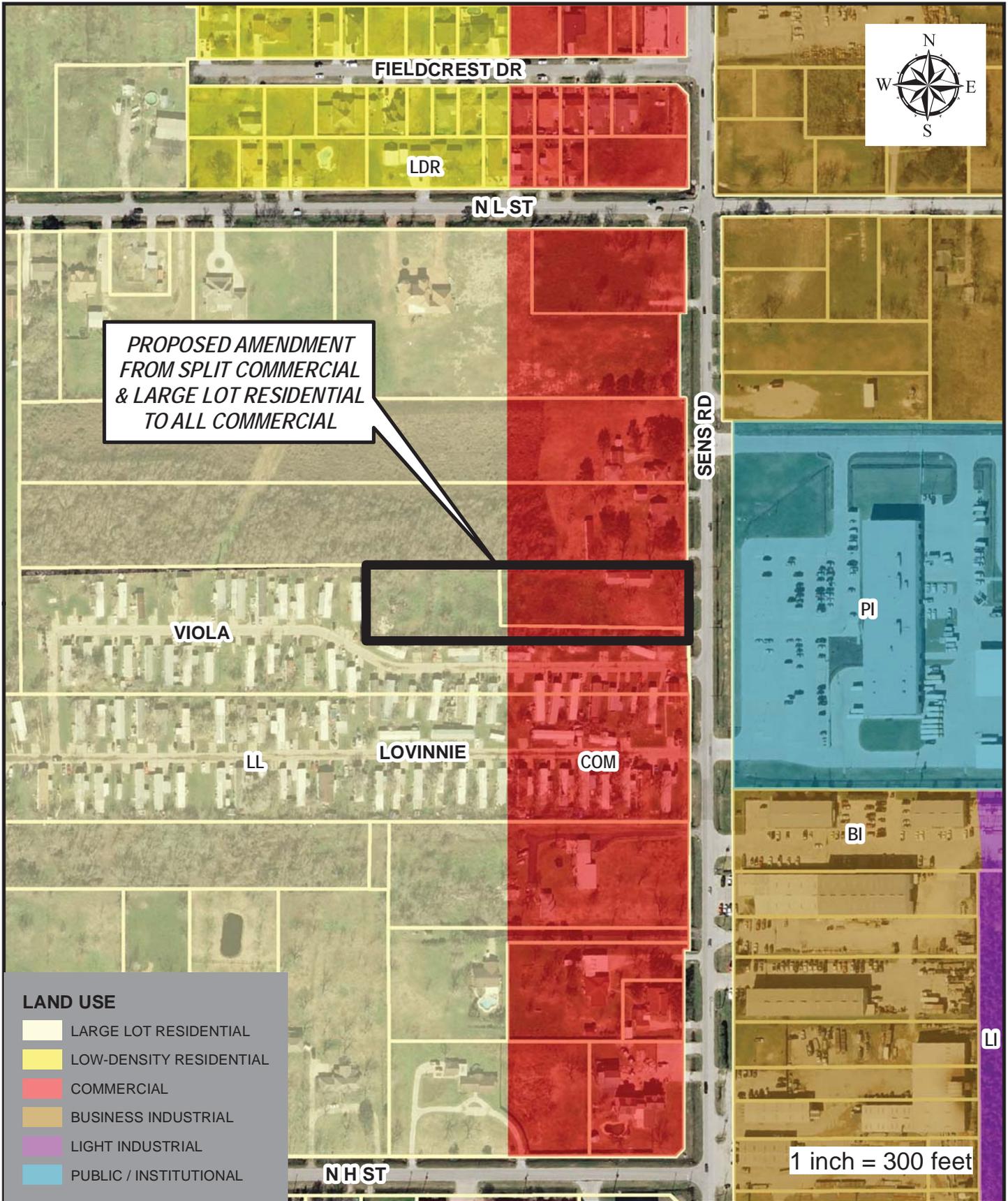


MAP LOCATION

AREA ZONING MAP



LAND USE MAP



A Meeting of the La Porte

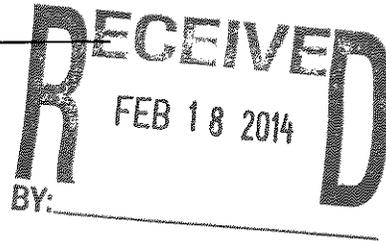
Planning & Zoning Commission

(Type of Meeting)

Scheduled for

February 19, 2015

(Date of Meeting)



to Consider

Zone Change Request #15-9200001

(Type of Request)

I have received notice of the above referenced public hearing.

I am in FAVOR of granting this request for the following reasons:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I am OPPOSED to granting this request for the following reasons:

*There are already too damn many businesses in and at my front door. All the noise - 24-7 - all the lights 24-7 at the La Porte Support center.*

*MARIE ELENA SHELLEY 2002 Sens Rds*

Name (please print)

Address

*Marie Elena Shelley La Porte, Tex: 77571*

Signature

City, State, Zip

*I am never able to sleep. Why? The trailer trash rooming and stealing and buying junk at the stores 24-7.*

*When the support center was being built cement trucks at 2AM for two weeks. No one cares!*

A Meeting of the La Porte

Planning & Zoning Commission

(Type of Meeting)

Scheduled for

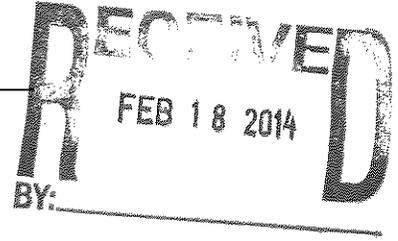
February 19, 2015

(Date of Meeting)

to Consider

Zone Change Request #15-9200001

(Type of Request)



I have received notice of the above referenced public hearing.

I am in FAVOR of granting this request for the following reasons:

Four horizontal lines for writing reasons in favor of the request.

I am OPPOSED to granting this request for the following reasons:

One horizontal line for writing reasons opposed to the request.

*See attached.*

*I am not able to attend as I am 88 years old + can't get around very well.*

*(Mrs. Jimmie C. Rogers)  
Tommy C. Rogers*

Name (please print)

*2006 Sens Rd*

Address

*Jimmie C Rogers*

Signature

*La Porte TX 77521*

City, State, Zip

I oppose the change to commercial for the following reasons:

1. Noise traffic-  
Traffic in and out 24 hours a day. We have enough people coming and going all hours of the day in our front yard.
2. Security problems-  
This type of business usually attracts the possibility of being broken into.
3. Safety concerns-  
The police have not been any help in controlling the theft problems with the Pecan Grove Trailer Park.
4. Pollution-  
Pollution and environmental problems from oil and gas create unknown fumes from vehicles causing health problems.
5. Too many businesses-  
There are too many businesses with all the noises 24 hours a day.
6. Traffic problems-  
We can't get out of our own driveway right now due to high volumes of traffic.

I hope the zoning commission will not grant this change. We have lived and paid taxes for 66 years and hope our input will be fairly considered.

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Eric Ensey Source of Funds: N/A  
Department: Planning & Development Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

**Attachments :**

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### SUMMARY & RECOMMENDATIONS

The request is for consideration of an ordinance amending the City's Future Land Use Map in response to the proposed zone change application #15-92000002. This request would amend the City's Future Land Use Map for a 6.43 acre tract of land described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from "Large Lot Residential" to "Light Industrial." This request was in conjunction with a zone change application by QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway) for development of the property as an additional parking lot for trailers associated with QualaWash Holdings LLC.

The City of La Porte's Future Land Use Map currently identifies Tracts 351 and 352 as Large Lot Residential. In order to rezone the property, the City's Land Use Map would need to be amended to identify this site as Light Industrial.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this request to amend the City's Future Land Use Map. The Commission voted to recommend approval of the proposed amendment to the City's Future Land Use Map on a vote of 5 for and 2 opposed. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least 3/4 of the City Council (which is 7 members) is required to overrule a recommendation of the Planning and Zoning Commission.

---

#### **Action Required of Council:**

1. Conduct public hearing.
  2. Consider approval or other action of an ordinance adopting an update to the Future Land Use Map component of the Comprehensive Plan, as recommended by the Planning and Zoning Commission.
-

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 23, 2015</u>	<u>Appropriation</u>
Requested By: <u>Eric Ensey</u>	Source of Funds: <u>N/A</u>
Department: <u>Planning &amp; Development</u>	Account Number:
Report: <input type="radio"/> Resolution: <input type="radio"/> Ordinance: <input checked="" type="radio"/>	Amount Budgeted:
Other: <input type="radio"/>	Amount Requested:
	Budgeted Item: <input type="radio"/> YES <input type="radio"/> NO

**Attachments :**

- 1. Ordinance**
- 2. P&Z Recommendation Letter**

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### SUMMARY & RECOMMENDATIONS

The request is for consideration of an ordinance amending the City's Future Land Use Map in response to the proposed zone change application #15-92000002. This request would amend the City's Future Land Use Map for a 6.43 acre tract of land described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from "Large Lot Residential" to "Light Industrial." This request was in conjunction with a zone change application by QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway) for development of the property as an additional parking lot for trailers associated with QualaWash Holdings LLC.

The City of La Porte's Future Land Use Map currently identifies Tracts 351 and 352 as Large Lot Residential. In order to rezone the property, the City's Land Use Map would need to be amended to identify this site as Light Industrial.

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this request to amend the City's Future Land Use Map. The Commission voted to recommend approval of the proposed amendment to the City's Future Land Use Map on a vote of 5 for and 2 opposed. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least 3/4 of the City Council (which is 7 members) is required to overrule a recommendation of the Planning and Zoning Commission.

---

**Action Required of Council:**

1. Conduct public hearing.
  2. Consider approval or other action of an ordinance adopting an update to the Future Land Use Map component of the Comprehensive Plan, as recommended by the Planning and Zoning Commission.
-

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ADOPTING AN UPDATE TO THE FUTURE LAND USE MAP COMPONENT OF THE COMPREHENSIVE PLAN OF THE CITY OF LA PORTE, TEXAS UPON RECOMMENDATION OF THE PLANNING AND ZONING COMMISSION OF THE CITY OF LA PORTE, TEXAS; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.**

WHEREAS, Section 211.004 of the Texas Local Government Code provides that zoning regulations must be adopted in accordance with a Comprehensive Plan;

WHEREAS, Section 213.003 of the Texas Local Government Code provides that a municipality may amend a Comprehensive Plan by ordinance, after public hearing and review by the municipality's planning commission or department; and

WHEREAS, Section 213.003 of the Texas Local Government Code also provides that a municipality may establish, in its charter or by ordinance, procedures for adopting and amending a Comprehensive Plan; and

WHEREAS, Chapter 106, "Zoning" Article I, Section 106-3, and Article II, Section 106-65 of the Code of Ordinances of the City of La Porte, delegates to the Planning and Zoning Commission the duty to review and make recommendations relevant to modifications of the Comprehensive Plan and Zoning Ordinance; and

WHEREAS, the City of La Porte has a Comprehensive Plan, which Plan was adopted by the City Council of the City of La Porte, Texas in 1986; and amended on the 22<sup>nd</sup> day of January, 2001; amended on the 18<sup>th</sup> day of August, 2006; and amended on the 12<sup>th</sup> day of November, 2012; and amended on the 28<sup>th</sup> day of October, 2013; and amended on the 8<sup>th</sup> day of December, 2014.

WHEREAS, pursuant to mandate of Chapter 106, "Zoning" of the Code of Ordinances of the City of La Porte, the Planning and Zoning Commission of the City of La Porte has reviewed all elements of the Comprehensive Plan, and as duly approved by the City Council of the City of La Porte, to consider possible amendments thereto; and

WHEREAS, at the La Porte Planning and Zoning Commission meeting which occurred on February 19, 2015, the La Porte Planning and Zoning Commission reviewed the Future Land Use Map component of the Comprehensive Plan for the purpose of considering a proposed amendment to change the designation for a 6.43acre tract of land further described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from “Large Lot Residential” to “Light Industrial”, and voted to recommend to the La Porte City Council such amendment be made to the Future Land Use Plan component of the Comprehensive Plan;

NOW, THEREFORE, BE IT RESOLVED BY

THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS, THAT:

Section 1 That an amendment to the Future Land Use Map component of the Comprehensive Plan of the City of La Porte, Texas, which is incorporated to this ordinance by reference herein and attached hereto as Exhibit A, be and is hereby authorized, approved, and adopted by the City Council of the City of La Porte, Texas, after duly noticed public hearing held at its March 23, 2015 meeting, pursuant to the recommendations of the Planning and Zoning Commission of the City of La Porte, Texas.

Section 2 The City Secretary of the City of La Porte or her designated representative shall be required to make this amendment to the Comprehensive Plan available to the public and duly mark and note the updated reference on the Future Land Use Plan component of the Comprehensive Plan of the City of La Porte, Texas.

Section 3 The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject to this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 4 This Ordinance shall be in effect from and after its passage and approval.

Passed and approved this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF LA PORTE

By: \_\_\_\_\_

Louis R. Rigby, Mayor

ATTEST:

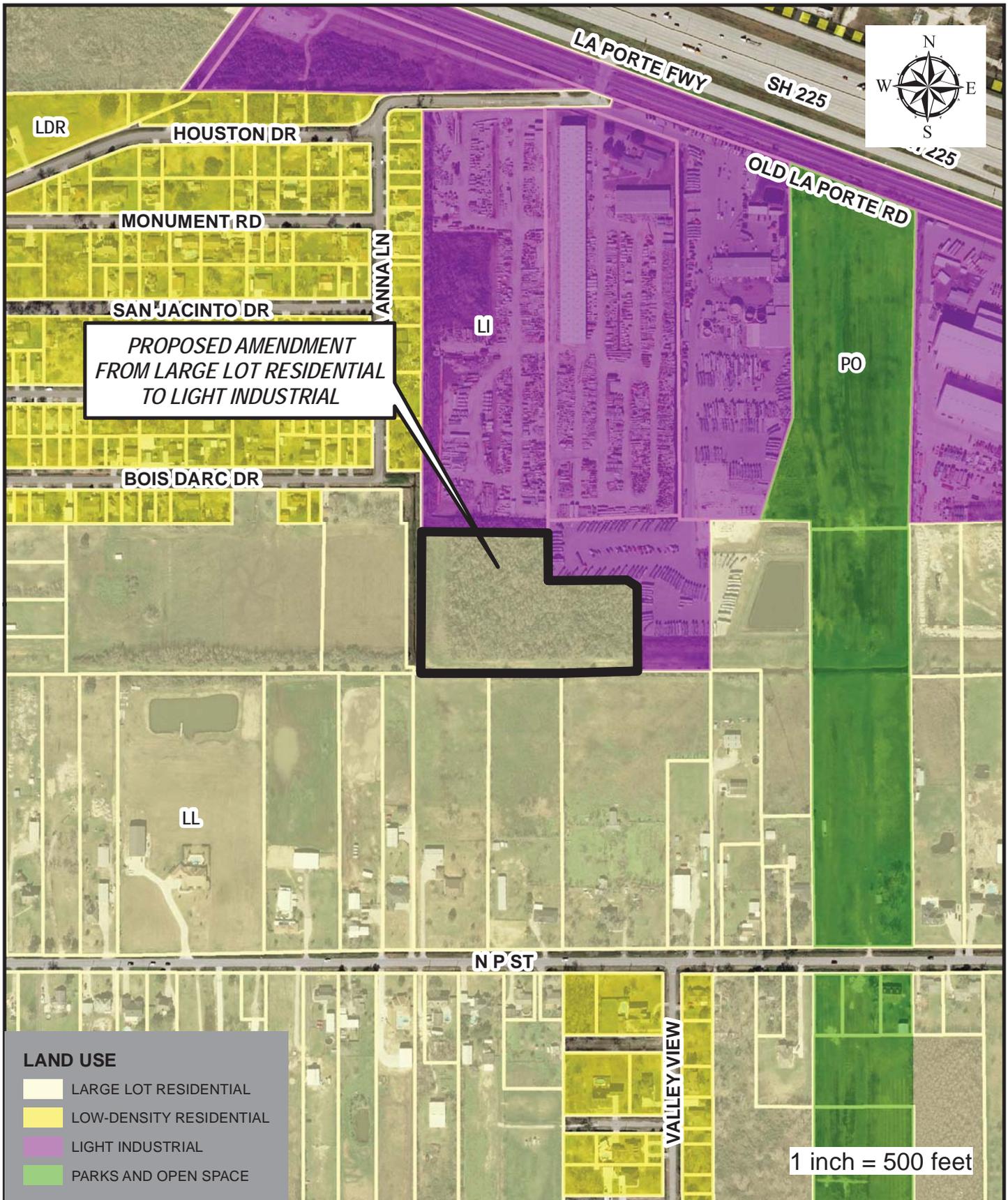
By: \_\_\_\_\_

Patrice Fogarty, City Secretary

APPROVED:

By: *Clark Askins*

Clark Askins, Assistant City Attorney





March 4, 2015

Honorable Mayor Rigby and City Council  
City of La Porte

RE: Amendment to the City's Future Land Use Map Request #15-11000002

Dear Mayor Rigby and City Council:

The La Porte Planning and Zoning Commission held a public hearing at the February 19, 2015 meeting on a request to amend the city's Future Land Use Map from "Large Lot Residential" use to "Industrial" use for a tract of land approximately 6.43 acres in area further described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, Harris County, Texas. This request was in conjunction with a zone change application by QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway) for development of the property as an additional parking lot for trailers associated with QualaWash Holdings.

The Commission voted to recommend approval of the proposed amendment to the city's Future Land Use Map upon a vote of 5 in favor and 2 in opposition.

Respectfully submitted,

Hal Lawler  
Chairman, Planning and Zoning Commission

cc: Tim Tietjens, Director of Planning and Development  
Department File

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Eric Ensey Source of Funds: N/A  
Department: Planning & Development Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

**Attachments :**

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### SUMMARY & RECOMMENDATIONS

The applicant, QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway), is requesting consideration to rezone 6.43 acres of land described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, Harris County, Texas, from LL, Large Lot Residential, to LI, Light Industrial.

In this case, the property owner Louisiana Chemical Co. LLC has agreed to lease a 5.0 acre portion of the subject 6.43 acres to the applicant QualaWash Holdings LLC. The applicant desires to construct an additional parking lot for trailers. At this time there is no plan for the remaining 1.43 acres that will remain under ownership of Louisiana Chemical.

The Future Land Use Map approved as part of the city's Comprehensive Plan identifies this entire 6.43 acre parcel as a "Large Lot Residential" land use. As a result, in order to rezone the property the City's Future Land Use Map will need to be amended to identify this site as "Light Industrial."

The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this rezoning request. The Commission voted to recommend approval of the proposed rezoning subject to two conditions:

1. A 20-foot landscape buffer shall be maintained parallel to the west property line as well as a 20-foot wide landscape buffer beginning from a parallel line 54 feet from the south property line (the 54 feet representing the width of a future drainage easement for improvements to the F-101 drainage system). The existing tree vegetation shall not be removed and shall be maintained within the buffer area.
2. An 8-foot high masonry fence shall be provided along said buffer adjacent to the proposed industrial development.

Although no notice response letters were received by the City, one owner attended the meeting and expressed concerns with regard to the rezone request. Section 106-171 of the City's Code of Ordinances indicates that the affirmative vote of at least 3/4 of the City Council is required to overrule a recommendation of the Planning and Zoning Commission.

---

**Action Required of Council:**

1. Conduct public hearing.
2. Consider approval or other action on a recommendation by the Planning and Zoning Commission to approve Rezone Request #15-92000002, which is an ordinance amending Chapter 106 “Zoning” of the Code of Ordinances of the City of La Porte by changing the zoning classification from Large Lot Residential (LL) to Light Industrial (LI), for a 6.43 acre tract of land herein described.

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

---

**Date**

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Eric Ensey Source of Funds: N/A  
Department: Planning & Development Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

### Attachments :

1. Ordinance
2. P&Z Recommendation Letter
3. Zone Change Application
4. Area Map
5. Zoning Map
6. Land Use Map
7. Drainage and Buffer Exhibit

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### SUMMARY & RECOMMENDATIONS

The applicant, QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway), is requesting consideration to rezone 6.43 acres of land described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, Harris County, Texas, from LL, Large Lot Residential, to LI, Light Industrial.

In this case, the property owner Louisiana Chemical Co. LLC has agreed to lease a 5.0 acre portion of the subject 6.43 acres to the applicant QualaWash Holdings LLC. The applicant desires to construct an additional parking lot for trailers. At this time there is no plan for the remaining 1.43 acres that will remain under ownership of Louisiana Chemical.

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The Planning and Zoning Commission conducted a public hearing at the February 19, 2015, meeting concerning this rezoning request. The Commission voted to recommend approval of the proposed rezoning subject to two conditions:

1. A 20-foot landscape buffer shall be maintained parallel to the west property line as well as a 20-foot wide landscape buffer beginning from a parallel line 54 feet from the south property line (the 54 feet representing the width of a future drainage easement for improvements to the F-101 drainage system). The existing tree vegetation shall not be removed and shall be maintained within the buffer area.
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**Action Required of Council:**

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**Approved for City Council Agenda**

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**Corby D. Alexander, City Manager**

---

**Date**

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 106 "ZONING" OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE BY CHANGING THE ZONING CLASSIFICATION FROM LARGE LOT RESIDENTIAL DISTRICT (LL) TO LIGHT INDUSTRIAL DISTRICT (LI) FOR A 6.43 ACRE TRACT OF LAND HEREIN DESCRIBED; MAKING CERTAIN FINDINGS OF FACT RELATED TO THE SUBJECT; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** Chapter 106 "Zoning" of the Code of Ordinances is hereby amended by changing the zoning classification of the following described property, to wit: 6.43 acres of land further described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, City of La Porte, Harris County, Texas, from Large Lot Residential District (LL) to Light Industrial District (LI).

**Section 2:** All ordinances or parts of ordinances inconsistent with the terms of this ordinance are hereby repealed; provided, however, that such repeal shall be only to the extent of such inconsistency and in all other respects this ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered by this ordinance.

**Section 3.** Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

**Section 4.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, Tx. Gov't Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 5.** The City Council of the City of La Porte hereby finds that public notice was properly mailed to all owners of all properties located within two hundred feet (200') of the properties under consideration in compliance with code provisions.

**Section 6.** The City Council of the City of La Porte hereby finds, determines, and declares that all prerequisites of law have been satisfied and hereby determines and declares that the amendments to the City of La Porte Zoning Map and Classification contained in this Ordinance

as amendments thereto are desirable and in furtherance of the goals and objectives stated in the City of La Porte's Comprehensive Plan.

**Section 7.** The rezone authorized and established by this Ordinance is subject to the condition that the owner and/or tenants of the tract, and all subsequent owners and/or tenants, erect, maintain and preserve within the subject property: 1) a twenty (20) foot wide landscaping buffer situated parallel to and extending from the western property line, and leave undisturbed existing trees and vegetation within such buffer area; 2) a twenty (20) foot wide landscaping buffer situated parallel to, and extending from a line beginning fifty-four (54) feet from, the south property line, and leave undisturbed existing trees and vegetation within such buffer area; 3) an eight (8) foot high masonry fence, which shall be erected on the inner boundary of each of the aforementioned buffer areas, separating the developable area within the tract from the buffer areas. Furthermore, no improvements may be erected or stored with the buffer areas.

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

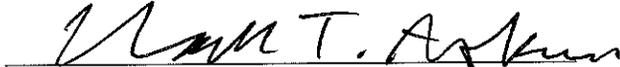
CITY OF LA PORTE

By: \_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
Patrice Fogarty, City Secretary

APPROVED:

  
\_\_\_\_\_  
Clark T. Askins, Assistant City Attorney



March 4, 2015

Honorable Mayor Rigby and City Council  
City of La Porte

RE: Rezone Request #15-92000002

Dear Mayor Rigby and City Council:

The La Porte Planning and Zoning Commission held a public hearing at the February 19, 2015 meeting on a request by QualaWash Holdings LLC (11110 Old La Porte Road) on behalf of the property owner Louisiana Chemical Co. LLC (11100 La Porte Freeway) to rezone a tract of land approximately 6.43 acres in area further described as Tracts 351 and 352, La Porte Outlots, situated in the Enoch Brinson Survey, A-5, Harris County, Texas, from LL, Large Lot Residential, to LI, Light Industrial. The applicant is seeking approval of the proposed zone change for development of the property as an additional parking lot for trailers associated with QualaWash Holdings.

The Commission voted to recommend approval of the proposed rezone, upon a vote of 5 in favor and 2 in opposition, subject to the following conditions:

1. A 20-foot landscape buffer shall be maintained parallel to the west property line as well as a 20-foot wide landscape buffer beginning from a parallel line 54 feet from the south property line (the 54 feet representing the width of a future drainage easement for improvements to the F-101 drainage system). The existing tree vegetation shall not be removed and shall be maintained within the buffer area.
2. An 8-foot high masonry fence shall be provided along said buffer adjacent to the proposed industrial development.

Respectfully submitted,

Hal Lawler  
Chairman, Planning and Zoning Commission

cc: Tim Tietjens, Director of Planning and Development  
Department File

City of La Porte  
604 W. Fairmont Pkwy.  
La Porte, TX 77571

Planning & Development Department  
**ZONE CHANGE PERMIT APPLICATION**

Phone: 281.470.5073  
Fax: 281.470.5005  
www.laportetx.gov

**1. PROPERTY OWNER CONTACT INFORMATION:**

OWNER'S NAME: Louisiana Chemical Co. LLC PHONE 1: 281-471-4900  
PHONE 2: \_\_\_\_\_ FAX #: \_\_\_\_\_  
E-MAIL: \_\_\_\_\_  
MAILING ADDRESS: PO Box 1490, La Porte Tx 77572

**2. AGENT REPRESENTING PROPERTY OWNER (If Applicable):**

AGENT / CONTRACTOR COMPANY: SDC Construction / Tony Garcia Jr., President  
PHONE 1: 832-724-0206 PHONE 2: \_\_\_\_\_  
E-MAIL: tonyjr@sdcbuilds.com FAX #: \_\_\_\_\_  
MAILING ADDRESS: 4221 McKinney St, Houston Tx 77023  
CONTACT PERSON'S NAME: Mr. Tony Garcia PHONE: 832-724-0206

**3. PROPERTY DESCRIPTION:**

HCAD PARCEL NO(s) 13-digit Tax ID(s): 1.) 023-139-000-0351  
2.) \_\_\_\_\_  
3.) \_\_\_\_\_  
PROPERTY ADDRESS (if existing): 11100 La Porte Fwy  
PROPERTY LEGAL DESCRIPTION: TRS 351 7 352 La Porte Outlots

**4. ZONING INFORMATION OF PROPERTY:**

CURRENT ZONING DESIGNATION: Large Lot Residential Undeveloped REQUESTED ZONING DESIGNATION: Light Industrial  
CURRENT SIC/NAICS USE NO.: 811310 PROPOSED USAGE: Parking Lot for QualaWash Holdings

**5. APPLICATION CHECKLIST & SUPPORTING DOCUMENTATION (Check applicable boxes):**

- COMPLETE ITEMS 1-5 OF PERMIT APPLICATION  
 ATTACH CERTIFIED PLAN [check applicable box(es)]:  
 GENERAL PLAN  MINOR DEV. SITE PLAN  MAJOR DEV. SITE PLAN  PRELIM. PLAT  
 SUBMIT NON-REFUNDABLE \$300.00 APPLICATION FEE

PRINTED NAME: Tony Garcia SIGNATURE: *Tony Garcia* DATE: 1-16-15

**(STAFF USE ONLY):**

APPLICATION NO: 15-92000002

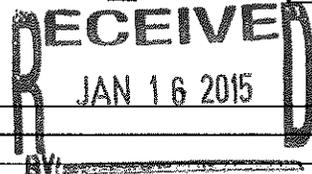
DATE OF P&Z PUBLIC HEARING: 2/19/2014 RECOMMENDATION:  YES  NO

APPLICANT & ADJACENT OWNERS NOTIFIED:  YES  NO DATE OF NOTIFICATION: \_\_\_\_\_

DATE OF CITY COUNCIL AGENDA: \_\_\_\_\_ APPROVED:  YES  NO

ADOPTED BY ORDINANCE NO.: \_\_\_\_\_

COMMENTS: \_\_\_\_\_





*General Contractor, Construction  
Management, and Design-Build Services*

January 16, 2015

**City of La Porte Zone Change Permit Application for QualaWash Holdings LLC (From Large Lot Residential to Light Industrial)**

**Owner: Louisiana Chemical Co LLC**

**Address: 11100 La Porte Fwy.**

**Project Description and Basis for Rezoning Request:**

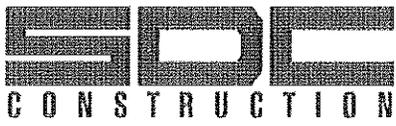
SDC Construction, as Agent representing QualaWash Holdings LLC, hereby submits a City of La Porte Zone Change Permit Application for consideration by the Planning & Zoning Commission on February 19, 2015, and the City Council, in accordance with the provisions of Section 106 of the City of La Porte Code of Ordinances.

The basis for the request is to seek a rezoning designation from Large Lot Residential to Light Industrial of a 6.4 acre undeveloped property (described as Trs 351 & 352 La Porte Outlots) currently owned by Louisiana Chemical Co. LLC, (11100 La Porte Fwy.), adjacent to a 12.74 acre property (described as Trs 351A & 352A La Porte Outlots, and TR 8D-1 Staashen Subd, 11100 La Porte Fwy), and a 12.87 acre property (described as Tr 8B Staashen, 11100 La Porte Fwy) owned by Louisiana Chemical Equipment Co. which are both zoned Light Industrial.

The Light Industrial zoning designation is necessary to enable QualaWash Holdings LLC to expand its La Porte operations on the Louisiana Chemicals 6.4 acre site by developing new leasehold parking lot improvements (205 Proposed Spaces) to stage Truck Containers that it is servicing. The 6.4 acre site is abutted by a drainage easement bordering its southern property line which creates a natural boundary with the adjacent properties currently zoned Large Lot Residential.

**QualaWash Holdings LLC** is a Tampa Fl. based company that is the nation's leader of truck tank and container washing facilities, with over 60 locations nationally, and growing. The La Porte project Parking lot improvements will be designed to City of La Porte construction and landscape standards. Additionally, Quala will provide for enhanced buffer features along the southern property line perimeter, adjacent to the Large Lot Residential properties.

SDC and QualaWash Holdings looks forward to discussing the project further with City Planning & Development Department Staff, and presenting our request for Rezoning designation to the Planning & Zoning Commission and seeking an affirmative decision from the P&Z Commission and from City Council.



*General Contractor, Construction  
Management, and Design-Build Services*

January 16, 2015

**City of La Porte Zone Change Permit Application for QualaWash Holdings LLC (From Large Lot Residential to Light Industrial)**

**Owner: Louisiana Chemical Co LLC**

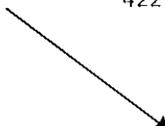
**Address: 11100 La Porte Fwy.**

**Project Description Legend:**

- 1- Ground cover: SDC Construction shall leave 30' of existing tree line on the south property line for noise and sound mitigation.
- 2- Light mitigation: Yellow low sodium lighting with directional hoods to be incorporated on all parking lot lighting.
- 3- Paving: Asphalt paving and drainage shall be incorporated into existing parking lot.
- 4- Landscape: Trees and shrubs to be added as needed for ground cover on South property line.

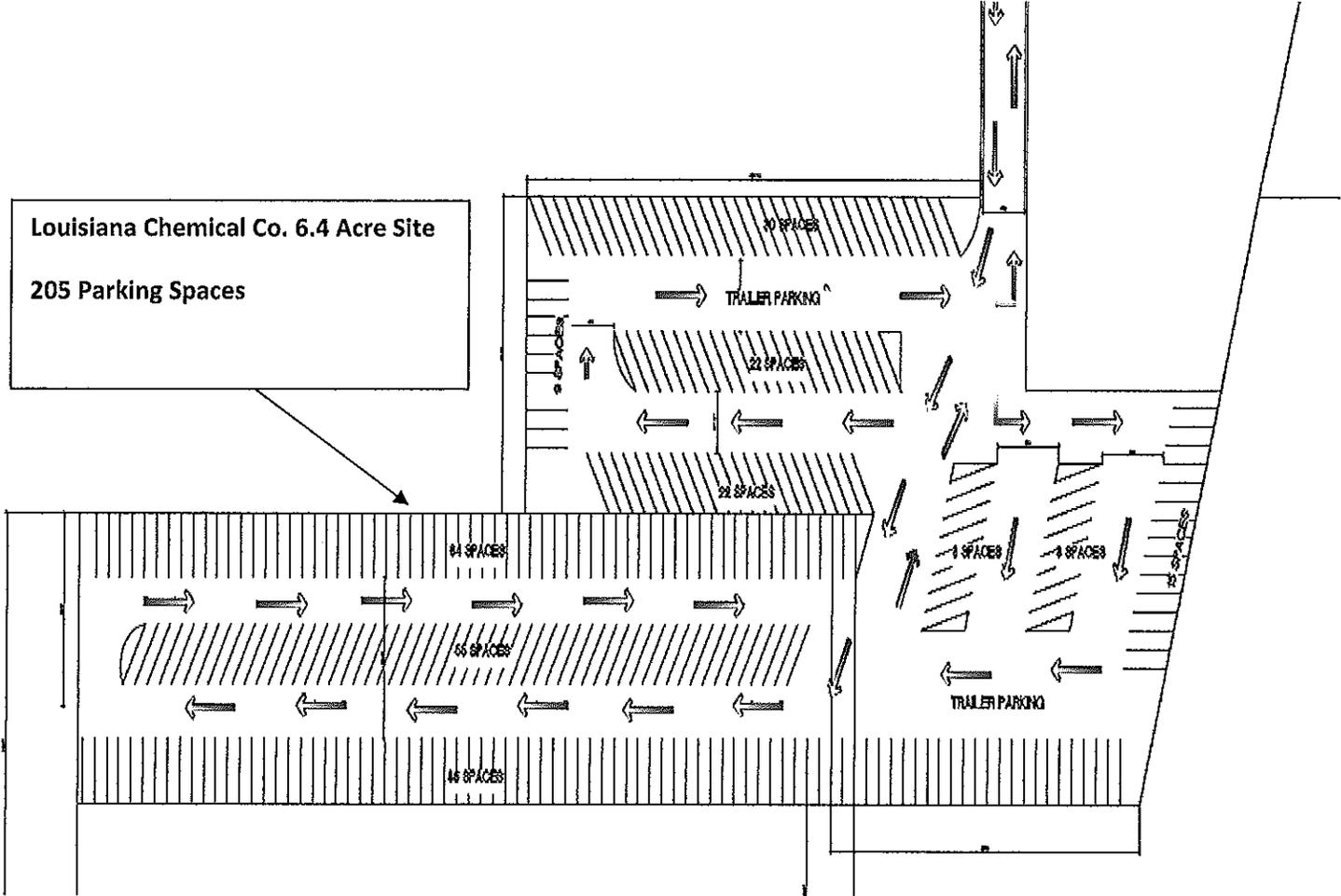
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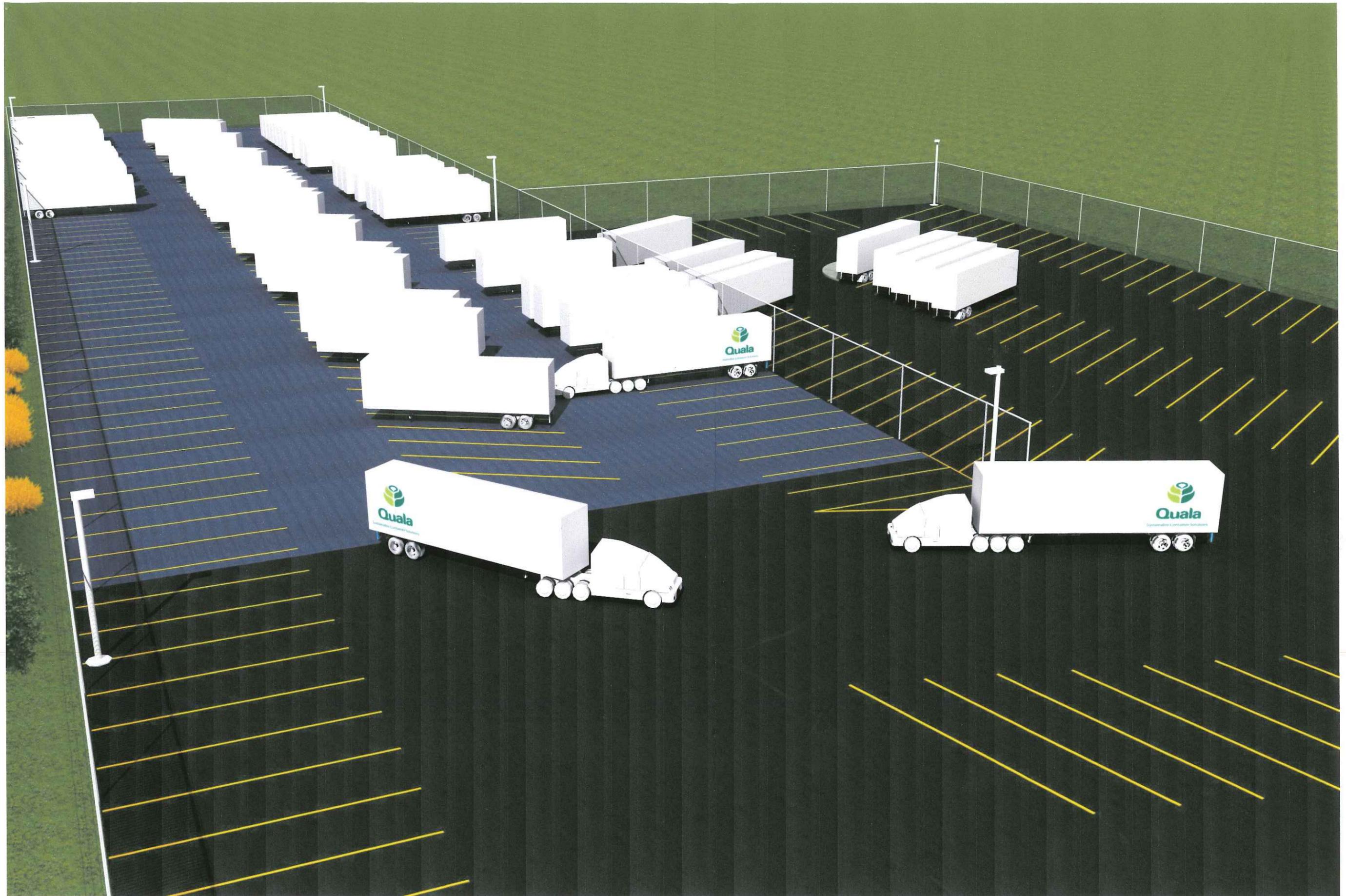
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# 205 NEW PARKING SPACES

Louisiana Chemical Co. 6.4 Acre Site  
205 Parking Spaces





## Ensey, Eric

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**From:** Terry O'Brien [tobrien@quala.us.com]  
**Sent:** Friday, February 13, 2015 9:52 AM  
**To:** Ensey, Eric  
**Subject:** City of La Porte Zone Change Application for Quala (Large Lot Residential to Light Industrial), Address: 11100 La Porte Fwy  
**Attachments:** Quala - La Porte Rezoning Meeting Recap 021115.pdf

Dear Mr. Ensey:

Thank you for taking the time to meet with Dan Langdon and Jim Carlson of Quala, Tony Garcia Jr., and Rene Martinez with SDC Construction Monday, February 9, 2015 regarding our application for a City of La Porte Zone Change from Large Lot Residential to Light Industrial use. We look forward to the Planning & Zoning Commission favorably considering our Zone Change Application at the public hearing scheduled for February 19, 2015, in accordance with the provisions of Section 106 of the City of La Porte Code of Ordinances, and recommending the Rezoning Ordinance to the City Council for consideration at the March 23<sup>rd</sup> Council meeting.

As we articulated in our Rezoning Application and in Monday's meeting, Quala seeks to rezone a 6.4 acre undeveloped property (TRS 351 & 352 La Porte outlots) currently owned by Louisiana Chemical Co. LLC, (11100 La Porte Fwy.), which is adjacent to Quala's leasehold operations located on a 12.74 acre and a 12.87 acre property owned by Louisiana Chemical Equipment Co. which are both zoned Light Industrial. Quala will utilize approximately 5 acres of the 6.4 acre tract for the development of a new parking lot to stage truck containers that Quala currently services. Note, from a historical land use perspective, the 6.4 acre site is land locked and isolated from the Large Lot Zoned Residential properties on N. P Street – bordered to the south and west by a Harris County Flood Control easement and a berm on the north side of the easement -- and should provide an easy transition in being zoned Light Industrial, as the site's only access is from Old La Porte Road (11100 La Porte Frwy), which is Quala's main entrance.

Quala is highly committed to being a good corporate citizen and to meeting with surrounding neighbors to listen to any concerns they may have with respect to the proposed use. To-date, we have reached out to surrounding property owners within 200 feet of the 6.4 acre parcel and have met with and briefed five homeowners on our plans to develop the parking lot facility -- owners located to the west, south, and southeast of the site. Our meetings have been favorable; with homeowners expressing the desire to see a tree buffer preserved on the perimeter of the property to screen the parking lot, and to have directional lighting installed that illuminates the parking lot only.

It is our intent to have the parking facility fully engineered and comply with the City's development and building codes, which, as you indicated, will require the installation of an 8 foot high boundary fence or an

Evergreen hedge that can grow to 8 feet, within two years. Please let us know if there are any other issues that you believe we may need to consider in order to rezone the property and subsequently developing the parking lot to expand our La Porte Quala business operations.

Respectfully,

**Terry O'Brien**

President

Tel 813-321-6477

1302 N. 19th St., Ste 300, Tampa, FL 33605

[tobrien@quala.us.com](mailto:tobrien@quala.us.com) / [www.quala.us.com](http://www.quala.us.com)



Please consider the environment before printing this email



February 9, 2015

Mr. Eric Ensey  
City Planner  
City of La Porte Planning & Development Department  
604 W. Fairmont Parkway  
La Porte, Texas 77571

**Re: City of La Porte Zone Change Application for Quala (Large Lot Residential to Light Industrial),  
Address: 11100 La Porte Fwy.**

Dear Mr. Ensey:

Thank you for taking the time to meet with Dan Langdon and Jim Carlson of Quala, Tony Garcia Jr., and Rene Martinez with SDC Construction Monday, February 9, 2015 regarding our application for a City of La Porte Zone Change from Large Lot Residential to Light Industrial use. We look forward to the Planning & Zoning Commission favorably considering our Zone Change Application at the public hearing scheduled for February 19, 2015, in accordance with the provisions of Section 106 of the City of La Porte Code of Ordinances, and recommending the Rezoning Ordinance to the City Council for consideration at the March 23<sup>rd</sup> Council meeting.

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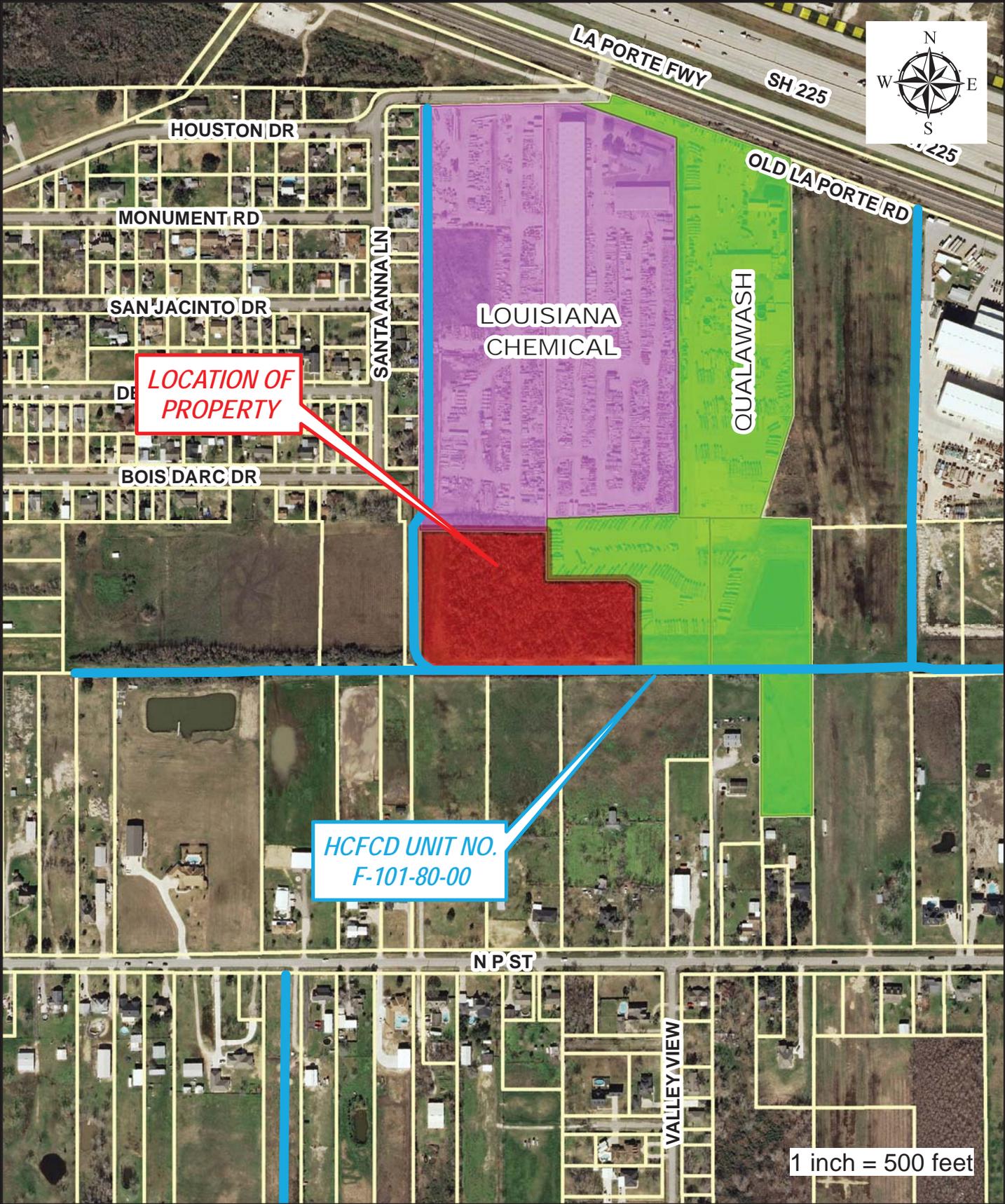
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Respectfully,

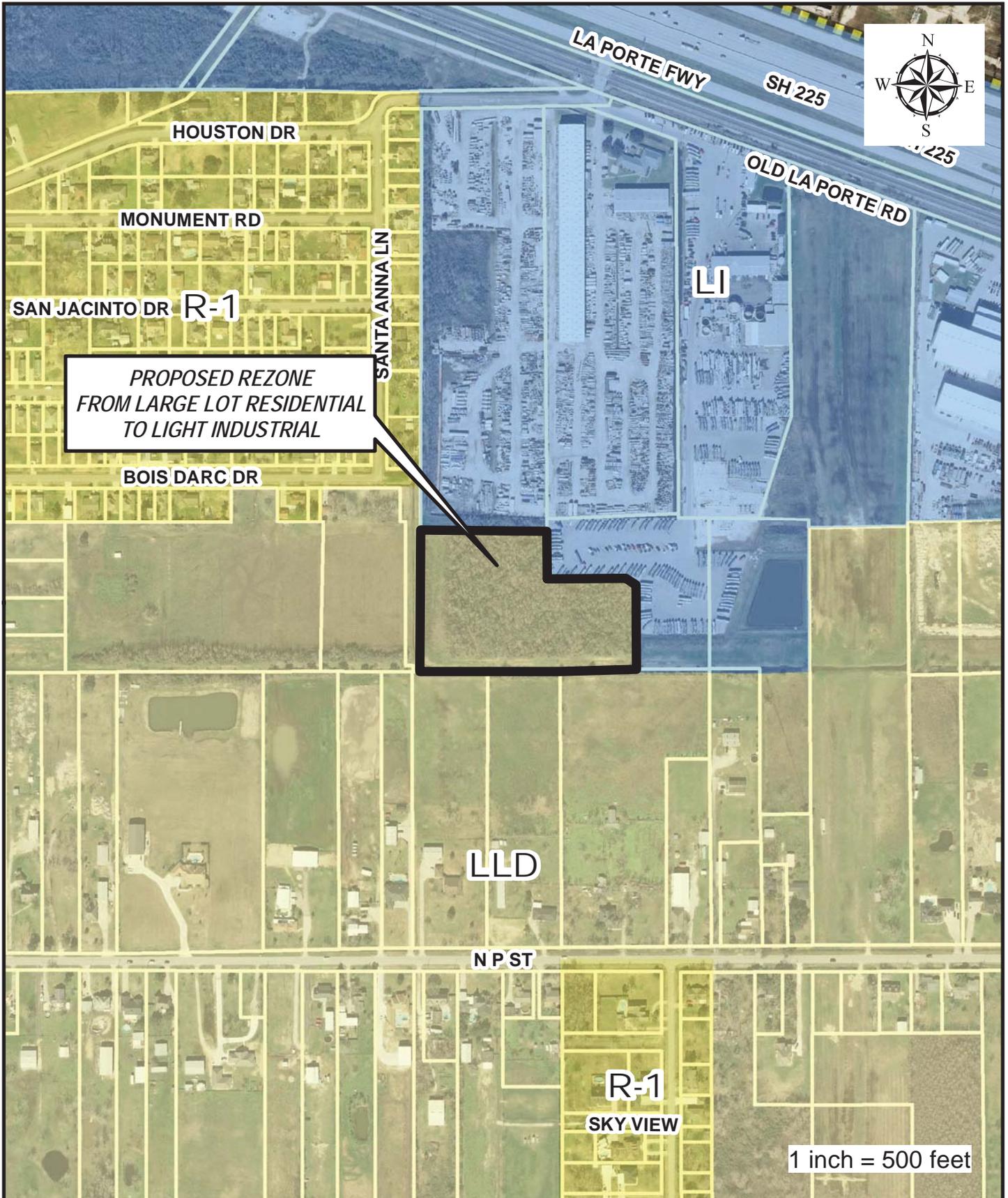
A handwritten signature in blue ink that reads "Terry O'Brien".

Terry O'Brien  
President

AREA MAP



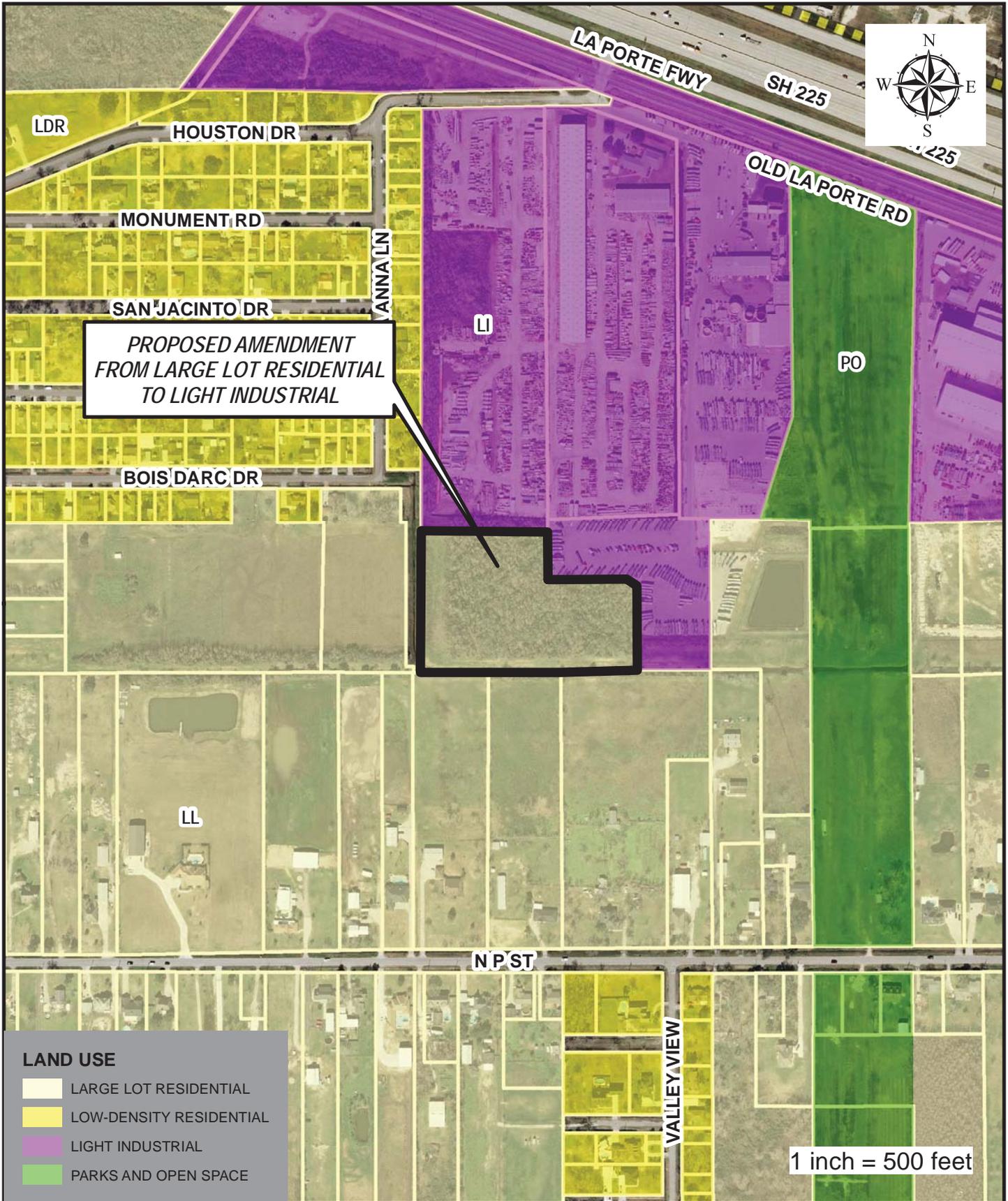
ZONING MAP



PROPOSED REZONE  
FROM LARGE LOT RESIDENTIAL  
TO LIGHT INDUSTRIAL

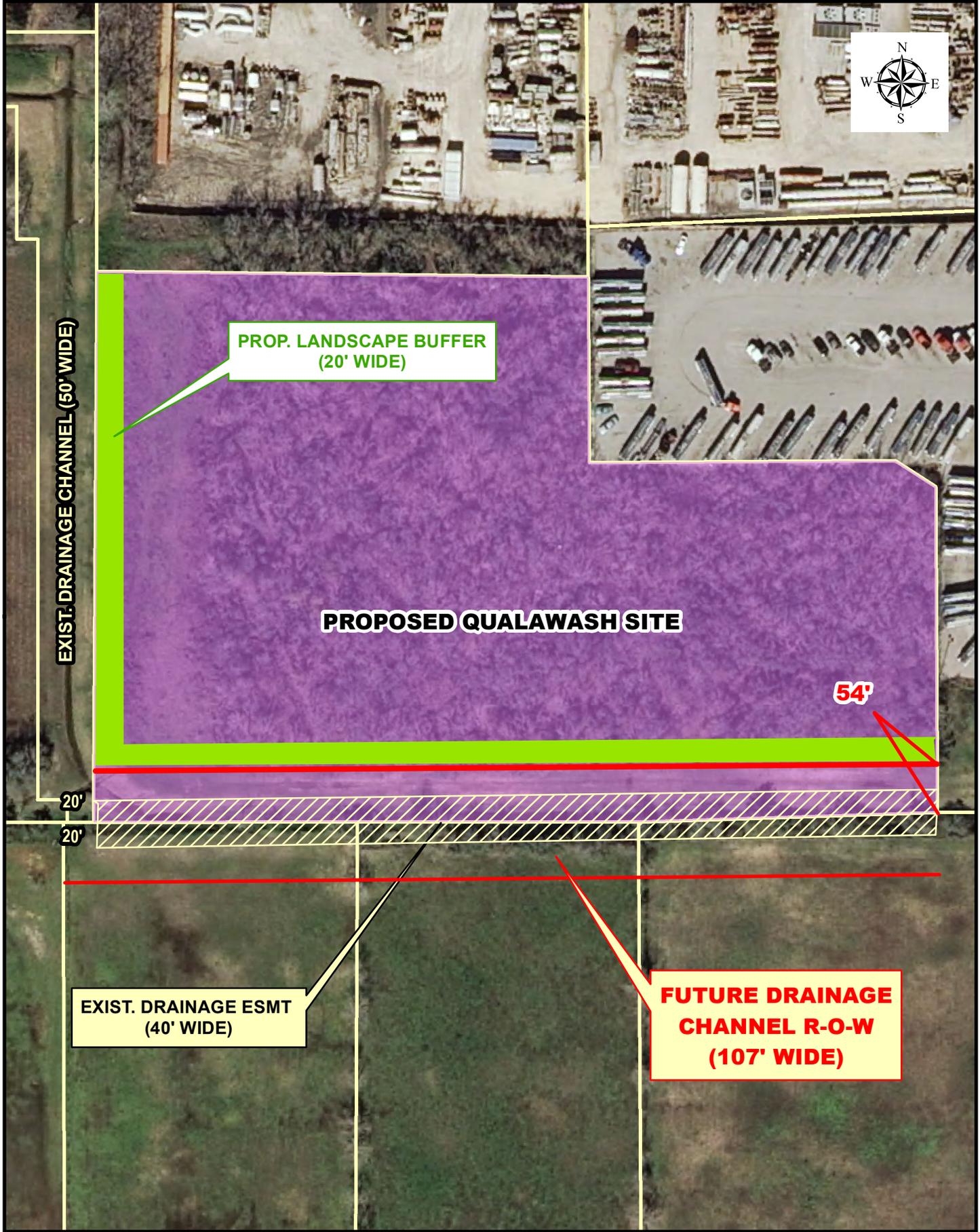
1 inch = 500 feet

LAND USE MAP



# QUALAWASH SITE

## DRAINAGE ACQUISITION



**EXIST. DRAINAGE CHANNEL (50' WIDE)**

**PROP. LANDSCAPE BUFFER (20' WIDE)**

**PROPOSED QUALAWASH SITE**

**54'**

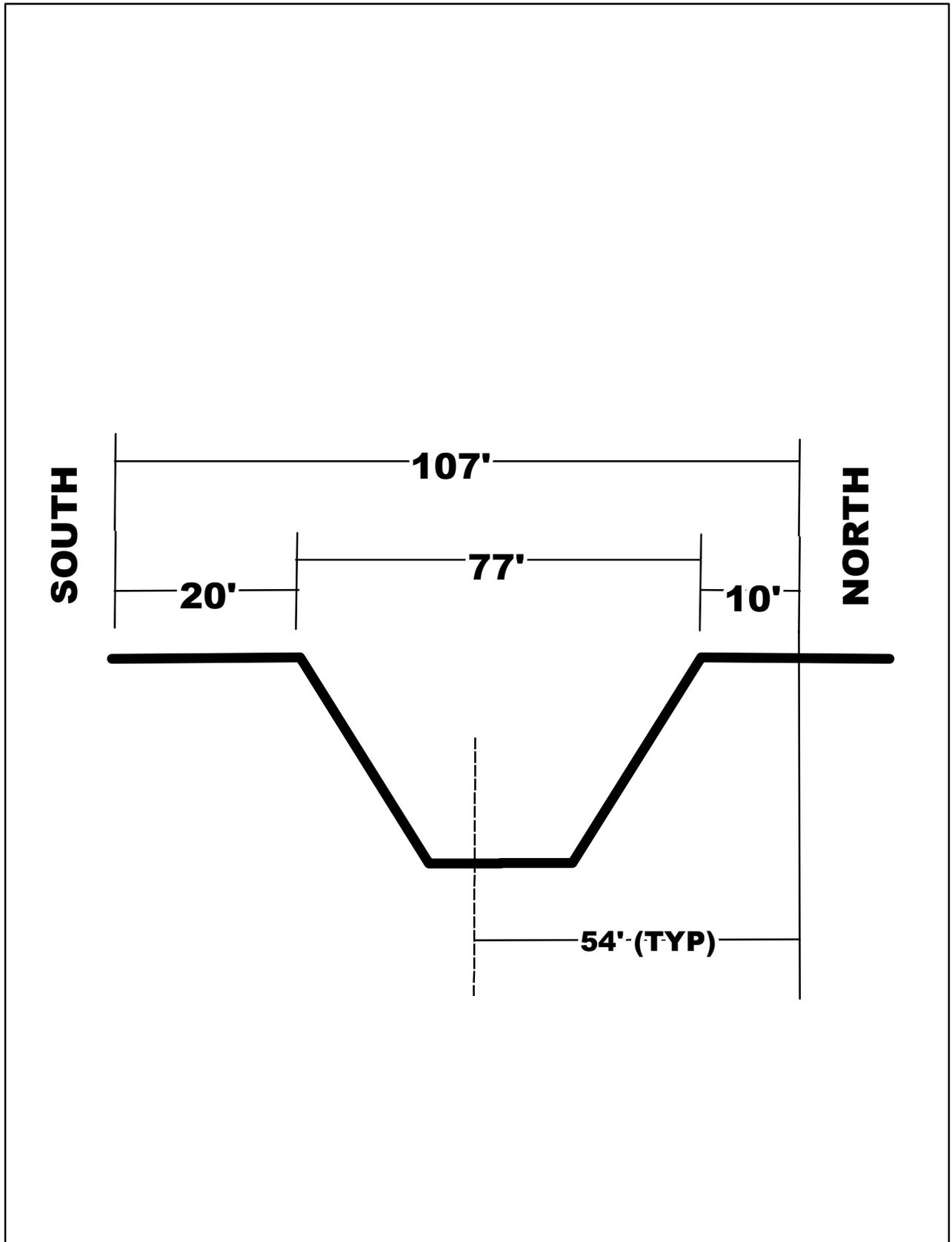
20'

20'

**EXIST. DRAINAGE ESMT (40' WIDE)**

**FUTURE DRAINAGE CHANNEL R-O-W (107' WIDE)**

# PROP. DRAINAGE CHANNEL CROSS-SECTION



## REQUEST FOR CITY COUNCIL AGENDA ITEM

<b>Agenda Date Requested:</b> <u>03-23-15</u>	<b><u>Budget</u></b>
<b>Requested By:</b> <u>Kenith Adcox</u>	<b>Source of Funds:</b> _____
<b>Department:</b> <u>Police</u>	<b>Account Number:</b> _____
<b>Report:</b> _____ <b>Resolution:</b> _____ <b>Ordinance:</b> _____	<b>Amount Budgeted:</b> _____
	<b>Amount Requested:</b> _____
	<b>Budgeted Item:</b> YES    NO

**Exhibit:** Interlocal with Harris County

**Exhibit:** Draft Amended Ordinance, Chapter 10, "Amusements"  
Strikeout Version

**Exhibit:** Amended Ordinance, Chapter 10, :Amusements" Clean

**Exhibit:** Harris County Game Room Regulations

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### **SUMMARY & RECOMMENDATION**

Section 234.133 of the Texas Local Government Code was recently amended by the State to allow county governments to adopt guidelines designed to promote public health, safety, and welfare through the regulation of game rooms. The Code also provides a provision for local municipal governments located in such counties to enter into an Interlocal Agreement with the county, allowing local officials to enforce the same regulations within the corporate limits of said municipality. Harris County has since exercised this authority and adopted regulations governing the operation of game rooms within its jurisdiction (see attached Harris County Game Room Regulations). Staff is asking City Council to consider entering into the attached Interlocal Agreement with Harris County which would allow City staff to locally enforce the County game room regulations. If approved by City Council, the Interlocal Agreement will be forwarded to Harris County Commissioners Court for approval. Once finally approved, Chapter 10 of the City of La Porte Code of Ordinances would be amended (see attached draft municipal ordinance, Chapter 10, amendment) to provide for the change.

Under the county's regulations, establishments with six or more video poker machines, commonly referred to as "eight-liners," must be at least 1,500 feet from schools, churches and/or residential neighborhoods (2,000 feet if there are 2 or more game rooms located at the location) and are required to obtain special permits, pay a \$1,000 annual fee, shut down between 10 p.m. and 8 a.m., submit to inspection by law enforcement, and leave windows unobstructed. Establishments are also required to identify themselves with signs reading "Game Room" and are barred from requiring a membership for entry, a practice which in the past has been used to keep police out of game room businesses.

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#### **Action Required by Council:**

Consider approval or other action authorizing the Mayor to execute an Interlocal Agreement for Game Room Regulation Permitting and Enforcement with Harris County.

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#### **Approved for City Council Agenda**

\_\_\_\_\_  
Corby Alexander, City Manager

\_\_\_\_\_  
Date

**INTERLOCAL AGREEMENT  
FOR COUNTY GAME ROOM REGULATION PERMITTING AND  
ENFORCEMENT WITHIN CITY LIMITS**

**STATE OF TEXAS**           §  
  §  
**COUNTY OF HARRIS**       §

This Interlocal Agreement (“Agreement”) is made on the countersignature date between the City of La Porte, Texas, a home rule city of the State of Texas located in Harris County, Texas (the “City”) and Harris County, a body corporate and politic under the laws of the State of Texas (the “County”). This Agreement is made in accordance with the Interlocal Cooperation Act, TEX. GOV’T CODE ANN. Ch. 791.

**RECITALS:**

**WHEREAS**, the Harris County Commissioners Court, through authority granted to it pursuant to Section 234.133 of the Texas Local Government Code to promote the public health, safety, and welfare, has adopted regulations relating to the operation of game rooms; and

**WHEREAS**, pursuant to authority of Texas home-rule municipalities to promote the public health, safety, and welfare, and Chapter 10 of the City of La Porte code of Ordinances, relating to regulation of establishments displaying skill or pleasure, coin operated machines, or amusement redemption machines, the City of La Porte likewise has the authority to regulate the operation of game rooms; and

**WHEREAS**, the Interlocal Cooperation Act provides authorization for local governments to contract with one another and with agencies of the state to perform governmental functions and services under the terms of the Act; and

**WHEREAS**, both the County and the City are willing to provide such services as are necessary for the uniform enforcement of the County’s game room regulations within the City,

**NOW, THEREFORE**, for and in consideration of the mutual covenants, agreements and benefits to the Parties herein named, it is agreed as follows:

**TERMS:**

**ARTICLE I  
DEFINITIONS**

- A. As used in this Agreement, the following terms have the meanings set out below:
1. “Agreement” means this contract between the Parties, including all exhibits and any written amendments authorized by City Council and Commissioners Court.
  2. “Chief” means the Chief of the City of La Porte Police Department, or the person he or she designates.

3. “City” is defined in the preamble of this Agreement and includes its successors and assigns.
4. “Countersignature Date” means the date countersigned by the City Manager on the signature page of this Agreement. The Countersignature Date is the effective date of this Agreement.
5. “County” is defined in the preamble of this Agreement and includes its successors and assigns.
6. “Director” means the Director of Planning of the City of La Porte, Texas, or the person he or she designates.
7. “Game Room” has the meaning assigned in Section 1.4(a) of the Regulations.
8. “Party” or “Parties” means the County and the City, individually or collectively.
9. “Regulations” means the County’s Game Room Regulations, adopted by the Harris County Commissioners Court on December 17, 2013, as may be amended from time to time.
10. “Sheriff” means the Harris County Sheriff, or the person he or she designates.

**ARTICLE II  
RIGHTS AND DUTIES OF THE COUNTY**

**A. Permitting**

1. For the purpose of enabling the City to perform its obligations under this Agreement, the Sheriff designates the role of Game Room Permit Administrator to the Director for all permits issued for within the City limits.
2. The Sheriff shall immediately direct all inquiries for County permit applications within City limits to the Director. The Sheriff’s Office shall conspicuously note on its website (<http://www.hcso.hctx.net>) that all applications for County Game Room permits within City limits must be administered by the City.
3. Upon request by the Sheriff, Commissioners Court shall provide a hearing officer for the purpose of conducting hearings for the denial, suspension and revocation of County permits within City limits, as set out in Sections 2.2 through 2.5 of the Regulations. The Director shall be provided an opportunity to present evidence, cross examine witnesses and be represented by legal counsel.

**B. Enforcement**

1. The County Attorney retains the full authority granted in Section 234.137 of the Texas Local Government Code to sue in district court for an injunction to prohibit the violation or threatened violation of the Regulations.

**ARTICLE III  
RIGHTS AND DUTIES OF THE CITY**

**A. Permitting**

1. As the Game Room Permit Administrator, the Director shall supervise, control, and operate the Permit Office and issue County permits for within the City limits on behalf of the County as set out in Section 2.1 of the Regulations. The Parties agree that the City will not prosecute any violations of the Regulations. The Director, in consultation with the Sheriff, shall promulgate requirements for issuing a County permit for Game Rooms within City limits based on the Regulations and City ordinances.
2. The City shall be the designated agent for conducting criminal background checks as required under Section 2 of the Regulations for all permits issued for within the City limits.

**B. Enforcement**

1. The City peace officers designated by the Chief to enforce the Regulations shall inspect Game Rooms within City limits and arrest violators pursuant to Section 3 of the Regulations.
2. The City shall enforce the Regulation's distancing requirements only for new applications that are issued on or after the Countersignature Date. Applications for renewal of an existing city or county permit shall not be considered a new application, so long as the establishment is in compliance with Section 3.9(d) of the Regulations.
3. To coordinate peace-keeping efforts, both City and County peace officers making undercover investigations in Game Rooms must use the Narcotics Operations Control Center system administered by the Houston Police Department.

**ARTICLE IV  
FUNDING AND COMPENSATION**

- A. The Parties each understand and agree that neither the County nor the City has certified funds to fulfill their obligations under this Agreement. It is the intent of the Parties that the cost of services shared with each entity will be of equal value and benefit.
- B. The Parties agree that the non-refundable annual permit fee established in Sections 2.6 and 2.7 of the Regulations shall be paid by a County permit applicant directly to the City of La Porte, as the County's designated agent for permitting. If either Party receives any permit fees for Game Rooms within the other Party's permitting jurisdiction from an applicant, it shall remit those funds to the appropriate Party at its address for notices.

**ARTICLE V**

**TERM AND TERMINATION**

- A. The term of this Agreement is one-year and begins on the Countersignature Date. It is the intent of the Parties that the Agreement shall automatically renew annually for 10 successive one-year terms, unless earlier terminated.
- B. Either Party may terminate its participation in this Agreement by giving at least thirty (30) days' written notice to the other Party.

**ARTICLE VI  
DOCUMENTS EXCHANGED**

- A. The Parties may exchange documents in the course of this Agreement. Each Party agrees to keep confidential, to the extent allowed by law, all such documents and to provide prior notice to the other of any requests or releases of such documents.

**ARTICLE VII  
NOTICES**

- A. The Parties intend that any notice may be delivered personally, by certified or registered mail, return-receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to the County:           Office of the Harris County Attorney  
                                  1019 Congress, 15<sup>th</sup> Floor  
                                  Houston, Texas 77002  
                                  Attention: Robert Soard

If to the City:             City of La Porte, Texas  
                                  Attn: City Manager  
                                  604 W. Fairmont Pkwy.  
                                  La Porte, TX 77571

Or to such other persons or places as either Party may from time to time designate by written notice to the other Party.

**ARTICLE VIII  
NO PERSONAL LIABILITY AND NO THIRD PARTY BENEFICIARY**

- A. Nothing herein shall be construed as creating any personal liability on any part of any officer or agent of any public body that may be a Party hereto. The Parties agree that no provision of this Agreement is in any way intended to constitute a waiver of any immunities from suit or liability that any Party may have

by operation of law. The Parties further agree that no provision of this Agreement extends the liability of any Party beyond the liability provided in the Texas Constitution and the laws of the State of Texas. Neither the execution of this Agreement nor any other conduct of any Party relating to this Agreement shall be considered a waiver of any right or defense under the Texas Constitution or the laws of the State of Texas.

- B. In accordance with Tex. Gov't Code § 791.006(a-1), each Party shall assume responsibility for its own actions and those of its officers, officials, employees and agents, and for its own defense should any claim be presented or suit filed against it arising from or related to any law enforcement or permitting services provided under this Agreement. This assignment of liability is intended to be different than any assignment provided in Tex. Gov't Code § 791.006(a).

## **ARTICLE IX MISCELLANEOUS**

- A. **No Partnership.** This Agreement is not intended to and shall not create joint enterprise between the City and the County. The personnel of one Party shall not be considered employees, agents, partners, joint ventures, or servants of the other Party to this Agreement. The Parties are undertaking governmental functions or services under this Agreement and the purpose hereof is solely to further the public good, rather than any pecuniary purpose. The Party undertaking work under this Agreement shall have a superior right to control the direction and management of such work and the responsibility of day-to-day management and control of such work, except as may expressly be provided herein.
- B. **Compliance with Law.** In performing services pursuant to this Agreement, each Party shall comply with all applicable federal, state, County, and City statutes, regulations, rules, and ordinances. To the extent allowed under applicable laws, each Party intends to notify the other Party of any violation of law, regulation, or ordinance that relate to services or data obtained or provided under this Agreement immediately after the noticing Party, its employees, subcontractors or agents become aware of it and without regard to whether the noticing Party or its employees, subcontractors or agents are involved or merely witnesses.
- C. **Captions.** The captions used in this Agreement are for convenience only and do not limit or amplify any provisions contained in this Agreement.
- D. **Venue.** This Agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in Harris County, Texas. Venue for any litigation arising out of or related to this Agreement shall lie solely in a court of appropriate jurisdiction located in Houston, Harris County, Texas.
- E. **Assignment.** This Agreement shall not be assignable, in whole or in part.
- F. **Severability.** The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Agreement is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation having the force and effect of the law, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been

included.

- G. Entire Agreement.** This Agreement contains the entire agreement between the Parties concerning the subject matter hereof and supersedes any prior written or oral agreement.
- H. Amendments.** The County and the City may amend this Agreement at any time provided that such amendments are executed in writing and signed by the governing bodies of both Parties.

[SIGNATURE PAGE TO FOLLOW]

IN TESTIMONY OF WHICH, this agreement, in duplicate counterparts, each having equal force and effect of an original, has been executed on behalf of the parties hereto as follows:

- a. It has on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, been executed on behalf of the City by the Mayor and attested by its City Secretary, pursuant to ordinance of the City Council of the City of La Porte authorizing such execution.
- b. It has on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, been executed on behalf of the County by the County Judge of Harris County, Texas, pursuant to an order of the Commissioners Court of Harris County authorizing such execution.

**CITY OF LA PORTE**

ATTEST/SEAL:

CITY OF LA PORTE

By \_\_\_\_\_  
City Secretary

By \_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

COUNTERSIGNED:

By \_\_\_\_\_  
City Attorney

By \_\_\_\_\_  
City Manager

**COUNTY**

APPROVED AS TO FORM:

HARRIS COUNTY

VINCE RYAN  
County Attorney

By \_\_\_\_\_  
Assistant County Attorney  
C.A. File No.: 14GEN1552

By \_\_\_\_\_  
ED EMMETT  
County Judge

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

The Commissioners Court of Harris County, Texas, convened at a meeting of said Court at the Harris County Administration Building in the City of Houston, Texas, on the \_\_\_\_ day of \_\_\_\_\_, 2015, with the following members present, to-wit:

Ed Emmett	County Judge
El Franco Lee	Commissioner, Precinct No. 1
Jack Morman	Commissioner, Precinct No. 2
Steve Radack	Commissioner, Precinct No. 3
R. Jack Cagle	Commissioner, Precinct No. 4

and the following members absent, to-wit: \_\_\_\_\_, constituting a quorum, when among other business, the following was transacted:

**ORDER AUTHORIZING EXECUTION OF AN AGREEMENT BY AND BETWEEN HARRIS COUNTY AND THE CITY OF LA PORTE TO PROVIDE FOR PERMITTING AND ENFORCEMENT OF COUNTY GAME ROOM REGULATIONS BY THE CITY WITHIN CITY OF LA PORTE CITY LIMITS**

Commissioner \_\_\_\_\_ introduced an order and made a motion that the same be adopted. Commissioner \_\_\_\_\_ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

	Yes	No	Abstain
Judge Emmett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Morman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Radack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Cagle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

IT IS ORDERED that the County Judge is hereby authorized to execute for and on behalf of Harris County, an Interlocal Agreement by and between Harris County and the City of La Porte to provide for permitting and enforcement of County game room regulations by the City within City of La Porte city limits, said Agreement being incorporated herein by reference for all purposes as though fully set forth word for word.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 10 "AMUSEMENTS" OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE, BY ENACTING CERTAIN REGULATIONS RELATED TO THE OPERATION OF GAME ROOMS, IN COORDINATION WITH HARRIS COUNTY; PROVIDING A REPEALING CLAUSE; CONTAINING A SEVERABILITY CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED FIVE HUNDRED DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** That Chapter 10, "Amusements," Article II. "Coin Operated Machines," Division 1. "Generally," of the Code of Ordinances, La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

**DIVISION 1. - GENERALLY**

**Sec. 10-31. - Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

~~*Amusement redemption machine* means a recreational machine, including eight liner machines, that provides the user with an opportunity to receive something of value other than a right to replay and in which credits, or the equivalent thereof, are accumulated when: A particular configuration of like symbols is displayed in a random fashion by the machine; symbols or numbers are matched to a randomly selected symbol or number determined by the machine; a combination of cards is arrived at and valued in a traditional hierarchy for purposes of poker; or a combination of cards is arrived at and points assigned for purposes of blackjack.~~

*Amusement redemption machine* means any electronic, electromechanical, or mechanical contrivance designed, made, and adopted for bona fide amusement purposes that rewards the player exclusively with noncash merchandise, prizes, toys, or novelties, or a representation of value redeemable for those items, that have a wholesale value available from a single play of the game or device of not more than ten times the amount charged to play the game or device once, or \$5.00, whichever amount is less.

*Coin-operated machine* means every machine or device of any kind or character, other than an eight-liner, which is operated by or with coins, or metal slugs, tokens or checks; "music coin-operated machines" and "skill or pleasure coin-operated machines" as those terms are defined in this section, shall be included in such definition.

*Eight-liner* means a coin-operated machine or contrivance capable of being used for games of chance, including but not limited to a Tic Tac Toe eight-liner or video poker machine or other contrivance or

paraphernalia, on which games of chance can be played for a consideration and which afford the player an opportunity to win a prize, gift certificate or thing of value, whether or not the prize is automatically paid by the contrivance.

*Game room* means a for-profit business located in a building or other place that contains six or more amusement redemption machines.

*Game room owner* means an individual who:

(1) Has an ownership interest in or receives income from a game room or an amusement redemption machine located in a game room;

(2) Is a partner, director, or officer of a business, company, or corporation that has an ownership interest in a game room or in an amusement redemption machine located in a game room;

(3) Is a shareholder that holds more than ten percent of the outstanding shares of a business, company, or corporation that has an ownership interest in a game room or in an amusement redemption machine located in a game room;

(4) Has been issued by the county clerk an assumed name certificate for a business that owns a game room or an amusement redemption machine located in a game room;

(5) Signs a lease for a game room;

(6) Opens an account for utilities for a game room;

(7) Receives a certificate of occupancy for a game room and/or zoning permit;

(8) Pays for advertising for a game room; or

(9) Signs an alarm permit for a game room.

*Game Room Operator* means an individual who supervises, manages, or participates in the performance of activities that contribute to the functioning of a game room, including the following activities:

(1) Operates a cash register, cash drawer, or other depository on the premises of a game room or of a business where the money earned or the records of credit card transactions or other credit transactions generated in any manner by the operation of a game room or activities conducted in a game room are kept;

(2) Displays, delivers, or provides to a customer of a game room; merchandise, goods, entertainment, or other services offered on the premises of a game room;

(3) Take orders from a customer of a game room for merchandise, goods, entertainment, or other services offered on the premises of a game room; or

(4) Acts as a door attendant to regulate entry of customers or other persons into a game room.

**(5) Supervises or manages other persons at a game room.**

*Music coin-operated machine* means every coin-operated machine of any kind or character, which dispenses or vends or which is used or operated for dispensing or vending music and which is operated by or with coins or metal slugs, tokens or checks. The following are expressly included within such term: phonographs, pianos, graphophones, and all other coin-operated machines which dispense or vend music.

*Operator* means any person, firm, company, association or corporation which exhibits, displays or permits to be exhibited or displayed, in a place of business other than his own, any coin-operated machine in this state.

*Owner* means any person, individual, firm, company, association or corporation owning any coin-operated machine in this state.

*Service coin-operated machines* means every pay toilet, pay telephone and all other machines or devices which dispense service only and not merchandise, music, skill or pleasure.

*Skill or pleasure coin-operated machines* means every coin-operated machine of any kind or character whatsoever, when such machines dispense or are used or are capable of being used or operated for amusement or pleasure or when such machines are operated for the purpose of dispensing or affording skill or pleasure, or for any other purpose other than the dispensing or vending of "merchandise or music" or "service" exclusively, as those terms are defined in this article. The following are expressly included within such term: marble machines, marble table machines, marble shooting machines, miniature race track machines, miniature football machines, miniature golf machines, miniature bowling machines, and all other coin-operated machines which dispense or afford skill or pleasure; provided, however, that every machine or device of any kind or character which dispenses or vends merchandise, commodities or confections or plays music in connection with or in addition to such games or dispensing of skill or pleasure shall be considered as skill or pleasure machines and taxed at the higher rate fixed for such machines.

**Secs. 10-32—10-50. - Reserved.”**

**Section 2:** That Chapter 10, “Amusements,” Article II. “Coin Operated Machines,” Division 3. “Regulation of Places of Business” of the Code of Ordinances, La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

**“DIVISION 3. - REGULATION OF PLACES OF BUSINESS**

**Sec. 10-75. - Unrestricted access by law enforcement officer; right of inspection by law enforcement officer.**

(a) It shall be the duty of any owner, manager, or employee of a place of business displaying one or more skill or pleasure coin operated machines or amusement redemption machines, or other person exercising control over such a business establishment or the skill or pleasure coin operated machines or amusement redemption machines therein, to provide any law enforcement officer with immediate unrestricted access during business hours to all areas of the business establishment.

(b) Any law enforcement officer may inspect a business establishment or any skill or pleasure coin operated machines or amusement redemption machines therein to determine whether the business establishment is in compliance with this chapter and state law. An owner, manager, or employee of a business establishment which displays one or more skill or pleasure coin operated machines or amusement redemption machines who does not allow a law enforcement officer to inspect said establishment or the skill or pleasure coin operated machines or amusement redemption machines therein commits a misdemeanor offense.

(c) This chapter shall not be construed to authorize or permit the keeping, exhibition, operation, display, or maintenance of any machine that is prohibited by the constitution or statutes of this state, including but not limited to, Chapter 47 of the Texas Penal Code.

**Sec. 10-76. - Moving of machine which has tax certificate.**

It shall be unlawful to move a coin-operated machine to a different place of business in the city without prior written notification to the city secretary.

**Sec. 10-77. - Hours of operation for minors; terms defined.**

(a) Every business establishment displaying skill or pleasure coin operated machines, amusement redemption machines, or eight-liners shall remain closed to minors, and no minors shall be on the premises, except during the following hours:

<i>School year</i>	
Mondays through Thursdays .....	2:30 p.m. to 10:00 p.m.
Fridays .....	2:30 p.m. to 12:00 p.m.
Saturdays .....	9:00 a.m. to 12:00 p.m.
Sundays .....	1:00 p.m. to 10:00 p.m.
<i>Summer</i>	
Mondays through Fridays .....	11:00 a.m. to 12:00 p.m.
Saturdays .....	9:00 a.m. to 12:00 p.m.
Sundays .....	1:00 p.m. to 10:00 p.m.

(b) The term "school year" shall be defined as the period of time from the commencement of regular classes in the La Porte Independent School District in August, through the last day of regular classes the following May. The term "summer" shall be the period from the end of classes in May until the commencement of classes in August.

**Sec. 10-78. - Unobstructed view to interior.**

Every business establishment displaying five or fewer skill or pleasure coin operated machines and/or amusement redemption machines, or eight-liners shall have unobstructed windows or open space on at least one side, so that the area is open to view by members of the public passing by on a public street, or using a corridor, lobby or other room to which the public resorts and is admitted without charge. A minimum of 65 percent of

said side that is more than three feet above sidewalk grade and not more than seven feet above sidewalk grade shall be of transparent glass, unobscured by obstructions.

**Sec. 10-79. - Noise.**

No sound of any nature shall be audible beyond the limits of a place of business covered under this article.

**Sec. 10-80. - Lighting.**

Lighting shall be maintained at an intensity of not less than 30 footcandle power, three feet from the floor, measured at any location in any room open to the public, which shall be operative during all hours of operation of any place of business covered under this article.

**Sec. 10-81. - Operator responsible for violations of this article.**

Any business operator who permits, allows or in any manner condones a violation of any provision of this article shall, upon conviction, be punished as provided in section 1-14 of this Code. Neither allegation nor evidence of a culpable mental state is required for the proof of an offense defined in this article.

**Sec. 10-82. - Employees subject to penalties.**

Any employee of a coin-operated machine business who violates or permits patrons or customers of the coin-operated machine business to violate any provision of this article shall, upon conviction, be punished as provided in section 1-14.

**Sec. 10-83. - Change in corporate structure or address of owner.**

Every person shall, prior to the effective date of any change of ownership of such business or enterprise or of the home address or principal business address of any owner thereof, if such business or enterprise is unincorporated, or if such business or enterprise is incorporated, prior to the effective date of any change of officers or directors of such business or enterprise, or of the home address or principal business address of any officer or director thereof, file with the city secretary a sworn affidavit. Such affidavit shall state therein such change of ownership of such unincorporated business or enterprise, and such change of home address or principal business address of any owner thereof, or such substitution of officers or directors of such incorporated business or enterprise and such change of home address or principal business address of any officer or director thereof.”

**Section 3:** That Chapter 10, “Amusements,” Article II. “Coin Operated Machines,” of the Code of Ordinances, La Porte, Texas, is hereby amended by adding new Division IV. “Regulation of Game Rooms”, and which division shall hereinafter read as follows:

**“DIVISION 4. - REGULATION OF GAME ROOMS.**

**Sec. 10-84. Regulation by Harris County; Permit required.**

(a) As authorized by Texas Local Government Code Chapter 234 and Harris County Game Room Regulations adopted by Harris County, Harris County and the City of La Porte have entered into an interlocal agreement allowing for Harris County to exclusively regulate and control the operation of game rooms within the corporate limits of the City of La Porte.

(b) Any person who desires to operate, use, or maintain a game room in the City of La Porte shall be required to first obtain a Harris County game room permit, and shall be subject to the terms and conditions contained in the Harris County Game Room Regulations. The City of La Porte hereby adopts and incorporates for all purposes, the Harris County Game Room Regulations.

(c) In accordance with the interlocal agreement between Harris County and the City of La Porte, the Director of Planning of the City of La Porte, or his designee, shall serve as the game room permit administrator, on behalf of Harris County, for game rooms located in the City of La Porte. The Director shall supervise, control, and operate the Permit Office and shall issue county permits, in coordination with the county.

(d) Game room owners shall obtain a Harris County permit or renewal thereof for each game room in the City, by submitting to the Director of Planning, or his designee, an application and the application fee for a Harris County Game Room Permit. The permit shall be issued in accordance with Harris County Game Room Regulations. Applicants shall refer to Harris County Game Room Regulations for permitting requirements. County permit application forms may be obtained from the city, through the Permit Office.

(e) Applications for Harris County game room permits shall follow Harris County Game Room Regulations regarding denial, revocation or suspension of a permit and the appeal thereof.

(f) The City of La Porte hereby adopts the Harris County Game Room Regulations.”

**Section 4:** All ordinances or parts of ordinances inconsistent with the terms of this ordinance are hereby repealed; provided, however, that such repeal shall be only to the extent of such inconsistency and in all other respects this ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered by this ordinance.

**Section 5:** Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

**Section 6.** Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed FIVE HUNDRED DOLLARS (\$500.00).

**Section 7.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public

at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, Tx. Gov't Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 8.** This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after passage of this ordinance.

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF LA PORTE

By: \_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

APPROVED:

\_\_\_\_\_  
Assistant City Attorney

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AMENDING CHAPTER 10 "AMUSEMENTS" OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE, BY ENACTING CERTAIN REGULATIONS RELATED TO THE OPERATION OF GAME ROOMS, IN COORDINATION WITH HARRIS COUNTY; PROVIDING A REPEALING CLAUSE; CONTAINING A SEVERABILITY CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; PROVIDING THAT ANY PERSON VIOLATING THE TERMS OF THIS ORDINANCE SHALL BE DEEMED GUILTY OF A MISDEMEANOR AND UPON CONVICTION SHALL BE FINED IN A SUM NOT TO EXCEED FIVE HUNDRED DOLLARS; PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

**Section 1:** That Chapter 10, "Amusements," Article II. "Coin Operated Machines," Division 1. "Generally," of the Code of Ordinances, La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

**DIVISION 1. - GENERALLY**

**Sec. 10-31. - Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Amusement redemption machine* means any electronic, electromechanical, or mechanical contrivance designed, made, and adopted for bona fide amusement purposes that rewards the player exclusively with noncash merchandise, prizes, toys, or novelties, or a representation of value redeemable for those items, that have a wholesale value available from a single play of the game or device of not more than ten times the amount charged to play the game or device once, or \$5.00, whichever amount is less.

*Coin-operated machine* means every machine or device of any kind or character, other than an eight-liner, which is operated by or with coins, or metal slugs, tokens or checks; "music coin-operated machines" and "skill or pleasure coin-operated machines" as those terms are defined in this section, shall be included in such definition.

*Eight-liner* means a coin-operated machine or contrivance capable of being used for games of chance, including but not limited to a Tic Tac Toe eight-liner or video poker machine or other contrivance or paraphernalia, on which games of chance can be played for a consideration and which afford the player an opportunity to win a prize, gift certificate or thing of value, whether or not the prize is automatically paid by the contrivance.

*Game Room* means a for-profit business located in a building or other place that contains six

or more amusement redemption machines.

*Game room owner* means an individual who:

- (1) Has an ownership interest in or receives income from a game room or an amusement redemption machine located in a game room;
- (2) Is a partner, director, or officer of a business, company, or corporation that has an ownership interest in a game room or in an amusement redemption machine located in a game room;
- (3) Is a shareholder that holds more than ten percent of the outstanding shares of a business, company, or corporation that has an ownership interest in a game room or in an amusement redemption machine located in a game room;
- (4) Has been issued by the county clerk an assumed name certificate for a business that owns a game room or an amusement redemption machine located in a game room;
- (5) Signs a lease for a game room;
- (6) Opens an account for utilities for a game room;
- (7) Receives a certificate of occupancy for a game room and/or zoning permit;
- (8) Pays for advertising for a game room; or
- (9) Signs an alarm permit for a game room.

*Game Room Operator* means an individual who supervises, manages, or participates in the performance of activities that contribute to the functioning of a game room, including the following activities:

- (1) Operates a cash register, cash drawer, or other depository on the premises of a game room or of a business where the money earned or the records of credit card transactions or other credit transactions generated in any manner by the operation of a game room or activities conducted in a game room are kept;
- (2) Displays, delivers, or provides to a customer of a game room; merchandise, goods, entertainment, or other services offered on the premises of a game room;
- (3) Take orders from a customer of a game room for merchandise, goods, entertainment, or other services offered on the premises of a game room; or
- (4) Acts as a door attendant to regulate entry of customers or other persons into a game room.
- (5) Supervises or manages other persons at a game room.

*Music coin-operated machine* means every coin-operated machine of any kind or character, which dispenses or vends or which is used or operated for dispensing or vending music and which is operated by or with coins or metal slugs, tokens or checks. The following are expressly included within such term: phonographs, pianos, graphophones, and all other coin-operated

machines which dispense or vend music.

*Operator* means any person, firm, company, association or corporation which exhibits, displays or permits to be exhibited or displayed, in a place of business other than his own, any coin-operated machine in this state.

*Owner* means any person, individual, firm, company, association or corporation owning any coin-operated machine in this state.

*Service coin-operated machines* means every pay toilet, pay telephone and all other machines or devices which dispense service only and not merchandise, music, skill or pleasure.

*Skill or pleasure coin-operated machines* means every coin-operated machine of any kind or character whatsoever, when such machines dispense or are used or are capable of being used or operated for amusement or pleasure or when such machines are operated for the purpose of dispensing or affording skill or pleasure, or for any other purpose other than the dispensing or vending of "merchandise or music" or "service" exclusively, as those terms are defined in this article. The following are expressly included within such term: marble machines, marble table machines, marble shooting machines, miniature race track machines, miniature football machines, miniature golf machines, miniature bowling machines, and all other coin-operated machines which dispense or afford skill or pleasure; provided, however, that every machine or device of any kind or character which dispenses or vends merchandise, commodities or confections or plays music in connection with or in addition to such games or dispensing of skill or pleasure shall be considered as skill or pleasure machines and taxed at the higher rate fixed for such machines.

**Secs. 10-32—10-50. - Reserved.”**

**Section 2:** That Chapter 10, “Amusements,” Article II. “Coin Operated Machines,” Division 3. “Regulation of Places of Business” of the Code of Ordinances, La Porte, Texas, is hereby amended in its entirety and shall hereinafter read as follows:

**“DIVISION 3. - REGULATION OF PLACES OF BUSINESS**

**Sec. 10-75. - Unrestricted access by law enforcement officer; right of inspection by law enforcement officer.**

(a) It shall be the duty of any owner, manager, or employee of a place of business displaying one or more skill or pleasure coin operated machines or amusement redemption machines, or other person exercising control over such a business establishment or the skill or pleasure coin operated machines or amusement redemption machines therein, to provide any law enforcement officer with immediate unrestricted access during business hours to all areas of the business establishment.

(b) Any law enforcement officer may inspect a business establishment or any skill or pleasure

coin operated machines or amusement redemption machines therein to determine whether the business establishment is in compliance with this chapter and state law. An owner, manager, or employee of a business establishment which displays one or more skill or pleasure coin operated machines or amusement redemption machines who does not allow a law enforcement officer to inspect said establishment or the skill or pleasure coin operated machines or amusement redemption machines therein commits a misdemeanor offense.

(c) This chapter shall not be construed to authorize or permit the keeping, exhibition, operation, display, or maintenance of any machine that is prohibited by the constitution or statutes of this state, including but not limited to, Chapter 47 of the Texas Penal Code.

**Sec. 10-76. - Moving of machine which has tax certificate.**

It shall be unlawful to move a coin-operated machine to a different place of business in the city without prior written notification to the city secretary.

**Sec. 10-77. - Hours of operation for minors; terms defined.**

(a) Every business establishment displaying skill or pleasure coin operated machines, amusement redemption machines, or eight-liners shall remain closed to minors, and no minors shall be on the premises, except during the following hours:

<i>School year</i>	
Mondays through Thursdays .....	2:30 p.m. to 10:00 p.m.
Fridays .....	2:30 p.m. to 12:00 p.m.
Saturdays .....	9:00 a.m. to 12:00 p.m.
Sundays .....	1:00 p.m. to 10:00 p.m.
<i>Summer</i>	
Mondays through Fridays .....	11:00 a.m. to 12:00 p.m.
Saturdays .....	9:00 a.m. to 12:00 p.m.
Sundays .....	1:00 p.m. to 10:00 p.m.

(b) The term "school year" shall be defined as the period of time from the commencement of regular classes in the La Porte Independent School District in August, through the last day of regular classes the following May. The term "summer" shall be the period from the end of classes in May until the commencement of classes in August.

**Sec. 10-78. - Unobstructed view to interior.**

Every business establishment displaying five or fewer skill or pleasure coin operated machines and/or amusement redemption machines, or eight-liners shall have unobstructed windows or open space on at least one side, so that the area is open to view by members of the public passing by on a public street, or using a corridor, lobby or other room to which the public resorts and is admitted without charge. A minimum of 65 percent of said side that is more than

three feet above sidewalk grade and not more than seven feet above sidewalk grade shall be of transparent glass, unobscured by obstructions.

**Sec. 10-79. - Noise.**

No sound of any nature shall be audible beyond the limits of a place of business covered under this article.

**Sec. 10-80. - Lighting.**

Lighting shall be maintained at an intensity of not less than 30 footcandle power, three feet from the floor, measured at any location in any room open to the public, which shall be operative during all hours of operation of any place of business covered under this article.

**Sec. 10-81. - Operator responsible for violations of this article.**

Any business operator who permits, allows or in any manner condones a violation of any provision of this article shall, upon conviction, be punished as provided in section 1-14 of this Code. Neither allegation nor evidence of a culpable mental state is required for the proof of an offense defined in this article.

**Sec. 10-82. - Employees subject to penalties.**

Any employee of a coin-operated machine business who violates or permits patrons or customers of the coin-operated machine business to violate any provision of this article shall, upon conviction, be punished as provided in section 1-14.

**Sec. 10-83. - Change in corporate structure or address of owner.**

Every person shall, prior to the effective date of any change of ownership of such business or enterprise or of the home address or principal business address of any owner thereof, if such business or enterprise is unincorporated, or if such business or enterprise is incorporated, prior to the effective date of any change of officers or directors of such business or enterprise, or of the home address or principal business address of any officer or director thereof, file with the city secretary a sworn affidavit. Such affidavit shall state therein such change of ownership of such unincorporated business or enterprise, and such change of home address or principal business address of any owner thereof, or such substitution of officers or directors of such incorporated business or enterprise and such change of home address or principal business address of any officer or director thereof."

**Section 3:** That Chapter 10, "Amusements," Article II. "Coin Operated Machines," of the Code of Ordinances, La Porte, Texas, is hereby amended by adding new Division IV.

“Regulation of Game Rooms”, and which division shall hereinafter read as follows:

**“DIVISION 4. - REGULATION OF GAME ROOMS.**

**Sec. 10-84. Regulation by Harris County; Permit required.**

(a) As authorized by Texas Local Government Code Chapter 234 and Harris County Game Room Regulations adopted by Harris County, Harris County and the City of La Porte have entered into an interlocal agreement allowing for Harris County to exclusively regulate and control the operation of game rooms within the corporate limits of the City of La Porte.

(b) Any person who desires to operate, use, or maintain a game room in the City of La Porte shall be required to first obtain a Harris County game room permit, and shall be subject to the terms and conditions contained in the Harris County Game Room Regulation. The City of La Porte hereby adopts and incorporates for all purposes, the Harris County Game Room Regulations.

(c) In accordance with the interlocal agreement between Harris County and the City of La Porte, the Director of Planning of the City of La Porte, or his designee, shall serve as the game room permit administrator, on behalf of Harris County, for game rooms located in the City of La Porte. The Director shall supervise, control, and operate the Permit Office and shall issue county permits, in coordination with the county.

(d) Game room owners shall obtain a Harris County permit or renewal thereof for each game room in the City, by submitting to the Director of Planning, or his designee, an application and the application fee for a Harris County Game Room Permit. The permit shall be issued in accordance with Harris County Game Room Regulations. Applicants shall refer to Harris County Game Room Regulations for permitting requirements. County permit application forms may be obtained from the City, through the Permit Office.

(e) Applications for Harris County game room permits shall follow Harris County Game Room Regulations regarding denial, revocation or suspension of a permit and the appeal thereof.

(f) The City of La Porte hereby adopts the Harris County Game Room Regulations.”

**Section 4:** All ordinances or parts of ordinances inconsistent with the terms of this ordinance are hereby repealed; provided, however, that such repeal shall be only to the extent of such inconsistency and in all other respects this ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered by this ordinance.

**Section 5:** Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

**Section 6.** Any person, as defined in Section 1.07 (27), Texas Penal Code, who shall violate any provision of the ordinance, shall be deemed guilty of a misdemeanor and upon conviction shall be punished by a fine not to exceed FIVE HUNDRED DOLLARS (\$500.00).

**Section 7.** The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council is posted at a place convenient to the public at the City Hall of the city for the time required by law preceding this meeting, as required by Chapter 551, Tx. Gov't Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 8.** This Ordinance shall be effective fourteen (14) days after its passage and approval. The City Secretary shall give notice of the passage of this ordinance by causing the caption hereof to be published in the official newspaper of the City of La Porte at least once within ten (10) days after passage of this ordinance.

PASSED AND APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CITY OF LA PORTE, TEXAS

By: \_\_\_\_\_  
Louis R. Rigby, Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

APPROVED:  
  
\_\_\_\_\_  
Assistant City Attorney

# Harris County Game Room Regulations

Adopted by Commissioner's Court: December 17, 2013

Amended: March 10, 2015

## SECTION 1. GENERALLY

**WHEREAS**, The Legislature of the State of Texas has amended Chapter 234 of the Local Government Code, authorizing certain counties, including Harris County, to regulate Game Rooms; and

**WHEREAS**, Harris County, Texas desires to reduce the adverse secondary effects of illicit Game Rooms, which were presented in hearings and reports made available to Harris County Commissioners Court;

### **THEREFORE, HARRIS COUNTY COMMISSIONERS COURT FINDS:**

1. Illicit Game Rooms, as a category of commercial uses, are associated with a wide variety of adverse secondary effects, including but not limited to personal and property crimes, gambling offenses, weapon offenses, illicit drug use and drug trafficking, negative impacts on surrounding properties, urban blight, and litter.
2. Game Rooms should be separated from sensitive land uses to minimize the impact of their secondary effects upon such uses, and should be separated from other Game Rooms, to minimize the secondary effects associated with such uses and to prevent an unnecessary concentration of Game Rooms in one area.
3. Game Rooms should have restricted hours of operation due to the increase of personal crimes such as assaults, robberies, and homicides between the hours of 10 p.m. and 8a.m.
4. Each of the foregoing negative secondary effects constitutes a harm, which Harris County has a substantial government interest in preventing and abating. This substantial government interest in preventing secondary effects, which is Harris County's rationale for these Regulations, exists independent of any comparative analysis between legal Game Rooms and illicit Game Rooms. Harris County's interests in regulating Game Rooms extend to preventing future secondary effects of either current or future Game Rooms that may locate in Harris County.

#### **1.1 Authority to regulate**

(a) These Regulations are promulgated pursuant to and in conformity with Chapter 234 of the Local Government Code of Texas, as amended, titled County Regulation of Businesses and Occupations. The commissioners' court of a county may regulate the operation of Game Rooms to promote the public health, safety, and welfare, according to Section 234.133 of the Local Government Code.

(b) It is the purpose of the Harris County Commissioners Court to exercise its police power, as established under Chapter 234 of the Local Government Code to establish reasonable and uniform regulation of Game Rooms to promote the public health, safety, and welfare and to prohibit business activities which merely serve as a front for criminal activities, including but not limited to gambling and tax evasion.

(c) These Regulations do not legalize anything prohibited under the Texas Penal Code or any other law or regulation.

## **1.2 Administration**

(a) The Harris County Commissioners Court hereby designates and directs any law enforcement agency to investigate for violations of these Regulations. Any Peace Officer certified by the State of Texas may enforce these Regulations.

(b) Under Section 234.138(b) of the Local Government Code, as amended, a person commits an offense if the person intentionally or knowingly operates a Game Room in violation of a regulation adopted under Section 234.133. An offense under this section is a Class A misdemeanor.

(c) In accordance with Section 234.133 of the Local Government Code, the State of Texas has granted the Harris County Commissioners Court authority to promote public health, safety, and welfare.

(d) Except as provided in subsection 1.2(e), the Commissioners Court designates the Harris County Sheriff as Game Room Permit Administrator for Harris County. The Harris County Sheriff shall supervise, control, and operate the Permit Office. The Harris County Sheriff shall investigate, deny, issue, attach conditions to, administratively suspend, or revoke Game Room permits pursuant to these Regulations and any applicable state law.

(e) The Commissioners Court allows incorporated cities or towns in Harris County that have executed interlocal agreements with Harris County to designate their own Game Room Permit Administrator. The Game Room Permit Administrator shall supervise, control, and operate the Permit Office. The Game Room Permit Administrator shall investigate, deny, issue, attach conditions to, administratively suspend, or revoke Game Room permits pursuant to these Regulations and any applicable state law.

## **1.3 Area covered by Regulations**

These Regulations apply to enterprises located in Harris County, Texas.

## **1.4 Definitions**

As used in these Regulations:

(a) "Game Room" means a for-profit business located in a building or place that contains six or more amusement redemption machines.

(b) "Amusement Redemption Machine" means any electronic, electromechanical, or mechanical contrivance designed, made, and adopted for bona fide amusement purposes that rewards the player exclusively with non-cash merchandise, prizes, toys, or novelties, or a representation of value redeemable for those items, that have a wholesale value available from a single play of the game or device of not more than 10 times the amount charged to play the game or device once, or \$5, whichever amount is less.

(c) "Owner" means a person who:

- (1) has an ownership interest in, or receives the profits from, a Game Room or an amusement redemption machine located in a Game Room;
- (2) is a partner, director, or officer of a business, company, or corporation that has an ownership interest in a Game Room or in an amusement redemption machine located in a Game Room;
- (3) is a shareholder that holds more than ten (10) percent of the outstanding shares of a business, company, or corporation that has an ownership interest in a Game Room or in an amusement redemption machine located in a Game Room;
- (4) has been issued by the county clerk an assumed name certificate for a business that owns a Game Room or an amusement redemption machine located in a Game Room;
- (5) signs a lease for a Game Room;
- (6) opens an account for utilities for a Game Room;
- (7) receives a certificate of occupancy or certificate of compliance for a Game Room;
- (8) pays for advertising for a Game Room;
- (9) signs an alarm permit for a Game Room; or
- (10) signs as Applicant requesting a Game Room permit inspection.

(d) "Interlocal Agreement": a cooperative agreement between Harris County and an incorporated municipality as described in Texas Local Government Code Chapter 234.

(e) To "Operate a Game Room" means, to be open for business, having or inviting customers to use the machines, or otherwise being used for the purposes of display and play of Amusement Redemption Machines.

(f) "Operator" means an individual who:

- (1) operates a cash register, cash drawer, or other depository on the premises of a Game Room or of a business where the money earned or the records of credit card transactions or other credit transactions generated in any manner by the operation of a Game Room or activities conducted in a Game Room are kept;
- (2) displays, delivers, or provides to a customer of a Game Room; merchandise, goods, entertainment, or other services offered on the premises of a Game Room;
- (3) takes orders from a customer of a Game Room for merchandise, goods, entertainment, or other services offered on the premises of a Game Room;
- (4) acts as a door attendant to regulate entry of customers or other persons into a Game Room; or

(5) supervises or manages other persons at a Game Room in the performance of an activity listed in this subsection.

(g) "Applicant" means a person, owner, corporation, partnership, or other business entity required to submit a Game Room permit application.

(i) "Sheriff" means the Sheriff of Harris County or the Sheriff's designated agent.

(j) "Game Room Permit Administrator" means the Sheriff of Harris County; the Sheriff's designated agent, or the designated official for a cooperating municipality.

(k) "Current Annual Fire Inspection Report" means a fire inspection report issued by the Harris County Fire Marshal or similar inspection by the department having competent jurisdiction within the incorporated area of the county within 90 days immediately preceding the date of any application for operation of a Game Room or renewal of a Game Room permit.

(l) "Peace Officer" means an individual as described in Article 2.12 of the Texas Code of Criminal Procedure.

(m) "Person" means an individual, partnership, corporation, association, or other legal entity.

(n) "Public Building" means a building used by Federal, State, or local government that is open to the general public.

(o) "Regulation" means Regulations of Harris County, Texas, for the operation of Game Rooms.

(p) "School" means a facility, including all attached playgrounds, dormitories, stadiums and other appurtenances that are part of the facility, used for the primary purpose of instruction or education, including primary and secondary schools, colleges, and universities, both public and private.

(q) "Gambling Device" means a device described in Article 47.01(4) (a) of the Texas Penal Code.

(r) "Fire Safety Official" means the Harris County Fire Marshal or the department official having competent jurisdiction within the incorporated area of the county to conduct a fire and life safety inspection.

(s) "Notice" is deemed effective on the date written notice to an Applicant, permit holder, or agent thereof is hand delivered or posted on the front exterior door of the Game Room, or upon receipt by certified mail.

## **SECTION 2. PERMIT**

### **2.1 Application**

(a) It shall be unlawful for an Owner or Operator to Operate a Game Room, use, or maintain any Game Room in Harris County that has not been issued a permit pursuant to these Regulations. A person who violates these Regulations shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(b) A completed application shall be filed with the Game Room Permit Administrator. The application shall be filed on the form provided by the Game Room Permit Administrator or on an accurate and legible copy of that form. A copy of

the application can be obtained from the Sheriff's Office website <http://www.hcso.hctx.net/> or from the website or other source as determined by the Game Room Permit Administrator of a cooperating municipality.

(1) The Applicant shall apply in person. The Applicant shall be an Owner of the Game Room. The Game Room Permit Administrator will establish the hours when an application can be submitted.

(2) The Game Room Permit Administrator shall provide the fee schedule on any Permit Office website with the application form. This fee shall not exceed the annual permit fee limit of \$1,000 as established by the Commissioners Court. The application fee shall be attached to the application form.

(3) Incomplete applications will not be accepted. Once a complete application has been submitted, the application process will begin.

(4) A receipt shall be hand delivered or sent by certified mail to the Applicant within 14 days of submission of a complete application and payment of the application fee to the Game Room Permit Administrator. A receipt showing payment of the application fee is NOT a permit to operate a Game Room.

(5) Once a complete application has been received, the Game Room Permit Administrator will conduct up to three inspections of the Applicant's proposed Game Room to ensure compliance with these Regulations. The Applicant must be present in person during these inspections.

a. After the initial inspection, the Applicant will be informed of what corrections must be made to the proposed Game Room to comply with these Regulations.

b. A re-inspection will be performed and the Applicant will again be informed of what corrections must be made to the Game Room to comply with these Regulations.

c. If after the third and final inspection the Applicant's Game Room fails to comply with these Regulations, the Game Room Permit Administrator shall deny the application.

d. If the proposed Game Room passes inspection, the Game Room Permit Administrator will approve the application.

(6) The Applicant has 60 days from the initial inspection to complete the inspection process. Failure to complete the inspection process within these 60 days will result in denial of the application.

(7) Failure to provide any information required by this section or a determination by the Game Room Permit Administrator that inaccurate, erroneous, or incomplete information has been submitted will provide grounds for denial or revocation of the application.

(c) In municipalities which have elected to adopt the Harris County Game Room Regulations, and where the Harris County Commissioners Court has approved an Interlocal Agreement between the municipality and the county, the

municipality shall designate an entity to receive and process Game Room applications. The municipality shall adopt a common operating procedure with requirements and processes reasonably similar to those set out by these Regulations. The municipality shall provide the application along with a description of the application and inspection process on their municipality's website.

(d) Each complete application shall be accompanied by:

- (1) a Current Annual Fire Inspection Report from a Fire Safety Official showing compliance with all corrections ordered;
- (2) a copy of certification of occupancy or certification of compliance issued by the appropriate entity as appropriate for the proposed Game Room;
- (3) a diagram or floorplan to include designed occupancy load, prepared by a licensed architect or engineer and approved by the entity with competent jurisdiction;
- (4) a true and correct copy of the assumed name certificate filed in the office of the Harris County Clerk, bearing the file mark or stamp that evidences its filing, if the Game Room will be operating under an assumed name;
- (5) a copy of the formative legal documents for the applicable legal entity, e.g., the Articles of Incorporation;
- (6) a non-refundable application fee of \$1,000, the amount established by the Harris County Commissioners Court;
- (7) a copy of the Applicant's government-issued photo identification;
- (8) proof as described in subsection 3.13 that the proposed enterprise is exempt from the requirement to have a sign stating "GAME ROOM" as set forth by subsection 3.2 of these Regulations;
- (9) proof as described in subsection 3.13 that the proposed enterprise is exempt from the requirement to have transparent, uncovered windows and doors as set forth by subsection 3.4 of these Regulations;
- (10) proof as described in subsection 3.13 that the proposed enterprise is exempt from the Hours of Operation restrictions as set forth by subsection 3.5 of these Regulations;
- (11) proof as required in subsection 3.9(e) that the proposed enterprise is exempt from, or will be located in compliance with, the distance requirements as set forth by subsection 3.9 of these Regulations;
- (12) a current lease agreement for the Game Room premises with the Applicant listed as the Game Room Owner and premises lessee or proof of property ownership;
- (13) a list of Owner(s) with their government-issued identification numbers and incorporation papers as applicable;

(14)a copy of the State of Texas coin-operated machine occupation tax records<sup>1</sup>, the State of Texas coin-operated machine license or registration certificate<sup>2</sup>, and the Harris County coin-operated machine occupation tax records<sup>3</sup> for each machine exhibited or displayed, or permitted to be exhibited or displayed in the Game Room. Records shall include information detailing each machine found on the premises by identifying the machine by name of manufacturer, serial number, type of machine, the serial number of the State of Texas Tax stamp, and the Harris County Tax Stamp to include the year of expiration of each tax stamp required;

(15)the Game Room Applicant’s Federal Employer Identification Number (EIN);

(16)a certification that neither the Applicant nor the Owners of the Game Room have been convicted of any level of any of the offenses listed in subsection 2.2(b)(1); and

(17)a certification that all of the contents of the application and the above presented materials are true under the penalty of perjury and penalty of Texas Penal Code 37.10.

(e) A Game Room application will be rejected upon failure to produce all documents required in subsections 2.1(d), except for the exemptions listed in subsections 2.1(d)(7-10). Failure to provide the proof required by subsection 2.1(d)(7-10) will result in denial of the specific exemption described in that particular subsection.

(f) THE GAME ROOM SHALL NOT OPERATE DURING THE PENDENCY OF THE APPLICATION AND UNTIL THE GAME ROOM APPLICATION IS APPROVED AND THE PERMIT ISSUED.

(g) A Game Room permit, in accordance with these Regulations, is not transferable, assignable or divisible and it is a violation of these Regulations for any person to attempt to do so. If ownership of a Game Room changes, the Game Room shall be deemed unpermitted and the new Owners must reapply and must do so before they may Operate a Game Room.

(h) An Applicant who submits an application under this Regulation must swear and affirm the truth of the contents therein under the penalty of Perjury as defined under Texas Penal Code Section 37.03. In addition, any misrepresentation on this application is a third degree felony offense as defined under Texas Penal Code Section 37.10.

## **2.2 Grounds for Denial, Revocation, or Suspension**

(a) Any violation of any section or subsection of these Regulations or failure to meet all requirements of any section or subsection of these Regulations, where applicable, will be a ground for denial, revocation, or suspension of a permit to Operate a Game Room. If a Game Room’s permit has been revoked, denied, or suspended, the Game Room shall not operate during the pendency of any appeal from the revocation, denial, or suspension.

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<sup>1</sup> Tex. Occ. Code Ann. C § 2153.401 (West)

<sup>2</sup> Tex. Occ. Code Ann. C § 2153.151 (West)

<sup>3</sup> Tex. Occ. Code Ann. C § 2153.451 (West)

**(b) Denial of Permit.** The Game Room permit shall be denied upon the finding by the Game Room Permit Administrator of any of the following facts:

- (1) The Applicant, Owner, or Operator was convicted of any level of offense of the following crimes:
  - a. gambling, gambling promotion, keeping a gambling place, communicating gambling information, possession of gambling devices or equipment, or possession of gambling paraphernalia as described in Chapter 47 of the Texas Penal Code;
  - b. forgery, credit card abuse, or commercial bribery as described in Chapter 32 of the Texas Penal Code;
  - c. a criminal offense as described in Chapter 34 of the Texas Penal Code;
  - d. criminal attempt, conspiracy, or solicitation to commit any of the foregoing offenses; or any other offense to the laws of another state or of the United States that, if committed in this state, would have been punishable as one or more of the aforementioned offenses; or
  - e. a criminal offense as described in Chapter 352, Subchapter B of the Texas Local Government Code; and
    - i. less than two years have elapsed since the date of conviction or the date of release from confinement imposed for the conviction, whichever is the later date if the conviction is of a misdemeanor offense; or
    - ii. less than five years have elapsed since the date of conviction or the date of release from confinement for the conviction, whichever is the later date, if the conviction is of a felony offense.
- (2) The Applicant makes a misleading statement in the application for the Game Room permit;
- (3) The Applicant is under 18 years of age;
- (4) The Applicant, Owner, or operator has had a Game Room permit revoked within the 180-day period immediately preceding the date the application was filed;
- (5) An Applicant is delinquent in the payment to the county of taxes, fees, fines, or penalties assessed or imposed regarding the operation of a Game Room;
- (6) The application or renewal fee required by these Regulations has not been paid;
- (7) The Applicant fails to complete the application process within the 60-day period described in subsection 2.1;
- (8) The Game Room or any Game Room owned by the same person or entity or a Game Room at the same location has been involved in an investigation and a search warrant executed for illegal gambling within one year before the application; or
- (9) Any violation of sections 2 or 3 of these Regulations.

(c) If the Game Room Permit Administrator denies a Game Room permit, he or she will send by certified mail or hand delivery to the Applicant or post on the front exterior door of the Game Room premises a written Notice of the basis for denial within 14 days of the denial.

(d) The Game Room Permit Administrator will wait to issue a Game Room permit until final disposition of any charge of any of the crimes listed in subsection 2.2(b)(1) that is pending or arises during the investigation period.

(e) **Revocation or Suspension of Permit.** The Game Room Permit Administrator shall have the authority and power to initiate a proceeding to revoke or suspend a Game Room permit if one or more of the following events or conditions have occurred:

- (1) any violation of any of the offenses contained in subsection 2.2(b)(1) of these Regulations has occurred on the premises;
- (2) the Applicant provided false, fraudulent, or untruthful information on the original or renewal application form;
- (3) the Game Room permit should not have been issued pursuant to these Regulations;
- (4) the Owner or Operator has failed to make corrections ordered by a Fire Safety Official;
- (5) the Owner has been convicted of a criminal offense contained in subsection 2.2(b)(1) of these Regulations; or
- (6) Any violation of sections 2 or 3 of these Regulations.

(f) If any of the stated events or conditions providing a basis for revocation or suspension of a Game Room permit under subsection 2.2(e) has occurred, the Game Room Permit Administrator shall document the violation and provide Notice to Applicant or permit holder of revocation or suspension within 14 days of the date on which the violation was documented. The Notice shall set out the reasons for the action. The revocation shall become final on the seventh day after delivery of Notice.

(g) Revocation shall take immediate effect upon Notice by the Game Room Permit Administrator if:

- (1) there is a necessity for immediate action to protect the public from injury or imminent danger; or
- (2) a Game Room permit was issued based on a misrepresentation in the application and but for the misrepresentation the Game Room permit would not have been issued.

### **2.3 Appeals Hearings**

(a) If the Game Room Permit Administrator denies, suspends, or revokes a permit or permit application for a Game Room, the Applicant or permit holder shall have the opportunity to make a written request for a hearing before a hearing examiner appointed by the Commissioners Court. The hearing examiner shall not have participated in any investigation of the alleged grounds for the denial, suspension, or revocation.

(b) All requests for hearings must be in writing and delivered to the Harris County Game Room Permit Administrator within 14 days of the Notice to Applicant or permit holder. The Applicant waives the right to hearing if the request is not timely received by the Game Room Permit Administrator.

(c) The hearing shall be held within 21 days of the receipt of request for a hearing and the Applicant or permit holder and the Game Room Permit Administrator shall be provided an opportunity to present evidence, cross-examine witnesses, and be represented by legal counsel. The formal rules of evidence do not apply.

(d) It shall be the responsibility of the party requesting the hearing to provide a court reporter for the hearing before the hearing examiner.

(d) The hearing examiner has the power to uphold or reverse the denial, suspension, or revocation. The hearing examiner shall issue a written order based on this determination within 21 days of the hearing, and immediately provide Notice to Applicant or permit holder.

(e) If the hearing examiner determines, based upon the nature of the violations, that a suspension in lieu of revocation is appropriate, operation of the Game Room permit may be suspended for a period not to exceed six months. The hearing examiner shall issue a written order suspending the Game Room permit and attaching conditions, if applicable, effective upon Notice to the Owner.

(f) Upon the finding that subsection 2.2(e)(3), 2.2(e)(4), or 2.2(e)(5) of these Regulations has been violated, revocation of the Game Room permit shall be mandatory.

(g) The decision of the hearing examiner shall be final. On final decision of the hearing examiner, the losing party may appeal the decision by filing a petition in a district court in the county within 30 days after the date of the decision.

#### **2.4 Game Room Operation during Pendency of Appeals**

(a) If the Applicant's or permit holder's appeal to the hearing examiner for revocation or suspension is unsuccessful, the Game Room shall not operate during the pendency of the appeal to the district court.

(b) If the Applicant's or permit holder's appeal to the hearing examiner for revocation or suspension is successful, the Game Room may resume operation, and may operate during the pendency of an appeal to the district court.

(c) No Game Room may operate pending an appeal for denial of a Game Room permit.

#### **2.5 Reapplication**

(a) After a hearing examiner's final ruling of permit denial, suspension, or revocation, the Applicant may reapply for a Game Room permit if changes are made to bring the proposed Game Room into compliance with these Regulations.

(b) This application will be considered a new application in regard to the application timelines and fee established in subsection 2.1.

#### **2.6 Permit Renewal; Permit fee—levied; amount; payment**

(a) A permit may be renewed for the following year starting 60 days before expiration of the current permit by filing a completed application for the permit with the Game Room Permit Administrator and paying the applicable fee set forth these Regulations. A renewal application shall be subject to the same requirement in these Regulations as are required for a permit application. As long as the completed renewal application was submitted within this 60-day period, the previous permit will remain in effect until the Game Room Permit Administrator makes a determination in accordance with these Regulations as to whether the permit will be renewed.

(b) The Owner shall pay a non-refundable permit fee of \$1,000 as established by Commissioners Court. The permit fees shall be paid in person to the Game Room Permit Administrator upon application renewal. A receipt of payment and of renewal application submission will be hand delivered or sent by certified mail to the Owner within 14 days of the receipt of the non-refundable fee.

## **2.7 Contents of Permit**

When the application process is complete, the Game Room Permit Administrator shall give the Applicant a signed certificate. The certificate constitutes a permit to Operate the Game Room for one year from the date the permit is issued. The permit shall list the identity of the issuing Game Room Permit Administrator. The permit shall list the date of issue and the date of expiration. The permit shall list the name of the permit holder, name of the Game Room, name of the Owner, and the physical address of the Game Room. If the Owner or permit holder is a corporation, or legal entity, then the permit shall also list the person asserting control over the legal entity. The permit shall list any applicable exemptions to the requirements of section 3 for which the permit holder qualified. The Game Room Permit Administrator shall keep an original signed copy of the permit for the Administrator's records.

## **2.8 Penalty for Operating without a Permit**

(a) Any Owner or Operator Operating a Game Room without first paying the fee and securing Game Room permit, or who Operates a Game Room after the permit therefor has been revoked or suspended, shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(b) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(c) Violation of section 2 is grounds for denial, suspension, or revocation of a Game Room permit.

## **2.9 Effect**

Each Owner, Operator, Applicant, or permit holder under these Regulations must meet and comply with all requirements of all applicable law and the issuance of a permit under this article shall not excuse the Owner, Operator, Applicant, or permit holder, his agents or employees or any patrons of such premises from compliance with such laws.

# **SECTION 3. GAME ROOMS AND AMUSEMENT REDEMPTION MACHINES**

## **3.1 Inspection by Peace Officer**

(a) INSPECTION: A Peace Officer is authorized to inspect any business in Harris County for violations of these Regulations. These Regulations do not authorize a right of entry prohibited by law. Peace Officers may enter a business with consent, with a warrant, or under exigent circumstances. A Game Room permit granted under these Regulations gives Peace Officers implied consent to enter to inspect.

(b) UNPERMITTED GAME ROOMS: An unpermitted business that holds itself out as a Game Room, by sign, advertisement, word-of-mouth, by offering memberships, by offering for play or displaying six or more Amusement Redemption Machines—or by any other means—is subject to inspection by any Peace Officer and will be considered a Game Room under these Regulations.

(1) Refusal to allow Peace Officers entry to inspect such unpermitted Game Rooms may be considered in establishing probable cause for the issuance of a search warrant to inspect for violations of these Regulations.

(2) An unpermitted Game Room is subject to these Regulations and may be held liable for all civil and criminal penalties listed herein.

(c) AMUSEMENT REDEMPTION MACHINES. For the purposes of these Regulations, any electronic, electromechanical, or mechanical machine that provides the user with an opportunity to receive something of value other than the right of replay that is licensed by the state, county, or city under the Texas Occupations Code<sup>4</sup> is presumed to be an Amusement Redemption Machine under section 1.4(b) of these Regulations.

(1) Such devices include, but are not limited to, bingo, keno, blackjack, lottery, roulette, video poker, or any 8-liner or similar electronic, electromechanical, or mechanical games, or facsimiles thereof.

(2) This presumption can only be refuted by a Peace Officer if the machines are determined to be Gambling Devices as defined by Tex. Penal Code Ann. § 47.01.

(c) COMPLIANCE INSPECTION. A Peace Officer or county employee designated by the Game Room Permit Administrator may inspect a permitted Game Room located within the Peace Officer's or employee's agency's jurisdiction to determine whether the Game Room, Amusement Redemption Machines, or records required to be kept under recordkeeping subsection 3.7, comply with these Regulations.

(d) CONSENT TO ENTRY. Any Owner or Operator of a Game Room or other person who does not allow a Peace Officer to inspect a Game Room, an Amusement Redemption Machine, or records mandated to be kept under subsection 3.7 of these Regulations as required under the Texas Local Government Code Section 234.136 commits an offense. If a person violates this subsection, then that person shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(e) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(f) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.2 Game Room sign required**

(a) It shall be the duty of any Owner or Operator of a Game Room to mark each outside door to a Game Room with a sign that:

(1) reads "GAME ROOM" in four inch or larger block lettering; and

(2) is legible and visible at all times from a distance of 25 feet from the outside door.

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<sup>4</sup> Tex. Occ. Code Chapter 2153.

(b) If an Owner or Operator violates this subsection, then that person shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(c) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(d) Game Rooms that have been issued an exemption pursuant to subsection 3.13 of these Regulations are exempt from the Game Room sign requirements.

(e) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.3 Fire and life safety**

(a) It shall be the duty of any Owner or Operator of a Game Room to provide doors that are readily accessible without the use of a key, special knowledge, or effort during business hours or any other hours of operation.

(b) It shall be the duty of the Owner or Operator of a Game Room, or commercial establishment, to comply with all construction or fire codes, and to pay any court-approved fee associated with a fire and life safety inspection, plan review, occupancy load calculation, or complaint.

(c) All construction and fire code regulations will be strictly enforced and the Game Room Owner or permit holder shall provide any representative of a fire safety official with immediate access to the premises and Game Room at all times.

(d) No Game Room shall use electronic locks to prevent entry during business hours.

(e) If an Owner or Operator violates this subsection, he or she shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(f) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(g) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.4 Transparent, uncovered windows and doors required**

(a) Any building, facility, or other place that contains six or more Amusement Redemption Machines must have at least one window in the front of the building and at least one other window on one other side meeting the criteria set forth in subsection (b), allowing a clear and unobstructed view of all Amusement Redemption Machines.

(b) It shall be unlawful for any Person to exhibit or display, or to permit to be exhibited or displayed, for commercial use any Amusement Redemption Machine in a Game Room unless the required transparent walls or windows of the Game Room:

- (1) Are located on at least two sides of the Game Room, and each Amusement Redemption Machine located therein is visible through such walls or windows; and
- (2) At the lowest point are not more than four feet above the adjacent sidewalk or ground level; and
- (3) At the highest point are at least eight feet higher than the adjacent sidewalk or ground level; and

(4) Are at least four feet wide.

(c) It shall be the duty of any Owner or Operator of a Game Room to provide transparent uncovered glass in each exterior Game Room window or door.

(d) It shall be unlawful for any Owner or Operator or any other person with permission or at the direction of an Owner or Operator to cover or tint a Game Room window or door, or otherwise block a window or door so as not to obscure the view of any Amusement Redemption Machine or the interior of the location from a sidewalk through a Game Room window or door.

(e) If an Owner or Operator violates this subsection then that person shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(f) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly operates a Game Room in violation of this subsection.

(g) Game Rooms that have been issued an exemption pursuant to subsection 3.13 of these Regulations are exempt from the Game Room windows requirements.

(h) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.5 Hours of Operation**

(a) A Game Room may operate only between the hours of 8 a.m. and 10 p.m.

(b) The Owner or Operator of a Game Room shall be assessed a civil penalty not to exceed \$10,000 for each hour of a day a Game Room is open during non-operating hours in violation of these Regulations.

(c) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly operates a Game Room in violation of this subsection.

(d) Game Rooms that have been issued an exemption pursuant to subsection 3.13 of these Regulations are exempt from the Game Room hours of operation requirements.

(e) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.6 Display of Game Room Permits**

(a) It shall be the duty of any Owner or Operator of a Game Room to post or display a current Game Room permit in plain sight in a common area accessible to the public without having to enter into a controlled area of the business.

(b) Failure to post or display the original, current Game Room permit will result in the Owner or Operator of the Game Room being assessed a civil penalty not to exceed \$10,000 per violation. Each day is considered a separate violation.

(c) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(d) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.7 Recordkeeping**

(a) It shall be the duty of any Owner or Operator of a Game Room to maintain onsite, and to produce to a Peace Officer for inspection:

(1) a record for each employee that contains the name, address, date of birth, state identification number or social security number, job function, W-2 or W-4 form, a copy of application for work with the Game Room, a copy of the I-9 filed as part of Employment Eligibility Verification for the Department of Homeland Security, and a photograph of the employee;

(2) a daily register that contains the name, date of birth, state identification number or social security number, and job function of each employee present at the establishment that day; and

(3) a copy of the Harris County and State of Texas tax record forms detailing each machine found on the premises by identifying the machine by name of manufacturer, serial number, type of machine, the serial number of the State of Texas Tax stamp, and the Harris County Tax Stamp to include the year of expiration of each tax stamp required.

(b) An Owner or Operator who violates subsection (a), above, shall be assessed a civil penalty of no greater than \$10,000 for each record required under these subsections that is missing. Each day a violation occurs or continues to occur is considered a separate violation.

(c) The Game Room shall preserve the daily register required by subsection (a)(2) for 90 days after the date the register was made. The register must be maintained at the Game Room, it must be accessible by the employees on duty, and must be made available to a Peace Officer upon request. An Owner or Operator who violates this subsection may be assessed an administrative penalty in the amount of \$500 for each register required to be preserved that is missing. Each day a violation occurs or continues to occur is considered a separate violation.

(d) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly operates a Game Room in violation of this subsection.

(e) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.8 Prohibited employment**

(a) It shall be unlawful for any Owner or Operator to knowingly employ any person who has been previously convicted of, entered a plea of nolo contendere or guilty, or received deferred adjudication for an offense involving any gambling violations set forth in Chapter 47 of the Texas Penal Code.

(b) It is the responsibility of the Owner or Operator to conduct a criminal background check on each potential employee.

(c) Failure to comply with any of the requirements of this section shall result in a violation and be punishable by a civil penalty assessed against an Owner or Operator not to exceed \$10,000 per prohibited employee working at the Game Room and/or per employee working at the Game Room without being subjected to a criminal background check.

(d) Each day a violation occurs or continues to occur is considered a separate violation for purposes of imposing a penalty.

(e) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room Permit.

### **3.9 Distancing restrictions**

(a) A Game Room in operation shall not be located:

(1) within 1,500 feet from any existing or planned school, regular place of religious worship, or residential neighborhood. "Planned" means that steps have been taken toward the facility's or structure's development including but not limited to a permit received, a plat approved, design work started, a bond received, or an order approved by a governmental entity's governing body; or

(2) within a distance of 2,000 feet from where two or more other Game Rooms are located.

(b) For the purposes of this subsection, measurements shall be made in a straight line from the nearest portion of the building or appurtenances used by the Game Room to the nearest portion of the building or appurtenances that are used for the purposes identified in subsection (a) above.

(c) Game rooms are exempt from these distancing restrictions upon proof that the Applicant continuously Owned and Operated the Game Room at the same location and under the same name prior to June 1, 2014. If the Game Room changes its name or Owner after this date, or if its permit was suspended or revoked, or its permit was denied renewal, or if the permit is allowed to lapse, then the Game Room will be considered a new Game Room and not exempt from the distancing requirements. All applications claiming a distance exemption under this subsection must be submitted on or before April 30, 2015.

(d) If an Owner or Operator violates this subsection then that person shall be assessed a civil penalty not to exceed \$10,000 per violation. Each day a violation occurs or continues to occur is considered a separate violation.

(e) The following Game Rooms are exempt from the distancing requirements set forth in this subsection:

- (1) Game Rooms that meet the requirements of subsection 3.13(c) below; and
- (2) Game Rooms which meet the requirements of subsection 3.9(c) above.

(f) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.10 Game Room memberships**

(a) An Owner or Operator shall not restrict entry to a Game Room or prohibit the participation in any activity inside a Game Room by a patron through the requirement of a Game Room membership.

(b) Game Room memberships are prohibited for any purpose.

(c) If an Owner or Operator violates this subsection then that person shall be assessed a civil penalty not to exceed \$10,000 per violation. Each person denied entry is considered a separate violation. Each day a violation occurs or continues to occur is considered a separate violation.

(d) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly Operates a Game Room in violation of this subsection.

(e) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.11 Amusement Redemption Machines**

(a) It shall be the duty of any Owner or Operator of a Game Room to obtain an occupation tax permit from the Harris County Tax Assessor-Collector for each Amusement Redemption Machine on their premises.

(1) The annual fee to be paid to the Harris County Tax Assessor-Collector will be 25 percent of the State's annual fee per machine.

(2) All Amusement Redemption Machine tax permit applications are required to indicate the location on the application where the Amusement Redemption Machine is physically located.

(3) Whenever an Amusement Redemption Machine is found not to be in compliance as to tax permits, it shall be locked by the Tax Assessor-Collector's Office or any Peace Officer and cannot be used until the Owner purchases a tax permit for the machine at a cost of \$100, regardless of which quarter of the year the unlock fee is paid, and then pays an "unlock fee" of \$5 per machine.

(4) If a Peace Officer or designated County Employee is not allowed entrance during business hours, a civil penalty not to exceed \$10,000 for each date of denial will be assessed upon an Owner or Operator.

(b) Harris County may assess an owner or operator of a Game Room a civil penalty not to exceed \$10,000 if any Amusement Redemption Machine does not display a current occupation tax decal on it. Furthermore, Harris County shall be able to assess a civil penalty not to exceed \$10,000 on the owner or operator for each machine that is not registered with a valid current year video tax stamp decal prominently displayed on each machine.

(c) An Owner or Operator commits a Class A misdemeanor offense if the Owner or Operator intentionally or knowingly operates a Game Room in violation of this subsection.

(d) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

### **3.12 Illegal machines**

(a) It shall be unlawful to keep, exhibit, operate, display, or maintain any gambling device that is prohibited by the constitution of this state or Chapter 47 of the Texas Penal Code, GAMBLING.

(b) Additionally, a civil penalty not to exceed \$10,000 shall be placed on the Owner or Operator of a Game Room for any machines used for illegal gambling.

(c) If a law enforcement agency determines through investigation that a Game Room was in operation violating the Texas Penal Code Chapter 47, GAMBLING, then every machine or Gambling Device in the Game Room will be considered

in violation. A civil penalty not to exceed \$10,000 per machine may be assessed upon an owner or operator of the Game Room. Each day a violation occurs or continues to occur is considered a separate violation.

(d) Any violation of this subsection is grounds for denial, revocation, or suspension of a Game Room permit.

(e) An Applicant's, Owner's, or Operator's compliance with these Regulations, including Operating a Game Room under a permit issued under these Regulations, is not a defense to prosecution for an offense under Chapter 47, Texas Penal Code.

### **3.13 Requirements to qualify for Food and Beverage Sales or Charitable Bingo Exemptions**

A Game Room permit holder may apply for multiple exemptions.

(a) Any exemption granted must be clearly stated on the Game Room permit.

(b) Charitable Bingo exemption. An Applicant is qualified for a charitable bingo exemption if the Applicant can show a valid and current Texas Lottery Commission Charitable Bingo License as described in Texas Occupations Code Chapter 2001.

An original certificate or copy of this license presented with the complete Game Room permit application at the time of application or permit renewal is sufficient to make this showing.

(c) Food and Beverage Sales exemption. An Applicant is qualified for a Food and Beverage Sales exemption if the Applicant meets all requirements of subsections (1-7) below:

(1) The following words and terms, when used in this subsection, shall have the following meaning unless the context clearly indicates otherwise:

a. Food or Beverage Service - cooking or assembling food on premises, primarily for on premises consumption. Commercially pre-packaged items which require no heating, cooking, or assembly and which may be purchased off-premises do not constitute food or beverage service under this section;

b. Entrée - main dish of a meal;

c. Multiple Entrées - no fewer than eight different entrees per meal period must be available to customers; and

d. Food Service Facilities - a portion of the licensed premises where food is stored and prepared primarily for on premises consumption.

(2) An Applicant is qualified for a Food and Beverage Sales exemption if the following conditions are satisfied:

a. with respect to the operation of a Game Room, the Applicant's primary business on the premises is Food or Beverage Service;

b. multiple entrees are available to customers;

c. Food Service Facilities are maintained on the premises;

d. the hours of operation for sale and Food or Beverage Service are the same as the hours of operation of the Game Room; and

e. At least 51 percent of the Game Room's total net income is derived from the sale of food or beverages.

(3) An Applicant for a food and beverage sale exemption shall submit a sworn statement attesting that Food or Beverage Service is maintained on the premises and is the primary business on the premises. The Applicant shall furnish the following:

a. the menu or, if no menu is available, a listing of the food and beverage items;

b. hours of operation of Food or Beverage Service;

c. sales data or, if not available, projection of sales. The projection or data should include sufficient breakdown of revenues of food, alcoholic beverages, and Game Room operation proceeds;

d. listing of equipment used in preparation and Food or Beverage Service versus the equipment used in operation of a Game Room;

e. copies of floorplans of the licensed premises indicating areas devoted primarily to the preparation and Food and Beverage Service and those devoted primarily to operation of a Game Room; and

f. if alcoholic beverages are served, the TABC license or permit as applicable with the TABC food and beverage certificate as applicable; and

g. the Food Service permit from the appropriate entity.

(4) Applicants for renewal of food and beverage sales exemptions shall resubmit the information required in subsection 3.13(c)(3)(a-g) above.

(5) Failure to meet all requirements of this subsection or accurately maintain required records is grounds for denial or revocation of a food and beverage sales exemption.

(6) In verifying that the exemption holder is maintaining Food or Beverage Service as the primary business on the premises, the Game Room Permit Administrator may examine all books, papers, records, documents, supplies, and equipment of the exemption holder.

(7) Recordkeeping requirements for holders of food and beverage sales exemptions:

a. each holder of a food and beverage sales exemption shall maintain records to reflect separate totals for beverage sales, food sales, and other major sales categories at the location, including Amusement Redemption Machine proceeds. Purchase invoices must be maintained to reflect the total purchases of beverages, food, and other major purchase categories;

b. complimentary food and beverages, including alcoholic beverages, shall not be calculated in determining whether the premises meets the 51 percent or more food or beverage sales threshold;

c. all records are required to be maintained for four years and made available to authorized representatives of the Game Room Permit Administrator upon reasonable request; and

d. in examining the food or beverage sales, the Game Room Permit Administrator may compute and determine the percentage of food and beverage sales upon the basis of information filed with the Game Room Permit Administrator or held by the permit holder, but if such information is insufficient, the computation and determination of the percentage of sales may be based upon any records or information which is available.

### **3.14 Owners of an illegal gaming facility**

It is not a defense to prosecution under this section if an Owner does not have the DBAs in his/her name, and/or the leases or property in their names, but solely that each party has an ownership interest in the business.

### **3.15 Injunction and Civil Penalty**

The County Attorney or its Agent is authorized to sue in district court for an injunction to prohibit the violation or threatened violation of these Regulations adopted under Texas Local Government Code § 234.133. The County is entitled to recover reasonable expenses incurred in obtaining injunctive relief, civil penalties, or both, including reasonable attorney's fees, court costs, mediation fees, and investigatory costs. This civil remedy is cumulative of all other remedies available to Harris County.

## **SECTION 4. CUMULATIVE EFFECT OF REGULATIONS; SEVERABILITY**

### **4.1 Cumulative Effect**

Authority under these Regulations is cumulative of other authority that Harris County and its incorporated municipalities have to regulate Game Rooms and does not limit that authority.

### **4.2 Severability Clause**

If a section or subsection of these Regulations, or certain applications of a section or subsection, is found unconstitutional, the remaining sections or subsections, or applications of those sections or subsections, will continue in force as law.

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>March 23, 2015</u>	<u>Appropriation</u>
Requested By: <u>Rosalyn Epting</u>	Source of Funds: <u>N/A</u>
Department: <u>Parks &amp; Recreation</u>	Account Number:
Report: <input checked="" type="radio"/> Resolution: <input type="radio"/> Ordinance: <input type="radio"/>	Amount Budgeted:
Other: <input type="radio"/>	Amount Requested:
	Budgeted Item: <input type="radio"/> YES <input type="radio"/> NO

**Attachments :**

---

### SUMMARY & RECOMMENDATIONS

During a Council Meeting in November, Council began a discussion regarding individuals who use City facilities to operate their business. After that meeting staff met to discuss the City's current ordinance that pertains to this topic. The existing ordinance has not been aggressively enforced in the past.

The existing ordinance states:

*Section 50-3 subsection (3) Concessions and sales generally.*

No person shall have the right to offer anything for sale or barter, or to exhibit anything, or to conduct any amusement, recreational activity, sports event, or other business for which any participation or admission fee is charged or revenue is otherwise derived within any park, park area, park related facility or rental facility without first obtaining the written consent of the director of parks and recreation.

Currently, the City does not stop anyone from holding classes or private lessons in City parks; however, when an individual calls to guarantee use of a park, staff works with the individual to ensure that the needs of both the individual and City can be accommodated. Businesses that call in are given the following options to choose from:

1. Contract the class with the City and provide a percentage of fees, which guarantees space availability; or
2. Rent the space and charge participants a fee, as desired;
3. Partner with the City to develop a win-win situation. An example of a partnership would be someone who teaches a class, but does not pay any rental fees. Instead, the person teaches another class for the City at no charge; and the City collects registration fees for that additional class.

Note that groups or individuals with contracts or partnerships must have the certifications or experience, as specified by the City, to teach that class. For those businesses that maintain a contract or partnership with the City, classes/activities offered by the business are included in City promotional materials (flyers, weekly newsletter, website, etc).

In terms of the Recreation & Fitness Center, personal trainers and basketball coaches obtain memberships and are allowed to train other members or daily pass users. The City does not endorse any of these

individuals, nor does the City have certification requirements since there's no agreement with these individuals.

Some classes currently held in parks that are not regulated by the City include: boot camps, pitching lessons, tennis lessons, aerobics, basketball, swimming, and horseback riding. This is not an all-inclusive list; however, it is what staff has seen occurring most frequently.

Proposed enforcement options for those wishing to operate a business at a City facility:

1. Continue Status Quo
  1. Allow businesses to operate in City parks; however, charge fees when guaranteed space or lights is requested. Any use of indoor facilities would need to be done through membership, rental, contract, or partnership.
  2. Staff will allow all other users to continue and not "police" them when they are seen.
  3. If damages are found in City parks due to use by a business, City staff would monitor the situation and address it with the business directly.
2. Work with all businesses and require them to work with us (contract, rental, or partnership)
  1. Businesses would be talked to if they are seen using City parks. They would be given the opportunity to set up a contract, rental or partnership with the City.
  2. The City would stress a win-win partnership where all involved would benefit.
  3. For all contractual or partnership agreements, the business would be required to provide proof of liability insurance naming the City as additional insured.

---

**Action Required of Council:**

Provide input to staff on what direction Council would like staff to take regarding individuals operating their business at City facilities.

---

**Approved for City Council Agenda**

---

**Corby D. Alexander, City Manager**

---

**Date**



**Council Agenda Item  
March 23, 2015**

**9. (a) Receive report of Fiscal Affairs Committee – Councilmember Engelken**

**9. (b) Receive 2014 Comprehensive Annual Financial (CAFR) Report – M. Dolby**

\*\*\*\*\*

## REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: March 23, 2015 Appropriation  
Requested By: Michael Dolby Source of Funds: N/A  
Department: Finance Account Number:  
Report:  Resolution:  Ordinance:  Amount Budgeted:  
Other:  Amount Requested:  
Budgeted Item:  YES  NO

**Attachments :**

**1. FY 2014 Comprehensive Annual Financial Report**

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### SUMMARY & RECOMMENDATIONS

In accordance with the City charter, the 2014 audit report will be presented to Council by the external auditors Whitley Penn. The audit report provides the City with reasonable assurance that the financial statements are free of material misstatements. The auditors designed tests that provide evidence that the financial statements conform to the highest level of accounting standards. The City of La Porte received an unqualified (clean) opinion from the auditors and no management comments.

The City of La Porte has won an award for excellence in financial reporting from the Government Finance Officers Association for 33 consecutive years.

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### Action Required of Council:

None.

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### Approved for City Council Agenda

\_\_\_\_\_  
Corby D. Alexander, City Manager

\_\_\_\_\_  
Date

**CITY OF LA PORTE, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Year Ended September 30, 2014**

**Prepared By  
Department of Finance**

**Draft 3/5/2015**

**CITY OF LA PORTE, TEXAS**  
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**CITY OF LA PORTE, TEXAS**

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Draft 3/5/2015

**INTRODUCTORY SECTION**

Draft 3/5/2015



Draft 3/5/2015



March 9, 2015

To the Honorable Mayor,  
Members of City Council, and  
Citizens of the City of La Porte, Texas:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2014. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of La Porte's financial statements have been audited by Whitley Penn, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of La Porte for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the City of La Porte included a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of La Porte's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of La Porte's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City**

The City of La Porte, incorporated in 1892, is located in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 34,553.

The City is a home rule city operating under the Council-Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Secretary and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The Council is elected on a non-partisan basis. The Mayor and Council members serve three-year staggered terms. Six of the council members are elected by district. The Mayor and the two remaining council members are elected at large. The City of La Porte provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure and recreational activities and cultural events. Certain services are provided through a legally separate Water Authority, which functions, as a blended component unit and in essence, is a department of the City of La Porte, and, therefore, has been included as an integral part of the City of La Porte's financial statements. Additional information on the Water Authority and other blended component units can be found in Note 1B. of the notes to the financial statements. The City has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1B). The City has also established a section 4 B Sales Tax Corporation (see Note 1B). The City also has established a Fire Control, Prevention and EMS District (see note 1B). The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 26 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 52 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 68. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

## **Economic Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Porte operates.

## **Local Economy**

The City of La Porte is located in the southeast quadrant of Harris County, which is a 1, 723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, and the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. Higher education facilities include: University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist University, all offering full four- year as well as postgraduate programs. The Lyndon B. Johnson Space Center is also located here. Located some 20 miles southeast of Houston on Galveston Bay in Harris County are the three communities that make up the La Porte Bayshore Area: La Porte, Morgan's Point and Shoreacres. The area has a combined population of approximately 40,000. Though much of the image of this area is industrial, the La Porte-Bayshore area is still characterized by an expanse of resort homes.

## **Strategic Plan**

- **Overview**

On October 27, 2012, the Mayor, City Council, City Manager and key staff of the City of La Porte met together in a retreat planning session. The purpose of that meeting was to establish the Council's Strategic Plan for the next five years. A report was prepared outlining the City Council's Mission, Vision and Core Values, as well as six overall goals. Each goal had identified objectives and strategies, with time lines for beginning and completing the goals.

On March 9, 2013, the City Manager and his key staff met. Their purpose was two-fold. First, staff reviewed and discussed the Mission, Vision and Core Values developed by the City Council and created Leadership Statements for the staff to follow to ensure their work is consistent with the value of the City Council. Secondly, staff reviewed and clarified the goals, objectives and strategies identified by the City Council; if necessary identify additional goals consistent with the overall mission, vision and values; and establish the framework for an action plan. The result of their work is documented in this report.

The Strategic Plan will provide a blueprint for action over the next five years. When developing the annual budget, staff will be tasked with making sure that expenditures and programs further the goals and Core Values stated in this document. This provides clear direction to the staff as to what priorities are important to the Council and plans can be made accordingly to make sure that resources are allocated towards those ends. Additionally, this plan is an excellent communication tool that the Council and the staff can use when speaking with residents and businesses. Many times, ad hoc requests can derail longer-term plans. The Strategic Plan outlines a framework for receiving, prioritizing, and budgeting for resident requests.

All participants, staff and Council, agreed to commit to the success of this plan. A plan only becomes a useful and working document when all the participants (as a whole and as individuals) make a commitment to review it regularly, use it monthly, and modify it as needed. It is a tool that can and should be used regularly to track progress, make notes of variations between expectations and actuals, of timelines and expenses, to help accomplish each goal, and to hold one another accountable for updates and completion.

- **Mission Statement**

The Council reviewed and revised the Mission Statement & Vision Statement of the City and the results are as follows:

*The City of La Porte embraces our heritage, community values, and opportunities, while enhancing the quality of life for our citizens*

- **Vision Statement**

*To provide improved infrastructure, to drive economic growth, and to enhance quality of life for our citizens.*

- **Core Values**

The City Council wanted to specify the core values under which the City and its staff function. Core values are the general guidelines that establish the foundation for how an organization will operate. Staff then discussed these value statements to define and gain an understanding of what those Core Value meant to staff from a leadership perspective. Staff first discussed what the elements of each Core Value represented, then prepared a Leadership Statement for each one.

The following are the Core Values of the City of La Porte:

- **Health & Public Safety:** City employees will ensure the health and safety of our citizens by providing and maintaining superior public infrastructure and public safety services.
- **Integrity & Accountability:** City employees will be open, honest and transparent, and be accountable to the Council so that Council can be responsive to the citizens.
- **Superior Customer Service:** City employees will proactively provide superior customer service in a positive and timely manner.
- **Quality in everything we do:** City employees will strive for superiority in all services we provide.

- **Goal and Plan Development**

During the Council Retreat in October 2012, six goals were developed by the Council, with staff providing assistance to flesh out the objectives for each. In March 2013, the staff further added “meat to the bone” to outline more specifically the actions that would be necessary to achieve the stated goals. The development and implementation of the action plan will serve to provide Council a clear understanding of how and when each of their goals will be accomplished. The action plan proposes to do the following:

- Identify a team leader: Each Goal needs a champion who will lead the effort to accomplish the goal and be held accountable for the action plan that is developed. A team leader for each goal was assigned.
- Identify team members. Likewise each goal needs a larger team, consisting of fellow staff from across all departmental lines where appropriate, to assist in the implementation process.
- Identify partners. Each team should identify the partners, outside the city organization, who can provide expertise and resources to accomplish the goal.
- Define action steps. Each objective needs defined action steps showing Council how the goal will be accomplished. The action steps provide the basis for benchmarks.

- Prepare a timeline. Timelines were prepared for each of the objectives. Staff will be asked to review those timelines and recommend adjustments, once the action steps are better defined.

The Council-identified goals are:

- Improve Infrastructure
- Preserve Heritage – to preserve the structure and amenities that make La Porte unique
- Ensure that all departments and facilities are ready for any disaster
- To encourage economic development/retail development
- To provide Superior Customer Service
- To revitalize blight/146

In addition to the six Council-identified goals, it was agreed that key areas of city government were not included in the goals identified by Council. Staff was tasked with discussing other areas where they would establish goals and objectives and bring them to Council for consideration and approval to include in the Strategic Plan. Several new goals were identified and are proposed for Council consideration:

- To provide and maintain superior public safety
- Continue to improve the quality of life through recreational amenities
- Create a Neighborhood Preservation Program
- Provide diverse and timely communications that promote and influence a positive public perception of La Porte

One critical component to ensuring that the elements of the Strategic Plan are being implemented is to provide regular status reports to the City Council. Staff proposes quarterly written reports supplemented by oral reports or action items for implementation that may be necessary in-between written reports.

In fiscal year 2014, City staff appointed key department directors to carry out the major components of the strategic plan. Staff developed a matrix that identifies target dates for completion of the components of the strategic plan.

### **Relevant Financial Policy**

City Council voted to adopt GASB 54 which resulted in the passage of a resolution that measures net financial resources available to finance expenditures of future periods.

### **Major Initiatives**

Public Works has identified major infrastructure improvements needed in the upcoming years, consequently, we anticipate issuing up to \$10 million in certificates of obligation in fiscal year 2015.

### **Long Term Planning**

Given the current economy and the uncertainty of the next few years, the City's existing financial position remains strong. The City has incorporated several strategies to decrease the expenses to the City over the next several years. Rising costs of personnel and the related benefits have been a challenge to the City; however, over the last few years, a healthy fund balance in the General Fund has allowed the City to weather these rising costs.

The city of La Porte is experiencing significant commercial and residential development. Over the past 18 months, multiple restaurants and retail establishments have opened in the City. A large, 30,000 square foot retail strip center opened and a new developer has begun another retail strip center development with an estimated value of \$7 million.

Additionally, the housing market in the Houston area, which included La Porte, has seen a 10% growth in the median price of homes. Residential development is underway at the City's golf course, and a Senior Housing Project with 180 units is expected. Sens Road is another area of proposed residential development.

The Panama Canal expansion is bringing about a significant growth in warehouse operations and hotels. The deepening and widening of the port is prompting expansion of the Barbour's Cut terminal, which is located in La Porte, and the Bayport Terminal, which is located 1 mile outside the city limits, to allow receiving from super container ships. We are also anticipating the opening of the Bayport Cruise terminal, which is located only 1.5 miles from La Porte. The Princess cruises are starting in November, while Norwegian is scheduled to start in the spring of 2014. Due to new "fracking" technology of oil and gas from shale deposits, we anticipate increased growth within our industry corridors as result of exporting energy to overseas markets.

Conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position and have allowed the City to weather the economic slump. We are especially pleased that there have been no property taxes rate increases for a number of years. Additional capital projects are being funded by utilizing excess fund balances and previously issued debt that had been stranded. With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

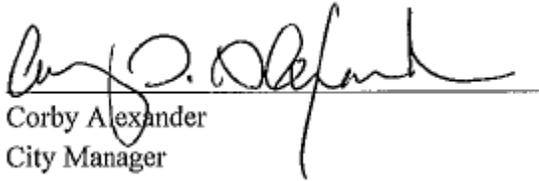
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the thirty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

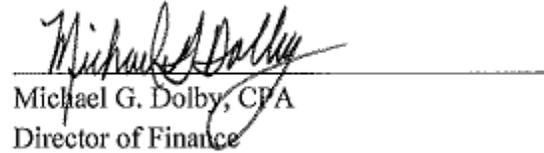
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the government also received the GFOA's Distinguished Budget Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. Other financial awards to the City are the Popular Financial Report Award from GFOA, the Investment Policy Award from the Government Treasurer's Organization of Texas, the Platinum level of the Financial Transparency Award from the State of Texas Comptroller and the Achievement of Excellence in Procurement Award from the National Procurement Institute.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Porte's finances.

Respectfully submitted,



Corby Alexander  
City Manager



Michael G. Dolby, CPA  
Director of Finance

Draft 3/5/2015



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of La Porte  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

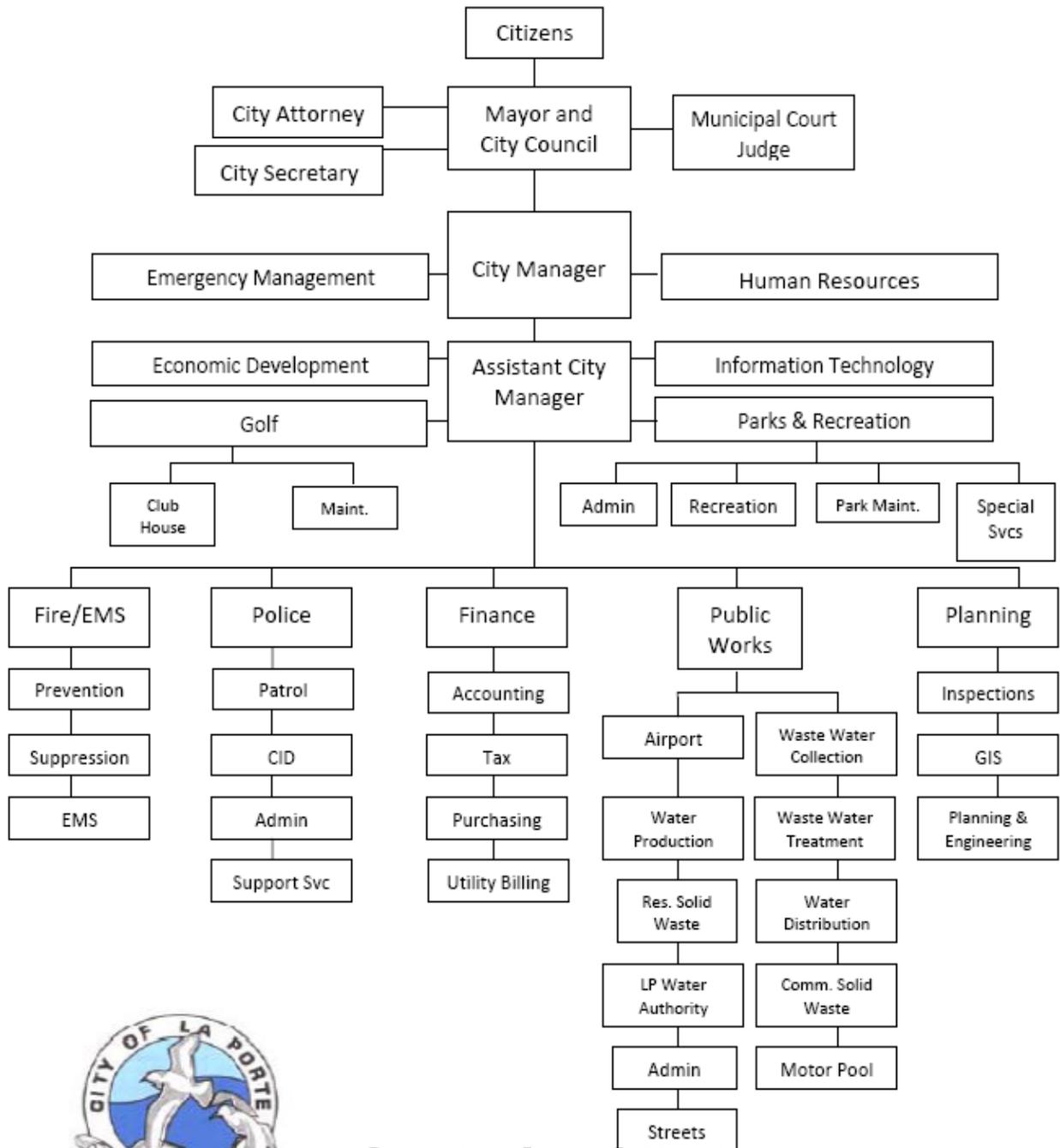
**September 30, 2013**

Executive Director/CEO

**Draft 3/5/2015**

**CITY OF LA PORTE**  
*Organizational Chart*

**ORGANIZATION CHART**



Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
*For the year ended September 30, 2014*

**Elected Officials**

---

Louis Rigby  
Danny Earp  
Chuck Engelken  
Daryl Leonard  
Tommy Moser  
Jay Martin  
Mike Clausen  
John Zemanek  
Dottie Kaminski

**Position**

---

Mayor  
Council Member - District One  
Council Member - District Two  
Council Member - District Three  
Council Member - District Four  
Council Member - District Five  
Council Member - District Six  
Council Member - At Large A  
Mayor Protem - At Large B

**City Management**

---

Corby Alexander  
Traci Leach  
Ken Adcox  
David Mick  
Patrice Fogarty  
Denise Mitrano  
Michael G. Dolby

**Position**

---

City Manager  
Assistant City Manager  
Police Chief  
Director of Public Services  
City Secretary  
Municipal Judge  
Director of Finance

Draft 3/5/2015

**FINANCIAL SECTION**

Draft 3/5/2015

Draft 3/5/2015

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the City Council & Citizens  
City of La Porte, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Porte, Texas (the "City") as of and for the year ended September 30, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and  
Members of City Council  
City of La Porte, Texas

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information and pension information system on pages 3 through 11 and 52 through 54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report date March 23, 2015, on our consideration of the City of La Porte, Texas internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of La Porte, Texas internal control over financial reporting and compliance.

Houston, Texas  
March 23, 2015

Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of La Porte (the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. It should be read in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements.

**Overview of the Financial Statements**

The discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, health and sanitation and culture and recreation. The business-type activities of the City consist of the water and sewer utilities, airport, and the La Porte Area Water Authority.

The government-wide financial statements can be found on pages 15 through 17 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental and proprietary - and utilize different accounting approaches.

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**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, debt service and capital improvements funds, which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

**Proprietary Funds.** The City maintains two types of proprietary funds. Proprietary funds are used to report the same functions presented as business type activities in the government-wide statements. The City uses proprietary funds to account for its utilities, airport and water authority. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for motor pool services, technology services and insurance. Because these services predominantly benefit the governmental rather than business type functions, they have been included in the governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its Utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 50 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 52 through 54 of the City's Comprehensive Annual Financial Report.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found beginning on page 58 of the City's Comprehensive Annual Financial Report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows by \$124.7 million as of September 30, 2014, in the primary government as follows:

**Condensed Schedule of Net Position**

*September 30, 2014 and 2013*

*Amounts in (000's)*

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 60,457	\$ 59,227	\$ 7,400	\$ 6,244	\$ 67,857	\$ 65,470
Capital assets	78,536	76,430	38,086	40,153	116,622	116,582
<b>Total Assets</b>	<b>138,994</b>	<b>135,656</b>	<b>45,485</b>	<b>46,396</b>	<b>184,479</b>	<b>182,053</b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	1,212	791	-	-	1,212	791
<b>Total deferred outflows of resources</b>	<b>1,212</b>	<b>791</b>	<b>-</b>	<b>-</b>	<b>1,212</b>	<b>791</b>
<b>Liabilities</b>						
Other liabilities	6,312	5,439	1,116	1,053	7,428	6,492
Long-term liabilities outstanding	49,665	50,272	3,891	4,592	53,557	54,864
<b>Total Liabilities</b>	<b>55,977</b>	<b>55,711</b>	<b>5,007</b>	<b>5,645</b>	<b>60,984</b>	<b>61,356</b>
<b>Deferred Inflows of Resources</b>						
Deferred gain on refunding	-	-	5	7	5	7
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>
<b>Net Position:</b>						
Net investment in capital assets	54,506	49,304	35,873	36,347	90,379	85,651
Restricted	11,088	8,902	1,413	2,096	12,500	10,998
Unrestricted	18,635	22,530	3,187	2,301	21,822	24,831
<b>Total Net Position</b>	<b>\$ 84,229</b>	<b>\$ 80,736</b>	<b>\$ 40,473</b>	<b>\$ 40,744</b>	<b>\$ 124,701</b>	<b>\$ 121,480</b>

**Net Investment in Capital Assets**

The largest portion of the City's net position (72%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Restricted Net Position**

A portion of the City's net position, \$12.5 million or 10% represents resources that are subject to external restriction on how they may be used.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Unrestricted Net Position**

The remaining balance is unrestricted net position, \$22 million or 17%, and may be used to meet the City's ongoing obligations to residents and creditors. Both of these categories remained relatively stable compared to the prior year.

The following table provides a summary of the City's operations for the year ended September 30, 2014, with comparative totals for the year ended September 30, 2013. Governmental activities increased the City's net position by \$3.5 million. Business-type activities decreased net position by \$272 thousand.

**Condensed Schedule of Changes in Net Position**

*For the Years Ended September 30, 2014 and 2013*

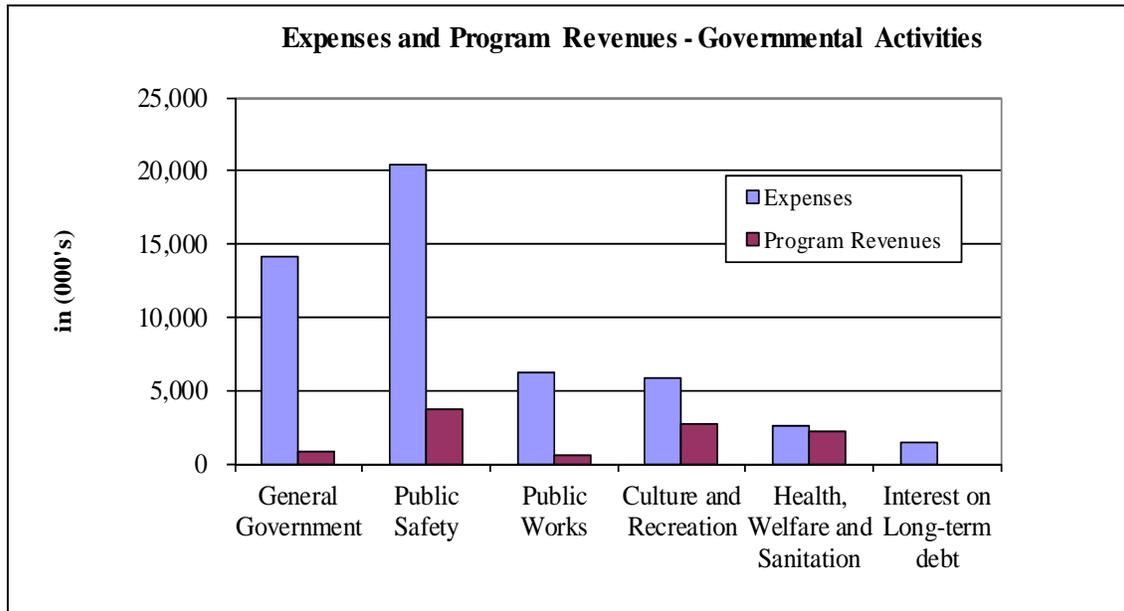
*Amounts in (000's)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Revenues						
Program revenues:						
Charges for services	\$ 8,036	\$ 7,874	\$ 8,885	\$ 9,170	\$ 16,922	\$ 17,045
Operating grants and contributions	2,015	849	-	-	2,015	849
Capital grants and contributions	-	-	1,126	1,398	1,126	1,398
General revenue:						
Property taxes	19,925	17,782	-	-	19,925	17,782
Other taxes	12,357	10,902	-	-	12,357	10,902
Industrial payments	11,555	11,108	-	-	11,555	11,108
Investment earnings	106	85	9	8	115	93
Miscellaneous	459	432	101	36	560	468
<b>Total Revenues</b>	<b>54,453</b>	<b>49,032</b>	<b>10,120</b>	<b>10,612</b>	<b>64,573</b>	<b>59,645</b>
Expenses						
General Government	14,115	13,854	-	-	14,115	13,854
Public Safety	20,436	17,765	-	-	20,436	17,765
Public Works	6,260	4,451	-	-	6,260	4,451
Culture and Recreation	5,855	5,722	-	-	5,855	5,722
Health, Welfare and Sanitation	2,519	2,328	-	-	2,519	2,328
Interest on Long-term debt	1,404	1,384	-	-	1,404	1,384
Water Services	-	-	7,731	8,206	7,731	8,206
Sewer services	-	-	2,802	2,599	2,802	2,599
Airport	-	-	230	210	230	210
<b>Total Expenses</b>	<b>50,589</b>	<b>45,505</b>	<b>10,762</b>	<b>11,015</b>	<b>61,351</b>	<b>56,520</b>
Increase (decrease) in net position						
before transfers	3,864	3,526	(643)	(403)	3,221	3,123
Transfers	(371)	720	371	(720)	-	-
Increase (decrease) in net position	3,493	4,246	(272)	(1,123)	3,221	3,123
<b>Net position - beginning</b>	<b>80,736</b>	<b>76,490</b>	<b>40,744</b>	<b>41,867</b>	<b>121,480</b>	<b>118,357</b>
<b>Net position - ending</b>	<b>\$ 84,229</b>	<b>\$ 80,736</b>	<b>\$ 40,473</b>	<b>\$ 40,744</b>	<b>\$ 124,701</b>	<b>\$ 121,480</b>

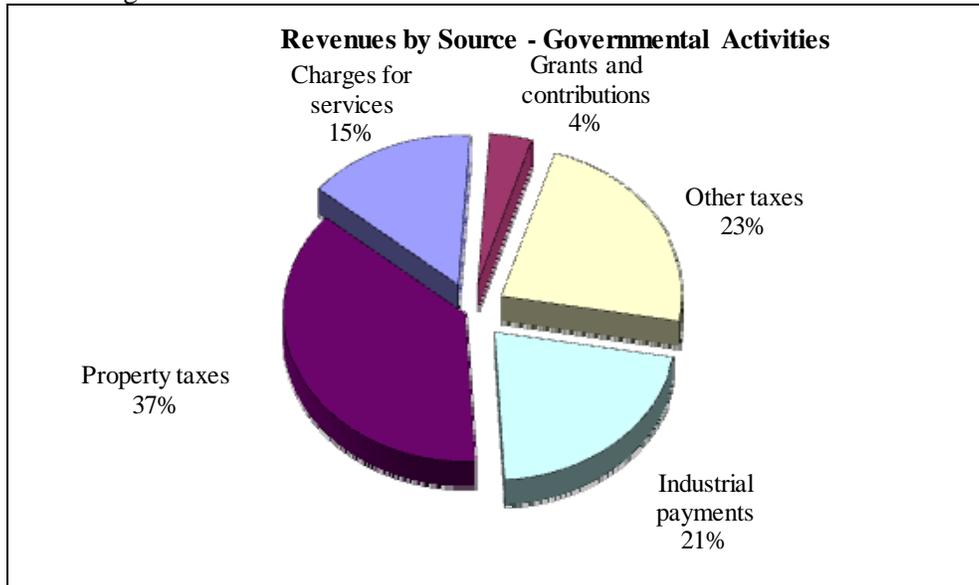
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities.** A comparison of program expenses to program revenues and revenues by source for governmental activities follows:

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**



Revenue sources for governmental activities were distributed as follows:

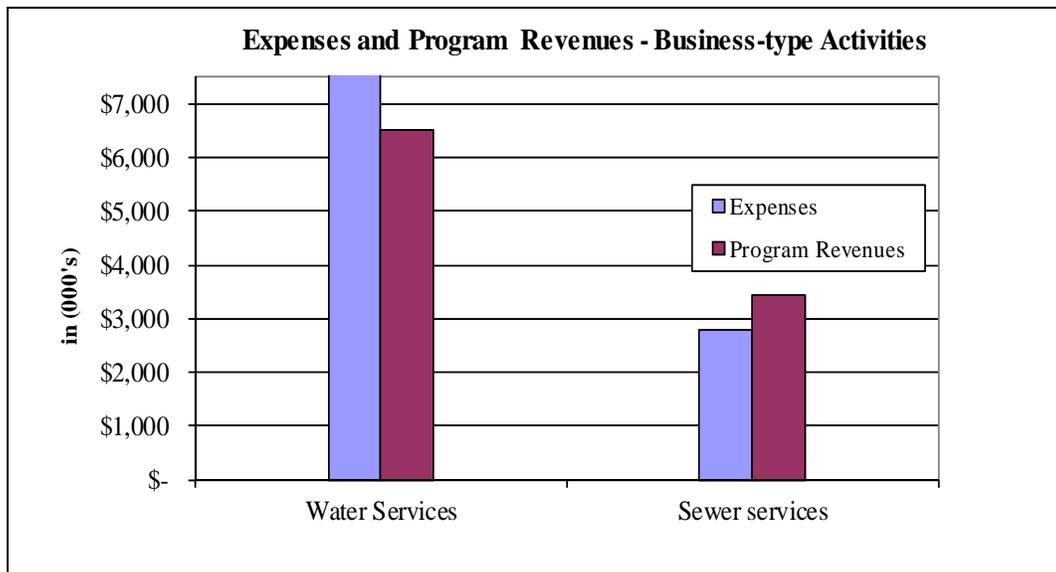


For the year ended September 30, 2014, revenues without transfers in the governmental activities totaled \$54.4 million. This represents an increase of approximately \$5.4 million or 11%.

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**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Business-type Activities.** Revenues without transfers in the business-type activities totaled \$10.1 million, a \$492 thousand decrease from the prior year. This decrease is due to a decrease in charges for services and grants and contributions. A comparison between expenses and program revenues (charges for services) relating to Utility operations follows.



**Financial Analysis of the Government's Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$47.1 million, an increase of \$1.7 from the prior year. This increase is due to an increase in sales and use taxes, intergovernmental revenues, property taxes, and industrial payments.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21.3 million, an increase of \$2.4 million for commitments for construction. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59% of total general fund expenditures and total fund balance represents 71% of the same.

The Debt Service fund had a total fund balance of approximately \$2.8 million, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year of \$278,423 was due to a debt refunding.

The Capital Projects Fund experienced a decrease in fund balance in the amount of \$2,623,779. This was a planned decrease as the City utilized bond funds to construct and acquire various capital assets.

**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net position of the respective proprietary funds are Utility - \$591 thousand, La Porte Area Water Authority - \$2.2 million and Airport - \$366 thousand. The changes in net position of the proprietary funds for 2014 was as follows: Utility - decrease of \$634 thousand, La Porte Area Water Authority - increase of \$535 thousand and Airport - decrease of \$173 thousand.

**General Fund Budgetary Highlights**

Actual revenues exceeded the final General Fund budgeted revenues by \$1,123,864. Sales and use tax and miscellaneous revenue exceeded the projected budget by \$376,955 and \$216,379 respectively. License and fees and fines and forfeitures also exceeded budget by \$117,076 and \$122,591 respectively.

Total appropriations exceeded expenditures by \$977,508, the majority of which can be attributed to five departments. Administration had a positive variance in the amount of \$148,573 due to open positions and reduction in special programs. Planning and engineering had a positive variance in the amount of \$290,638 due to open positions. The variance in Fire and Police for \$151,929 and \$188,976 was due to open positions in the department. Culture and recreation had a positive variance of \$115,523 due to open positions.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounted to \$116.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was approximately \$39 thousand. The following table shows capital asset activity for the 2014 fiscal year (in 000's):

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,556	\$ 9,472	\$ 428	\$ 428	\$ 9,984	\$ 9,900
Construction in progress	11,740	12,857	178	4,073	11,918	16,930
Infrastructure	14,260	15,472	-	-	14,260	15,472
Buildings and improvements	33,276	30,917	34,353	35,313	67,629	66,230
Machinery and equipment	9,704	7,712	3,127	339	12,830	8,051
Total Capital Assets	\$ 78,536	\$ 76,430	\$ 38,086	\$ 40,153	\$ 116,622	\$ 116,583

Major capital asset events during the current year include the reporting of a drainage master plan study.

Construction in progress at year-end represents ongoing projects; to include various water and sewer projects. Additional information on capital asset activity can be found in note 5 to the financial statements.

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**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$36.1 million. Of this amount, \$34.0 million is backed by the full faith and credit of the City, and the remainder represents revenue bonds secured solely by specified revenue sources.

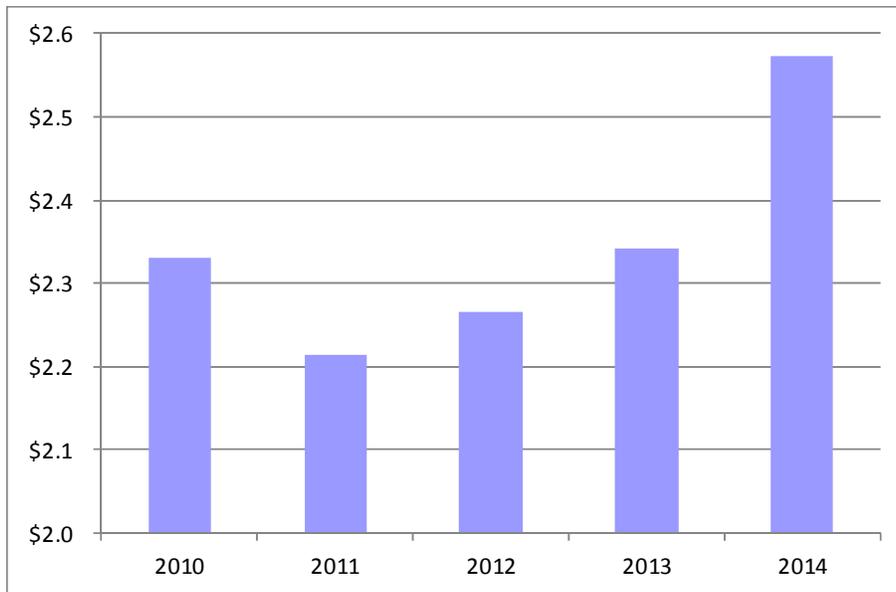
The City of La Porte maintains an "Aa2", "AA", and "AA" by Moody's, Standard and Poor's and Fitch respectively for general obligation debt. The revenue bonds have been rated "NR", "AA", "NR" by Moody's, Standard and Poor's and Fitch respectively.

Additional information on long-term debt activity can be found in note 6 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the City of La Porte is currently 5.0 percent which is a decrease from the rate of 6.4 percent a year ago. This is slightly higher than the state's average unemployment rate of 4.9 percent which is less than the national average of 5.9 percent. During the upcoming year, the City will closely monitor the volatility in the housing market. Although our area has not been adversely affected by home foreclosures, we will observe future economic changes. Total assessed value for all residential and commercial property in the City of La Porte exceeded \$2.6 billion for fiscal year 2014. The trend for total assessed values has fluctuated slightly over the past five years resulting in a total increase of 10 percent.

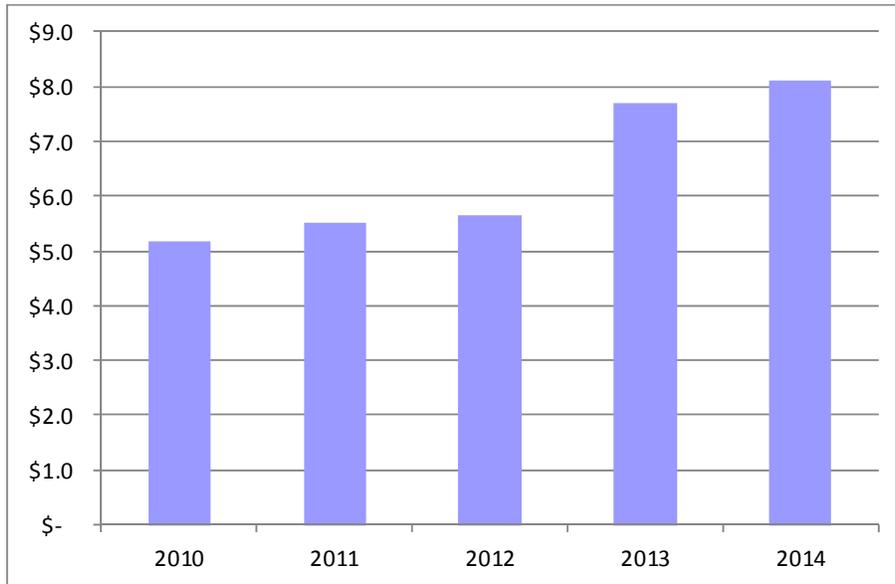
Assessed property values trends (in billions):



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**CITY OF LA PORTE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Sales tax revenues trends (in millions):



**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, customers and creditors a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas, 77571.

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**BASIC FINANCIAL STATEMENTS**

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**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF NET POSITION**  
*September 30, 2014*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equivalents	\$ 32,704,844	\$ 2,012,073	\$ 34,716,917
Investments	20,896,798	3,272,518	24,169,316
Receivables, net of allowance for uncollectibles	5,646,554	878,463	6,525,017
Due from Other Governmental Agencies	1,073,879	-	1,073,879
Inventories	135,197	6,000	141,197
Restricted cash and equivalents	-	1,230,457	1,230,457
<b>Capital assets:</b>			
Capital assets not subject to depreciation	21,296,360	605,786	21,902,146
Capital assets, net of accumulated depreciation	57,240,002	37,479,742	94,719,744
<b>Total Capital Assets</b>	<b>78,536,362</b>	<b>38,085,528</b>	<b>116,621,890</b>
<b>Total Assets</b>	<b>138,993,634</b>	<b>45,485,039</b>	<b>184,478,673</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	1,212,342	-	1,212,342
<b>Total deferred outflows of resources</b>	<b>1,212,342</b>	<b>-</b>	<b>1,212,342</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	6,185,641	560,562	6,746,203
Accrued interest	47,173	5,770	52,943
Unearned revenues	29,670	-	29,670
Customer deposits	-	548,210	548,210
Other liabilities	49,082	1,500	50,582
Long-term liabilities:			
Due within one year	3,432,781	929,415	4,362,196
Due in more than one year	46,232,491	2,961,977	49,194,468
<b>Total Liabilities</b>	<b>55,976,838</b>	<b>5,007,434</b>	<b>60,984,272</b>
<b>Deferred Inflows of Resources</b>			
Deferred gain on refunding	-	5,031	5,031
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>5,031</b>	<b>5,031</b>
<b>Net Position</b>			
Net investment in capital assets	54,506,024	35,872,947	90,378,971
Restricted for:			
Debt service	3,694,192	1,413,314	5,107,506
Economic development	3,466,985	-	3,466,985
Grants	402,925	-	402,925
Public safety	1,738,951	-	1,738,951
Public works	1,785,180	-	1,785,180
Unrestricted	18,634,881	3,186,313	21,821,194
<b>Total Net Position</b>	<b>\$ 84,229,138</b>	<b>\$ 40,472,574</b>	<b>\$ 124,701,712</b>

*See Notes to Financial Statements.*

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2014*

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government</b>				
Governmental Activities:				
General Government	\$ 14,115,210	\$ 825,532	\$ 2,982	\$ -
Public Safety	20,436,450	3,208,256	545,738	-
Public Works	6,259,764	269,830	258,119	-
Culture and Recreation	5,854,546	1,509,412	1,207,958	292
Health, Welfare and Sanitation	2,519,298	2,223,234	-	-
Interest on Long-term debt	1,403,628	-	-	-
<b>Total governmental activities</b>	<b>50,588,896</b>	<b>8,036,264</b>	<b>2,014,797</b>	<b>292</b>
Business-type activities:				
Water Services	7,731,776	5,406,545	-	1,125,777
Sewer services	2,802,013	3,422,627	-	-
Airport	229,603	56,157	-	-
<b>Total business-type activities</b>	<b>10,763,392</b>	<b>8,885,329</b>	<b>-</b>	<b>1,125,777</b>
<b>Total primary government</b>	<b>\$ 61,352,288</b>	<b>\$ 16,921,593</b>	<b>\$ 2,014,797</b>	<b>\$ 1,126,069</b>

**General revenues:**

**Taxes:**

Property taxes

Sales and use taxes

Industrial payments

Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

Change in net position

**Net position - beginning**

**Net position - ending**

*See Notes to Financial Statements.*

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**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (13,286,696)	\$ -	\$ (13,286,696)
(16,682,456)	-	(16,682,456)
(5,731,815)	-	(5,731,815)
(3,136,884)	-	(3,136,884)
(296,064)	-	(296,064)
(1,403,628)	-	(1,403,628)
<u>(40,537,543)</u>	<u>-</u>	<u>(40,537,543)</u>
-	(1,199,454)	(1,199,454)
-	620,614	620,614
-	(173,446)	(173,446)
<u>-</u>	<u>(752,286)</u>	<u>(752,286)</u>
<u>(40,537,543)</u>	<u>(752,286)</u>	<u>(41,289,829)</u>
19,925,095	-	19,925,095
10,104,500	-	10,104,500
11,554,949	-	11,554,949
2,252,404	-	2,252,404
106,024	8,624	114,648
458,770	100,795	559,565
(371,039)	371,039	-
<u>44,030,703</u>	<u>480,458</u>	<u>44,511,161</u>
3,493,160	(271,828)	3,221,332
80,735,978	40,744,402	121,480,380
<u>\$ 84,229,138</u>	<u>\$ 40,472,574</u>	<u>\$ 124,701,712</u>

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**CITY OF LA PORTE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*September 30, 2014*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 20,004,445	\$ 2,768,922	\$ 2,093,121	\$ 6,582,371	\$ 31,448,859
Investments	12,700,474	-	1,357,977	3,241,744	17,300,195
Receivables, net of allowance for uncollectibles	4,455,101	23,898	1,783	1,049,925	5,530,707
Due from other governments	-	-	-	1,060,174	1,060,174
Due from other funds	-	-	-	662,000	662,000
Inventories	102,775	-	-	-	102,775
<b>Total Assets</b>	<u>\$ 37,262,795</u>	<u>\$ 2,792,820</u>	<u>\$ 3,452,881</u>	<u>\$ 12,596,214</u>	<u>\$ 56,104,710</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,058,981	\$ -	\$ 442,165	\$ 388,809	\$ 4,889,955
Accrued salaries payable	555,991	-	-	13,146	569,137
Due to others	-	-	48,867	-	48,867
Due to other funds	-	-	-	662,000	662,000
Unearned revenue - Grants	-	-	-	26,707	26,707
Other payables	-	-	-	98,186	98,186
<b>Total Liabilities</b>	<u>4,614,972</u>	<u>-</u>	<u>491,032</u>	<u>1,188,848</u>	<u>6,294,852</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes	172,566	23,898	-	-	196,464
Unavailable revenue - fines and fees	558,086	-	-	-	558,086
Unavailable revenue - EMS	1,142,597	-	-	-	1,142,597
Unavailable revenue - other	799,234	-	-	-	799,234
<b>Total Deferred Inflows of Resources</b>	<u>2,672,483</u>	<u>23,898</u>	<u>-</u>	<u>-</u>	<u>2,696,381</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventories	102,775	-	-	-	102,775
<b>Restricted</b>					
Debt service	-	2,768,922	-	948,545	3,717,467
Grants	-	-	-	402,925	402,925
Economic development	-	-	-	3,466,985	3,466,985
Public safety	-	-	-	1,738,951	1,738,951
Capital projects	-	-	-	3,065,570	3,065,570
Public works	-	-	-	1,785,180	1,785,180
<b>Committed:</b>					
Construction	7,000,000	-	2,961,849	-	9,961,849
Health Funds	1,500,000	-	-	-	1,500,000
<b>Assigned:</b>					
Assigned for encumbrances	78,182	-	-	-	78,182
<b>Unassigned</b>	<u>21,294,383</u>	<u>-</u>	<u>-</u>	<u>(790)</u>	<u>21,293,593</u>
<b>Total Fund balances</b>	<u>29,975,340</u>	<u>2,768,922</u>	<u>2,961,849</u>	<u>11,407,366</u>	<u>47,113,477</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 37,262,795</u>	<u>\$ 2,792,820</u>	<u>\$ 3,452,881</u>	<u>\$ 12,596,214</u>	<u>\$ 56,104,710</u>

See Notes to Financial Statements.

**CITY OF LA PORTE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
*September 30, 2014*

<b>Total fund balance, governmental funds</b>	\$ 47,113,477
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	70,521,317
Certain other long-term assets (property taxes receivable and adjudicated court fines receivable) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	2,693,418
Some liabilities and deferred outflows, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Bonds payable	(23,110,000)
Certificates of Obligation Payable	(10,845,000)
Premium or discount on bonds payable	(1,155,953)
Deferred charge on refunding	1,212,342
Accrued interest governmental activity debt	(47,173)
Compensated absences	(3,098,590)
Net pension and OPEB Obligation	(11,398,696)
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>12,343,996</u>
<b>Net Position of Governmental Activities in the Statement of Net Position</b>	<u><u>\$ 84,229,138</u></u>

*See Notes to Financial Statements.*

Draft 3/5/2015

**CITY OF LA PORTE**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2014**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ 15,286,420	\$ 2,482,675	\$ -	\$ 2,156,273	\$ 19,925,368
Sales and use taxes	4,686,476	-	-	4,631,296	9,317,772
Franchise taxes	2,252,404	-	-	-	2,252,404
Industrial payments	11,554,949	-	-	-	11,554,949
Other taxes	87,074	-	-	699,673	786,747
Licenses and permits	497,756	-	-	-	497,756
Fines and forfeits	1,594,391	-	-	196,458	1,790,849
Charges for services	5,619,555	-	174,345	511,227	6,305,127
Intergovernmental	-	-	-	1,572,360	1,572,360
Interest	67,519	8,712	8,847	11,331	96,409
Miscellaneous	256,379	-	-	4,825	261,204
<b>Total Revenues</b>	<u>41,902,923</u>	<u>2,491,387</u>	<u>183,192</u>	<u>9,783,443</u>	<u>54,360,945</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	9,557,118	-	2,507,446	1,763,615	13,828,179
Public safety	16,032,688	-	-	1,395,352	17,428,040
Public works	2,916,716	-	10,014	505,853	3,432,583
Health and sanitation	2,334,184	-	-	-	2,334,184
Culture and recreation	5,381,609	-	-	59,115	5,440,724
<b>Debt Service:</b>					
Principal	-	2,640,000	-	-	2,640,000
Interest and other charges	-	1,217,883	-	-	1,217,883
Bond issuance costs	-	153,884	-	-	153,884
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>2,448,648</u>	<u>2,997,639</u>	<u>5,446,287</u>
<b>Total Expenditures</b>	<u>36,222,315</u>	<u>4,011,767</u>	<u>4,966,108</u>	<u>6,721,574</u>	<u>51,921,764</u>
Excess (deficiency) of revenues over expenditures	<u>5,680,608</u>	<u>(1,520,380)</u>	<u>(4,782,916)</u>	<u>3,061,869</u>	<u>2,439,181</u>
<b>Other Financing Sources (Uses)</b>					
Refunding bonds issued	-	9,300,000	-	-	9,300,000
Premium on general obligation debt	-	608,166	-	-	608,166
Payments to escrow agent	-	(9,749,587)	-	-	(9,749,587)
Transfers in	107,839	1,640,224	2,159,137	4,790	3,911,990
Transfers out	(3,398,574)	-	-	(1,362,750)	(4,761,324)
Proceeds from sale of land	500	-	-	-	500
<b>Total other financing sources and uses</b>	<u>(3,290,235)</u>	<u>1,798,803</u>	<u>2,159,137</u>	<u>(1,357,960)</u>	<u>(690,255)</u>
Net change in fund balances	2,390,373	278,423	(2,623,779)	1,703,909	1,748,926
<b>Fund balances - beginning</b>	<u>27,584,967</u>	<u>2,490,499</u>	<u>5,585,628</u>	<u>9,703,457</u>	<u>45,364,551</u>
<b>Fund balances - ending</b>	<u>\$ 29,975,340</u>	<u>\$ 2,768,922</u>	<u>\$ 2,961,849</u>	<u>\$ 11,407,366</u>	<u>\$ 47,113,477</u>

See Notes to Financial Statements.

**CITY OF LA PORTE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2014*

Net change in fund balances - total governmental funds: \$ 1,748,926

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$5,424,007 exceeded depreciation \$3,907,042 in the current period. 1,516,965

Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold and disposed. (672,340)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 82,534

Repayment of bond principal is an expenditure in the governmental fund, but the repayment of principal reduces long-term liabilities in the statement of net assets. 2,640,000

Proceeds from the issuance of long-term debt and premium on long-term debt are reported as other financing sources in the governmental funds. In the government-wide statements, proceeds are treated as an increase in long-term liabilities. (9,908,166)

Amounts paid to refunding agent are reported as other financing uses in the governmental funds. In the government-wide financial statements, amounts paid to refunding agent are treated as a decrease in long-term liabilities. 9,749,587

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable 8,557

Change in refunding loss (90,308)

Change in premiums and discounts on issuance of bonds. 49,890

Change in NPO and OPEB Obligation (1,530,789)

Change in Compensated Absences 124,091

Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (225,787)

**Change in net position of governmental activities** \$ 3,493,160

*See Notes to Financial Statements.*

**CITY OF LA PORTE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2014

	<b>Business-type Activities</b>				<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>LPWA</b>	<b>Airport</b>	<b>Totals</b>	<b>Internal Service Fund</b>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 932,300	\$ 856,608	\$ 223,165	\$ 2,012,073	\$ 2,950,971
Investments	1,435,456	1,692,952	144,110	3,272,518	1,901,617
Accounts receivable, net of allowance for doubtful accounts	690,192	182,551	2,404	875,147	127,056
Accrued interest receivable	1,454	1,673	189	3,316	2,496
Inventories	6,000	-	-	6,000	32,422
Restricted cash and cash equivalents	540,735	689,722	-	1,230,457	-
<b>Total Current Assets</b>	<b>3,606,137</b>	<b>3,423,506</b>	<b>369,868</b>	<b>7,399,511</b>	<b>5,014,562</b>
<b>Non-current Assets:</b>					
Capital Assets:					
Land and improvements	224,308	-	203,504	427,812	-
Construction in progress	177,974	-	-	177,974	-
Buildings and improvements	57,620	-	-	57,620	-
Improvements other than buildings	66,734,724	15,429,680	5,778,399	87,942,803	-
Vehicles and equipment	3,549,084	6,130	-	3,555,214	16,022,421
Less Accumulated depreciation	(41,363,920)	(9,090,984)	(3,620,991)	(54,075,895)	(8,007,376)
<b>Total Non-current Assets</b>	<b>29,379,790</b>	<b>6,344,826</b>	<b>2,360,912</b>	<b>38,085,528</b>	<b>8,015,045</b>
<b>Total Assets</b>	<b>32,985,927</b>	<b>9,768,332</b>	<b>2,730,780</b>	<b>45,485,039</b>	<b>13,029,607</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	377,431	46,595	951	424,977	29,176
Accrued salaries payable	113,943	-	1,205	115,148	24,053
Unearned Revenue	-	-	-	-	745
Other current liabilities	20,437	-	1,730	22,167	-
Interest payable	3,654	2,116	-	5,770	-
Customer deposits	548,210	-	-	548,210	-
Claims and judgments	-	-	-	-	575,349
<b>Long-term debt, current portion</b>	<b>16,915</b>	<b>-</b>	<b>-</b>	<b>16,915</b>	<b>-</b>
Compensated absences	16,915	-	-	16,915	-
Bonds payable	262,500	650,000	-	912,500	-
<b>Total Current Liabilities</b>	<b>1,343,090</b>	<b>698,711</b>	<b>3,886</b>	<b>2,045,687</b>	<b>629,323</b>
<b>Non-current Liabilities:</b>					
Compensated absences	194,517	-	-	194,517	57,033
Net pension obligation	276,555	-	-	276,555	-
OPEB obligation	1,195,625	-	-	1,195,625	-
Bonds payable	262,500	1,032,550	-	1,295,050	-
<b>Total Non-current Liabilities</b>	<b>1,929,197</b>	<b>1,032,550</b>	<b>-</b>	<b>2,961,747</b>	<b>57,033</b>
<b>Total Liabilities</b>	<b>3,272,287</b>	<b>1,731,261</b>	<b>3,886</b>	<b>5,007,434</b>	<b>686,356</b>
<b>Deferred Inflows of Resources</b>					
Deferred gain on refunding	-	5,031	-	5,031	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>5,031</b>	<b>-</b>	<b>5,031</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	28,173,567	4,657,245	2,360,912	35,191,724	8,015,045
Restricted for debt service	949,018	1,147,160	-	2,096,178	-
Unrestricted	591,055	2,227,635	365,982	3,184,672	4,328,206
<b>Total Net Position</b>	<b>\$ 29,713,640</b>	<b>\$ 8,032,040</b>	<b>\$ 2,726,894</b>	<b>\$ 40,472,574</b>	<b>\$ 12,343,251</b>

See Notes to Financial Statements.

**CITY OF LA PORTE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the Year Ended September 30, 2014*

	Business-type Activities			Governmental Activities	
	Utility Fund	LPAWA	Airport	Total Enterprise Funds	Internal Service Fund
<b>Revenues</b>					
Charges for services	\$ 7,755,333	\$ 1,195,886	\$ 56,158	\$ 9,007,377	\$ 8,193,412
<b>Total Operating Revenues</b>	<u>7,755,333</u>	<u>1,195,886</u>	<u>56,158</u>	<u>9,007,377</u>	<u>8,193,412</u>
<b>Operating Expenses</b>					
Personnel services	3,299,698	-	23,918	3,323,616	818,468
Supplies and materials	280,124	1,015	-	281,139	495,074
Purchased water	-	850,142	-	850,142	-
Repairs and maintenance	-	-	6,536	6,536	-
Other services and charges	3,382,093	29,332	31,415	3,442,840	6,472,406
Depreciation	2,164,844	465,000	167,734	2,797,578	1,072,824
<b>Total Operating Expenses</b>	<u>9,126,759</u>	<u>1,345,489</u>	<u>229,603</u>	<u>10,701,851</u>	<u>8,858,772</u>
Operating income	<u>(1,371,426)</u>	<u>(149,603)</u>	<u>(173,445)</u>	<u>(1,694,474)</u>	<u>(665,360)</u>
<b>Non-operating Revenues (Expenses)</b>					
Earnings on investments	3,176	4,854	593	8,623	9,616
Gain (loss) on disposal of capital assets	(21,252)	-	-	(21,252)	(31,955)
Interest expense	(22,903)	(38,638)	-	(61,541)	-
<b>Total Non-operating Revenue (Expenses)</b>	<u>(40,979)</u>	<u>(33,784)</u>	<u>593</u>	<u>(74,170)</u>	<u>(22,339)</u>
Income before contributions and transfers	<u>(1,412,405)</u>	<u>(183,387)</u>	<u>(172,852)</u>	<u>(1,768,644)</u>	<u>(687,699)</u>
Capital contributions	341,040	784,737	-	1,125,777	(16,383)
Transfers in	1,147,501	-	385	1,147,886	491,531
Transfers out	(709,685)	(66,644)	(518)	(776,847)	(13,236)
Change in net position	<u>(633,549)</u>	<u>534,706</u>	<u>(172,985)</u>	<u>(271,828)</u>	<u>(225,787)</u>
<b>Total net position - Beginning</b>	<u>30,347,189</u>	<u>7,497,334</u>	<u>2,899,879</u>	<u>40,744,402</u>	<u>12,569,038</u>
<b>Total net assets - ending</b>	<u>\$ 29,713,640</u>	<u>\$ 8,032,040</u>	<u>\$ 2,726,894</u>	<u>\$ 40,472,574</u>	<u>\$ 12,343,251</u>

See Notes to Financial Statements.

Draft 3/5/2015

**CITY OF LA PORTE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2014

	Business-type Activities			Governmental Activities	
	Utility Fund	LPAWA	Airport	Total Enterprise Funds	Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 8,070,627	\$ 1,184,749	\$ 56,131	\$ 9,311,507	\$ 8,185,741
Disbursed for personnel services	(3,076,778)	-	(23,611)	(3,100,389)	(813,044)
Disbursed for goods and services	(3,577,064)	(912,512)	(39,151)	(4,528,727)	(6,865,317)
<b>Net cash provided (used) by operating activities</b>	<u>1,416,785</u>	<u>272,237</u>	<u>(6,631)</u>	<u>1,682,391</u>	<u>507,380</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	1,147,501	-	385	1,147,886	491,531
Transfers to other funds	(709,685)	(66,644)	(518)	(776,847)	(13,236)
Operating grants and contributions	-	-	-	-	16,383
<b>Net cash provided by (used by) noncapital financing activities</b>	<u>437,816</u>	<u>(66,644)</u>	<u>(133)</u>	<u>371,039</u>	<u>494,678</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from the sale of equipment	-	-	-	-	31,955
Capital grants and contributions	341,040	-	-	341,040	-
Principal payments on debt	(262,500)	(630,000)	-	(892,500)	-
Interest paid on debt	(24,544)	(58,650)	-	(83,194)	-
Acquisition and construction of capital assets, net of dispositions	(751,272)	-	-	(751,272)	(2,429,484)
Capital contributions from participants for debt service	-	688,650	-	688,650	-
Capital contributions from participants for capital recovery	-	96,087	-	96,087	-
<b>Net cash used by capital and related financing activities</b>	<u>(697,276)</u>	<u>96,087</u>	<u>-</u>	<u>(601,189)</u>	<u>(2,397,529)</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of investments	(551,846)	(343,835)	(33,843)	(929,524)	(63,983)
Sale of investments	-	-	-	-	4,901
Interest received	3,176	4,854	593	8,623	9,616
<b>Net cash provided by (used by) investing activities</b>	<u>(548,670)</u>	<u>(338,981)</u>	<u>(33,250)</u>	<u>(920,901)</u>	<u>(49,466)</u>
Net increase in cash and equivalents	608,655	(37,301)	(40,014)	531,340	(1,444,937)
<b>Cash and equivalents, beginning of year</b>	<u>864,380</u>	<u>1,583,631</u>	<u>263,179</u>	<u>2,711,190</u>	<u>4,395,908</u>
<b>Cash and equivalents, at end of year</b>	<u>\$ 1,473,035</u>	<u>\$ 1,546,330</u>	<u>\$ 223,165</u>	<u>\$ 3,242,530</u>	<u>\$ 2,950,971</u>
Unrestricted cash and equivalents	\$ 932,300	\$ 856,608	\$ 223,165	\$ 2,012,073	\$ 2,950,971
Restricted cash and equivalents	540,735	689,722	-	1,230,457	-
	<u>\$ 1,473,035</u>	<u>\$ 1,546,330</u>	<u>\$ 223,165</u>	<u>\$ 3,242,530</u>	<u>\$ 2,950,971</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income (loss)	\$ (1,371,426)	\$ (149,603)	\$ (173,445)	\$ (1,694,474)	\$ (665,360)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,164,844	465,000	167,734	2,797,578	1,072,824
(Increase) decrease in accounts receivable	317,694	(11,137)	(27)	306,530	(7,207)
(Increase) decrease in inventory	(2,400)	-	-	(2,400)	(1,094)
(Increase) decrease in prepaid expenses	-	-	-	-	94,765
Increase (decrease) in accounts payable	47,956	(32,023)	(1,220)	14,713	6,598
Increase (decrease) in salaries payable	11,832	-	307	12,139	55
Increase (decrease) in other current liabilities	16,329	-	20	16,349	6,054
Increase (decrease) in due to/due from other funds	-	-	-	-	745
Increase (decrease) in customer utility deposits	20,868	-	-	20,868	-
Increase (decrease) in compensated absences	1,722	-	-	1,722	-
Increase (decrease) in net pension and OPEB obligation	209,366	-	-	209,366	-
<b>Net cash provided by operating activities</b>	<u>\$ 1,416,785</u>	<u>\$ 272,237</u>	<u>\$ (6,631)</u>	<u>\$ 1,682,391</u>	<u>\$ 507,380</u>

See Notes to Financial Statements.

# **CITY OF LA PORTE, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1 - Summary of Significant Accounting Policies**

The City of La Porte, Texas (the "City"), was incorporated under the laws of the State of Texas on August 10, 1892. The City operates under a "Council- Manager" form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture and recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to U.S Generally accepted Accounting Principles (GAAP) applicable to state and local governments which include the principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The more significant accounting policies of the City are prescribed below.

#### **A. Reporting Entity**

The City's basic financial statements include the accounts of all City operations. The City, with its elected governing body of mayor and eight council members, is considered a primary government. As required by GAAP, the basic financial statements include the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. All component units have been included as blended component units because of the significance of their operational and financial relationships with the City.

The La Porte Area Water Authority (the "Authority") is governed by a five-member board appointed by the City Council. Although it is a legally separate entity, the Authority provides services almost exclusively for the City's water operations, and is in substance a part of the City's primary operations. The Authority was created by the City to finance the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City of La Porte (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The Tax Increment Reinvestment Zone One (the "Zone") is governed by a nine-member board appointed by the City Council. The Zone provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City of La Porte. The Zone is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefit the City of La Porte and is governed by a seven-member board appointed by City Council. The Section 4B Sales Tax Corporation is presented as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained through the City of La Porte.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Position and a Statement of Activities. It requires the reclassification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivables have been recorded as unavailable revenues at year-end. Property taxes collected within 60 days subsequent to September 30, 2014, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2014, have been recorded as receivables and revenue. Licenses and permits, and fines and forfeitures are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

**The City reports the following major governmental funds:**

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

The *Debt Service Fund* is used to account for the payment of interest and principal on all general long-term debt of the City except for capital leases which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

The *Capital Improvement Fund* is used to account for projects that are generally small in nature and affect the general operation of the City.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

The City reports the following major proprietary funds:

- The *Utility Enterprise Fund* is used to account for operations of the water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, but not limited to administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.
- *La Porte Area Water Authority* is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water
- *Airport Fund* is used to account for financial activities of the airport which includes rentals, grants and other revenues.

Additionally, the government reports the Internal Service Funds which are used to account for the Motor Pool, Technology and Insurance services provided to other departments of the City on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operational expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance**

**1. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, short-term investments which mature within ninety days of the fiscal year end, and various petty cash funds. The short-term investments are stated at cost or amortized cost, which approximate fair value. The short-term investments consist of U.S. Treasury Bills and deposits in the Texas Local Government Pool (TexPool), the Local Government Investment Cooperative (LOGIC) all of which have the general characteristics of a demand deposit account. For the purpose of the statement of cash flows, Proprietary Fund types consider temporary investments with a maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools". Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investments positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool and LOGIC are reported using the pools' share price.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D. Assets, liabilities deferred outflows/inflows of resources and net position/fund balance (continued)**

**2. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. Due to and from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Position and are recorded as “due from other funds” or “due to other funds” in the fund financial statements.

**4. Inventory and Prepaid Items**

Inventories are valued at costs using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. A portion of the fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the City’s continuing operations. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City did not have any prepaid items.

**5. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated Capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain and equipment are capitalized and Proprietary Fund Capital assets are depreciated over the remaining useful lives of the related Capital assets using the straight line method, as applicable.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 years
Building improvements	20 years
Infrastructure	20-30 years
Vehicles	4-10 years
Machinery and equipment	4-10 years
Water and sewer systems	20-40 years

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Assets, liabilities deferred outflows/inflows of resources and net position/fund balance (continued)**

**6. Compensated Employee Absences**

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to a certain amount, until paid upon termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered, where the payment is probable and can be reasonably estimated. The current and long-term portion of the governmental fund type liabilities are recorded in the Government-Wide Statement of Net Position. The Proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment will be made from the resources of these funds. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Policies relating to the accrual and payment of these benefits are as follows:

- Vacation – Employees earn from 10-25 days of vacation per year. Upon separation, employees are paid for all accumulated vacation leave (up to one and one half times their annual accrual rate).
- Sick leave – Full time 8 hour employees accrue 3.70 hours per pay period. Full time 24 hour employees accrue 5.91 hours per pay period and civil service employees accrue 15 days per calendar year. The maximum sick leave time which may be accumulated by any employee shall be 90 days for regular full time employees. For 24 hour shift personnel, the maximum accrual is 1,152 hours. Civil service employees may accrue unlimited sick leave.

**7. General Property Taxes**

All taxes due the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

**8. Debt Service**

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

**9. Restricted Assets**

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Assets, liabilities deferred outflows/inflows of resources and net position/fund balance (continued)**

**10. Fund Balance**

In compliance with GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that are not in spendable form or are required to be maintained intact. As such, the inventory items have been properly classified in the Governmental Funds Balance Sheet.
- Restricted – includes amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions for retirement of fund indebtedness and other state restrictions have been properly classified in the Governmental Funds Balance Sheet.
- Committed – includes amounts that can only be used for specific purposes. Fund balances are committed by formal action of the City Council. Amendments or modifications to the committed fund balance must be approved by formal action of the City Council. Formal action shall be by resolution or majority vote. Committed fund balance will not lapse at year end. Commitments for Construction Projects and Health initiatives have been properly classified in the Governmental Funds Balance Sheet.
- Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under City Council’s adopted policy, amounts may be assigned by the City Manager under the authorization of the Fiscal Affairs Committee.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The General Fund is the only fund that is allowed to have a positive amount reported in this category.

For the purposes of fund balance classification, expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance. The City strives to maintain a minimum reserve balance of 90 to 120 days for the General Fund and Utility Fund, and 60 to 90 days of operating expenditures in all other funds as outlined in the City’s Financial Management Policies as adopted by City Council by resolution.

**11. Revenues and Expenditures/Expenses**

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses in the Government-Wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Assets, liabilities deferred outflows/inflows of resources and net position/fund balance (continued)**

**12. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

**13. Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue funds and debt service funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects funds and are revised annually.

**14. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only two types of this item, one which arises under a modified accrual basis of accounting; unavailable revenue which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other type is the deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 - Deposits (Cash) and Investments**

**Authorization for Deposits and Investments**

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in commercial paper, collateralized mortgage obligations, floating rate investments or swaps.

**Deposit and Investment Amounts**

The City's cash and investments are classified as: cash and cash equivalents and restricted cash and investments. The cash and cash equivalents include cash on hand, fully collateralized deposits with financial institutions and in a privately-managed public funds investment pool account (TexPool, TexStar and LOGIC). The restricted cash and investments are assets restricted for specific use.

The following schedule shows the City's recorded cash and investments at year-end:

	<b>Total Fair Value</b>		
	<b>Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Business Type Activities</b>
Cash deposits	\$ 5,534,049	\$ 331,686	\$ 504,752
Investment Pools	25,914,810	2,619,285	2,737,778
US Agency Securities	17,300,195	1,901,617	3,272,518
	<u>\$ 48,749,054</u>	<u>\$ 4,852,588</u>	<u>\$ 6,515,048</u>

Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 - Deposits (Cash) and Investments (continued)**

**Investment Risks**

**Interest Rate Risk**

At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. GAAP, by investment type:

<b>Investment Type</b>	<b>Total Fair Value</b>	<b>Weighted Average Maturity (months)</b>
Public funds investment pools	\$ 31,271,873	1.7
Federal Home Loan Mortgage Corporation (FHLMC)	7,989,916	28.3
Federal Farm Credit Bank (FFCB)	4,997,212	18.0
Federal National Mortgage Association (FNMA)	1,998,520	19.7
Farmer Mac (FAMCA)	1,500,273	1.1
Federal Home Loan Bank (FHLB)	5,988,409	29.6
Total fair value	<u>\$ 53,746,203</u>	
<b>Portfolio weighted average maturity</b>		<u>14.3</u>

The City's investment policy specifies the maximum stated maturity from the date of purchase for any individual investments may not exceed 5 years and the maximum dollar weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

**Concentration of Credit Risk**

The policy does require investments to be staggered in a way that protects interest income from the volatility of interest rates. The policy has not established limitations on percentages of the total portfolio that may be invested in securities other than the repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

<b>Investment Type</b>	<b>Total Fair Value</b>	<b>Percentage of Total Portfolio</b>
Investment Pools	\$ 31,271,873	58%
US Agency Securities	22,474,330	42%
<b>Total</b>	<u>\$ 53,746,203</u>	<u>100%</u>

**Credit Risk**

The primary objective of the City's adopted Investment Policy is the safety of principal. Credit risk within the City's portfolio among authorized investments approved by the City's adopted Investment Policy is represented in U.S. Treasury Bills, Notes or Bonds, and other securities which are guaranteed as to principal and interest by the full faith and credit of the United States of America, collateralized or fully insured certificates of deposits, FDIC insured banks in the State of Texas, repurchase agreements if secured by U.S. Treasury Bills, Notes or Bonds and Public Funds Investment Pools.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 - Property Tax**

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the "Appraisal District"). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for repayment of general obligation bonds and other contractual obligations, adjusted for new improvements, exceeds the effective tax rate and the rollback rate tax rate, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than the rollback tax rate. The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Harris County Appraisal District Board of Review. The City's property taxes are billed and collected by the City's Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year. The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for the 2012-13 tax year were \$0.614 and \$0.096, respectively, per \$100 of assessed valuation. The 2013 assessed value and total tax levy as adjusted through September 30, 2014 were \$2,572,844,865 and \$18,267,201 respectively. The City has enacted an ordinance providing for the exemption of twenty percent (20%) of the assessed value of residential homesteads plus an additional \$60,000 for persons 65 years of age or older for property taxes. An exemption of \$60,000 is allowed for disabled persons on homesteads and up to \$12,000 is allowed for disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

**Note 4 - Receivables**

Amounts recorded as receivables as of for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Utility Fund</u>	<u>LPAWA</u>	<u>Internal Service Funds</u>	<u>All Other Funds</u>	<u>Total</u>
Receivables								
Taxes	\$ 2,007,102	\$ 108,989	\$ -	\$ -	\$ -	\$ -	\$ 1,030,831	\$ 3,146,922
Intergovernmental	-	-	-	-	-	127,056	1,058,254	1,185,310
Accounts	3,680,973	-	-	722,639	182,551	-	2,404	4,588,567
Interest	16,670	-	1,783	1,454	1,673	2,496	4,029	28,105
Other	-	-	-	1,214	-	-	17,174	18,388
Allowance for uncollectibles	(1,249,644)	(85,091)	-	(33,661)	-	-	-	(1,368,396)
	<u>\$ 4,455,101</u>	<u>\$ 23,898</u>	<u>\$ 1,783</u>	<u>\$ 691,646</u>	<u>\$ 184,224</u>	<u>\$ 129,552</u>	<u>\$ 2,112,692</u>	<u>\$ 7,598,896</u>

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris County Central Appraisal District ("HCCAD") establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Capital Assets**

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2014 follows:

	<b>Balance September 30, 2013</b>	<b>Increases</b>	<b>Reclassification/ (Decreases)</b>	<b>Balance September 30, 2014</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,471,718	\$ 84,481		\$ 9,556,199
Construction in progress	12,856,918	2,510,189	(3,626,946)	11,740,161
Total capital assets not being depreciated	<u>22,328,636</u>	<u>2,594,670</u>	<u>(3,626,946)</u>	<u>21,296,360</u>
Other capital assets:				
Buildings and improvements	33,514,649	532,880	3,040,621	37,088,150
Improvements other than buildings	24,689,909	1,042,985	(560,002)	25,172,892
Infrastructure	39,742,061	334,077	(38,843)	40,037,295
Machinery and equipment	18,140,766	3,364,894	(1,076,587)	20,429,073
Total other capital assets	<u>116,087,385</u>	<u>5,274,836</u>	<u>1,365,189</u>	<u>122,727,410</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,847,721)	(1,302,866)	312,898	(17,837,689)
Improvements other than buildings	(10,439,992)	(717,166)	9,878	(11,147,280)
Infrastructure	(24,269,606)	(1,530,644)	23,140	(25,777,110)
Machinery and equipment	(10,429,138)	(1,429,190)	1,132,999	(10,725,329)
Total accumulated depreciation	<u>(61,986,457)</u>	<u>(4,979,866)</u>	<u>1,478,915</u>	<u>(65,487,408)</u>
Other capital assets, net	<u>54,100,928</u>	<u>294,970</u>	<u>2,844,104</u>	<u>57,240,002</u>
<b>Totals</b>	<u>\$ 76,429,564</u>	<u>\$ 2,889,640</u>	<u>\$ (782,842)</u>	<u>\$ 78,536,362</u>
	<b>Balance September 30, 2013</b>	<b>Increases</b>	<b>Reclassification/ (Decreases)</b>	<b>Balance September 30, 2014</b>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 427,812	\$ -	\$ -	\$ 427,812
Construction in progress	4,072,479	106,088	(4,000,593)	177,974
Total capital assets not being depreciated	<u>4,500,291</u>	<u>106,088</u>	<u>(4,000,593)</u>	<u>605,786</u>
Other capital assets:				
Buildings and improvements	57,620	-	-	57,620
Improvements other than buildings	86,265,195	408,955	1,268,653	87,942,803
Machinery and equipment	688,949	236,424	2,629,841	3,555,214
Total other capital assets	<u>87,011,764</u>	<u>645,379</u>	<u>3,898,494</u>	<u>91,555,637</u>
Less accumulated depreciation for:				
Buildings and improvements	(49,888)	(551)	-	(49,888)
Improvements other than buildings	(50,880,619)	(2,757,937)	80,847	(53,597,352)
Machinery and equipment	(428,655)	(39,090)	-	(428,655)
Total accumulated depreciation	<u>(51,359,162)</u>	<u>(2,797,578)</u>	<u>80,847</u>	<u>(54,075,895)</u>
Total capital assets being depreciated, net	<u>35,652,602</u>	<u>(2,152,199)</u>	<u>3,979,341</u>	<u>37,479,742</u>
<b>Totals</b>	<u>\$ 40,152,893</u>	<u>\$ (2,046,111)</u>	<u>\$ (21,252)</u>	<u>\$ 38,085,528</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5 - Capital Assets (continued)**

Depreciation was charged to functions of the primary government as follows:

General government	\$	625,997
Public safety		997,753
Public works		1,595,726
Parks and recreation		687,566
Internal Service funds		1,072,824
<b>Total Governmental Activities</b>	<b>\$</b>	<b>4,979,866</b>
Water and sewer	\$	2,629,844
Airport		167,734
<b>Total Business-Type Activities</b>	<b>\$</b>	<b>2,797,578</b>

Construction contract commitments outstanding as of September 30, 2014, are as follows:

**Governmental Activities**

<b>Fund</b>	<b>Total In Progress</b>	<b>Remaining Commitment</b>
TIRZ Fund	201,170	
General CIP Fund	2,891,989	106,963
2006 GO Bonds	48,700	
Drainage Improvement	8,598,302	76,857
Totals	<u>\$ 11,740,161</u>	<u>\$ 183,820</u>

**Business-Type Activities**

<b>Fund</b>	<b>Total In Progress</b>	<b>Remaining Commitment</b>
Utility Fund	\$ 177,974	\$ 69,527
Totals	<u>\$ 177,974</u>	<u>\$ 69,527</u>

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt**

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business type activities. These instruments include general obligation bonds, certificates of obligation and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues or liens on property and equipment secure these debt obligations.

The following is a summary of the terms of obligations, general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2014:

	<u>Governmental</u>	<u>Business-type</u>
2002 Limited Tax Bonds due in annual installments of \$270,000 through March 15, 2025; interest at 4.25% to 5%; \$5,400,000 issued for wastewater treatment plant and fire station improvements.	\$ 540,000	\$ -
2004 Certificates of Obligation due in annual installments through March 15, 2025; interest at 3.6% to 4.45% \$7,000,000 issued for paving and drainage improvements, street extension and land acquisition.	325,000	-
2005 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.75% to 4.25% \$7,675,000 issued to construct a police facility.	1,145,000	-
2005 Certificates of Obligation due in annual payments through March 15, 2015; interest at 2.8% to 3.8% \$1,800,000 issued for water and sewer improvements and fire truck.	265,000	-
2006 Public Property Finance contractual Obligation due in annual payments through January 25, 2016; interest at 3.74% \$2,625,000 issued for automated meter replacement program.	-	525,000
2006 General Obligation Serial Bonds due in annual payments through March 15, 2025; interest at 3.625% to 4.25% \$1,200,000 issued for park improvements.	265,000	-
2006 Certificates of Obligation due in annual payments through March 15, 2025; interest at 3.75% to 4.3% \$5,765,000 issued for police facility, sports and water and sewer improvements.	905,000	-
2007 Certificates of Obligation due in annual payments through March 15, 2029; interest at 4.00% to 4.25% \$8,075,000 issued for wastewater treatment plant improvements, sports complex and golf cart path improvements.	4,090,000	-
2010 Certificates of Obligation due in annual payments through March 15, 2026; interest at 3.00% to 4.00% \$6,265,000 issued for street, drainage and park improvements.	5,260,000	-
2010 General Obligation Refunding Bonds due in annual payments through March 15, 2020; interest at 2.00% to 4.00% \$4,295,000 issued to refund previous debt.	2,655,000	-
2010 LPAWA Contract Revenue Refunding Bonds due in annual payments through March 15, 2017; interest at 2.50% to 4.00% \$4,085,000 issued to refund previous debt.	-	1,640,000
2012 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at 2.65% to 3.00% \$9,435,000 issued to refund previous debt.	9,285,000	-
2014 General Obligation Refunding Bonds due in annual payments through March 15, 2025; interest at 2.00% to 3.50% \$9,300,000 issued to refund previous debt.	9,220,000	-
<b>Total Bonds Payable</b>	<u>\$ 33,955,000</u>	<u>\$ 2,165,000</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt**

During the year ended September 30, 2014, the following changes occurred in long-term liabilities:

	<u>Balance September 30, 2013</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance September 30, 2014</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 17,550,000	\$ 9,300,000	\$ (3,740,000)	\$ 23,110,000	\$ 1,890,000
Certificates of obligation	18,905,000	-	(8,060,000)	10,845,000	1,385,000
Premium/Discount on bond issuance	675,372	608,166	(127,585)	1,155,953	-
<b>Total bonds payable</b>	<u>37,130,372</u>	<u>9,908,166</u>	<u>(11,927,585)</u>	<u>35,110,953</u>	<u>3,275,000</u>
Compensated Absences	3,273,660	120,556	(238,593)	3,155,623	157,781
Net pension obligation	2,336,170	3,179,939	(3,156,875)	2,359,234	-
Net OPEB obligation	7,531,737	2,285,135	(777,410)	9,039,462	-
<b>Total Governmental Activities</b>	<u>\$ 50,271,939</u>	<u>\$ 15,493,796</u>	<u>\$ (16,100,463)</u>	<u>\$ 49,665,272</u>	<u>\$ 3,432,781</u>
	<u>Balance September 30, 2013</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance September 30, 2014</u>	<u>Amounts Due Within One Year</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Revenue bonds	\$ 2,270,000	\$ -	\$ (630,000)	\$ 1,640,000	\$ 650,000
Public property finance certificates of obligation	787,500	-	(262,500)	525,000	262,500
Premium on bond issuance	59,862	-	(17,312)	42,550	-
<b>Total Bonds Payable</b>	<u>3,117,362</u>	<u>-</u>	<u>(909,812)</u>	<u>2,207,550</u>	<u>912,500</u>
Compensated absences	211,931	2,477	(2,976)	211,432	16,915
Net pension obligation	274,194	372,955	(370,364)	276,785	-
OPEB obligation	988,830	309,621	(102,826)	1,195,625	-
<b>Total Business-type Activities</b>	<u>\$ 4,592,317</u>	<u>\$ 685,053</u>	<u>\$ (1,385,978)</u>	<u>\$ 3,891,392</u>	<u>\$ 929,415</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the General Fund for the governmental activities. Net pension obligation is liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**General Obligation Bonds and Certificates of Obligations**

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligations Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each years bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt (continued)**

In April 2014, the City issued General Obligation Refunding Bonds, Series 2014 in the amount of \$9,300,000. The interest rate ranges from 2.0%-3.5%. The bonds were issued at a premium totaling \$608,166. The proceeds of the bonds were used to refund a portion of the City's outstanding bonds and pay costs of issuance related to the bonds. A portion of the proceeds were deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the outstanding bonds. As a result \$9,160,000 of the 2002 Limited Tax Bonds, 2004, 2005, 2006 and 2007 Certificates of Obligation, and 2005 and 2006 General Obligation Bonds are considered to be defeased and the liability has been removed from the books. The purpose of the bonds was to lower the City's debt service payments. Sale of the bonds resulted in an economic gain of \$545,637 and a deferred loss on refunding of \$511,892.

**Revenue Bonds**

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water system. The Revenue Bonds are collateralized by the revenue of the water system, water sales to participant cities and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions, which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant financial requirements as of September 30, 2014.

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2014 are as follows:

Fiscal Year	General Obligation Bonds		Certificates of Obligation	
	Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,890,000	\$ 679,456	\$ 1,385,000	\$ 404,266
2016	1,540,000	625,860	1,100,000	347,294
2017	1,395,000	577,192	1,140,000	303,431
2018	1,855,000	526,972	765,000	274,600
2019	2,470,000	464,881	410,000	251,100
2020	2,465,000	391,250	425,000	234,400
2021	2,270,000	318,600	445,000	217,000
2022	2,335,000	249,525	460,000	199,763
2023	2,395,000	178,575	475,000	182,520
2024	2,460,000	103,225	495,000	164,023
2025	2,035,000	31,900	1,010,000	133,923
2026	-	-	1,050,000	92,092
2027	-	-	540,000	59,430
2028	-	-	560,000	36,330
2029	-	-	585,000	12,285
2030	-	-	-	-
	<u>\$ 23,110,000</u>	<u>\$ 4,147,436</u>	<u>\$ 10,845,000</u>	<u>\$ 2,912,457</u>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Long-Term Debt (continued)**

Fiscal Year	Contract Revenue Bonds		Public Property Finance CO	
	Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 650,000	\$ 41,838	\$ 262,500	\$ 14,727
2016	670,000	22,850	262,500	4,909
2017	320,000	6,400	-	-
2018	-	-	-	-
	<u>\$ 1,640,000</u>	<u>\$ 71,088</u>	<u>\$ 525,000</u>	<u>\$ 19,636</u>

**Prior Year Refunding of Debt**

The City defeased certain outstanding revenue bonds by placing proceeds of new bonds in irrevocable trust to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bond are not included in the City's financial statements. As of September 30, 2014 approximately \$2,490,000 and \$1,695,000 of previously refunded bonds outstanding are considered defeased in association with the governmental activities and the business-type activities respectively.

**Note 7 - Interfund Activities**

Transfers between the primary government funds during the year were as follows:

Transfers from	Transfers to	Amount	Purpose
Utility Fund	Debt Service Fund	\$ 661,974	Annual transfer for debt service
Utility Fund	Insurance Fund	47,711	Transfer for liability insurance and workers comp
Airport Fund	Insurance Fund	518	Transfer for liability insurance and workers comp
La Porte Area Water Authority	General Fund	65,339	Operators agreement
La Porte Area Water Authority	Insurance Fund	1,305	Transfer for liability insurance and workers comp
Vehicle Maintenance Fund	Insurance Fund	13,236	Transfer for liability insurance and workers comp
Hotel/Motel Fund	General CIP Fund	165,000	Transfer for capital projects
Hotel/Motel Fund	General Fund	42,500	Transfer for golf course advertising and city bordering bay for golf expenditures
General Fund	Insurance Fund	416,878	Transfer for liability insurance and workers comp
General Fund	General CIP Fund	1,817,137	Transfer for capital projects
General Fund	Airport Fund	385	Transfer for pay adjustments
General Fund	Utility Fund	1,147,501	Transfer for capital projects
General Fund	Vehicle Maintenance	11,883	Transfer for pay adjustments
General Fund	Hotel/Motel Fund	1,981	Transfer for pay adjustments
General Fund	Emergency Services Sales Tax Fund	1,598	Transfer for pay adjustments
General Fund	La Porte Development Corporation (4B)	1,211	Transfer for pay adjustments
La Porte Development Corporation (4B)	Debt Service Fund	948,545	Transfer for debt service
La Porte Development Corporation (4B)	General CIP Fund	177,000	Transfer for capital projects
Fund	Debt Service Fund	29,705	Transfer for debt service
		<u>\$ 5,551,407</u>	

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Interfund Activities (continued)**

Interfund receivables at year end were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
2006 Certificates of Obligation Fund	TIRZ One	<u>\$ 662,000</u>	Sewer improvements paid by the City

**Note 8 - Employee Retirement System**

***Plan Description***

The City provides pension benefits for all of its eligible employees, except firefighters, through a non-traditional, joint contributory, hybrid defined benefit plan (the “Plan”) in the statewide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report provides detailed explanation of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677. The report is also available on the TMRS website at [www.TMRS.com](http://www.TMRS.com).

The City provides pension benefits to its volunteer firemen through the Texas Statewide Emergency Services Personnel Retirement Fund, one of 150 administered by the Fire Fighters’ Pension Commissioner, a cost sharing multiple employer pension system. That report may be obtained by writing to the Firefighters Pension Commission, P.O. Box 12577, Austin, TX 78711. Both plans are more fully described below.

**Texas Municipal Retirement System**

***Contributions and Annual Pension Cost***

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using Projected Unit Credit actuarial cost method. This rate consist of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Texas Municipal Retirement System (continued)**

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) for the current year is calculated as follows:

	<u>2014</u>
Annual Required Contribution (ARC)	\$3,527,239
Interest on net pension obligation (NPO)	182,725
Adjustment to ARC	<u>(157,070)</u>
Annual Pension Cost (APC)	3,552,894
Contributions	<u>(3,527,239)</u>
Change in NPO	25,655
NPO, beginning of the year	<u>2,610,364</u>
NPO, ending of the year	<u><u>\$2,636,019</u></u>
Percentage of APC contributed	99.3%

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20.0 Years - Closed Period
Asset Valuation Method	10-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost-of-Living Adjustments	2.1%

***Funded Status***

The funded status of the Plan as of December 31, 2013

**Schedule of Funding Progress**

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liabilities	Percentage Funded	Unfunded Actuarial Liability (UAAL)	Annual Covered Payroll	(UAAL) as a Percentage of Covered Payroll
2013	\$ 109,712,849	\$ 130,990,617	84%	\$21,277,768	\$20,124,979	106%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

*Three-year Trend Information*

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$3,527,239	\$3,450,780	\$ 3,624,410
Interest on net pension obligation (NPO)	182,725	180,947	173,583
Adjustment to ARC	<u>(157,070)</u>	<u>(155,542)</u>	<u>(139,265)</u>
Annual Pension Cost (APC)	3,552,894	3,476,185	3,658,728
Contributions	<u>(3,527,239)</u>	<u>(3,450,780)</u>	<u>(3,388,213)</u>
Change in NPO	25,655	25,405	270,515
NPO, beginning of the year	<u>2,610,364</u>	<u>2,584,959</u>	<u>2,314,444</u>
NPO, ending of the year	<u><u>\$2,636,019</u></u>	<u><u>\$2,610,364</u></u>	<u><u>\$ 2,584,959</u></u>
Percentage of APC contributed	99.3%	99.3%	92.6%

**Texas Statewide Emergency Services Personnel Retirement Fund**

*Summary of Significant Accounting Policies and Plan Asset Matters*

The Texas Statewide Emergency Services Personnel Retirement Fund financial statements are prepared using the accrual basis of accounting. The Fund's fiscal year is from September 1 through the following August 31. Contributions are recognized as revenues in the period in which they are due to the Fund. No contributions applicable to the H.B. 258 Texas Local Fire Fighters Retirement Act (TLFFRA) are included herein.

The Texas Statewide Emergency Services Personnel Retirement Fund investments are reported at a smoothed market-related value.

The Fire Fighters' Pension Commission is the administrator of the Texas Statewide Emergency Services Personnel Retirement Fund, a cost sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without monetary remuneration. The Texas Statewide Emergency Services Personnel Retirement Fund is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2014 there were 198 member departments participating in the pension system. The following table summarizes the pension system membership as of August 31, 2014:

Retirees and beneficiaries currently receiving benefits	3,073
Terminated members entitled to benefits but not yet receiving those	2,161
Current active members (vested and non-vested)	4,036

The pension system was created by Senate Bill 411, 65th Legislature, Regular Session (1977). The 79<sup>th</sup> Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Member are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Employee Retirement System (continued)**

**Texas Statewide Emergency Services Personnel Retirement Fund (continued)**

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 % compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

***Funding Policy***

Contribution provisions were established by S.B. 411, 65th Legislative, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating department members are required to contribute at least the minimum prescribed amount per month for each active member. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions up to a limited amount to make TESRS actuarially sound.

***Annual Required Contribution***

The contribution requirement per active emergency services personnel member per month is not actually determined. Rather, the minimum contribution provisions were set by board rule. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions and served by the member volunteer emergency services personnel. The state appropriated \$1,530,343 for the fiscal year ending August 31, 2014.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. The actuarial valuation as of August 31, 2014 stated TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS, and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. The City's annual contributions for fiscal year ending September 30, 2014, 2013 and 2012 were \$21,168, \$24,624, and \$27,216 respectively.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 - Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. Further information regarding the pool is provided below. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

***Health Insurance Benefits***

The City self-insures a portion of health insurance benefits provided to employees. The City uses an internal service fund to account for the revenues and expenses for providing health care coverage. Charges are assessed to various City divisions based on their full-time employee count.

Activity during the year included:

Revenues	
Charges to divisions	\$ 4,752,435
Interfund transfers	479,648
Charges to employees	455,459
Charges to retirees	113,739
Cobra charges	8,521
Interest revenue	2,895
Total revenues	<u>\$ 5,812,697</u>
Expenses	
Personnel expenses	\$ 139,935
Other expenses	395,605
Claims administration	202,188
Claims incurred	5,485,633
Re-insurance premiums	380,034
Total health services expenses	<u>\$ 6,603,395</u>

Included in the claims paid amount is \$575,349 for incurred but not reported claims.

Settled claims have not exceeded insurance coverage in any of the previous four fiscal years. Estimates of claims payable and of claims incurred but not reported at September 30, 2014, are reflected as liabilities of the Internal Service Fund. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements and damage awards, the process used in computing claims liability is an estimate based on historical claims. Analysis of claims liability for the fiscal years 2012, 2013, and 2014 are as follows:

	Beginning of year accrual	Current year estimates	Payments for claims	End of year accrual
09/30/12	\$ 573,894	\$ 4,290,891	\$ 4,365,339	\$ 499,446
09/30/13	499,446	4,096,890	4,115,752	480,584
09/30/14	480,584	5,580,398	5,485,633	575,349

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 9 - Risk Management (continued)**

***Risk Pool***

The City is a member of the Texas Municipal League Intergovernmental Risk Pool, an unincorporated association of 1,860 political subdivisions of the State of Texas. The Pool contracts with a third party administrator for administration, investigation and adjustment services in the handling of claims. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the Pool.

**Note 10 - Commitments and Contingencies**

The City is a defendant in lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 11 - Post-employment Benefits**

*Plan Description.* In addition to pension benefits described in Note 6, employees who retire from the City and are eligible for pension benefits shall be provided medical coverage by the City to the extent and subject to the conditions of such coverage that is provided to current employees of the City. The City administers this single-employer defined benefit medical plan (“the Retiree Medical Plan”). The plan provides medical coverage for eligible retirees and their dependents through the City’s self-health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by City Council. The Retiree Medical Plan does not issue a publicly available financial report.

*Funding Policy.* This coverage for retired employees is provided at the option of City council through adoption of the annual budget. The City funds these premiums in the same manner as it funds similar premiums for current employees. Employees, who retired from the City before October 1, 1992, have 100% of their coverage paid for by the City. Employees who retired from the City in 1993 and up to December 31, 1999, with 20 or more years of service have 100% of their coverage paid for by the City. Prior to January 1, 2000, employees who have 15 years but less than 20 years of service are required to pay for 10% of the cost and employees who have 10 years but less than 15 years of service are required to pay for 20% of their costs. For employees who retire after January 1, 2000, the following applies:

<u>Years of service with the City</u>	<u>Retiree Cost</u>	<u>City Cost</u>	<u>Retiree cost per year</u>
At least 10 but less than 15	55%	45%	\$ 3,300
At least 15 but less than 20	25%	75%	1,500
At least 20	0%	100%	-

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Post-employment Benefits (continued)**

Employees who are eligible for the post-employment benefits are employees who retire after January 1, 2006 and who have a combination of years of service with the City of La Porte plus age totaling 80 and who retire as a qualified annuitant under the Texas Municipal Retirement System; who retire in accordance with the City of La Porte Employee Policies Handbook; who complete at least 20 years of service with the City of La Porte are currently employed by the City of La Porte at the time of their retirement. The total premium cost is the total annual dollar allocated by budget as approved by City Council for the City of La Porte for health insurance for each employee, including employee and employer contributions. The cost allocation shall be as follows:

Years of service with the City	Retiree Cost	City Cost
at least 20 years	60%+dependent premiums	40%
21 years	55%+dependent premiums	45%
22 years	50%+dependent premiums	50%
23 years	45%+dependent premiums	55%
24 years	40%+dependent premiums	60%
25 years	35%+dependent premiums	65%
26 years	30%+dependent premiums	70%
27 years	25%+dependent premiums	75%
28 years	20%+dependent premiums	80%
29 years	15%+dependent premiums	85%
30 years	Active employee/dependent rate	

Retirees who are entitled to receive retirement benefits under the City’s retirement plan may purchase continued health benefits for the retiree and the retiree’s dependents. The person must inform the City no later than the day on which the person retires that the person elects to continue coverage. If the retiree elects to continue coverage for himself and/or his dependents, once he decides to drop either type of coverage, the person and/or his dependents become eligible for coverage at the next open enrollment period. The level of coverage provided is the same level of coverage provided to current employees. The City’s coverage is secondary to Medicare when the person becomes eligible for those benefits. Payment for dependent coverage will be at the same rate as payments for current employees.

*Annual OPEB Cost and Net OPEB Obligation.* The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s OPEB obligation to the postemployment medical plan shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s OPEB obligation to the postemployment medical plan.

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**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Post-employment Benefits (continued)**

	Fiscal Year		
	2014	2013	2012
Annual Required Contribution (ARC)	\$ 2,566,570	\$ 2,491,816	\$ 2,280,768
Interest on net pension obligation (NPO)	383,426	311,056	236,921
Adjustment to ARC	(355,240)	(288,190)	(219,505)
Annual Pension Cost (APC)	2,594,756	2,514,682	2,298,184
Contributions	(880,236)	(906,463)	(650,741)
Change in NPO	1,714,520	1,608,219	1,647,443
NPO, beginning of the year	8,520,567	6,912,348	5,264,905
NPO, ending of the year	<u>\$ 10,235,087</u>	<u>\$ 8,520,567</u>	<u>\$ 6,912,348</u>
Percentage of ARC contribution	33.9%	36.0%	28.3%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014, 2013 and 2012 are as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 2,298,184	28.32%	\$ 6,912,348
9/30/2013	2,514,682	36.05%	8,520,567
9/30/2014	2,594,756	33.92%	10,235,087

*Funded Status and Funding Progress.* The funding status of the post-employment medical plan as of the most recent actuarial valuation date is as follows:

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	(UAAL) as a Percentage of Covered Payroll
December 31, 2013	\$ -	\$ 32,167,407	0%	\$ 32,167,407	\$ 19,908,162	61.89%

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The 2013 actuarial valuation is the most recent actuarial valuation available.

**CITY OF LA PORTE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11 - Post-employment Benefits (continued)**

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return compounded annually (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years, and a payroll growth rate for projecting normal cost of 3 percent. These rates include a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of payroll contributions over a 30 year open amortization period assuming payroll growth of 3 percent. The remaining amortization period at September 30, 2014, was 27 years.

**Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit, “ or OPEB. The city contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee’s entire careers

The City’s contributions to the TMRS SDBF for the fiscal year ended 2014, 2013, and 2012 were \$29,311, \$30,365 and \$36,232 respectively, which equaled to the required contributions.

<b>Schedule of Contribution Rates</b>			
Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2012	0.03%	0.03%	100%
2013	0.03%	0.03%	100%
2014	0.03%	0.03%	100%

**Note 12 - Deficit Fund Equity**

At September 30, 2014, the tax reinvestment zone fund has a deficit fund balance of \$790. The City plans to recover this money through future earnings.

**REQUIRED SUPPLEMENTARY INFORMATION**

Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the year ended September 30, 2014**

	<b>2014</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 13,860,500	\$ 15,193,638	\$ 15,286,420	\$ 92,782
Franchise fees	2,218,479	2,176,449	2,252,404	75,955
Sales and use taxes	3,978,875	4,309,521	4,686,476	376,955
Industrial payments	11,086,500	11,556,546	11,554,949	(1,597)
Miscellaneous taxes	60,000	60,000	87,074	27,074
Licenses and permits	368,175	380,680	497,756	117,076
Fines and forfeitures	1,586,700	1,471,800	1,594,391	122,591
Interest earnings	71,000	71,000	67,519	(3,481)
Charges for services	5,463,658	5,519,425	5,619,555	100,130
Miscellaneous	40,000	40,000	256,379	216,379
<b>Total Revenues</b>	<b>38,733,887</b>	<b>40,779,059</b>	<b>41,902,923</b>	<b>1,123,864</b>
<b>Expenditures</b>				
General government				
Administration	4,871,720	4,959,947	4,811,374	148,573
Finance	4,106,117	3,264,243	3,196,190	68,053
Planning and engineering	1,978,772	1,840,192	1,549,554	290,638
Public safety				
Fire	4,563,805	4,562,599	4,410,670	151,929
Police	11,726,102	11,810,994	11,622,018	188,976
Public works				
Public works administration	351,697	393,265	370,710	22,555
Streets	2,565,695	2,553,888	2,546,006	7,882
Health and sanitation				
Solidwaste	2,335,282	2,337,563	2,334,184	3,379
Culture and recreation	5,484,281	5,497,132	5,381,609	115,523
<b>Total Expenditures</b>	<b>37,983,471</b>	<b>37,219,823</b>	<b>36,222,315</b>	<b>997,508</b>
Excess (deficiency) of revenues over expenditures	750,416	3,559,236	5,680,608	2,121,372
<b>Other Financing Sources (Uses)</b>				
Transfers in	107,839	107,839	107,839	-
Transfers out	(3,441,876)	(3,812,161)	(3,398,574)	413,587
Proceeds from sale capital assets	-	-	500	500
<b>Total other financing sources   and uses</b>	<b>(3,334,037)</b>	<b>(3,704,322)</b>	<b>(3,290,235)</b>	<b>414,087</b>
Net change in fund balances	(2,583,621)	(145,086)	2,390,373	2,535,459
<b>Fund balances, beginning of year</b>	<b>27,584,967</b>	<b>27,584,967</b>	<b>27,584,967</b>	<b>-</b>
<b>Fund balances at year end</b>	<b>\$ 25,001,346</b>	<b>\$ 27,439,881</b>	<b>\$ 29,975,340</b>	<b>\$ 2,535,459</b>

**CITY OF LA PORTE, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION**

**Budgetary Controls and Procedures**

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 1. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Special Revenue and Enterprise Funds are legally adopted by ordinance and must be done so no later than September 27th. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. The City manager is authorized to transfer part or all of any unencumbered appropriation balance among programs within a department. All other amendments and/or transfers must be approved by Council.

Annual appropriated budgets are adopted for the general, special revenue, and debt service funds, using the same basis of accounting as for financial reporting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project length budgets. The City adopts separate budgets for each of the special revenue funds rather than as a whole. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter is the total approved budget for each department. The City Manager may transfer appropriations within a department without seeking the approval of City Council; however, any revisions that alter total expenditures for any department must be approved by City Council. Appropriations lapse at the end of the year, excluding capital project budgets.

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**CITY OF LA PORTE, TEXAS**  
**REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**  
**September 30, 2014**

**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date December 31,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liabilities</b>	<b>Percentage Funded</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Annual Covered Payroll</b>	<b>(UAAL) as a Percentage of Covered Payroll</b>
2013	\$ 109,712,849	\$ 130,990,617	84%	\$21,277,768	\$20,124,979	106%
2012	102,718,435	118,112,651	87%	15,394,216	19,658,099	78%
2011	94,972,036	112,727,995	84%	17,755,959	19,680,971	90%

Draft 3/5/2015

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

Draft 3/5/2015

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Hotel / Motel Occupancy Tax Fund* – This fund is used to account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the development or progress of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act (Article 1269; Vernon’s Texas Civil Statutes).

*Section 4B Sales Tax Fund* – This fund is used to account for funds received from the ½ cent sales tax dedicated to certain economic and infrastructure projects.

*Tax Increment Reinvestment Zone One Fund (TIRZ)* – This fund is used to account for the disposition of property taxes collected on specific parcels within the boundaries of the TIRZ for the exclusive benefit of the City’s capital improvement programs.

*Grant Fund* – This fund is used to account for funds received from another government or organization to be used for a specific purpose activity or facility.

*Street Maintenance Sales Tax Fund* – This fund is used to account for the additional sales tax collected for street maintenance.

*Emergency Services Sales Tax Fund* – This fund is used to account for the additional sales tax collected for emergency services.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

*2006 Certificate of Obligation Bonds Fund* – This fund is used to account for the proceeds and expenditures related to the Police Facility, a Sports Complex (Joint Venture), South La Porte Trunk Sewer and various other Water/Sewer projects.

*2010 Certificates of Obligation Bond Fund* – This fund is used to account for the proceeds and expenditures related to street, drainage and park improvements.

*Drainage Improvements* – This fund is used to account for the proceeds and expenditures related to the drainage fees collected.

Draft 3/5/2015

**CITY OF LA PORTE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2014*

**Special Revenue Funds**

	<b>Hotel Motel Tax</b>	<b>Section 4b Sales Tax</b>	<b>Tax Increment Reinvestment Zone</b>	<b>Grant Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 592,900	\$ 1,742,126	\$ 662,290	\$ 155,088
Investments	382,336	1,128,960	-	623,939
Receivables, net of allowance	139,035	452,155	-	403
Intergovernmental receivable	-	-	1,920	1,058,254
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,114,271</b>	<b>\$ 3,323,241</b>	<b>\$ 664,210</b>	<b>\$ 1,837,684</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 7,360	\$ 7,167	\$ -	\$ 290,339
Accrued salaries payable	4,770	2,685	-	5,691
Other payables	-	-	3,000	90,051
Due to other funds	-	-	662,000	-
Unearned revenue - Grants	-	-	-	26,707
<b>Total Liabilities</b>	<b>12,130</b>	<b>9,852</b>	<b>665,000</b>	<b>412,788</b>
<b>Fund balances:</b>				
<b>Restricted</b>				
Debt service	-	948,545	-	-
Grants	-	-	-	402,925
Economic development	1,102,141	2,364,844	-	-
Public safety	-	-	-	1,021,971
Capital projects	-	-	-	-
Public works	-	-	-	-
<b>Unassigned</b>	-	-	(790)	-
<b>Total Fund balances</b>	<b>1,102,141</b>	<b>3,313,389</b>	<b>(790)</b>	<b>1,424,896</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,114,271</b>	<b>\$ 3,323,241</b>	<b>\$ 664,210</b>	<b>\$ 1,837,684</b>

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**Special Revenue Funds**

<b>Street Maintenance Sales Tax Fund</b>	<b>Emergency Services Sales Tax Fund</b>	<b>Total Special Revenue Funds</b>
\$ 990,132	\$ 311,240	\$ 4,453,776
625,336	199,856	2,960,427
226,158	216,550	1,034,301
-	-	1,060,174
-	-	-
<u>\$ 1,841,626</u>	<u>\$ 727,646</u>	<u>\$ 9,508,678</u>

\$ 55,385	\$ 6,807	\$ 367,058
-	-	13,146
1,061	3,859	97,971
-	-	662,000
-	-	26,707
<u>56,446</u>	<u>10,666</u>	<u>1,166,882</u>

-	-	948,545
-	-	402,925
-	-	3,466,985
-	716,980	1,738,951
-	-	-
1,785,180	-	1,785,180
-	-	(790)
<u>1,785,180</u>	<u>716,980</u>	<u>8,341,796</u>
<u>\$ 1,841,626</u>	<u>\$ 727,646</u>	<u>\$ 9,508,678</u>

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**CITY OF LA PORTE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2014*

**Capital Projects Funds**

	<b>2000 Certificate of Obligation Bonds</b>	<b>2006 Certificate of Obligation Bonds</b>	<b>2010 Certificate of Obligation Bonds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 10	\$ 63	\$ 1,716,869
Investments	6	41	14,197
Receivables, net of allowance	-	-	19
Intergovernmental receivable	-	-	-
Due from other funds	-	662,000	-
<b>Total Assets</b>	<b>\$ 16</b>	<b>\$ 662,104</b>	<b>\$ 1,731,085</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 17,614
Accrued salaries payable	-	-	-
Other payables	-	-	215
Due to other funds	-	-	-
Unearned revenue - Grants	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>17,829</b>
<b>Fund balances:</b>			
<b>Restricted</b>			
Debt service	-	-	-
Grants	-	-	-
Economic development	-	-	-
Public safety	-	-	-
Capital projects	16	662,104	1,713,256
Public works	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund balances</b>	<b>16</b>	<b>662,104</b>	<b>1,713,256</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16</b>	<b>\$ 662,104</b>	<b>\$ 1,731,085</b>

Draft 3/5/2015

<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 411,653	\$ 2,128,595	\$ 6,582,371
267,073	281,317	3,241,744
15,605	15,624	1,049,925
-	-	1,060,174
-	662,000	662,000
<u>\$ 694,331</u>	<u>\$ 3,087,536</u>	<u>\$ 12,596,214</u>
\$ 4,137	\$ 21,751	\$ 388,809
-	-	13,146
-	215	98,186
-	-	662,000
-	-	26,707
<u>4,137</u>	<u>21,966</u>	<u>1,188,848</u>
-	-	948,545
-	-	402,925
-	-	3,466,985
-	-	1,738,951
690,194	3,065,570	3,065,570
-	-	1,785,180
-	-	(790)
<u>690,194</u>	<u>3,065,570</u>	<u>11,407,366</u>
<u>\$ 694,331</u>	<u>\$ 3,087,536</u>	<u>\$ 12,596,214</u>

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**CITY OF LA PORTE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2014*

	<b>Special Revenue Funds</b>			
	<b>Hotel Motel Tax</b>	<b>Section 4b Sales Tax</b>	<b>Tax Increment Reinvestment Zone</b>	<b>Grant Fund</b>
<b>Revenues</b>				
Property Taxes	\$ -	\$ -	\$ 2,156,273	\$ -
Sales and use taxes	-	2,343,234	-	-
Other taxes	699,673	-	-	-
Fines and forfeitures	-	-	-	196,458
Charges for services	-	-	-	242,997
Intergovernmental	-	-	-	1,572,360
Interest	1,538	4,170	511	1,472
Miscellaneous	4,825	-	-	-
<b>Total revenues</b>	<b>706,036</b>	<b>2,347,404</b>	<b>2,156,784</b>	<b>2,013,287</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	467,379	677,836	560,757	57,643
Public safety	-	-	-	492,473
Public Works	-	-	-	234,952
Culture and recreation	-	-	-	59,115
Capital outlay	-	-	1,851,875	900,860
<b>Total Expenditures</b>	<b>467,379</b>	<b>677,836</b>	<b>2,412,632</b>	<b>1,745,043</b>
Excess (deficiency) of revenues over expenditures	238,657	1,669,568	(255,848)	268,244
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,981	1,211	-	-
Transfers out	(207,500)	(1,125,545)	-	-
<b>Total other financing sources (uses)</b>	<b>(205,519)</b>	<b>(1,124,334)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	33,138	545,234	(255,848)	268,244
<b>Fund balances - beginning</b>	<b>1,069,003</b>	<b>2,768,155</b>	<b>255,058</b>	<b>1,156,652</b>
<b>Fund balances - ending</b>	<b>\$ 1,102,141</b>	<b>\$ 3,313,389</b>	<b>\$ (790)</b>	<b>\$ 1,424,896</b>

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<u>Special Revenue Funds</u>		
<u>Street Maintenance Sales Tax Fund</u>	<u>Emergency Services Sales Tax Fund</u>	<u>Total Special Revenue Funds</u>
\$ -	\$ -	\$ 2,156,273
1,171,617	1,116,445	4,631,296
-	-	699,673
-	-	196,458
-	-	242,997
-	-	1,572,360
1,758	348	9,797
-	-	4,825
<u>1,173,375</u>	<u>1,116,793</u>	<u>9,513,679</u>
-	-	1,763,615
-	902,879	1,395,352
173,104	-	408,056
-	-	59,115
170,437	-	2,923,172
<u>343,541</u>	<u>902,879</u>	<u>6,549,310</u>
<u>829,834</u>	<u>213,914</u>	<u>2,964,369</u>
-	1,598	4,790
-	-	(1,333,045)
-	1,598	(1,328,255)
829,834	215,512	1,636,114
955,346	501,468	6,705,682
<u>\$ 1,785,180</u>	<u>\$ 716,980</u>	<u>\$ 8,341,796</u>

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**CITY OF LA PORTE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2014*

	<b>Capital Projects Funds</b>	
	<b>2000</b>	<b>2006</b>
	<b>Certificate of</b>	<b>Certificate of</b>
	<b>Obligation</b>	<b>Obligation</b>
	<b>Bonds</b>	<b>Bonds</b>
<b>Revenues</b>		
Property Taxes	\$ -	\$ -
Sales and use taxes	-	-
Other taxes	-	-
Fines and forfeitures	-	-
Charges for services	-	-
Intergovernmental	-	-
Interest	16	-
Miscellaneous	-	-
<b>Total revenues</b>	<u>16</u>	<u>-</u>
<b>Expenditures</b>		
<b>Current:</b>		
General government	-	-
Public safety	-	-
Public Works	-	-
Culture and recreation	-	-
Capital outlay	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>16</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
Transfers out	(29,705)	-
<b>Total other financing sources (uses)</b>	<u>(29,705)</u>	<u>-</u>
Net change in fund balances	(29,689)	-
<b>Fund balances - beginning</b>	29,705	662,104
<b>Fund balances - ending</b>	<u>\$ 16</u>	<u>\$ 662,104</u>

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<u>Capital Projects Funds</u>			
<u>2010 Certificate of Obligation Bonds</u>	<u>Drainage Improvements</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 2,156,273
-	-	-	4,631,296
-	-	-	699,673
-	-	-	196,458
-	268,230	268,230	511,227
-	-	-	1,572,360
604	914	1,534	11,331
-	-	-	4,825
<u>604</u>	<u>269,144</u>	<u>269,764</u>	<u>9,783,443</u>
-	-	-	1,763,615
-	-	-	1,395,352
-	97,797	97,797	505,853
-	-	-	59,115
74,467	-	74,467	2,997,639
<u>74,467</u>	<u>97,797</u>	<u>172,264</u>	<u>6,721,574</u>
<u>(73,863)</u>	<u>171,347</u>	<u>97,500</u>	<u>3,061,869</u>
-	-	-	4,790
-	-	(29,705)	(1,362,750)
-	-	(29,705)	(1,357,960)
(73,863)	171,347	67,795	1,703,909
1,787,119	518,847	2,997,775	9,703,457
<u>\$ 1,713,256</u>	<u>\$ 690,194</u>	<u>\$ 3,065,570</u>	<u>\$ 11,407,366</u>

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
– BUDGET TO ACTUAL**

**Special Revenue Fund  
Capital Projects Fund**

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**CITY OF LA PORTE, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2014*

*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>		<b>Variance Positive / (Negative)</b>	<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Property taxes	\$ 2,423,341	\$ 2,482,675	\$ 59,334	\$ 1,652,943
Investment earnings	7,072	8,712	1,640	4,736
<b>Total Revenues</b>	<u>2,430,413</u>	<u>2,491,387</u>	<u>60,974</u>	<u>1,657,679</u>
<b>Expenditures</b>				
Principal	2,170,000	2,640,000	(470,000)	2,365,000
Interest and other charges	1,576,270	1,217,883	358,387	1,385,204
Bond issuance costs	-	153,884	(153,884)	
<b>Total Expenditures</b>	<u>3,746,270</u>	<u>4,011,767</u>	<u>(265,497)</u>	<u>3,750,204</u>
<b>Revenues over (under) expenditures</b>	<u>(1,315,857)</u>	<u>(1,520,380)</u>	<u>(204,523)</u>	<u>(2,092,525)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	9,300,000	9,300,000	
Premium on bonds	-	608,166	608,166	
Payment to escrow agent	-	(9,749,587)	(9,749,587)	
Transfers in	1,610,519	1,640,224	29,705	1,492,488
<b>Total Other Financing Sources (Uses)</b>	<u>1,610,519</u>	<u>1,798,803</u>	<u>188,284</u>	<u>1,492,488</u>
Net change in fund balance	294,662	278,423	(16,239)	(600,037)
<b>Fund balances, beginning of year</b>	<u>2,490,499</u>	<u>2,490,499</u>	<u>-</u>	<u>3,090,536</u>
<b>Fund balances at year end</b>	<u>\$ 2,785,161</u>	<u>\$ 2,768,922</u>	<u>\$ (16,239)</u>	<u>\$ 2,490,499</u>

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**CITY OF LA PORTE, TEXAS**

*SPECIAL REVENUE FUND - HOTEL MOTEL TAX*

*SCHEDULE OF REVENUES, EXPENDITURES AND*

*CHANGES IN FUND BALANCE - BUDGET AND ACTUAL*

*For the Year Ended September 30, 2014*

*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>		<b>Variance Positive / (Negative)</b>	<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Other taxes	\$ 500,000	\$ 699,673	\$ 199,673	\$ 565,562
Investment earnings	1,500	1,538	38	1,396
Miscellaneous	-	4,825	4,825	3,770
<b>Total Revenues</b>	<u>501,500</u>	<u>706,036</u>	<u>204,536</u>	<u>570,728</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	519,579	467,379	52,200	344,743
<b>Total Expenditures</b>	<u>519,579</u>	<u>467,379</u>	<u>52,200</u>	<u>344,743</u>
<b>Revenues over (under) expenditures</b>	(18,079)	238,657	256,736	225,985
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,981	1,981	-	
Transfers (out)	(207,500)	(207,500)	-	(187,500)
<b>Total Other Financing Sources (Uses)</b>	<u>(205,519)</u>	<u>(205,519)</u>	<u>-</u>	<u>(187,500)</u>
Net change in fund balance	(223,598)	33,138	256,736	38,485
<b>Fund balances, beginning of year</b>	<u>1,069,003</u>	<u>1,069,003</u>	<u>-</u>	<u>1,030,518</u>
<b>Fund balances at year end</b>	<u><u>\$ 845,405</u></u>	<u><u>\$ 1,102,141</u></u>	<u><u>\$ 256,736</u></u>	<u><u>\$ 1,069,003</u></u>

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**CITY OF LA PORTE, TEXAS**  
**SPECIAL REVENUE FUND - SECTION 4B SALES TAX**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2014**  
**With comparative actual totals for the year ended September 30, 2013**

	<b>2014</b>		<b>Variance Positive / (Negative)</b>	<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Sales and Use Tax	\$ 1,989,438	\$ 2,343,234	\$ 353,796	\$ 2,037,823
Investment Earnings	3,500	4,170	670	3,832
<b>Total Revenues</b>	<u>1,992,938</u>	<u>2,347,404</u>	<u>354,466</u>	<u>2,041,663</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	872,799	677,836	194,963	600,153
<b>Total Expenditures</b>	<u>872,799</u>	<u>677,836</u>	<u>194,963</u>	<u>600,153</u>
<b>Revenues over (under) expenditures</b>	1,120,139	1,669,568	549,429	1,441,510
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,211	1,211	-	-
Transfers (out)	<u>(1,125,545)</u>	<u>(1,125,545)</u>	<u>-</u>	<u>(1,105,061)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,124,334)</u>	<u>(1,124,334)</u>	<u>-</u>	<u>(1,105,061)</u>
Net change in fund balance	(4,195)	545,234	549,429	336,449
<b>Fund balances, beginning of year</b>	<u>2,768,155</u>	<u>2,768,155</u>	<u>-</u>	<u>2,431,706</u>
<b>Fund balances at year end</b>	<u><u>\$ 2,763,960</u></u>	<u><u>\$ 3,313,389</u></u>	<u><u>\$ 549,429</u></u>	<u><u>\$ 2,768,155</u></u>

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**CITY OF LA PORTE, TEXAS**

**SPECIAL REVENUE FUND - TAX INCREMENT REINVESTMENT ZONE**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2014*

*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>		<b>Variance</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Positive / (Negative)</b>	<b>2013</b>
<b>Revenues</b>				
Property Taxes	\$ 2,604,929	\$ 2,156,273	\$ (448,656)	\$ 1,542,391
Investment Earnings	520	511	(9)	581
<b>Total Revenues</b>	<u>2,605,449</u>	<u>2,156,784</u>	<u>(448,665)</u>	<u>1,542,972</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	600,000	560,757	39,243	573,446
Capital outlay	2,250,080	1,851,875	398,205	1,231,449
<b>Total Expenditures</b>	<u>2,850,080</u>	<u>2,412,632</u>	<u>437,448</u>	<u>1,804,895</u>
Net change in fund balance	(244,631)	(255,848)	(11,217)	(261,923)
<b>Fund balances, beginning of year</b>	<u>255,058</u>	<u>255,058</u>	<u>-</u>	<u>516,981</u>
<b>Fund balances at year end</b>	<u>\$ 10,427</u>	<u>\$ (790)</u>	<u>\$ (11,217)</u>	<u>\$ 255,058</u>

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**CITY OF LA PORTE, TEXAS**  
**SPECIAL REVENUE FUND - GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2014**  
**With comparative actual totals for the year ended September 30, 2013**

	2014		Variance Positive / (Negative)	2013
	Final Budget	Actual		
<b>Revenues</b>				
Fines and forfeitures	\$ 125,000	\$ 196,458	\$ 71,458	\$ 221,008
Charges for services	4,000	242,997	238,997	55,010
Intergovernmental	688,864	1,572,360	883,496	568,052
Investment earnings	-	1,472	1,472	1,617
Miscellaneous	850		(850)	2,500
<b>Total Revenues</b>	818,714	2,013,287	1,194,573	848,187
<b>Expenditures</b>				
<b>Current:</b>				
General Government	163,246	57,643	105,603	206,319
Public Safety	943,980	492,473	451,507	356,611
Public Works	332,526	234,952	97,574	
Culture and recreation	65,628	59,115	6,513	48,206
Capital Outlay	4,055,980	900,860	3,155,120	248,980
<b>Total Expenditures</b>	5,561,360	1,745,043	3,816,317	860,116
Net change in fund balance	(4,742,646)	268,244	5,010,890	(11,929)
<b>Fund balances, beginning of year</b>	1,156,652	1,156,652	-	1,168,581
<b>Fund balances at year end</b>	\$ (3,585,994)	\$ 1,424,896	\$ 5,010,890	\$ 1,156,652

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**CITY OF LA PORTE, TEXAS**  
**SPECIAL REVENUE FUND - STREET MAINTENANCE SALES TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2014**  
**With comparative actual totals for the year ended September 30, 2013**

	2014		Variance Positive / (Negative)	2013
	Final Budget	Actual		
<b>Revenues</b>				
Sales and use tax	\$ 994,719	\$ 1,171,617	\$ 176,898	\$ 1,018,912
Investment earnings	1,000	1,758	758	1,438
<b>Total Revenues</b>	<u>995,719</u>	<u>1,173,375</u>	<u>177,656</u>	<u>1,020,350</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works	-	173,104	(173,104)	380,450
Capital Outlay	1,422,000	170,437	1,251,563	471,591
<b>Total Expenditures</b>	<u>1,422,000</u>	<u>343,541</u>	<u>1,078,459</u>	<u>852,041</u>
Net change in fund balance	(426,281)	829,834	1,256,115	168,309
<b>Fund balances, beginning of year</b>	<u>955,346</u>	<u>955,346</u>	<u>-</u>	<u>787,037</u>
<b>Fund balances at year end</b>	<u>\$ 529,065</u>	<u>\$ 1,785,180</u>	<u>\$ 1,256,115</u>	<u>\$ 955,346</u>

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**CITY OF LA PORTE, TEXAS**

**SPECIAL REVENUE FUND - EMERGENCY SERVICES SALES TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2014*

*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>			
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	<b>2013</b>
<b>Revenues</b>				
Sales and use tax	\$ 900,000	\$ 1,116,445	\$ 216,445	\$ 960,568
Investment earnings	300	348	48	145
<b>Total Revenues</b>	<u>900,300</u>	<u>1,116,793</u>	<u>216,493</u>	<u>960,713</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Safety	988,151	902,879	85,272	680,162
Capital outlay	35,000	-	35,000	26,256
<b>Total Expenditures</b>	<u>1,023,151</u>	<u>902,879</u>	<u>120,272</u>	<u>706,418</u>
<b>Revenues over (under) expenditures</b>	(122,851)	213,914	336,765	254,295
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,598	1,598	-	-
Net change in fund balance	(121,253)	215,512	336,765	254,295
<b>Fund balances, beginning of year</b>	<u>501,468</u>	<u>501,468</u>	<u>-</u>	<u>247,173</u>
<b>Fund balances at year end</b>	<u>\$ 380,215</u>	<u>\$ 716,980</u>	<u>\$ 336,765</u>	<u>\$ 501,468</u>

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**CITY OF LA PORTE, TEXAS**  
**CAPITAL PROJECTS FUND - 2006 CERTIFICATE OF OBLIGATION BONDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2014**  
**With comparative actual totals for the year ended September 30, 2013**

	2014		Variance Positive / (Negative)	2013
	Final Budget	Actual		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ 104
Miscellaneous	-	-	-	130,500
<b>Total Revenues</b>	-	-	-	130,604
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	-	-	(78,662)
Net change in fund balance	-	-	-	51,942
<b>Fund balances, beginning of year</b>	662,104	662,104	-	610,162
<b>Fund balances at year end</b>	\$ 662,104	\$ 662,104	\$ -	\$ 662,104

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**CITY OF LA PORTE, TEXAS**

**CAPITAL PROJECTS FUND - 2010 CERTIFICATE OF OBLIGATION BONDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

*For the Year Ended September 30, 2014*

*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>		<b>Variance Positive / (Negative)</b>	<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ 604	\$ 604	\$ 1,783
<b>Total Revenues</b>	<u>-</u>	<u>604</u>	<u>604</u>	<u>1,783</u>
<b>Expenditures</b>				
Capital outlay	90,235	74,467	15,768	150,011
<b>Total Expenditures</b>	<u>90,235</u>	<u>74,467</u>	<u>15,768</u>	<u>150,011</u>
Net change in fund balance	(90,235)	(73,863)	16,372	(148,228)
<b>Fund balances, beginning of year</b>	<u>1,787,119</u>	<u>1,787,119</u>	<u>-</u>	<u>1,935,347</u>
<b>Fund balances at year end</b>	<u><u>\$ 1,696,884</u></u>	<u><u>\$ 1,713,256</u></u>	<u><u>\$ 16,372</u></u>	<u><u>\$ 1,787,119</u></u>

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**CITY OF LA PORTE, TEXAS**  
**CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
*For the Year Ended September 30, 2014*  
*With comparative actual totals for the year ended September 30, 2013*

	<b>2014</b>			<b>2013</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive / (Negative)</b>	
<b>Revenues</b>				
Charges for services	\$ 266,000	\$ 268,230	\$ 2,230	\$ 265,362
Investment earnings	500	914	414	570
<b>Total Revenues</b>	<u>266,500</u>	<u>269,144</u>	<u>2,644</u>	<u>265,932</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works	453,000	97,797	355,203	74,524
<b>Total Expenditures</b>	<u>453,000</u>	<u>97,797</u>	<u>355,203</u>	<u>74,524</u>
Net change in fund balance	(186,500)	171,347	357,847	191,408
<b>Fund balances, beginning of year</b>	<u>518,847</u>	<u>518,847</u>	<u>-</u>	<u>327,439</u>
<b>Fund balances at year end</b>	<u><u>\$ 332,347</u></u>	<u><u>\$ 690,194</u></u>	<u><u>\$ 357,847</u></u>	<u><u>\$ 518,847</u></u>

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES  
General Fund**

Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**

*General Fund*

*Schedule of Revenues - Budget and Actual*

*For the Year Ended September 30, 2014*

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Taxes:				
Ad valorem:				
Current	\$ 13,600,000	\$ 14,933,138	\$ 14,990,218	\$ 1,390,218
Delinquent	100,000	100,000	120,787	20,787
Industrial Payments	11,086,500	11,556,546	11,554,949	468,449
Total ad valorem	<u>24,786,500</u>	<u>26,589,684</u>	<u>26,665,954</u>	<u>76,270</u>
Penalty and interest	160,500	160,500	175,415	14,915
Sales Taxes	3,978,875	4,309,521	4,686,476	707,601
Other Taxes	60,000	60,000	87,074	27,074
Franchise Fees:				
Electrical	1,312,105	1,261,449	1,257,497	(3,952)
Gas	150,000	150,000	180,072	30,072
Telephone	300,000	275,000	346,087	71,087
Cable	371,374	400,000	382,611	(17,389)
Commercial Solidwaste	85,000	90,000	86,137	(3,863)
Total Franchise Fees	<u>2,218,479</u>	<u>2,176,449</u>	<u>2,252,404</u>	<u>75,955</u>
Charges for Services:				
Public safety service fees	1,433,596	1,444,606	1,543,742	99,136
Health and sanitation service fees	2,146,600	2,212,500	2,227,342	14,842
Culture and recreation fees	1,462,941	1,419,948	1,507,896	87,948
Other service fees	420,521	442,371	340,575	(101,796)
Total Charges for Services	<u>5,463,658</u>	<u>5,519,425</u>	<u>5,619,555</u>	<u>100,130</u>
Licenses and permits:				
Building permits	346,475	359,895	475,464	115,569
Licenses	21,700	20,785	22,292	1,507
Total Licenses and permits	<u>368,175</u>	<u>380,680</u>	<u>497,756</u>	<u>117,076</u>
Investment income	71,000	71,000	67,519	(3,481)
Fines and forfeitures	1,586,700	1,471,800	1,594,391	122,591
Miscellaneous	40,000	40,000	256,379	216,379
Total revenues	<u>\$38,733,887</u>	<u>\$40,779,059</u>	<u>\$41,902,923</u>	<u>\$ 1,123,864</u>

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## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government</b>				
<b>Administration:</b>				
Emergency Management:				
Personal services	\$ 211,345	\$ 219,855	\$ 219,328	\$ 527
Supplies	7,397	9,169	8,920	249
Other services and charges	89,873	86,037	84,500	1,537
Total Emergency Management	308,615	315,061	312,748	2,313
General Administration:				
Personal services	433,444	447,546	446,692	854
Supplies	5,689	4,414	5,156	(742)
Other services and charges	75,710	73,875	36,266	37,609
Total General Administration	514,843	525,835	488,114	37,721
Community Investment:				
Supplies	27,650	29,550	27,744	1,806
Other services and charges	124,500	125,772	101,776	23,996
Total Community Investment	152,150	155,322	129,520	25,802
Human Resources:				
Personal services	261,723	250,115	219,504	30,611
Supplies	2,250	5,122	3,811	1,311
Other services and charges	165,112	154,376	146,585	7,791
Total Human Resources	429,085	409,613	369,900	39,713
Information Technology				
Personal services	509,855	535,393	535,070	323
Supplies	82,387	192,848	142,727	50,121
Other services and charges	1,210,515	1,125,805	1,175,646	(49,841)
Total Information Technology	1,802,757	1,854,046	1,853,443	603
Municipal Court:				
Personal services	622,052	655,418	655,100	318
Supplies and materials	19,750	16,250	15,740	510
Other services and charges	136,789	109,314	101,229	8,085
Total Municipal Court	778,591	780,982	772,069	8,913
Purchasing:				
Personal services	219,266	230,105	229,904	201
Supplies	1,450	1,520	1,334	186
Other services and charges	5,320	6,600	6,187	413
Total Purchasing	226,036	238,225	237,425	800
City Secretary:				
Personal services	345,267	317,512	341,513	(24,001)
Supplies and materials	11,450	16,583	13,230	3,353
Other services and charges	44,170	114,345	68,348	45,997
Total City Secretary	400,887	448,440	423,091	25,349
Legal:				
Personal services	20,844	20,844	20,844	-
Other services and charges	179,000	154,105	151,693	2,412
Total Legal	199,844	174,949	172,537	2,412
City Council:				
Personal services	38,754	37,147	36,192	955
Supplies and materials	2,100	2,400	2,041	359
Other services and charges	18,058	17,927	14,294	3,633
Total City Council	58,912	57,474	52,527	4,947
<b>Total Administration</b>	<b>4,871,720</b>	<b>4,959,947</b>	<b>4,811,374</b>	<b>148,573</b>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued)</b>				
<b>Finance:</b>				
Accounting:				
Personal services	\$ 693,121	\$ 719,433	\$ 718,718	\$ 715
Supplies	14,050	14,409	14,207	202
Other services and charges	88,946	81,906	79,962	1,944
Total Accounting	<u>796,117</u>	<u>815,748</u>	<u>812,887</u>	<u>2,861</u>
Nondepartmental:				
Personal services	907,237	1,050,998	1,050,379	619
Supplies	5,000	5,300	1,869	3,431
Other services and charges	1,987,858	973,498	914,392	59,106
Total Nondepartmental	<u>2,900,095</u>	<u>2,029,796</u>	<u>1,966,640</u>	<u>63,156</u>
Tax Office:				
Personal services	204,235	210,933	209,909	1,024
Supplies and materials	12,200	12,831	12,206	625
Other services and charges	193,470	194,935	194,548	387
Total Tax Office	<u>409,905</u>	<u>418,699</u>	<u>416,663</u>	<u>2,036</u>
<b>Total Finance</b>	<u>4,106,117</u>	<u>3,264,243</u>	<u>3,196,190</u>	<u>68,053</u>
<b>Planning and Engineering:</b>				
Planning and Engineering:				
Personal services	914,612	800,214	715,256	84,958
Supplies	14,223	11,894	11,340	554
Other services and charges	112,885	127,946	93,305	34,641
Total Planning and Engineering	<u>1,041,720</u>	<u>940,054</u>	<u>819,901</u>	<u>120,153</u>
Inspection:				
Personal services	760,077	734,056	663,289	70,767
Supplies	33,843	23,293	20,793	2,500
Other services and charges	143,132	142,789	45,571	97,218
Total Inspection	<u>937,052</u>	<u>900,138</u>	<u>729,653</u>	<u>170,485</u>
<b>Total Planning and Engineering</b>	<u>1,978,772</u>	<u>1,840,192</u>	<u>1,549,554</u>	<u>290,638</u>
<b>Total General Government</b>	<u>10,956,609</u>	<u>10,064,382</u>	<u>9,557,118</u>	<u>507,264</u>
<b>Public Safety</b>				
<b>Fire</b>				
Fire Prevention:				
Personal services	283,837	290,482	289,882	600
Supplies	7,416	9,666	9,438	228
Other services and charges	7,952	9,372	9,199	173
Total Fire Prevention	<u>299,205</u>	<u>309,520</u>	<u>308,519</u>	<u>1,001</u>
Fire suppression:				
Personal services	1,415,321	1,400,538	1,400,110	428
Supplies	34,393	39,572	38,899	673
Other services and charges	234,388	232,188	225,872	6,316
Total Fire Suppression	<u>1,684,102</u>	<u>1,672,298</u>	<u>1,664,881</u>	<u>7,417</u>
Emergency medical services:				
Personal services	2,305,943	2,286,013	2,158,522	127,491
Supplies	148,501	165,164	154,264	10,900
Other services and charges	126,054	129,604	124,484	5,120
Total Emergency Services	<u>2,580,498</u>	<u>2,580,781</u>	<u>2,437,270</u>	<u>143,511</u>
<b>Total Fire</b>	<u>4,563,805</u>	<u>4,562,599</u>	<u>4,410,670</u>	<u>151,929</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety (continued)</b>				
<b>Police</b>				
Police Administration:				
Personal services	\$ 662,835	\$ 701,580	\$ 700,799	\$ 781
Supplies	22,710	23,121	22,343	778
Other services and charges	252,011	283,647	268,199	15,448
Total Police Administration	<u>937,556</u>	<u>1,008,348</u>	<u>991,341</u>	<u>17,007.00</u>
Police Patrol:				
Personal services	4,796,088	4,826,689	4,801,837	24,852
Supplies	281,898	296,133	288,913	7,220
Other services and charges	823,581	802,307	792,762	9,545
Capital Outlay	147,500	140,999	135,262	5,737
Total Police Patrol	<u>6,049,067</u>	<u>6,066,128</u>	<u>6,018,774</u>	<u>47,354</u>
Criminal Investigation:				
Personal services	2,003,827	1,986,465	1,886,092	100,373
Supplies	63,982	56,081	48,094	7,987
Other services and charges	129,027	128,943	122,253	6,690
Total Criminal Investigation	<u>2,196,836</u>	<u>2,171,489</u>	<u>2,056,439</u>	<u>115,050</u>
Support Services:				
Personal services	2,316,029	2,333,906	2,333,875	31
Supplies	87,213	107,161	100,214	6,947
Other services and charges	139,401	123,962	121,375	2,587
Total Support Services	<u>2,542,643</u>	<u>2,565,029</u>	<u>2,555,464</u>	<u>9,565</u>
<b>Total Police</b>	<u>11,726,102</u>	<u>11,810,994</u>	<u>11,622,018</u>	<u>188,976</u>
<b>Total Public Safety</b>	<u>16,289,907</u>	<u>16,373,593</u>	<u>16,032,688</u>	<u>340,905</u>
<b>Public Works</b>				
Public Works Administration:				
Personal services	296,491	307,716	307,250	466
Supplies and materials	4,954	5,950	4,801	1,149
Other services and charges	50,252	79,599	58,659	20,940
Total Public Works Administration	<u>351,697</u>	<u>393,265</u>	<u>370,710</u>	<u>22,555</u>
Streets:				
Personal services	1,597,921	1,602,957	1,596,836	6,121
Supplies	166,768	180,739	174,865	5,874
Other services and charges	794,506	764,572	768,685	(4,113)
Capital Outlay	6,500	5,620	5,620	
Total Streets	<u>2,565,695</u>	<u>2,553,888</u>	<u>2,546,006</u>	<u>7,882</u>
<b>Total Public Works</b>	<u>2,917,392</u>	<u>2,947,153</u>	<u>2,916,716</u>	<u>30,437</u>
<b>Health and Sanitation</b>				
Residential solidwaste:				
Personal services	1,186,172	1,071,237	1,109,155	(37,918)
Supplies	256,276	278,485	277,531	954
Other services and charges	877,334	971,061	930,818	40,243
Total Residential Solidwaste	<u>2,319,782</u>	<u>2,320,783</u>	<u>2,317,504</u>	<u>3,279</u>
Commercial solidwaste:				
Other services and charges	15,500	16,780	16,680	100
Total Commercial Solidwaste	<u>15,500</u>	<u>16,780</u>	<u>16,680</u>	<u>100</u>
<b>Total Health and Sanitation</b>	<u>2,335,282</u>	<u>2,337,563</u>	<u>2,334,184</u>	<u>3,379</u>

## General Fund

## Schedule of Expenditures - Budget and Actual

For the year ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Culture &amp; Recreation</b>				
Park Maintenance:				
Personal services	\$ 1,263,174	\$ 1,320,077	\$ 1,312,147	\$ 7,930
Supplies and materials	132,800	134,208	133,899	309
Other services and charges	768,520	849,318	817,584	31,734
Capital outlay	46,150	(19,828)	8,350	(28,178)
Total Park Maintenance	<u>2,210,644</u>	<u>2,283,775</u>	<u>2,271,980</u>	<u>11,795</u>
Recreation:				
Personal services	510,487	474,577	427,143	47,434
Supplies	39,033	41,522	41,493	29
Other services and charges	179,699	180,682	168,466	12,216
Total Recreation	<u>729,219</u>	<u>696,781</u>	<u>637,102</u>	<u>59,679</u>
Special Services:				
Personal services	387,059	377,242	363,728	13,514
Supplies	23,895	24,227	23,745	482
Other services and charges	48,853	47,717	46,251	1,466
Total Special Services	<u>459,807</u>	<u>449,186</u>	<u>433,724</u>	<u>15,462</u>
Parks Administration:				
Personal Services	535,440	556,201	555,674	527
Supplies	5,850	9,577	9,056	521
Other Services and Charges	21,015	20,649	19,886	763
Total Parks Administration	<u>562,305</u>	<u>586,427</u>	<u>584,616</u>	<u>1,811</u>
Golf Course - Club House				
Personal Services	407,044	415,576	415,195	381
Supplies	56,178	54,796	54,298	498
Other Services and Charges	75,195	65,884	58,509	7,375
Total Golf Course	<u>538,417</u>	<u>536,256</u>	<u>528,002</u>	<u>8,254</u>
Golf Course - Maintenance				
Personal Services	630,026	620,018	618,824	1,194
Supplies	147,250	149,893	146,603	3,290
Other Services and Charges	206,613	174,796	160,758	14,038
Total Golf Course	<u>983,889</u>	<u>944,707</u>	<u>926,185</u>	<u>18,522</u>
<b>Total Culture &amp; Recreation</b>	<u>5,484,281</u>	<u>5,497,132</u>	<u>5,381,609</u>	<u>115,523</u>
<b>Total General Fund</b>	<u>\$ 37,983,471</u>	<u>\$ 37,219,823</u>	<u>\$ 36,222,315</u>	<u>\$ 997,508</u>

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**COMBINING FINANCIAL STATEMENTS**

Draft 3/5/2015

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## **Internal Service Funds**

Internal Service Funds account for the financing of goods or services provided by one City department for another.

Motor Pool Fund – This fund is used to account for the cost of operating and maintaining automotive and other equipment used by City departments and the purchase of general government vehicles (those not used by proprietary fund activities). Service charges are billed to departments on a monthly basis to cover all expenses of the fund.

Technology Fund – This fund is used to account for the cost of operating and maintaining computer software and equipment used by City departments. Service charges are billed to departments on a monthly basis to cover all expenses of the fund.

Insurance Fund – This fund is used to account for the provision of group health coverage for all City employees and others eligible under the City’s plan, including employee dependents and retirees.

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**CITY OF LA PORTE, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
*September 30, 2014*

	<b>Vehicle Replacement Fund</b>	<b>Employee Health Insurance</b>	<b>Technology</b>	<b>Total</b>
<b>Assts</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,521,602	\$ 739,815	\$ 689,554	\$ 2,950,971
Investments	974,249	479,998	447,370	1,901,617
Accounts Receivables, net	-	120,672	6,384	127,056
Other receivables	1,279	630	587	2,496
Inventories	32,422	-	-	32,422
<b>Total current assets</b>	<b>2,529,552</b>	<b>1,341,115</b>	<b>1,143,895</b>	<b>5,014,562</b>
<b>Non-current assets:</b>				
<b>Capital Assets:</b>				
Equipment and Furniture	15,725,087	-	297,334	16,022,421
Less Accumulated depreciation	(7,802,140)	-	(205,236)	(8,007,376)
<b>Total non-current assets</b>	<b>7,922,947</b>	<b>-</b>	<b>92,098</b>	<b>8,015,045</b>
<b>Total assets</b>	<b>10,452,499</b>	<b>1,341,115</b>	<b>1,235,993</b>	<b>13,029,607</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	24,307	2,666	2,203	29,176
Salaries payable	24,053	-	-	24,053
Unearned revenue	-	745	-	745
Claims and judgments	-	575,349	-	575,349
Total current liabilities	48,360	578,760	2,203	629,323
<b>Non-current liabilities:</b>				
Compensated absences	57,033	-	-	57,033
Total non-current liabilities	57,033	-	-	57,033
<b>Total liabilities</b>	<b>105,393</b>	<b>578,760</b>	<b>2,203</b>	<b>686,356</b>
<b>Net Position</b>				
Investment in capital assets	7,922,947	-	92,098	8,015,045
Unrestricted	2,424,159	762,355	1,141,692	4,328,206
<b>Total net position</b>	<b>\$ 10,347,106</b>	<b>\$ 762,355</b>	<b>\$ 1,233,790</b>	<b>\$ 12,343,251</b>

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**CITY OF LA PORTE, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**INTERNAL SERVICE FUNDS**

*For the Year Ended September 30, 2014*

	<b>Vehicle Replacement Fund</b>	<b>Employee Health Insurance</b>	<b>Technology</b>	<b>Total</b>
<b>Revenues</b>				
Charges for services	\$ 2,542,143	\$ 5,330,154	\$ 321,115	\$ 8,193,412
<b>Total operating revenues</b>	<u>2,542,143</u>	<u>5,330,154</u>	<u>321,115</u>	<u>8,193,412</u>
<b>Operating Expenses</b>				
Personal services	678,533	139,935	-	818,468
Supplies and materials	408,772	-	86,302	495,074
Other expenses	-	6,463,460	8,946	6,472,406
Depreciation	1,055,662	-	17,162	1,072,824
<b>Total operating expenses</b>	<u>2,142,967</u>	<u>6,603,395</u>	<u>112,410</u>	<u>8,858,772</u>
Operating income (loss)	<u>399,176</u>	<u>(1,273,241)</u>	<u>208,705</u>	<u>(665,360)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest and investment revenue	5,011	2,895	1,710	9,616
Gain (loss) on disposal of capital assets	(31,955)	-	-	(31,955)
<b>Total non-operating revenue (expenses)</b>	<u>(26,944)</u>	<u>2,895</u>	<u>1,710</u>	<u>(22,339)</u>
Income (loss) before transfers	372,232	(1,270,346)	210,415	(687,699)
Capital contributions	(16,383)	-	-	(16,383)
Transfers in	11,883	479,648	-	491,531
Transfers out	(13,236)	-	-	(13,236)
Change in net position	354,496	(790,698)	210,415	(225,787)
<b>Total net position - beginning</b>	<u>9,992,610</u>	<u>1,553,053</u>	<u>1,023,375</u>	<u>12,569,038</u>
<b>Total net position - ending</b>	<u>\$ 10,347,106</u>	<u>\$ 762,355</u>	<u>\$ 1,233,790</u>	<u>\$ 12,343,251</u>

Draft 3/5/2015

**CITY OF LA PORTE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2014**

	Vehicle Replacement Fund	Employee Health Insurance	Technology	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 2,541,054	\$ 5,330,154	\$ 314,533	\$ 8,185,741
Disbursed for personnel services	(672,479)	(140,565)	-	(813,044)
Disbursed for goods and services	(401,824)	(6,370,448)	(93,045)	(6,865,317)
<b>Net cash provided (used) by operating activities</b>	<b>1,466,751</b>	<b>(1,180,859)</b>	<b>221,488</b>	<b>507,380</b>
<b>Cash Flows from NonCapital Financing Activities</b>				
Transfers from other funds	11,883	479,648	-	491,531
Transfers to other funds	(13,236)	-	-	(13,236)
Operating grants and contributions	16,383	-	-	16,383
<b>Net cash provided by (used by) noncapital financing activities</b>	<b>15,030</b>	<b>479,648</b>	<b>-</b>	<b>494,678</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from the sale of equipment	31,955	-	-	31,955
Acquisition and construction of capital assets, net of disposals	(2,338,095)	-	(91,389)	(2,429,484)
<b>Net cash used by capital and related financing activities</b>	<b>(2,306,140)</b>	<b>-</b>	<b>(91,389)</b>	<b>(2,397,529)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of investments	-	86,525	(150,508)	(63,983)
Sale of investments	4,901	-	-	4,901
Interest received	5,011	2,895	1,710	9,616
<b>Net cash provided by (used by) investing activities</b>	<b>9,912</b>	<b>89,420</b>	<b>(148,798)</b>	<b>(49,466)</b>
Net increase in cash and equivalents	(814,447)	(611,791)	(18,699)	(1,444,937)
<b>Cash and equivalents, beginning of year</b>	<b>2,336,049</b>	<b>1,351,606</b>	<b>708,253</b>	<b>4,395,908</b>
<b>Cash and equivalents, at end of year</b>	<b>\$ 1,521,602</b>	<b>\$ 739,815</b>	<b>\$ 689,554</b>	<b>\$ 2,950,971</b>
Unrestricted cash and equivalents	\$ 1,521,602	\$ 739,815	\$ 689,554	\$ 2,950,971
	<u>\$ 1,521,602</u>	<u>\$ 739,815</u>	<u>\$ 689,554</u>	<u>\$ 2,950,971</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ 399,176	\$ (1,273,241)	\$ 208,705	\$ (665,360)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,055,662	-	17,162	1,072,824
(Increase) decrease in accounts receivable	5	(630)	(6,582)	(7,207)
(Increase) decrease in inventory	(1,094)	-	-	(1,094)
Increase (decrease) in claims and judgments payable	-	94,765	-	94,765
Increase (decrease) in accounts payable	6,893	(2,498)	2,203	6,598
Increase (decrease) in salaries payable	55	-	-	55
Increase (decrease) in compensated absences	6,054	-	-	6,054
Increase (decrease) in unearned revenue	-	745	-	745
<b>Net cash provided by operating activities</b>	<b>\$ 1,466,751</b>	<b>\$ (1,180,859)</b>	<b>\$ 221,488</b>	<b>\$ 507,380</b>

**STATISTICAL SECTION**

**(Unaudited)**

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## Unaudited Statistical Section

This part of the City of La Porte, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	94
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	104
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax.</i>	
<b>Debt Capacity</b>	110
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	115
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<b>Operating Information</b>	117
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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**CITY OF LA PORTE, TEXAS****NET POSITION BY COMPONENT***Last Ten Fiscal Years**Amounts in (000's)**(Accrual Basis of Accounting)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 28,933	\$ 28,424	\$ 27,529	\$ 24,923	\$ 32,667
Restricted	6,642	7,363	13,317	16,567	16,170
Unrestricted	19,370	18,984	19,986	18,985	16,838
<b>Total governmental activities net position</b>	<u>\$ 54,945</u>	<u>\$ 54,771</u>	<u>\$ 60,832</u>	<u>\$ 60,475</u>	<u>\$ 65,676</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 26,590	\$ 29,642	\$ 29,481	\$ 35,483	\$ 40,206
Restricted	3,407	2,186	2,185	2,188	1,353
Unrestricted	1,265	3,397	3,296	3,799	2,473
<b>Total business-type activities net position</b>	<u>\$ 31,262</u>	<u>\$ 35,225</u>	<u>\$ 34,962</u>	<u>\$ 41,471</u>	<u>\$ 44,032</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 55,523	\$ 58,066	\$ 57,010	\$ 60,406	\$ 72,874
Restricted	10,050	9,549	15,501	18,755	17,523
Unrestricted	20,635	22,380	23,281	22,785	19,311
<b>Total primary government net position</b>	<u>\$ 86,207</u>	<u>\$ 89,996</u>	<u>\$ 95,793</u>	<u>\$ 101,945</u>	<u>\$ 109,707</u>

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*Exhibit 1*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 35,195	\$ 37,324	\$ 46,814	\$ 49,304	\$ 54,506
18,108	8,060	8,728	8,902	11,088
13,904	26,859	21,621	22,530	18,635
<u>\$ 67,207</u>	<u>\$ 72,243</u>	<u>\$ 77,163</u>	<u>\$ 80,736</u>	<u>\$ 84,229</u>
\$ 40,595	\$ 37,606	\$ 37,567	\$ 36,347	\$ 35,873
1,460	680	559	2,096	1,413
2,027	4,199	3,791	2,301	3,187
<u>\$ 44,082</u>	<u>\$ 42,485</u>	<u>\$ 41,917</u>	<u>\$ 40,744</u>	<u>\$ 40,473</u>
\$ 75,790	\$ 74,930	\$ 84,381	\$ 85,651	\$ 90,379
19,568	8,740	9,287	10,998	12,501
15,932	31,058	25,412	24,831	21,822
<u>\$ 111,290</u>	<u>\$ 114,728</u>	<u>\$ 119,080</u>	<u>\$ 121,480</u>	<u>\$ 124,702</u>

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**CITY OF LA PORTE, TEXAS**

**CHANGES IN NET POSITION**

*Last Ten Fiscal Years*

*Amounts in (000's)*

*(Accrual basis of accounting)*

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 7,411	\$ 7,349	\$ 8,411	\$ 10,056	\$ 11,443
Public safety	10,368	11,603	12,153	16,267	15,495
Public works	5,165	5,210	3,668	4,348	8,095
Health, welfare and sanitation	1,887	1,862	2,488	2,465	2,379
Culture and recreation	3,718	3,580	3,120	4,004	4,223
Interest on long-term debt	864	1,226	1,353	1,695	1,527
<b>Total governmental activities expenses</b>	<b>29,413</b>	<b>30,830</b>	<b>31,193</b>	<b>38,836</b>	<b>43,162</b>
<b>Business-type activities:</b>					
Water Services	6,478	6,845	6,548	6,631	4,833
Sewer services	1,820	1,894	2,087	2,247	2,603
Airport	157	123	124	156	183
Bay Forest Golf Course	1,243	1,285	1,311	1,362	1,437
Sylvan Beach Convention Center	212	215	218	225	26
<b>Total business-type activities expenses</b>	<b>9,909</b>	<b>10,361</b>	<b>10,288</b>	<b>10,621</b>	<b>9,082</b>
<b>Total primary government expenses</b>	<b>\$ 39,322</b>	<b>\$ 41,191</b>	<b>\$ 41,481</b>	<b>\$ 49,458</b>	<b>\$ 52,244</b>
<b>Program Revenue</b>					
<b>Governmental activities:</b>					
Charges for services					
General government	\$ 670	\$ 1,002	\$ 2,007	\$ 2,725	\$ 3,061
Public safety	1,498	1,333	435	591	1,681
Public works	24	-	-	-	-
Health, welfare and sanitation	1,430	1,771	1,856	1,889	1,849
Culture and recreation	461	430	418	418	448
Operating grants and contributions	2,640	1,031	992	4,648	5,165
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital grants and contributions					
General government	-	-	-	235	1,260
Culture and recreation	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>6,723</b>	<b>5,567</b>	<b>5,708</b>	<b>10,505</b>	<b>13,463</b>
<b>Business-type activities:</b>					
Charges for services					
Water Services	4,500	5,439	4,790	6,133	4,520
Sewer services	2,591	2,842	2,764	3,670	3,363
Airport	33	36	42	65	53
Bay Forest Golf Course	966	956	911	1,032	1,067
Sylvan Beach Convention Center	164	163	189	161	2
Capital grants and contributions	-	-	1,061	2,338	1,786
<b>Total business-type activities program revenues</b>	<b>8,254</b>	<b>9,435</b>	<b>9,758</b>	<b>13,398</b>	<b>10,791</b>
<b>Total primary government program revenues</b>	<b>\$ 14,977</b>	<b>\$ 15,003</b>	<b>\$ 15,465</b>	<b>\$ 23,903</b>	<b>\$ 24,255</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (22,689)	\$ (25,263)	\$ (25,486)	\$ (28,331)	\$ (29,699)
Business-type activities	(1,655)	(926)	(530)	2,777	1,710
<b>Total primary government net expense</b>	<b>\$ (24,344)</b>	<b>\$ (26,189)</b>	<b>\$ (26,016)</b>	<b>\$ (25,554)</b>	<b>\$ (27,990)</b>

*Exhibit 2*  
*Page 1 of 2*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 11,497	\$ 14,575	\$ 14,091	\$ 13,854	\$ 14,115
17,109	16,306	17,375	17,765	20,436
4,601	6,280	3,784	4,451	6,260
2,521	2,453	2,424	2,328	2,519
6,483	6,033	6,361	5,722	5,855
1,557	1,871	1,268	1,385	1,404
43,769	47,518	45,303	45,505	50,589
5,721	5,720	7,692	8,206	7,731
2,674	2,674	2,932	2,599	2,802
181	181	213	210	230
1,485	1,485	-	-	-
-	-	-	-	-
10,062	10,061	10,836	11,015	10,763
\$ 53,831	\$ 57,579	\$ 56,139	\$ 56,520	\$ 61,352

\$ 3,116	\$ 712	\$ 844	\$ 646	\$ 826
1,593	3,506	3,128	3,314	3,208
1,067	330	268	266	270
1,842	2,046	2,197	2,204	2,223
661	1,474	1,385	1,444	1,509
1,004	-	-	-	-
-	8	240	3	3
-	611	431	433	546
-	428	766	20	258
-	107	78	393	1,208
-	-	-	-	-
-	1	1	-	-
9,283	9,223	9,338	8,723	10,051

3,850	6,267	6,055	5,694	5,407
3,307	3,535	3,601	3,420	3,423
53	56	60	55	56
1,002	-	-	-	-
-	-	-	-	-
860	1,442	859	1,398	1,126
9,073	11,300	10,575	10,568	10,012
\$ 18,356	\$ 20,523	\$ 19,913	\$ 19,292	\$ 20,062

\$ (34,485)	\$ (38,295)	\$ (35,965)	\$ (36,782)	\$ (40,537)
(989)	1,239	(261)	(447)	(752)
\$ (35,474)	\$ (37,056)	\$ (36,226)	\$ (37,229)	\$ (41,290)

**CITY OF LA PORTE, TEXAS**

**CHANGES IN NET POSITION**

*Last Ten Fiscal Years*

*Amounts in (000's)*

*(Accrual basis of accounting)*

	<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Property taxes	\$ 11,062	\$ 11,816	\$ 12,197	\$ 13,066	\$ 13,683
Industrial payments	6,896	6,992	7,660	8,189	7,959
Sales and use taxes	3,263	3,460	4,068	5,736	5,803
Franchise taxes	1,719	1,886	1,987	2,004	2,165
Investment earnings	376	720	1,875	2,387	1,783
Other revenues	495	857	1,213	89	115
Gain/(Loss) on sale of capital assets	-	-	-	-	-
Transfers	685	382	(3,910)	76	(3,533)
<b>Total governmental activities</b>	<b>24,496</b>	<b>26,112</b>	<b>25,089</b>	<b>31,546</b>	<b>27,975</b>
<b>Business-type activities:</b>					
Investment earnings	89	165	300	343	199
Other revenues	874	827	695	-	-
Gain/(Loss) on sale of capital assets	(6)	-	(16)	-	-
Transfers	(685)	(382)	3,910	(76)	3,533
<b>Total business-type activities</b>	<b>272</b>	<b>611</b>	<b>4,889</b>	<b>267</b>	<b>3,732</b>
<b>Total primary government</b>	<b>\$ 24,768</b>	<b>\$ 26,723</b>	<b>\$ 29,978</b>	<b>\$ 31,813</b>	<b>\$ 31,707</b>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,807	\$ 850	\$ (396)	\$ 3,215	\$ (1,725)
Business-type activities	(1,383)	(315)	4,359	3,044	5,442
<b>Total primary government</b>	<b>\$ 424</b>	<b>\$ 535</b>	<b>\$ 3,962</b>	<b>\$ 6,259</b>	<b>\$ 3,717</b>

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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 16,391	\$ 17,742	\$ 17,251	\$ 17,782	\$ 19,925
10,555	10,732	10,471	11,108	11,555
5,787	5,914	8,267	8,718	10,105
2,160	2,171	2,312	2,184	2,252
688	294	143	84	106
93	164	168	432	459
-	-	1,941	-	-
(779)	(1,000)	334	720	(371)
<u>34,895</u>	<u>36,017</u>	<u>40,887</u>	<u>41,029</u>	<u>44,031</u>
73	39	12	8	9
-	-	16	36	100
-	-	-	-	-
779	1,000	(334)	(720)	371
<u>852</u>	<u>1,040</u>	<u>(306)</u>	<u>(676)</u>	<u>480</u>
<u>\$ 35,747</u>	<u>\$ 37,057</u>	<u>\$ 40,581</u>	<u>\$ 40,353</u>	<u>\$ 44,511</u>
\$ 410	\$ (2,278)	\$ 4,922	\$ 4,244	\$ 3,493
(137)	2,279	(568)	(1,124)	(271)
<u>\$ 273</u>	<u>\$ 1</u>	<u>\$ 4,354</u>	<u>\$ 3,120</u>	<u>\$ 3,221</u>

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**CITY OF LA PORTE, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
*Last ten Fiscal Years*  
*Amounts in (000's)*  
*(Modified Accrual Basis of Accounting)*

	<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Fund</b>					
Nonspendable	\$ 69	\$ 70	\$ 83	\$ 105	\$ 102
Committed	-	-	-	-	-
Assigned	550	126	134	296	199
Unassigned	8,644	11,582	14,494	14,405	13,758
<b>Total general fund</b>	<b>\$ 9,263</b>	<b>\$11,778</b>	<b>\$14,711</b>	<b>\$14,806</b>	<b>\$14,059</b>
<b>All Other Governmental Funds</b>					
Restricted	\$ 6,236	\$ 6,705	\$ 9,318	\$ 8,489	\$ 5,813
Committed	16,488	18,814	18,660	19,933	17,944
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$22,724</b>	<b>\$25,519</b>	<b>\$27,979</b>	<b>\$28,423</b>	<b>\$23,757</b>

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*Exhibit 3*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 135	\$ 139	\$ 94	\$ 125	\$ 103
-	-	-	3,500	8,500
151	96	30	104	78
<u>12,274</u>	<u>19,119</u>	<u>23,839</u>	<u>23,856</u>	<u>21,294</u>
<u>\$12,561</u>	<u>\$19,352</u>	<u>\$23,964</u>	<u>\$27,585</u>	<u>\$ 29,975</u>
\$ 7,644	\$14,084	\$12,573	\$12,194	\$ 14,177
20,331	9,079	6,553	5,586	2,962
7	-	-	-	-
-	-	(31)	-	(1)
<u>\$27,983</u>	<u>\$23,163</u>	<u>\$19,096</u>	<u>\$17,780</u>	<u>\$ 17,138</u>

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**CITY OF LA PORTE, TEXAS**

**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**

*Last ten Fiscal Years*

*Amounts in (000's)*

*(Modified Accrual Basis of Accounting)*

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$ 24,046	\$ 25,688	\$ 28,919	\$ 30,060	\$ 34,930
Donations	30	-	30	-	-
Harris County Joint Ventures	1,752	-	-	-	-
Licenses and permits	531	683	920	560	642
Fines and forfeits	678	848	1,244	1,726	1,833
Charges for services	3,233	3,888	3,967	3,958	4,470
Intergovernmental	1,113	1,174	716	4,755	4,868
Interest	631	1,709	2,117	1,883	610
Miscellaneous	184	163	77	90	105
<b>Total Revenues</b>	<u>32,197</u>	<u>34,154</u>	<u>37,990</u>	<u>43,033</u>	<u>47,458</u>
<b>Expenditures</b>					
General government	6,849	7,237	7,696	8,418	9,869
Public safety	10,533	11,072	11,769	15,610	13,859
Public works	2,430	2,360	2,407	2,909	6,664
Health and sanitation	1,808	1,814	1,973	2,479	2,087
Culture and recreation	3,068	3,011	3,103	3,470	3,817
Debt service:					
Principal	1,330	1,195	1,235	1,655	1,695
Interest	820	1,180	1,428	1,758	1,572
Bond issuance cost	211	195	154	-	-
Capital outlay	8,566	6,550	10,013	6,351	15,557
<b>Total Expenditures</b>	<u>35,615</u>	<u>34,613</u>	<u>39,779</u>	<u>42,650</u>	<u>55,120</u>
Excess of revenues over (under) expenditures	(3,418)	(459)	(1,789)	383	(7,662)
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	16,587	6,965	8,075	-	-
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	191	38	-	-
Payment to refunded bond escrow agent	3,222	6,056	4,197	7,625	14,232
Transfers in	(3,774)	(7,533)	(5,148)	(7,501)	(12,119)
Transfers out	42	90	21	32	137
Sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>16,077</u>	<u>5,769</u>	<u>7,183</u>	<u>156</u>	<u>2,250</u>
Net change in fund balances	<u>\$ 12,659</u>	<u>\$ 5,310</u>	<u>\$ 5,393</u>	<u>\$ 538</u>	<u>\$ (5,412)</u>
Debt service as a percentage of noncapital expenditures	8.7%	9.2%	9.5%	9.4%	8.3%

Exhibit 4

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	36,682	35,761	38,353	39,835	43,837
	-	-	-	-	-
	-	-	-	-	-
	476	313	465	368	498
	1,803	1,724	1,758	1,887	1,791
	6,084	5,680	5,957	6,009	6,305
	989	917	1,239	568	1,572
	263	193	129	76	97
	125	242	36	426	261
	<u>46,421</u>	<u>44,831</u>	<u>47,937</u>	<u>49,169</u>	<u>54,361</u>
	9,788	10,289	10,462	11,043	13,828
	14,612	15,688	15,752	16,322	17,428
	2,819	3,118	3,439	3,247	3,433
	2,233	2,182	2,226	2,244	2,334
	5,048	5,314	5,261	5,227	5,441
	1,755	1,740	2,170	2,365	2,640
	1,388	1,871	1,520	1,385	1,218
	200	-	151	-	154
	10,843	8,714	8,583	5,500	5,446
	<u>48,686</u>	<u>48,916</u>	<u>49,563</u>	<u>47,333</u>	<u>51,922</u>
	(2,264)	(4,085)	(1,627)	1,835	2,439
	6,265	-	-	-	-
	4,295	-	9,435	-	9,300
	225	-	364	-	608
	(4,410)	-	(9,639)	-	(9,749)
	9,158	4,248	2,711	3,884	3,912
	(10,545)	(5,012)	(2,644)	(3,630)	(4,761)
	5	6,822	1,941	215	
	<u>4,993</u>	<u>6,058</u>	<u>2,168</u>	<u>469</u>	<u>(690)</u>
\$	<u>2,729</u>	<u>\$ 1,972</u>	<u>\$ 543</u>	<u>\$ 2,304</u>	<u>\$ 1,749</u>
	8.8%	9.0%	9.4%	9.0%	8.3%

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**CITY OF LA PORTE, TEXAS****ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY***Last Ten Fiscal Years**(unaudited)*

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less Tax Exempt Real Property</b>	<b>Less Other Exemptions and Abatements</b>	<b>Total Taxable Assessed Value</b>
2005	2004	\$ 1,601,433,200	\$ 311,721,280	\$ -	278,265,540	\$ 1,634,888,940
2006	2005	1,777,351,563	325,549,640	-	407,734,605	1,695,166,598
2007	2006	1,861,821,075	350,191,031	-	419,779,423	1,792,232,683
2008	2007	2,007,113,146	372,331,715	-	428,955,092	1,950,489,769
2009	2008	2,237,095,319	469,916,389	-	502,091,647	2,204,920,061
2010	2009	2,261,046,846	582,963,159	-	515,111,496	2,328,898,509
2011	2010	2,055,914,368	672,621,147	-	514,928,797	2,213,606,718
2012	2011	2,079,843,021	720,515,678	-	535,441,621	2,264,917,078
2013	2012	2,080,199,179	797,558,553	-	536,721,284	2,341,036,448
2014	2013	2,176,582,621	986,494,475	-	590,232,231	2,572,844,865

Source: Harris County Certified Tax Rolls and Corrections.

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*Exhibit 5*

<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percent of Actual Taxable Value</b>
\$ 0.710000	\$ 1,634,888,940	100%
0.710000	1,695,166,598	100%
0.710000	1,792,232,683	100%
0.710000	1,950,489,769	100%
0.710000	2,204,920,061	100%
0.710000	2,328,898,509	100%
0.710000	2,213,606,718	100%
0.710000	2,264,917,078	100%
0.710000	2,341,036,448	100%
0.710000	2,572,844,865	100%

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**CITY OF LA PORTE, TEXAS**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

*Last Ten Fiscal Years*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City of La Porte by fund:					
General	\$ 0.61100	\$0.61100	\$0.61200	\$0.61900	\$0.61900
Debt service	<u>0.09900</u>	<u>0.09900</u>	<u>0.09800</u>	<u>0.09100</u>	<u>0.09100</u>
<b>Total Direct Rates</b>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.03322	0.03241	0.03106	0.03086	0.02922
Harris County	0.39986	0.40239	0.39239	0.38923	0.39224
Port of Houston Authority	0.01474	0.01302	0.01437	0.01773	0.01636
Harris County Board of Education	0.00629	0.00629	0.00585	0.00584	0.00605
Hospital District	0.19020	0.19216	0.19216	0.19216	0.19216
La Porte I.S.D.	1.73400	1.73400	1.30500	1.32500	1.32500
San Jacinto Jr. College District	<u>0.14537</u>	<u>0.14537</u>	<u>0.14537</u>	<u>0.16341</u>	<u>0.17080</u>
<b>Total Direct and Overlapping Rates</b>	<u>\$ 3.23368</u>	<u>\$3.23564</u>	<u>\$2.79620</u>	<u>\$2.83423</u>	<u>\$2.84183</u>

Tax rates per \$100 of assessed valuation  
 Source: Harris County Appraisal District

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*Exhibit 6*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$0.61900	\$0.60500	\$0.60500	\$ 0.64000	\$ 0.61400
<u>0.09100</u>	<u>0.10500</u>	<u>0.10500</u>	<u>0.07000</u>	<u>0.09600</u>
<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
0.02923	0.02809	0.02809	0.02827	0.02736
0.38805	0.39117	0.40021	0.41455	0.41731
0.02054	0.01856	0.01952	0.01716	0.01531
0.00658	0.00658	0.00662	0.00636	0.00600
0.19216	0.19216	0.18216	0.17000	0.17000
1.32500	1.35500	1.33000	1.33000	1.33000
<u>0.17628</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>	<u>0.18560</u>
<u>\$2.84784</u>	<u>\$2.88716</u>	<u>\$2.86220</u>	<u>\$ 2.86194</u>	<u>\$ 2.86158</u>

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**CITY OF LA PORTE, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and 10 Years Ago*

*Exhibit 7*

<b>Property Tax Payer</b>	<b>2014</b>			<b>Property Tax Payer</b>	<b>2005</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Taxable Assessed Value</b>		<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Taxable Assessed Value</b>
Nov Wilson LP	\$ 74,053,442	1	2.88%	Oxy Vinyls LP	\$ 49,186,150	1	3.01%
Conoco Phillips Co.	52,030,495	2	2.02%	Conoco Phillips, Inc.	48,612,640	2	2.97%
Equistar Chemicals LP	50,527,188	3	1.96%	Equistar Chemicals LP	45,125,300	3	2.76%
Granite Underwood Dist. Ctr LP	47,208,417	4	1.83%	BP Solvay	38,054,910	4	2.33%
Oxy Vinyls LP	40,697,859	5	1.58%	Centerpoint Energy	23,824,970	5	1.46%
Ineos USA LLC	37,999,780	6	1.48%	PPG Industries	23,585,660	6	1.45%
Underwood Distribution Ctr. LP	36,700,000	7	1.43%	Attofin Petrochemicals	22,293,400	7	1.36%
The Dow Chemical Company	28,089,314	8	1.09%	Dow Chemicals	20,710,190	8	1.28%
Port Crossing Land LP	26,996,451	9	1.05%	DuPont Dow Elastomers	17,664,140	9	1.08%
Dow Chemical	26,288,138	10	1.02%	Calpine Corporation	13,445,270	10	0.82%
Subtotal	420,591,084		16.35%		302,502,630		18.50%
Other Taxpayers	2,152,253,781		83.65%		1,332,386,310		81.50%
Total	\$ 2,572,844,865		100.00%		\$ 1,634,888,940		100.00%

Source: City of La Porte Tax Assessor-Collector's records.

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**CITY OF LA PORTE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

*Exhibit 8*

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 11,669,473	\$11,334,572	97.1%	\$ 279,643	\$ 11,614,215	99.5%
2006	12,080,351	11,755,121	97.3%	278,102	12,033,223	99.6%
2007	12,703,850	12,418,873	97.8%	247,655	12,666,528	99.7%
2008	13,857,467	13,476,872	97.3%	355,344	13,832,216	99.8%
2009	15,654,937	15,377,149	98.2%	235,260	15,612,409	99.7%
2010	16,542,483	16,309,818	98.6%	150,949	16,460,767	99.5%
2011	15,871,498	15,599,930	98.3%	220,779	15,820,709	99.7%
2012	16,080,911	15,860,664	98.6%	176,608	16,037,272	99.7%
2013	16,621,361	16,518,207	99.4%	97,385	16,615,592	100.0%
2014	18,267,201	18,090,456	99.0%	-	18,090,456	99.0%

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**CITY OF LA PORTE, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*  
*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Certificates of Obligation Bonds	Limited Tax Bonds	Revenue Bonds	General Obligation Bonds	Other *
2005	\$ 11,925	\$ 11,050	\$ 5,400	\$ 500	\$ 145	\$ 6,500
2006	12,610	16,405	5,130	375	-	8,680
2007	12,070	24,055	4,860	250	-	7,958
2008	11,475	23,265	4,590	125	-	7,210
2009	10,870	22,445	4,320	-	-	6,443
2010	11,665	26,350	4,050	-	-	5,660
2011	10,940	25,605	3,780	-	-	4,813
2012	17,050	20,150	1,620	-	-	3,945
2013	16,875	18,905	1,350	-	-	3,117
2014	23,726	10,845	540	-	-	2,208

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See Demographic and Economic Statistics for personal income and population data.

\* - Includes premium on bonds

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*Exhibit 9*

<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
\$ 35,520	N/A	\$ 1,028
43,200	N/A	1,240
49,193	N/A	1,413
46,665	N/A	1,320
44,078	N/A	1,241
47,725	N/A	1,298
45,138	N/A	1,322
42,765	N/A	1,212
40,248	N/A	1,165
37,319	N/A	1,072

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**CITY OF LA PORTE, TEXAS**

*Exhibit 10*

**RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE,  
GENERAL BONDED DEBT PER CAPITA,  
AND TAXABLE VALUE OF ALL PROPERTY  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Less Debt Service Funds</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Percentage of Personal Income <sup>(2)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2005	2004	\$ 28,375	\$ 11,050	1,584	\$ 37,841	2.3%	N/A	\$ 345
2006	2005	17,740	16,405	1,705	32,440	1.9%	N/A	772
2007	2006	16,930	24,055	1,814	39,171	2.2%	N/A	928
2008	2007	16,065	23,265	1,926	37,404	1.9%	N/A	1,105
2009	2008	15,190	22,445	2,000	35,635	1.6%	N/A	1,051
2010	2009	15,715	26,350	2,151	39,914	1.7%	N/A	965
2011	2010	14,720	25,605	3,118	37,207	1.7%	N/A	1,152
2012	2011	18,670	20,150	3,113	35,707	1.6%	N/A	1,090
2013	2012	18,225	18,905	2,490	34,640	1.5%	N/A	1,165
2014	2013	24,266	10,845	2,769	32,342	1.3%	N/A	1,072

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

(2) Population data can be found in demographic and economic statistics table.

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**CITY OF LA PORTE, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 September 30, 2014  
 (dollars in thousands, except per capita)

*Exhibit 11*

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Harris County	\$ 2,474,458,204	0.80%	\$ 19,795,666
Harris County Department of Education	7,410,000	0.80%	59,280
Harris County Flood Control District	89,990,000	0.80%	719,920
Harris County Toll Road	-	0.80%	-
La Porte ISD	292,055,000	37.54%	109,637,447
Port of Houston Authority	717,624,397	0.80%	5,740,995
San Jacinto Jr. College District	288,044,848	6.07%	17,484,322
<b>Total Net Overlapping Debt</b>	<b><u>\$ 3,869,582,449</u></b>		<b>153,437,630</b>
<b>City of La Porte direct debt<sup>b</sup></b>	<b>37,318,503</b>	<b>100%</b>	<b><u>37,318,503</u></b>
<b>Total direct and overlapping debt</b>			<b><u>\$ 190,756,133</u></b>

<sup>b</sup> Approximately \$16,152,236 of the City's outstanding debt is self-supporting  
 Source: Texas Municipal Reports  
 Percentages are based on total property values

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**CITY OF LA PORTE, TEXAS**

*Exhibit 12*

**PLEDGED-REVENUE COVERAGE**

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Gross Revenues <sup>(1)</sup></b>	<b>Operating Expenses <sup>(2)</sup></b>	<b>Revenues Available for Debt Service</b>	<b>Debt Service</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2005	\$6,193,451	\$5,259,943	\$ 933,508	\$565,000	\$ 43,161	\$ 608,161	1.5
2006	7,438,016	5,389,783	2,048,233	270,000	111,712	381,712	5.4
2007	6,722,774	5,681,548	1,041,226	262,500	106,828	369,328	2.8
2008	8,916,777	5,653,497	3,263,280	387,500	91,605	479,105	6.8
2009	7,920,114	5,743,725	2,176,389	387,500	76,350	463,850	4.7
2010	7,822,294	6,514,343	1,307,951	525,000	216,458	741,458	1.8
2011	8,569,767	6,458,483	2,111,284	585,000	104,488	689,488	3.1
2012	8,383,162	6,641,482	1,741,680	605,000	88,150	693,150	2.5
2013	7,940,580	7,256,098	684,482	625,000	73,556	698,556	1.0
2014	7,758,509	6,961,915	796,594	630,000	58,650	688,650	1.2

<sup>(1)</sup> Total revenues including interest

<sup>(2)</sup> Total operating expenses less depreciation

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**CITY OF LA PORTE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*Last Ten Fiscal Years*

*Exhibit 13*

<b>Fiscal Year Ended Sept. 30,</b>	<b>Population (<sup>1</sup>)</b>	<b>Personal Income<sup>(2)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(3)</sup></b>	<b>School Enrollment<sup>(4)</sup></b>	<b>Unemployment Rate<sup>(5)</sup></b>
2005	34,538	N/A	N/A	N/A	7,808	5.3%
2006	34,825	N/A	N/A	N/A	7,786	4.7%
2007	35,362	N/A	N/A	N/A	7,889	4.4%
2008	35,518	N/A	N/A	N/A	7,940	5.2%
2009	36,779	N/A	N/A	N/A	7,830	9.4%
2010	33,800	N/A	N/A	33	7,781	8.2%
2011	34,138	N/A	N/A	33	7,732	9.0%
2012	35,280	N/A	N/A	33	7,739	6.3%
2013	34,553	N/A	N/A	33	7,729	6.3%
2014	34,813	N/A	N/A	33	7,634	5.0%

Data sources:

- (1) Estimated population provided by city staff
- (2) Personal income and per capita personal income is currently unavailable
- (3) Median age data prior to 2010 is not available, median age provided by 2010 Census
- (4) School enrollment provided by La Porte Independent School District
- (5) Unemployment rates provided from the Bureau of Labor Statistics

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**CITY OF LA PORTE, TEXAS**

**PRINCIPAL EMPLOYERS**

*Current Year and Eight Years Ago*

*Exhibit 14*

2014			2006		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
La Porte Independent School District	1,049	5.46%	La Porte ISD	1,000	5.29%
City of La Porte	381	1.98%	E.I. DuPont De Nemours & Co.	580	3.07%
Mistras Group Inc	500	2.60%	City of La Porte	368	1.95%
International Plant Svcs LLC	376	1.96%	Fumanite Worldwide	334	1.77%
Sulzer Turbo Svcs Houston Inc	330	1.72%	A & L Industrial Services Inc	300	1.59%
A&L Industrial Services Inc	300	1.56%	CCC Group, Inc	300	1.59%
CCC Group Inc	300	1.56%	Aker Kvaerner Industrial Constructors, Inc	250	1.32%
Evergreen Envmtl Svcs LLC	275	1.43%	James H. Jackson Industries Inc	250	1.32%
Pfeiffer Holdings LLC	271	1.41%	Occidental Chemical Corp.	175	0.92%
Contech Control Services Inc	250	1.30%	Intercontinental Terminal Co.	160	0.85%
<b>Total</b>	<b>4,032</b>	<b>20.98%</b>	<b>Total</b>	<b>3,717</b>	<b>19.67%</b>

Source: Centerpoint Energy

Note: This list includes companies within the City limits of La Porte and within the industrial districts.

Note: Employment data prior to 2006 was not available

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**CITY OF LA PORTE, TEXAS**  
**FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM**  
*Last Nine Fiscal Years*

*Exhibit 15*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	76	80	79	78	79	90	90	88	88
Public Safety:	138	147	142	143	144	144	151	152	154
Public Works	32	32	32	32	32	32	32	30	30
Health and Sanitation	21	21	22	22	22	24	24	23	23
Culture and recreation	45	44	45	45	46	46	46	42	42
Water services	27	25	25	25	25	25	25	25	24
Sewer Services	20	20	20	20	20	20	20	20	20
Golf Course	13	12	12	12	12	-	-	-	-
Sylvan Beach									
Convention Center	3	4	4	4	-	-	-	-	-
<b>Total</b>	<u>375</u>	<u>385</u>	<u>381</u>	<u>381</u>	<u>380</u>	<u>381</u>	<u>388</u>	<u>380</u>	<u>381</u>

Note: Data not available for fiscal years prior to 2005.

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**CITY OF LA PORTE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
*Last Ten Fiscal Years*

Function / Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Police</b>					
Physical arrests	2,330	2,465	2,489	2,642	2,737
Tickets processed	6,877	8,212	9,652	15,352	16,098
<b>Fire</b>					
Number of calls answered	1,747	2,028	1,603	1,799	1,409
Inspections	500	N/A	600	320	600
<b>Highways and streets</b>					
Street resurfacing (linear feet)	22,975	27,835	22,100	19,887	23,559
Potholes repaired	531	321	1,260	996	1,012
<b>Sanitation</b>					
Cu. Yds. Garbage collected	30,022	30,795	29,279	29,282	29,894
Cu. Yds Trash collected	49,140	49,140	52,250	48,136	78,900
<b>Culture and recreation</b>					
Fitness center admissions	81,868	70,558	62,828	62,245	53,401
<b>Water</b>					
Number of water meters	11,391	11,592	11,743	11,913	11,968
Average daily consumption (millions of gallons)	4.1	3.9	3.8	4.0	4.0
Water main breaks	437	483	467	455	498
<b>Wastewater</b>					
Average daily sewage treatment (thousands of gallons)	3.5	2.8	3.9	3.2	2.8
<b>Golf Course</b>					
Number of Paid Rounds Played	34,961	32,731	32,433	35,839	36,009

Source: Various City departments

Notes: N/A - Data not available

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*Exhibit 16*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2,538	2,354	2,311	2,205	2,032
16,603	14,619	13,221	13,861	14,151
1,559	1,483	1,195	1,219	1,262
690	725	812	950	1,020
38,365	60,472	69,580	13,520	11,183
1,236	465	1,173	271	165
29,642	27,961	42,589	30,625	54,812
48,368	45,778	54,641	32,137	40,701
78,118	64,989	64,279	64,587	90,765
12,015	12,061	12,129	12,234	12,321
3.9	4.6	4.3	4.0	3.8
417	666	311	379	411
3.7	2.8	3.3	2.7	2.6
31,271	34,848	34,038	32,257	32,741

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**CITY OF LA PORTE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
*Last Ten Fiscal Years*

<b>Function / Program</b>	<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Public Safety</b>					
Police Station	1	1	1	1	1
Police Officers	72	73	74	74	74
Reserve Officers	5	5	6	2	1
Fire Stations	4	4	4	4	4
<b>Sanitation</b>					
Collection trucks	14	14	14	14	14
<b>Highways and streets</b>					
Streets (miles)	211	217	211	295	126
Streetlights	2,192	1,803	1,804	2,400	2,387
Traffic signals	3	3	3	3	7
<b>Culture and recreation</b>					
Parks acreage	337	339	347	347	356
Parks	21	21	22	22	21
Swimming pools	6	6	6	6	6
Recreation Centers	1	1	1	1	1
Senior Center	1	1	1	1	1
<b>Water and Sewer</b>					
Water mains (miles)	165	168	176	178	180
Fire hydrants	1,800	1,800	1,076	1,161	1,168
Sanitary Sewers (miles)	187	187	189	189	191
Storm sewers (miles)	89	92	92	92	92

Source: City Departments

Draft 3/5/2015

*Exhibit 17*

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	1	1	1	1
75	75	74	74	74
2	2	2	6	2
4	4	4	4	4
14	14	12	12	12
126	126	125	297	297
2,387	2,415	2,415	2,415	2,415
5	5	6	6	6
356	356	188	188	188
21	21	22	22	22
5	5	5	5	5
4	4	3	3	2
1	1	1	1	1
180	181	182	183	184
1,179	1,186	1,199	1,226	1,256
191	192	192	192	192
95	97	60	112	112

Draft 3/5/2015



## **Council Agenda Item March 23, 2015**

### **10. ADMINISTRATIVE REPORTS**

- Zoning Board of Adjustment Meeting, Thursday, March 26, 2015
- Drainage and Flooding Committee Meeting, Monday, March 30, 2015
- Citizens Forum on Code Enforcement for Northside Neighborhood, Tuesday, March 31, 2015
- La Porte Development Corporation Board Meeting, Monday, April 6, 2015
- La Porte Development Corporation Board Meeting, Monday, April 13, 2015
- City Council Meeting, Monday, April 13, 2015
- Council Budget Retreat, Saturday, April 18, 2015
- City Council Meeting, Monday, April 27, 2015

**11. COUNCIL COMMENTS** regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies – Councilmembers Engelken, Earp, Clausen, Martin, Moser, Kaminski, Zemanek, Leonard and Mayor Rigby

### **12. ADJOURN**