NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

MONDAY, JANUARY 18, 2016

6:00 P.M.

Notice is hereby given of a meeting of the Tomball City Council, to be held on Monday, January 18, 2016 at 6:00 P.M., City Hall, 401 Market Street, Tomball, Texas 77375, for the purpose of considering the following agenda items. All agenda items are subject to action. The Tomball City Council reserves the right to meet in a closed session for consultation with attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1.0 Call to Order

2.0 Invocation

- Led by Pastor Jerrel Parten, Greater Purpose Worship Center

3.0 Pledges to U.S. and Texas Flags

- Led by Members of the Tomball High School Student Council

4.0 Public Comments and Receipt of Petitions *[At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation, for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in* *accordance with law.]*

5.0 Presentations:

- City Secretary Office – 2015 ***Exemplary Five-Star Designation*** from the Texas Department of State Health Services, Vital Records Division

6.0 Reports and Announcements

- January 20, 2016 – First day to apply for Place on Ballot for the May 7, 2016 General City Election
- February 13, 2016 – **2nd Saturday at the Depot**
- February 19, 2016 – Last day to apply for Place on Ballot for the May 7, 2016 General City Election – 5 p.m. deadline
- February 23, 2016 – ***Trailride Reception*** – 12 Noon at the Depot
- February 24-25, 2016 – ***Shattered Lives*** Event - **Tomball High School**
- March 12, 2016 – **2nd Saturday at the Depot**
- Reports by City staff and members of council about items of community interest on which no action will be taken:
    - Randy Parr – Announcement of Lance Wilson as Fire Marshal

7.0 Approve the Minutes of the January 4, 2016 Regular City Council Meeting

8.0 New Business:

8.1 Conduct Public Hearing to Consider Proposed Assessments against Reserve at Spring Lake Section Two Properties in the City of Tomball Public Improvement District Number Three, Established by City Council Resolution No. 2009-28

8.2 Adopt, on First Reading, Ordinance No. 2016-01, an Ordinance of the City Council of Tomball, Texas, Levying an Assessment against Reserve at Spring Lake Section Two Properties within the City of Tomball Public Improvement District Number Three; and Making Certain Findings Related Thereto

8.3 Adopt on First Reading, Ordinance No. 2016-02, an Ordinance of the City of Tomball, Texas, Correcting the Assessment of Two Parcels of Land within the Tomball Public Improvement District Number 1, Established by Resolution No. 2007-14

8.4 Award Contract for RFP No. 2016-08 for Banking Services and Merchant Services to Wells Fargo

8.5 Award RFP No. 2016-09 to Aquascapes for the Construction of a Splash Pad adjacent to the Existing Splash Pad at the Depot Park, in the Amount of

$44,050.00

8.6 Award Contract for Project Number 2016-06, Sludge Hauling & Disposal – Belt Press & 30 Yard Roll-Off to K3 BMI

8.7 Authorize the City Manager to Execute an Engineering Services Agreement with Freese & Nichols to Conduct a Critical Needs Assessment of the Wastewater Treatment Plants and Prepare and Submit an Application for a Certificate of Convenience and Necessity (CCN) for the Establishment of the Water and Sewer Service Areas

8.8 Authorize City Manager to Execute Change Order #2 for the Tomball Business & Technology Park, Harris County Holderrieth Road & Hufsmith Kohrville Road Left Turn Lanes & Box Culverts Project, in the Amount of $77,588, and Add an Additional 126 Days to the Contract Time

8.9 Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose:

- Sec. 551.071 - Private Consultation with Attorney in Closed Meeting Regarding a Matter of Potential Litigation that the Duty of the Attorney Requires be Held in Closed Session.

9.0 Adjournment

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 14th day of January 2016 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Doris Speer ____________________

Doris Speer

City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information.

AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2016

Topic:

- Led by Pastor Jerrel Parten, Greater Purpose Worship Center

Background:

Origination:

Recommendation:

Funding:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2016

Topic:

- Led by Members of the Tomball High School Student Council

Background:

Origination:

Recommendation:

Funding:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

- City Secretary Office – 2015 ***Exemplary Five-Star Designation*** from the Texas Department of State Health Services, Vital Records Division

Background:

The City Secretary's Office has again received the Exemplary Five-Star Designation from the Texas Department of State Health Services, Vital Records Division - this is the fifth year to receive the Exemplary designation.

Tomball was one of only six cities in the State of Texas to receive the 2014 Exemplary Five Star designation, which requires meeting or exceeding stringent requirements set forth by the State, including registration of 98% of the City's birth records within one business day, attending annual and regional conferences, and averaging 10 days or less to complete death record registrations.

The ***Exemplary Five-Star Designation*** is the State's highest honor for vital statistics registrars and would not be possible without the hard work and dedication of each member of the City Secretary's Office.

Origination:

City Secretary Office

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

Doris Speer, City Secretary

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

2015 Exemplary Five Star Award

2015 Exemplary Five-Star Award Criteria

EXEMPLARY

FOR EXCELLENCE IN VITAL REGISTRATION

IN THE

STATE OF TEXAS

IS HEREBY AWARDED TO

City of Tomball

Kirk Cole
Interim Commissioner, DSHS

Geraldine R. Harris
State Registrar

TEXAS
Department of
State Health Services

Texas Department of State Health Services
Vital Statistics Unit

2015 Five-Star Criteria for Local Registrars

To qualify for the exemplary award, your facility must meet ALL exemplary designation criteria.
To qualify as a recognized winner, your facility must meet ALL minimum qualification criteria.

Qualifications Criteria

Timeliness:
Average no more than 15 days for all death registrations, including manual, drop-to-paper, and fully electronic records from the date of the event to filing in the state office between January 1, 2015 and September 30, 2015.

Local registration offices averaging 10 days or less will be considered for an Exemplary Five-Star designation.

Managing Registration:
Submit a fully completed local registrar self-assessment survey provided by the Vital Statistics Unit no later than September 30, 2015. The survey is available at www.texasvsu.org. A documented Site Visit from your Area Representative will meet this criteria.

Remote Birth Access System:
Local registrars using the Remote Birth Access System must have a search-to-print ratio of 60% or greater from January 1, 2015, to September 30, 2015.

Example: Conducted 250 searches for birth certificates on the remote system and out of those searches, printed 217 birth records. 217/250 = 86.8% print ratio. If you would like to check your monthly % you may do so at www.texasvsu.org.

Training:
Attended the 2014 Annual Vital Statistics Conference or attend one of the 2015 Regional Vital Statistics Conferences scheduled in July.

Local registrars or their staff who attend both the 2014 Annual Conference and one of the 2015 Regional Conferences will be considered for an Exemplary Five-Star designation.

Birth Registration:
Register 95% of birth records (if any) in the Record Acceptance Queue within **one business day** between January 1, 2015, and September 30, 2015.

Local Registrars who register 99% or more birth records (if any) in the Record Acceptance Queue within one business day will be considered for an Exemplary Five-Star designation.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2016

Topic:

- January 20, 2016 – First day to apply for Place on Ballot for the May 7, 2016 General City Election
- February 13, 2016 – **2nd Saturday at the Depot**
- February 19, 2016 – Last day to apply for Place on Ballot for the May 7, 2016 General City Election – 5 p.m. deadline
- February 23, 2016 – ***Trailride Reception*** – 12 Noon at the Depot
- February 24-25, 2016 – ***Shattered Lives*** Event **- Tomball High School**
- March 12, 2016 – **2nd Saturday at the Depot**
- Reports by City staff and members of council about items of community interest on which no action will be taken:
    - Randy Parr – Announcement of Lance Wilson as Fire Marshal

Background:

Origination:

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Notice of Deadlines to Apply for Place on Ballot
Trailride Reception

NOTICE OF DEADLINE TO FILE APPLICATIONS FOR PLACE ON THE BALLOT
(AVISO DE FECHA LÍMITE PARA PRESENTAR SOLICITUDES PARA UN LUGAR EN LA BOLETA)
(THÔNG BÁO VỀ THỜI HẠN NỘP ĐƠN XIN GHI DANH TRÊN LÁ PHIẾU)
（申請選票席位截止日期通知）

Notice is hereby given that applications for a place on the May 7, 2016 City of Tomball, Texas General Election ballot may be filed during the following time:
(Se da aviso por la presente que las solicitudes pare un lugar en la boleta de la Elección General de la Ciudad de Tomball, Tejas de 7 de mayo de 2016 se pueden presenter durante el siguiente horario:)
(Theo đây xin thông báo quý vị có thể nộp đơn xin ghi tên tranh cử trên lá phiếu cho Cuộc Tổng Tuyển Cử của Thành Phố Tomball, Texas ngày 7 tháng Năm, 2016 vào ngày giờ sau đây:)
（特此通知，申請 2016 年 5 月 7 日 Texas 州 Tomball 市普通選舉之選票席位可於以下期間辦理登記：）

Filing Dates and Times:
(Fechas y Horario para Entregar Presentaciones):
(Ngày giờ nộp đơn):
（登记日期和时间）：

Start Date: January 20, 2016
(Fecha Inicio): 20 de enero de 2016
(Ngày bắt đầu: 20 tháng Một, 2016)
（開始日期）： 2016 年 1 月 20 日

End Date: February 19, 2016
(Fecha Limite): 19 de febrero de 2016
(Ngày kết thúc）: 19 tháng Hai, 2016
（截止日期）： 2016 年 2 月 19 日

Office Hours: Monday-Thursday: 7:45 a.m.-5:00 p.m.; Friday: 7:45 a.m.-4:00 p.m.
Horario de la Oficina: Lunes-Jueves: 7:45 a.m.-5:00 p.m.; Viernes: 7:45 a.m.-4:00 p.m.
Giờ làm việc: Thứ Hai - thứ Năm, 7:45 a.m.-5:00 p.m.; thứ Sáu: 7:45 a.m.-4:00 p.m.
辦公時間： 週一至週四：上午 7:45 - 下午 5:00；週五：上午 7:45 - 下午 4:00

Physical address for filing applications in person for place on the ballot:
(Dirección a fisica para presenter las solicitudes en persona para un lugar en la boleta):
(Địa chỉ tiếp nhận đơn xin nộp trực tiếp):
（親自辦理選票席位申請地址）：

City Secretary	*La Secretaria de la Ciudad*	*Thư Ký Thành Phố*	*市秘書*
City of Tomball, Texas	*La Ciudad de Tomball, Tejas*	*Thành phố Tomball, Texas*	*Texas 州 Tomball 市*
401 Market Street	401 Market Street	401 Market Street	401 Market Street
Tomball, Texas 77375	Tomball, Texas 77375	Tomball, Texas 77375	Tomball, Texas 77375

Address to mail applications for place on the ballot (if filing by mail):
(Dirección a donde enviar las solicitudes para un lugar en la boleta (en caso de presenter por correo))
（Địa chỉ nhận đơn xin gửi qua thư bưu điện (nếu nộp qua thư)）:
（郵寄辦理選票席位申請地址（如郵寄申請））：

City Secretary
City of Tomball, Texas
401 Market Street
Tomball, Texas 77375

Secretaria de la Ciudad
La Ciudad de Tomball, Tejas
401 Market Street
Tomball, Texas 77375

Thư Ký Thành Phố
Thành phố Tomball, Texas
401 Market Street
Tomball, Texas 77375

市秘書
Texas 州 Tomball 市
401 Market Street
Tomball, Texas 77375

Doris Speer, City Secretary/Secretaria de la Ciudad/
Thư Ký Thành Phố/市秘書
Printed Name of Filing Officer
(Nombre en letra de molde del Oficial de Archivos)
（Tên viết bằng chữ in của viên chức phụ trách thủ tục nộp đơn xin）
（登記官印刷體姓名）

Doris Speer
Signature of Filing Officer
(Firma del Oficial de Archivos)
(Chữ ký của viên chức phụ trách thủ tục nộp đơn xin)
（登記官簽名）

December 2, 2015/2 *de deciembre de 2015/*
Ngày 2 tháng Mười Hai,2015/2015 年 12 月 2 日
Date Posted *(Fecha archivada)（Ngày đăng）（发布日期）*

AW3-2a
Prescribed by Secretary of State
Section 141.040, Texas Election Code
09/2009

HOWDY PARTNER!

It's Rodeo time and the trail riders are headin' our way again.
Meet the cowboys, cowgirls, rodeo clowns, and enjoy some old style western fun as the riders meander through Tomball!

Trail ride reception is February 23rd at the historic Tomball Depot
201 South Elm Street from high-noon 'til 2 p.m.
There'll be free grub like hot dogs, cookies and drinks, too!
It only happens once a year, so don't miss it . . . Call 281-351-5484.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: January 18, 2016

Topic:
Approve the Minutes of the January 4, 2016 Regular City Council Meeting

Background:

Origination:
City Secretary

Recommendation:
N/A

Funding:

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Draft Minutes - January 4, 2016 Regular City Council Meeting

MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS

MONDAY, JANUARY 4, 2016

6:00 P.M.

1.0 Call to Order

The Council meeting was called to order at 6:00 p.m. by Mayor Fagan. Other members present:

Councilman Hudgens
Councilman Klein Quinn
Councilman Townsend
Councilman Degges

Members absent:

Councilman Stoll – Excused

Others present:

City Manager – George Shackelford
City Secretary – Doris Speer
City Attorney – Loren B. Smith
Fire Chief – Randy Parr
Marketing Director – Mike Baxter
Finance Director – Glenn Windsor
Public Works Director – David Esquivel
Director of Community Development – Craig Meyers
City Planner – Harold Ellis
CSO Administrative Assistant – Tracy Garcia

2.0 The invocation was led by Rick Brown, Senior Pastor, ChristBridge Fellowship Church

3.0 The pledges to U. S. and Texas Flags were led by Randy Parr.

4.0 No public comments were received.

5.0 Reports and Announcements:

- January 9, 2016 – **2nd Saturday at the Depot**
- January 20, 2016 – First day to apply for Place on Ballot for the May 7, 2016 City General Election
- Reports by City staff and members of Council about items of community interest on which no action will be taken:
  - David Esquivel presented a report and staff recommendations regarding the proposed splash pad expansion. General consensus of Council is to add new splash pad to the north of existing pad and keep the fountain as it is.

6.0 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to approve the Minutes of the December 21, 2015 Regular City Council Meeting.

Motion carried unanimously.

7.0 Old Business:

7.1 Motion was made by Councilman Hudgens, second by Councilman Townsend, to adopt, on Second Reading, Ordinance No. 2015-25, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of the Tomball Code of Ordinances by Amending Section 50-82 (b) ("Use Charts") to Add a Land Use and Associated Regulations for "Reception Venue"; Providing for Severability; Providing for a Penalty of an Amount Not to Exceed $2,000 for Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing for Other Related Matters. Vote was as follows:

Councilman Hudgens	Aye
Councilman Stoll	Absent
Councilman Degges	Aye
Councilman Townsend	Aye
Councilman Klein Quinn	Aye

Motion carried unanimously.

8.0 New Business

8.1 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to approve Resolution No. 2016-01, a Resolution and Order of the City Council of the City Of Tomball, Texas, Ordering the General City Election, to be Held in the City of Tomball on Saturday, May 7, 2016; Designating the Polling Places and Appointing Election Officials for Such Election; Directing the Giving of Notice of Such Election; and Providing Details Relating to the Holding of Such Election. *Fue presentada una moción por el Concejal Townsend, secundada por el Concejal Klein Quinn, para aprobar la Resolución Nro. 2016-01, una Resolución y Orden del Consejo Municipal de la Ciudad de Tomball Texas, Ordenando una Elección Regular de Funcionarios Municipales a Celebrarse el sábado 7 de mayo de 2016;*

Designando los Lugares de Votación y Nombrando a los Oficiales Electorales de tal Elección; Instruyendo que se Notifique Sobre esta Elección; Designando la Fecha de una Elección de Desempate de ser Necesaria; y Proporcionando Detalles Referentes a la Celebración de Tal Elección.
Cuộc Vận Động được tiến hành bởi Ủy Viên Hội Đồng Townsend, tán thành bởi Ủy Viên Hội Đồng Klein Quinn, để chấp thuận Nghị Quyết số 2016-01, một Nghị Quyết và Sắc Lệnh của Hội Đồng Thành Phố Tomball, Texas, Yêu Cầu một Cuộc Bầu Cử Viên Chức Thường Lệ sẽ được tổ chức tại Thành Phố Tomball vào Thứ Bảy, ngày 7 tháng Năm, 2016; Chỉ định các Địa Điểm Bỏ Phiếu và Chỉ Định các Viên Chức Bầu Cử cho Cuộc Bầu Cử đó; Hướng Dẫn việc Đưa Ra Thông Báo của Cuộc Bầu Cử đó; Chỉ Định Ngày Bầu Cử Chung Cuộc nếu cần; và Đưa Ra các Chi Tiết có Liên Quan đến việc Tổ Chức Cuộc Bầu Cử đó
提案是由市議員Townsend，第二由市議員Klein Quinn，批准決議案編號2016-01，為一德克薩斯州，Tomball市市議會決議及指示，特指示一市府官員普選，其將於2016年5月7日，星期六在Tomball市召開；並已為此選舉指定投票所地點以及指派選舉官員；指導發出本選舉之選舉通知；如需要，將指定決選日期；以及提供所有與召開本選舉相關的細節

Motion carried unanimously.
La moción fue aprobada por unanimidad.
Cuộc Vận Đồng được nhất trí tiến hành.
議案獲得一致通過。

8.2 Motion was made by Councilman Hudgens, second by Councilman Townsend, to approve Resolution 2016-02, a Resolution of the City Council of the City of Tomball, Texas regarding the release of an approximately 16.577 acre tract of land located at the southeast corner of FM 2920 and Telge Road from the extraterritorial jurisdiction of the City of Houston.

Motion carried unanimously.

9.0 Motion was made by Councilman Townsend, second by Councilman Hudgens, to adjourn.

Motion carried unanimously.

Meeting adjourned at 6:21 p.m.

PASSED AND APPROVED this the ______ day of __________ 2016.

__________________________	__________________________
Doris Speer, TRMC, CMC	Gretchen Fagan
City Secretary	Mayor

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Conduct Public Hearing to Consider Proposed Assessments against Reserve at Spring Lake Section Two Properties in the City of Tomball Public Improvement District Number Three, Established by City Council Resolution No. 2009-28

Background:

Origination:

Scott Bean, Hawes Hill Calderon

Recommendation:

N/A

Funding:

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Notice of Public Hearing - January 18, 2016

NOTICE OF PUBLIC HEARING
CITY OF TOMBALL, TEXAS

MONDAY, JANUARY 18, 2016

6:00 P.M.

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF TOMBALL TO CONSIDER PROPOSED ASSESSMENTS AGAINST RESERVE AT SPRING LAKE SECTION TWO PROPERTIES IN THE CITY OF TOMBALL PUBLIC IMPROVEMENT DISTRICT NUMBER THREE ESTABLISHED BY CITY COUNCIL RESOLUTION NO. 2009-28.

In accordance with Chapter 372 Local Government Code, the Assessment Roll for Reserve at Spring Lake Section Two properties in the City of Tomball Public Improvement District Number Three has been prepared and is on file and open for public inspection in the office of the City Secretary. A public hearing on the assessment will be held by the City Council as follows:

DATE & TIME: Monday, January 18, 2016, 6:00 p.m.
PLACE: City Council Chambers, 401 Market Street, Tomball, Texas 77375
COST OF IMPROVEMENTS: $2,677,641.00

GENERAL NATURE OF THE IMPROVEMENTS: The public improvements include the construction of water lines, sanitary sewers, storm sewers and drainage, gas lines, street paving, detention facilities, open space and amenities, erosion control, as well as engineering, contingency provisions, financing, and administrative costs.

BOUNDARIES: The boundaries are described in the Replat of Reserve at Spring Lake Section Two, 41.26 Acres (1,797,375 Sq. Ft.) Being a Replat of Section Two, Reserve at Spring Lake, Section Two Recorded Under Filmcode 675047 M.R. H.C.T. Located in the Joseph Miller League, A-50 W.H. Clemens Survey, A-1641, Harris County, Texas, City of Tomball, Texas, 5 Blocks, 29 Lots, 1 Reserve, September 2015.

Written and oral objections will be considered at the hearing. All interested persons are hereby notified of the described hearing, and of their right to appear and be heard on the matter.

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 21st day of December 2015 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meetings.

Doris Speer
Doris Speer
City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Adopt, on First Reading, Ordinance No. 2016-01, an Ordinance of the City Council of Tomball, Texas, Levying an Assessment against Reserve at Spring Lake Section Two Properties within the City of Tomball Public Improvement District Number Three; and Making Certain Findings Related Thereto

Background:

This item is for consideration and action on Ordinance No. 2016-01, which will, upon adoption, authorize the legal levy of special assessments against property located in Reserve at Spring Lake Section Two within the City of Tomball Public Improvement District Number Three.

The public infrastructure improvements are almost complete for Section Two of the Reserve at Spring Lake Subdivision within PID Number Three created by the City in 2009. An assessment roll must be approved by the City Council that will levy an assessment against each of the lots in Section Two. Assessments were levied on Section One lots and a Service and Assessment Plan was approved back in 2012. Additional specific information can be found in the Council Item Information Sheet which is attached for your review.

Origination:

Finance

Recommendation:

Approval of Ordinance 2016-01

Funding:

Party(ies) responsible for placing this item on agenda:

Glenn Windsor, CPA Finance Director

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Ordinance No. 2016-01

Section Two Assessment Roll

PID No. 3 Council Information Sheet

The Basics - PID Primer

ORDINANCE NO. 2016-01

AN ORDINANCE OF THE CITY COUNCIL OF TOMBALL, TEXAS, LEVYING AN ASSESSMENT AGAINST RESERVE AT SPRING LAKE SECTION TWO PROPERTIES WITHIN THE CITY OF TOMBALL PUBLIC IMPROVEMENT DISTRICT NUMBER THREE; AND MAKING CERTAIN FINDINGS RELATED THERETO.

* * * * * * * * * *

WHEREAS, the City of Tomball (the "City") is authorized pursuant to TEX. LOCAL GOV'T CODE, ch. 372, as amended ("Chapter 372") to create public improvement districts for the purposes described therein, and to levy and collect an assessment in furtherance of the purposes thereof; and

WHEREAS, the City has created City of Tomball Public Improvement District Number Three (the "PID"), adopted a Service and Assessment Plan (the "Plan") for the PID, all in accordance with the applicable provisions of Chapter 372; and

WHEREAS, the City Council filed a proposed assessment roll with the City secretary which roll was available for public inspection, and following notice thereof by mail and publication as required by Chapter 372, the City Council held a public hearing at which written or oral objections to the proposed assessments were considered and passed on by the City Council; and

WHEREAS, the City Council has determined that the levy of a special assessment for and on behalf of the PID is necessary and advisable, and that the proposed assessment roll apportions the cost of the subject improvements in the PID on the basis of special benefits accruing to the property because of the improvements, **NOW THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, that:

Section 1. The facts recited in the preamble hereto are found to be true and correct.

Section 2. The assessment roll attached hereto is hereby approved and the special assessments described therein are hereby levied on the subject property in accordance with the terms of the Plan, which Plan determines, *inter alia*, the method of payment of the assessments, and makes provision for the payment thereof in periodic installments, interest thereon and the collection thereof. The Mayor, City Secretary and any other appropriate officials of the City are hereby authorized to take all necessary actions on behalf of the City to implement the terms thereof in accordance therewith.

Section 3. There is hereby created a first and prior lien securing payment of the assessment levied, effective as of the date of this Ordinance as provided in the Plan and Chapter 372.

Section 4. It is hereby found, determined and declared 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, 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. City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 18TH DAY OF JANUARY 2016.

COUNCILMAN HUDGENS ________
COUNCILMAN STOLL ________
COUNCILMAN DEGGES ________
COUNCILMAN TOWNSEND ________
COUNCILMAN QUINN ________

SECOND READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 1ST DAY OF FEBRUARY 2016.

COUNCILMAN HUDGENS ________
COUNCILMAN STOLL ________
COUNCILMAN DEGGES ________
COUNCILMAN TOWNSEND ________
COUNCILMAN QUINN ________

____
Gretchen Fagan, Mayor

ATTEST:

____
Doris Speer, City Secretary

Public Improvement District Number Three

Reserve at Spring Lake Subdivision

Section Two Assessment Roll

City of Tomball, Harris County, Texas

Owner	Block #	Lot #	Lot Area (Acres)	Lot Category	Total Assessment	Annual Assessment Installment (Financed)	Financed Assessment Term	Annual Administrative Cost	Total Annual Payment
Zion Road Properties, LLC	1	1	1.296	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	2	1.313	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	3	1.407	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	4	1.036	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	5	1.002	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	6	1.034	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	7	2.635	3	$ 91,858.15	$ 9,000.00	15 years	$ 241.65	$ 9,241.65
Zion Road Properties, LLC	1	8	1.006	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	9	1.056	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	10	1.075	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	11	1.093	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	1	12	1.433	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	2	13	3.632	4	$ 114,822.69	$ 11,250.00	15 years	$ 241.65	$ 11,491.65
Zion Road Properties, LLC	2	1	1.194	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	2	2	1.186	1	$ 68,893.62	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	2	3	1.112	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	2	4	1.010	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	2	5	1.163	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	3	1	1.004	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	3	2	1.004	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	3	3	1.365	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	3	4	1.413	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	3	5	1.009	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	4	1	1.071	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	4	2	1.005	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	4	3	1.013	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	4	4	1.000	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	5	1	1.000	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65
Zion Road Properties, LLC	5	2	1.030	1	$ 45,929.08	$ 4,500.00	15 years	$ 241.65	$ 4,741.65

<u>Council Item Information Sheet</u> – Section Two Assessment Roll for Public Improvement District Number Three (Reserve at Spring Lake Subdivision)

<u>Action Requested</u>
Approval of the Section Two Assessment Roll for Public Improvement District Number Three.

<u>Information</u>
Public infrastructure improvements are nearly complete for Section Two of the Reserve at Spring Lake Subdivision within Public Improvement District Number Three created by the City in 2009. Per Chapter 372 of the Local Government Code, an assessment roll for Section Two must be approved by City Council that will levy the assessment on each of the lots in Section Two. Assessments were levied on Section One lots and a Service and Assessment Plan was approved back in 2012. The Plan shows the estimated total costs for public improvements in the PID and the assessments to be levied against residential property in the PID. Each property (lot) will pay a portion of the public improvement costs based on the size of the property. The Plan also specifies how the assessments are to be collected.

The assessments prescribed in the Plan are by lot category. The total, one-time assessment per lot category is specified in the plan as well as the annual installment (financed assessment rate at 5.25% annual interest) as follows:

<u>Reserve at Spring Lake Lot Categories (By Size)</u>	<u>Total Assessment (Principal)</u>	<u>Financed Assessment (Annual Payment)</u>
1.) Up to 1.5 Acres	$45,929.08	$4,500.00
2.) 1.5 Acres to 2.0 Acres	$68,893.62	$6,750.00
3.) 2.0 Acres to 3.0 Acres	$91,858.15	$9,000.00
4.) 3.0 Acres and Larger	$114,822.69	$11,250.00

The annual payment, principal, and interest are demonstrated on the attached example amortization schedule which will be kept for each property covered by the assessment. The principal amount of the assessment is payable at any time by each homeowner which would terminate the assessment.

The assessments are formulated to reimburse the developer for 50% of the public infrastructure costs of the development plus interest while staying at or below the equivalent of a $0.90 tax rate on a project wide basis. For illustration, the attached amortization schedule details the amortization for a Lot Category 1 property. It is estimated that the average price of the homes to be constructed on Lot Category 1 properties will be $500,000. The annual assessment payment for the Lot Category 1 is $4,500, or the equivalent of a $0.90 tax rate on a $500,000 home.

Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the homebuilders, and for acknowledgement at closing in the same manner as disclosure notices used in MUDs and other special districts with an ad valorem tax rate.

<u>Future Actions</u>
The District Administrator will work with City staff on the collection of the assessments. The PID assessments will be collected on an annual basis in the same manner as property taxes and

transferred to a City-established PID revenue fund. A reimbursement report will be performed by an independent CPA firm prior to reimbursement to the developer. The revenues will be disbursed to the developer once a year after administrative costs have been deducted.

TOMBALL PID THREE
EXAMPLE AMORTIZATION SCHEDULE

AMORTIZATION SCHEDULE BY LOT CATEGORY

LOT CATEGORY	1
Duration (in years)	15
Interest Rate	5.25%
Annual Payment Amount	$4,500.00
Total Lifetime Payments	$67,500.00
Total Principal	$45,929.08
Total Interest	$21,570.92

	Payment	Principal	Interest	Payment	Principal Balance
					$45,929.08
	1	$2,088.72	$2,411.28	$4,500.00	$43,840.36
	2	$2,198.38	$2,301.62	$4,500.00	$41,641.97
	3	$2,313.80	$2,186.20	$4,500.00	$39,328.18
	4	$2,435.27	$2,064.73	$4,500.00	$36,892.91
	5	$2,563.12	$1,936.88	$4,500.00	$34,329.78
	6	$2,697.69	$1,802.31	$4,500.00	$31,632.10
	7	$2,839.32	$1,660.69	$4,500.00	$28,792.78
	8	$2,988.38	$1,511.62	$4,500.00	$25,804.40
	9	$3,145.27	$1,354.73	$4,500.00	$22,659.13
	10	$3,310.40	$1,189.60	$4,500.00	$19,348.74
	11	$3,484.19	$1,015.81	$4,500.00	$15,864.55
	12	$3,667.11	$832.89	$4,500.00	$12,197.44
	13	$3,859.63	$640.37	$4,500.00	$8,337.80
	14	$4,062.27	$437.73	$4,500.00	$4,275.53
	15	$4,275.53	$224.47	$4,500.00	$0.00
TOTAL		**$45,929.08**	**$21,570.92**	**$67,500.00**	

Public Improvement District (PID) Primer

What is a PID?

A Public Improvement District (PID) is a public financing tool created under Chapter 372 of the Texas Local Government Code (TLGC). A PID allows a neighborhood or commercial area to apportion the cost of improvements and levy an assessment against property located in the PID, because that property is acquiring a special benefit because of the improvements. In other words, the property that will benefit the most from the improvement pays for the improvement--the burden is not shifted to the entire community. PIDs are intended to promote economic growth by providing the funding mechanism to construct necessary infrastructure or desired amenities that support new developments and encourage redevelopment.

PIDs are a component unit of the City and are governed by the City Council. The Council can create an advisory board for the PID if necessary, but final determinations on establishment, costs, assessments, and budgets must be made by the City Council.

What can a PID finance?

The PID can be designed to help finance the cost of a variety of development costs including:

- water, wastewater, health and sanitation, or drainage improvements;
- street and sidewalk improvements;
- mass transit improvements;
- parking improvements;
- library improvements;
- park, recreation and cultural;
- art installation;
- creation of pedestrian malls; or
- supplemental services. (advertising, extra public safety, etc.)

How does the PID finance the projects?

Project costs can be paid directly by the City or the developer can advance funds. The assessment fees levied on each property fund the project payments. Until the PID has accumulated adequate assessment fee revenue, the City can choose to issue bonds or use general tax revenues for initial payments or developer reimbursements.

Separate fund(s) are created by the City for the administration of the PID. The Council reviews and approves the assessments and district budget each year.

How is a PID created and dissolved?

PID Development Process (minimum steps required by Chapter 372, TLGC):

1. City, County, or affected property owner(s) initiates a petition for creation.
2. If needed, City Council appoints an advisory board to develop the PID improvement plan.
3. City Council holds a public hearing & passes a resolution on the need for the PID.
4. City Council authorizes the establishment of a PID by resolution.
5. Construction of improvements may begin 20-days after the PID's creation.
6. City Council adopts a Service and Assessment Plan (list of projects, costs, debt, & assessment fee) for at least five, ongoing years is developed.
7. City holds a public hearing on the assessment roll (lists each PID property's fee).
8. City Council adopts ordinance to levy the special assessment. (City will also create a special fund(s) for the PID).
9. If necessary, City Council holds public hearing and approves additional assessments to correct omissions or mistakes in the improvement costs.
10. If necessary, City Council holds public hearing & passes a resolution dissolving PID; however, the district remains in effect at least to meet its debt obligations.

Does the City have any additional requirements?

Yes. City of Tomball Administrative Policy No. 18 "Development Policy for Special Financing Districts" requires:

1. Residential Development Size--greater than 125 acres unless the average home value is greater than $225, 000.
2. Annual Individual Assessment Limit—no more than the equivalent of a $.50 tax rate on the assessed value of the property.
3. Assessment Term Limit—Not to exceed 10 years. First assessment due 3 years after levy or upon transfer of property from developer to home buyer whichever occurs first.
4. Developer Interest Limit—If bonds are sold, developer earned interest reimbursements will not exceed the net effective interest rate on bonds sold or 8% whichever is less. If bonds are not sold, reimbursement will be calculated according to an indexed-based formula (see Admin Policy 18) or 8% whichever is less.
5. Bidding Requirements—Developers must follow municipal bidding procedures (as outline in Chap 252 TLGC). All bids and awards of contracts must be approved by City Council.
6. District Administration—The City of Tomball will contract with an outside consultant to bill, collect, and track district assessments. This cost will be included in the Service & Assessment Plan and reimbursed from the district.

Other city policies, procedures, and good practices may also effect individual district creation or administration including approval of related contracts and agreements. For example, the City will usually need to enter into a Developer Agreement to detail the responsibilities & obligations of each party related to the Service and Assessment Plan.

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Adopt on First Reading, Ordinance No. 2016-02, an Ordinance of the City of Tomball, Texas, Correcting the Assessment of Two Parcels of Land within the Tomball Public Improvement District Number 1, Established by Resolution No. 2007-14

Background:

This item is for the correction of the assessments levied on two lots in PID Number One, Pine Country of Tomball Subdivision.

Subsequent to the assessment roll being approved by council in 2010, there were two lots in Pine Country that were re-platted prior to the construction of the homes. This requires that the assessments on these two lots be corrected to reflect the correct assessment per square foot of $ 0.9618.

More detail information is provided in the Council Item Information Sheet which is attached.

Origination:

Finance

Recommendation:

Approval of Ordinance 2016-02

Funding:

Party(ies) responsible for placing this item on agenda:

Glenn Windsor, CPA Finance Director

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Ordinance 2016-02

PID No. One - Council Information Sheet

ORDINANCE NO. 2016-02

AN ORDINANCE OF THE CITY COUNCIL OF TOMBALL, TEXAS, CORRECTING THE ASSESSMENT OF TWO PARCELS OF LAND WITHIN THE TOMBALL PUBLIC IMPROVEMENT DISTRICT NUMBER 1, ESTABLISHED BY RESOLUTION NO. 2007-14.

* * * * * * * * * *

WHEREAS, the City of Tomball (the "City") is authorized pursuant to TEX. LOCAL GOVT CODE, ch. 372, as amended ("Chapter 372") to create public improvement districts for the purposes described therein; and

WHEREAS, the City received a petition (the "Petition") requesting the creation of the City of Tomball Public Improvement District Number 1 (the "PID"), held a public hearing, and created the PID in accordance with the applicable provisions of Chapter 372; and

WHEREAS, the City passed and adopted Resolution No. 2007-14 establishing the PID; and

WHEREAS, the City passed and adopted an ordinance approving the Service and Assessment Plan for the PID by Ordinance No. 2010-14 and an ordinance approving the Tomball Public Improvement District Number 1 (Pine Country Section Two) Section Two assessment roll and levying an assessment on each parcel by Ordinance No. 2010-15; and

WHEREAS, the city council has determined that the assessments against Lot 39, Block 2 and Lot 40, Block 2 of Section Two are incorrect due to changes in lot square footages and wishes to correct the assessment of the parcels to reflect the change in square footages; NOW **THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CONROE, TEXAS, that:

Section 1. The facts recited in the preamble hereto are found to be true and correct.

Section 2. The approved assessment roll for Public Improvement District Number 1 (Pine Country Section Two) Section Two attached to Ordinance No. 2010-15 is hereby amended as follows to change the Lot Area (s.f.) of Lot 39, Block 2 from 19,632 square feet to 14,272 square feet and to change the Lot Area (s.f) of Lot 40, Block 2 from 11,644 square feet to 15,703 square resulting in a new Total Assessment and Annual Assessment Installments as follows:

Public Improvement District Number One
Pine County of Tomball Subdivision
Section Two Assessment Roll
City of Tomball, Harris County, Texas

Block #	Lot #	Lot Area (s.f.)	Total Assessment Rate	Total Assessment	Financed Assessment Rate	Annual Assessment Installment	Financed Assessment Term	Annual Administrative Cost	Total Annual Payment
2	39	14,272	0.9618	$13,726.81	0.1056	$1,507.12	15 Years	$58.89	$1,566.01
2	40	15,703	0.9618	$15,103.15	0.1056	$1,658.24	15 Years	$58.89	$1,717.13

Section 3. It is hereby found, determined and declared 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, 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. City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 18TH DAY OF JANUARY 2016.

COUNCILMAN HUDGENS ________
COUNCILMAN STOLL ________
COUNCILMAN DEGGES ________
COUNCILMAN TOWNSEND ________
COUNCILMAN QUINN ________

SECOND READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 1ST DAY OF FEBRUARY 2016.

COUNCILMAN HUDGENS ________
COUNCILMAN STOLL ________
COUNCILMAN DEGGES ________
COUNCILMAN TOWNSEND ________
COUNCILMAN QUINN ________

____
Gretchen Fagan, Mayor

ATTEST:

____
Doris Speer, City Secretary

<u>Council Item Information Sheet</u> – Correction of Assessments for Two Lots in Public Improvement District Number One (Pine Country of Tomball Subdivision)

<u>Action Requested</u>
Approval of an ordinance correcting the assessment on Lots 39 and 40, Block 2 Pine Country of Tomball Section Two within Public Improvement District Number One.

<u>Information</u>
Assessments were approved by City Council for lots within Public Improvement District Number One in 2010. The assessments are a uniform rate per square foot over all the lots. Subsequent to the levy of the assessments it appears two lots were re-platted prior to homes being constructed resulting in the need to correct the assessment roll to reflect the true square footage of the lots. The assessment rate remains the same. The total, one-time assessment per square foot of residential property is $0.9618. The annual installment (financed assessment rate) is $0.1056 per square foot of residential property.

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Award Contract for RFP No. 2016-08 for Banking Services and Merchant Services to Wells Fargo

Background:

At the November 16, 2015 City Council meeting, council approved the RFP documents for Bank Depository Services as prepared by Patterson & Associates.

To allow more time for the process, the City Council approved an extension of the existing contract with Wells Fargo through March 31, 2016. The RFP Documents, as prepared by Patterson & Associates, were emailed to all of the banks located in the city limits of the City of Tomball on November 19, 2015. It was also placed on the City's web-site on that date. If an email delivery confirmation was not received (as was the case with Bank of America), then the package was physically delivered to the bank. All 16 banks with "brick and mortar" representation within the city limits received a copy of the RFP package.

The City received two proposals for banking and merchant services from First Financial Bank (Tomball address but not in City limits) and Wells Fargo, the current depository. As mentioned in the consultant's recommendation letter, only Wells Fargo has a banking facility in the City limits and in accordance with Local Government Code 105.011(b)(2), a written policy must be passed by the City Council permitting considerations of proposals from banks outside the City limits prior to the notice for acceptance of proposals.

I was surprised that we only received two responses. Actually we did receive a thank you letter from Community Bank of Texas wishing the City success but declining the submission of a response. When I discussed this with our consultant, Linda Patterson, she stated that she had not expected too many responses due to the bank regulation changes that were adopted last year. These changes are explained in the third paragraph of the recommendation letter which is attached. Additionally, a detailed summary (from KPMG) of the regulations, specifically the Basel III Accords of 2015 are also attached for your review.

In simple terms, banks are not able to service public funds like they once did because of the new regulations which restrict a bank's ability to provide collateral. When a bank holds public funds, it must purchase collateral to cover every additional dollar over the FDIC insurance amount of $ 250,000 should the bank default. Please see the explanation of this issue in the third paragraph of the recommendation.

In summary, the recommendation is to award the banking services and merchant services contract to Wells Fargo.

Origination:

Finance

Recommendation:

Award the contract to Wells Fargo.

Funding:

Party(ies) responsible for placing this item on agenda:
Glenn Windsor, CPA Finance Director

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1^{ST} ☐ 2^{ND}	

ATTACHMENTS:

Recommendation Letter from Consultant
RFP Document
List of Banks in Tomball City Limits
Basel III Accords of 2015

City of Tomball, Texas
Analysis of Bank Depository and Merchant Services Proposals
December 2015

The City of Tomball solicited proposals for banking services and merchant services to serve the City with efficient and cost effective banking services in November 2015. The City intended for its banking partner to continue to provide the current technology used and to assure that its banking needs would be met. The contract is to be for a three-year period with the option to extend for an additional two years in accordance with state law.

The City received two proposals for banking and merchant services in response to the Request for Proposal (RFP). The proposals were made by First Financial Bank and Wells Fargo Bank (the incumbent). Only Wells Fargo has a banking facility within the city limits and in accordance with Local Government Code 105.011(b)(2), a written policy must be passed by the City Council permitting considerations of proposals from bank outside the City limits prior to the notice for acceptance of proposals. The RFP did state that "*To assure a close working relationship and to facilitate services, depository institutions with full depository service capabilities within the geographic boundaries of the City will be given preference*." This condition was included to give the City options should no banks within the City present proposals.

Changes in banking regulations (specifically the Basel III Accords of 2015) have changed banking alternatives for public entities considerably. Regulators, concerned about adequate liquidity in the banks, have established new ratios which restrict the banks' flexibility and costs in providing collateral. Banks now must meet stringent ratios for liquidity and leverage of their assets. If a bank *pledges collateral* it is doing so with securities owned by the bank and as such a pledge lowers the bank's liquidity (its access to the securities pledged) and raises its leverage ratio (because they are using the owned securities as collateral, i.e. leveraging that asset). As a result, banks are reticent to take public deposits and many have removed themselves from the public entity space altogether (such as Bank of America). This is largely the reason that Tomball received only two proposals. The City had added a "letter of credit from the FHLB" as authorized collateral in order to give other banks added incentive to make a proposal but no further alternatives were available under law.

Wells Fargo has shown to have contributed to the health of the community through its 'outstanding' CRA ratings (Community Reinvestment Act) as well as the activities and organizations they support within Tomball. The RFP has required that with any change in credit standings or bank ratings during the period of the contract the City will be notified as soon as allowable. As a result the only viable proposal received by the City is Wells Fargo, the incumbent. This is a solid financial institution which provides all the services required by the City.

A complete analysis of both proposals was completed before the physical location was verified as outside the City limits and all the detail comparing the two banks is available, but, the decision is essentially made for the City here we will look only briefly at Wells Fargo's services and any changes made in their proposal from the current contract.

The City's RFP outlined and requested detailed information on all the services which would be required under the contract to perform its current banking services and to meet its projected needs. The goal is to have the bank perform those duties in the most cost effective/cost efficient manner. The RFP requested information on one optional service which could be added during the contract period: purchasing cards.

All the required services are currently being provided in a satisfactory manner by Wells Fargo. In fact when compared to First Financial Wells Fargo scored significantly higher. Each of the services and specific questions regarding the service details was weighted and scored on the proposals. The service scores were:

First Financial	470
Wells Fargo	540

The primary difference between available services at the banks is the more highly developed online services and availability of information available at Wells Fargo.

In its RFP the City has reserved the right to pay for services on either a fee or compensating balance basis dependent upon the interest rate environment[1]. Regardless of the method of compensation used, the total cost of the contract is based on the individual service costs (fees) in each bank. Because of the higher level and wider range of services available at Wells Fargo There was a difference in monthly costs.

Based on the fee levels proposed by Wells Fargo will change little under the new contract as shown below:

- Wells has reduced specific fees on two categories:
    - stop pay auto renew have decreased from $3 to $2 per item, and
    - outgoing wires have been reduced from $6 to $4 per item.
- Wells has increased specific fees on two categories (neither one of which is used often):
    - the wire voice monthly has increased from $0 to $4
    - The wire PIN monthly base has increased from $0 to $1.50.

With historic volumes applied this results in an increase of $28.50 per month. In all other cases Wells Fargo has chosen to maintain exactly the same fees under their proposal. Wells Fargo's fees based on historical volumes are essentially the same as now paid by the City: $1,885 per month.

<u>MERCHANT SERVICES</u>

The RFP also requested a proposal for merchant services (the ability to receive payments by credit card). Because this area is highly controlled by the payment card companies (Visa, MasterCard, etc) the basic services offered vary little. Again, Wells Fargo has strong corporate stability and experience with a large client base and processing power.

RECOMMENDATION

Wells Fargo is distinguished by its technology and automation and will continue to supply the same level of services to the City. It is recommended that the City award the banking services and merchant services contract to Wells Fargo.

CITY OF TOMBALL, TEXAS

REQUEST FOR PROPOSAL

BANK DEPOSITORY SERVICES AND MERCHANT SERVICES

NOVEMBER 20, 2015

TABLE OF CONTENTS

CITY OF TOMBALL, TEXAS

REQUEST FOR PROPOSAL – DEPOSITORY AND BANKING SERVICES

I. INTRODUCTION

The City of Tomball, Texas (the "City") is requesting proposals for a three (3) year bank depository services contract with service to begin **April 1, 2016** and extend through **March 31, 2019** with one possible two-year extension if approved by City Council

Through this contract the City intends to minimize banking costs, improve operational efficiency, and maximize its investment capabilities. This Request for Proposal (RFP), which represents the City's cash management goals, specifies all required qualifications, the banking services required, the estimated activity volumes on all accounts, the method and terms of compensation, submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this Request for Proposal (RFP) must be insured through the Federal Deposit Insurance Corporation (FDIC), and must demonstrate the capacity to meet the City's requirements as stated in the RFP.

II. PROPOSAL QUALIFICATIONS AND SUBMISSION INSTRUCTIONS

By submitting a proposal in response to this RFP, depositories will be deemed to agree to the mandatory contract and service provisions contained herein. This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract.

1. Local Presence

To assure a close working relationship and to facilitate services, depository institutions with full depository service capabilities within the geographic boundaries of the City will be given preference.

2. Proposal Format

In order to equitably evaluate each bank's ability to meet the banking service needs of the City, a standard format for all proposals is required. A response must be given to each item in Sections V through VIII of this RFP along with completion of Attachments A and B. Responses must be in the same order as the questions presented and a response given for each question, stating acceptance of, modifications or additions to, or a statement of the inability to provide said service. Only proposals submitted in the prescribed format and using the provided Attachments A and B will be considered and evaluated for contract award. Additional explanatory information may be included as part of a proposal. An electronic copy of this proposal is available.

This RFP and the proposal submitted will be incorporated into and form the basis of the bank depository services contract.

All banks within the City limits of Tomball, TX will be contacted electronically regarding the issuance of this RFP. Those banks interested in submitting a proposal will be sent the RFP in an electronic format. Submission of two paper copies of the proposal are required along with an electronic copy for the City's archival purposes.

3. Schedule for Proposal Submission

The City will make every effort to adhere to the following schedule.

11/20/15	**Release of Request for Proposal**
11/30/15	**Deadline for questions concerning the RFP or services requested**
12/02/15	**Responses given to any questions on the RFP - provided to all known proposers**
12/18/15	**Deadline for proposal submission**
01/18/16	**City Council award of contract**
04/01/16	**Contract commencement**

4. Proposal Submission

To be eligible for consideration under this request, a total of two (2) complete copies of each proposal shall be submitted **by 4:00 pm CST on December 18, 2015** to the two addresses below. **Proposals received after that time by the City will not be accepted and will not be returned.**

The proposal must be submitted in a sealed envelope or packet marked "Proposal for Depository Banking Services". An accompanying transmittal letter must be signed by an individual authorized to bind the institution, state that the proposal is valid for 180 days from the submission date, and give full contact information regarding the proposal. Information provided in the cover letter and not in the proposal will not be considered.

One proposal must be delivered by mail, express mail, or in person to:

Glenn Windsor 281-290-1417
Finance Director GWindsor@tomballtx.gov
City of Tomball
501 James Street
Tomball, Texas 77375

One proposal must be delivered by mail, express mail, or in person to:

Linda T. Patterson 512-320-5042
Patterson & Associates Linda@patterson.net
Barton Oaks Plaza II
01 S. Mopac, Suite 195
Austin, Texas 78746

5. RFP Questions - There will be **no pre-proposal conference**. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only, at the Tomball email address above on or before 2:00 pm **November 30, 2015** Responses to all material questions submitted will be communicated by email to all known proposers by 2:00 pm **December 2, 2015.**

6. Selection Criteria

The following criteria will be used by the City as the weighting basis for evaluation of the proposals and the award recommendation.

35 % - responsiveness and ability to provide services and reports required,
35 % - banking services costs and earnings potential,
10 % - experience, references, and continuity of bank and bank officials, and
20 % - creditworthiness and stability of the bank.

The City will consider the availability of services and the cost of those services as well as the earnings potential under the contract. All these elements will be combined for evaluation of the proposals. Award may not be made to the institution submitting the lowest price proposal. The City will choose the institution submitting the best, most responsive overall proposal to satisfy the City's needs.

7. City Rights

The City reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,
- accept any proposal or portion thereof most advantageous to City,
- request additional information or require a meeting with bank representatives for clarification,
- cancel, revise, and/or reissue this request for proposal or any portions thereof,
- negotiate any conditions with proposers,
- retain all other provisions even if any provision of the proposal is deemed invalid,
- modify deadlines, and
- select any proposal deemed to be in its best interest as determined by the City.

8. Proprietary Information

To the extent permitted by law, proposals will be opened in a manner that avoids disclosure of the contents until after award of the contract. Proprietary information contained in the proposal should be designated as such on each page containing the restricted information.

9. Fees and Charges

The City reserves the right to utilize either a fee basis or compensating balance basis (or a combination of each) for payment of banking services under the contract. The City reserves the right to change the payment methodology during the contract period upon no less than 30 days written notice to the bank with the change commencing on the first of a calendar month. This will enable the City to take advantage of changing interest rate environments. A complete monthly account analysis will be required regardless of the payment basis.

All item and account charges will remain at the proposal price quoted on Attachment A for the duration of the contract period regardless of changes in service volumes during the period. Fees not shown on the Attachment to provide the service required will not be considered as part of the bid and therefore will not be paid.

Should new services be required during the contract period not contemplated by this RFP, those services will be provided at fees not more than the bank's then-current published rate and approved by the City's Finance Director. It is critical that the Attachments A and B be completed in their entirety.

Attachment A has been provided for the detailing of all anticipated fees. If the Attachment does not detail line item fees required for a particular service the fee type and level should be added and identified by the applicable AFP code, if possible. Bundled fees should be clearly delineated and any notes necessary for clarification included.

III. CITY FINANCIAL OVERVIEW

The City's Finance Department handles all banking, treasury, and investment activities as well as accounts payable, receivables, and financial reporting functions. The Finance Director is responsible for the department and reports to the City Manager. The City does not consolidate deposits and deposits are sent from various departments to the bank daily. Currently deposits are made by City staff and all transactions are under the direction/control of the Finance Director. The Finance Department handles all reconciliations.

The City plans to continue to utilize automated banking services when efficient and cost effective. This proposal should address automation potential on any services.

The City currently uses six bank accounts with a ZBA structure used only for the payroll account. The average ledger balance on the total relationship for the past six months was $ 2,407,103.

Title	Current Type Account
Consolidated General	Master to Payroll
Payroll	ZBA to Consolidated
ACH P-Card	Stand Alone
Insurance Trust	Stand Alone
Economic Development	Stand Alone (not collateralized)
Legacy Fund	Stand Alone

Under the proposed contract, the account structure should remain the same. The City uses a ZBA structure for maximum earnings potential. The bank will be asked to present the most efficient structure to effect the best investment rates and best operating efficiency especially in this current, historically low interest rate environment.

The Consolidated General Account receives deposits or transfers on a daily basis. Wires and securities transactions and ACH will be tied to this account.

- A total of approximately $2,500,000 in payables (ACH $1,216,731) is processed monthly with payable runs usually each Wednesday.

Remote check deposit is used for the preponderance of checks deposited. Deposits are prepared by various departments receiving the money and taken to the bank by city staff for an average of individual six (6) deposits per day. The required services include remote deposit. The Finance Department handles all reconciliation on the accounts and only one set of statements will be required.

The City needs the access to interest bearing accounts and will decide on the use of the accounts as interest rates and conditions vary. All balance decisions will be made by the City.

Any or all City funds may be maintained and invested by the City outside this contract. The City will be under no obligation to maintain funds in the bank except under a compensating balance relationship. The City will use safekeeping services.

The Finance Director will monitor the bank's performance against provisions of the agreement, including the bank's proposal submitted in the response to this RFP. The Finance Director will be responsible for administering the agreement with respect to day-to-day activities, including deposits and withdrawals, ACH transactions, maintenance of account balances, daily reporting, etc. A list of City personnel authorized to deal directly with the bank will be provided following award of contract. The bank shall provide the City with a similar list of authorized personnel.

IV. GENERAL STATEMENT OF BANKING SERVICES REQUIRED

The banking services described in this RFP are directed toward five major goals:

- timely and accurate information flow,
- 100% utilization of idle funds and continuous investment of City funds,
- safety of City funds and securities,
- efficient utilization of available banking services, and
- minimization of banking costs for the City.

Collateral

The City requires a depository that is fiscally strong and able to provide the required services on an uninterrupted basis. City funds are public funds and fall under certain provisions of the Public Funds Collateral Act (Texas Government Code Chapter 2257) which are further restricted by the City as indicated in this RFP. (Collateral requirements are detailed in Section VI.9).

Investment Policy Certification

As a provider of financial services, the depository will be required to review the City's Investment Policy and certify, in language agreeable to each party, that reasonable procedures have been established to assure that the conditions set in the Policy are met.

V. FINANCIAL INSTITUTION QUALIFICATIONS

To be considered the proposal must include a response to each question in Section V. The City is not prepared to absorb any new costs associated with hardware, software or related costs under this contract.

1. Creditworthiness

In order to fulfill the City's fiduciary responsibility and to protect public funds, each bank submitting applications shall provide the following:

a. Provide an audited annual financial statement for the most recent fiscal period. The financial statements may be submitted in electronic form or provided as a reference link on the internet.
   The bank will be required to submit an audited statement to the City <u>each year</u> of the contract period, as soon as it is available. Confirm agreement to this requirement.
b. Provide certification of the bank's Community Reinvestment Act (CRA) rating by its regulatory agency.
c. Provide the bank's senior and subordinate debt ratings over the past two years. If the bank has no debt or is privately owned it may, as an alternative, provide the most recent four quarters rating from an independent bank rating agency such as Highline, Veribanc, or comparable bank rating agency.
d. The bank will be contractually liable for notifying the City within thirty (30) days of any change in any of these ratings during the contract period. Confirm agreement to this requirement.

2. Customer Service

Service will be a primary focus of the City on a continuing basis. Describe the bank's philosophy and approach to satisfying this need through the following responses.

a. What is distinctive about the bank's approach to customer service? How does the bank anticipate satisfying the City's need for superior customer service?
b. How many service individuals does the bank have in the local bank? How will the bank provide the City with relationship support for its services?
c. Is there a formal process for escalation of problems/issues that are unresolved? How does the bank monitor service?
d. Is the bank offering any transition or retention incentives? Describe fully and quantify completely.
e. The City requires the right to use a third party auditor to review the records of the City's accounts, collateral, transactions, and bank records at any reasonable time. Confirm agreement with this condition.
f. Under state law the depository will be required to review the City's Investment Policy and certify to that review in accordance with Texas Local Government Code 2256. The City's investment policy will be provided. Confirm agreement with this requirement.
g. Does the bank have a formal process or plan for meeting with, reviewing and analyzing services with the City on a regular basis? Describe.
h. What programs or processes does the bank have in place to protect the City from electronic fraud of all types? Describe.

3. References.

List references from three comparable Texas public entity clients. For each reference, include the length of time under contract, a client contact, title, and email address.

4. Depository Agreement and Service Agreements

Provide a copy of <u>all</u> depository and service agreements which will be required to be executed under the contract for services rendered (including depository and collateral agreements). Any changes required on the agreements will be discussed and agreed upon <u>before award</u> of the contract is made by the City.

a. Provide all the agreements required.

5. Implementation Timeline.

The contract period will commence April 1, 2016. The City recognizes that not all services and funds will be transferred by this date but expects that all services should be available by that date. Collateral should be in place two days before any funds are transferred.

a. Provide a proposed, detailed timeline for implementation of the contract. Include each activity required defined by its responsible party and assigned responsibilities. Denote any limitations or potential delay points.

The timeline must reflect the number of calendar days required to put the services in place or the end date of when such services will be in place and available to the City. Default in promised delivery of services, without acceptable reasons, or failure to meet the terms or conditions of the depository contract without remedy, shall result in the City having the right to terminate the contract, but the exercising of such right to terminate the contract does not limit any other remedies the City may have for damages or other relief under law.

VI. REQUIRED BANKING SERVICES

To be considered, the proposal must include a response to each of the questions in Section VI and all associated fees must be detailed on Attachment A. Add any level of detail as necessary for complete disclosure.

1. Consolidated Account Structure with Sweep Mechanism

The City is interested in assuring that all funds are earning at the best, then-current interest rates available at all times. The City currently pays for services on a compensating balance basis and anticipates this will continue until rates rise.

a. Fully describe the bank's currently proposed account structure by account type.
b. If the bank is proposing an indexed interest bearing account, detail and describe fully.
c. Can interest be applied at the master account or individual account level?
d. Will the bank assess FDIC fees (recoupment fees)? How are they calculated? When assessed?
e. Provide the proposed computation basis for interest bearing accounts if rates are based on a set index or security (such as the 3-month Treasury Bill).
f. Interest earned on interest bearing accounts shall not be charged as an expense on the account analysis. Confirm acceptance of this condition.
g. The City may be required or may desire to open additional accounts, or change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount. (Unanticipated or new services may be charged at not more than published rates.) Confirm agreement to this condition.

2. Automated Treasury Services

The City requires web-based automated, daily cash management balance and detail reporting as well as the ability to retrieve transactions and images online.

a. Fully describe the bank's web-based on-line service capabilities. List the system capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
b. What is the bank's back-up process to provide balance reporting and transactions in case of system non-availability?
c. State the access and update times for daily balance information.
d. Submit samples of major screens or preferably a web-link.
e. Describe system security protocols. Does the bank or the City administer security? How many levels of security required?
f. Is the City the online administrator or the bank?

The City requires and is not currently receiving optical images on a CD.

g. What items are imaged and available online (checks, statements, deposit slips, deposited items, etc.)?
h. Does the bank provide a monthly CD? If so, what is on the CD? When is it available?
i. How long are the various images retained on line? Does the bank provide optional extended availability?

3. Standard Deposit Services

Standard commercial deposit services are required for all accounts. Remote deposit is currently used and no checks are encoded. Coins are not rolled and may be in partially filled bags. On average the City makes six daily deposits. Deposits are not batched and currency is not strapped.

Any City department currently can accept credit cards.

The City expects all deposited checks to clear based on the bank's current published FRB availability schedule, but, any expedited availability options should be noted in the proposal. All cleared deposits received by the bank's established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wire transfers, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit City accounts in a timely fashion will require interest payment reimbursement to the City at the then-current daily Fed Funds rate.

a. Does the bank image all checks, deposit slips and deposit items?
b. How are debit/credit advices sent to the City? When are they available?
c. What is the bank's daily cut-off time to assure same day ledger, and - pending availability - collected credit? Will this vary by location (lobby, teller, vault)?
d. What type deposit bags are used/required? Are these available from the bank? At what cost?
e. Are any deposits or credits delayed for any reason?
f. Include a list of all the bank's deposit locations and alternatives.
g. Using the sample deposit below state the cost of such a deposit, including all costs involved. Give the cost for the deposit if made at the branch $______________ and the vault $ ___________________.

SAMPLE DEPOSIT:

The sample deposit would be made (a) in five (5) tamper-proof deposit bags, (b) with strapped where possible as shown below, (c) with coins that are not rolled, (d) with bundled but not endorsed checks. The breakdown on the deposit is:

Currency **Denom.**	**# Straps**	**Loose $**	**Total $**	
$100	**5**	**$ 300**	**$ 20,300**	
$ 50	**6**	**$ 600**	**$ 15,600**	
$ 20	**4**	**$ 340**	**$ 4,340**	
$ 10	**9**	**$ 70**	**$ 4,570**	
$ 5	**22**	**$ 175**	**$ 5,675**	
$ 1	**50**	**$ 14**	**$ 2,514**	**$ 52,999**
Coins				
$ .25			**$ 427**	
$ .10			**$ 114**	
$ .05			**$ 10**	
$ .01			**$ 2**	**$ 553**
Checks				
	280 checks		**$140,252**	**$ 140,242**
				$ 193,794

Remote Deposit

The City is currently using remote deposit. These deposits include both consumer and commercial checks.

a. What are the bank's current capabilities in remote check deposit?
b. What is the cut-off time for entry through remote deposit?
c. What scanner equipment is required to operate the system? Is this equipment available through the bank on a lease basis? Please list the equipment required along with its cost(s).
d. What reports are provided on deposits? When? Provide a sample of any specific report.

NSF Checks Received by City

Under the current contract, NSF checks paid to the City are to be automatically re-deposited for collection. Complete information must be provided on all NSF returned items including name and reason for return.

The City wants to explore the option of the second presentment to be made by ACH (RCK or representment of checks) to targeted dates for maximum collection potential.

a. Describe the bank's current NSF process. Are checks automatically re-deposited? When? How many times?
b. How and when is the City notified of return items?
c. Is the bank capable of processing the second presentment as an ACH with a targeted presentment date? Describe in full. Is the bank currently using ACH for collection of NSF checks (RCK)? How long has the bank been providing this service?
d. Under RCK or standard processing, how are the NSF and the later ACH matched/reconciled? Does the bank system cross reference the two transactions in any way?
e. Is the NSF information, image, or occurrence available on-line? When and how? How long is it available online?

4. Standard Disbursing Services and Commercial Cards

Standard disbursing services for all accounts are required to include the <u>payment of all City payroll checks without charge upon presentation</u>. The City's current account structure is described above in the Financial Overview Section.

The City currently utilizes positive pay services without reconciliation for the General Consolidated Account and it will be required for all accounts under the proposed contract.

The City is currently using a commercial card program for purchases less than $ 3,000. Only a few restrictions apply on the cards.

The City also intends to move toward more vendor payments by ACH.

a. Will all employee checks be cashed without fee on presentment?
b. Does the bank have any programs designed to help move vendors to ACH?
c. Describe any consolidated payables (e-payables) programs available?
d. Does the Depository have a rebate commercial card program available? Discuss the terms of the rebate program.

5. Positive Pay and Reconciliation

To safeguard against fraudulent checks, payee positive pay is required on all City accounts although only used on one account currently without reconciliation. The positive pay process should be fully automated and web based.

Check register information will be transmitted by the City in batch/file form but the City requires the ability to enter manual checks online into the positive pay files.

Currently the City exports a file to the bank for positive pay but does not use any reconciliation services. The City does not anticipate use of partial reconciliation services in concert with positive pay under this contract, dependent upon cost effectiveness.

a. Describe the data transmission/transfer requirements and alternatives for computer generated check runs.
b. Describe the input process and requirements for individual, manual City checks written. Is input available online? Provide sample screens.
c. How can check records be changed or deleted by the City, if necessary?
d. How is the City to be notified of a positive pay exception?
e. At what time is exception information reported to the City?
f. What is the response deadline (what time) for City exception elections?
g. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often is teller information updated?
h. Describe the partial reconciliation process.
i. How much flexibility is there for bank systems to interface with existing in-house systems? The City uses the Incode financial system. Does the bank currently have any other clients using that system?

6. Funds Transfer and Wire Services

The City currently has an average of two outgoing wires and three incoming wire each month along with minimum (3) internal transfers.

a. Is wire initiation available online? Describe the process of online wire initiation. Provide a sample of the input screen for online initiation.
b. Is online monitoring of wire status available?
c. Does the bank notify the City of incoming wires? Online? E-mail?
d. Include a description of security provisions for wire initiation including security levels available or required for initiation and release.
e. Is dual authorization required on repetitive and non-repetitive wires?
f. Is future dating available for both repetitive and non-repetitive wires? How far in advance?
g. State the bank's policy on the use of ledger balances for outgoing wires in anticipation of daily security activity or incoming wires.

7. ACH Services

ACH is currently used for payroll, some fines and fees, and various payments to State agencies and miscellaneous vendors. ACH is also used for deposits for tax collections and State utility payments. The City requires a pre-notification on all new addresses.

a. Describe the batch transmission requirements for ACH transactions.
b. Describe the transmission alternatives for individual ACH transactions. Is the City able to initiate individual ACH transactions on line?
c. Describe what filters and blocks are available on accounts using ACH transactions?
d. Are ACH addenda shown in their entirety on-line and on reports? Does this require an additional EDI module or service?
e. Is the originating account debited when the transaction is initiated or on settlement?
f. What is the bank's policy on pre-notes? Is the pre-note charged as a standard ACH transaction?
g. Are there any specific ACH reports available on paper or screens on-line? If so, describe.

8. Safekeeping Services

The City will use safekeeping services for the City account and the Economic Development Account. All City investments will be made by the City and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank by email or fax.

All securities must be cleared on a **delivery versus payment** (DVP) basis and ownership documented by clearing confirmations and/or safe-keeping receipts provided within one business day of the transaction. Funds for investments will be drawn from a designated City or Economic Development DDA account. All coupon payments and maturities must receive automated same day collected credit on the designated account without requiring any additional City action.

If the bank utilizes a correspondent bank for safekeeping of City securities, the transactions will be handled through the depository bank's systems and shall not require additional interaction by the City with the correspondent bank. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship.

The City anticipates in both accounts an average of 12 securities in FRB and/or DTC safekeeping at any one time all from third party transactions. All fees for clearing and safekeeping must be stipulated on Attachment A.

a. Is the bank a member of the Federal Reserve and DTC?
b. If used, name the correspondent bank to be used for clearing and safekeeping.
c. Describe any safekeeping arrangement with a correspondent bank including processing requirements by the City. No delays or additional transactions are acceptable.
d. Are security transactions available on-line for either origination or monitoring? Describe.
e. What is the deadline for settlement instructions on a cash (same day) settlement? Is there any charge incurred for late instructions?
f. Will safekeeping fees be hard dollars or on the analysis?

The City may choose to purchase time deposits from the bank but all time deposits will be competitively bid at the time of purchase.

9. Collateral Requirements

Authorized collateral, as defined below, must be pledged against the total time and demand deposits net of FDIC insurance with a 102% margin on the collateral maintained daily by the bank. All City requirements, including those beyond the Texas Public Funds Collateral Act, must be met by the bank. **Pledged securities are preferred and will be given preference over letters of credit.**

The proposal must state agreement to the following terms and conditions.

- All collateral pledged to the City must be held in an independent, third party bank outside the bank's holding company.
- A collateral/depository agreement shall be executed designating the custodian and regarding pledged securities in full compliance with FIRREA requiring a bank resolution.
- All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 102% of principal plus accrued interest daily.
- The bank shall be responsible for the continuous monitoring and maintaining of collateral at the City's required margin levels.
- Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the City by the custodian within one business day of receipt.
- The City shall receive a monthly report of collateral pledged including description, par, market value and cusip from the custodian.

- Substitution rights shall be granted if the bank obtains the City's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
- Authorized collateral includes only:

    - Obligations of the US Treasury
    - Obligations of US Government agencies and instrumentalities including mortgage backed securities which pass the bank test.
    - Bonds of any state or its subdivisions if rated A or better by two nationally recognized rating agencies.
    - *FHLB Letters of Credit*

a. State the bank's acceptance of or exceptions to the collateral conditions above. State exceptions clearly and succinctly.
b. Does the bank propose any collateral charges? If so, under what conditions are they charged and how is the charge applied?
c. Provide the bank's collateral agreement for review.

10. Account Analysis

Monthly account analysis reports must be provided for each account and on a relationship basis. The bank may direct debit the designated account for fees due after approval by the City if compensation is being calculated on a fee basis.

A complete account analysis will be required monthly regardless of the payment basis.

a. Provide a sample account analysis including calculation bases.
b. When is the analysis available each month: on-line and paper?

11. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle and statements received on a timely basis. Timeliness of statements is critical and non-performance will be grounds for termination of contract.

a. Provide a sample monthly statement.
b. When are monthly statements available each month: online and paper form? If online, when and how long are statements retained online?
c. Are the statements on the monthly imaged CD-Rom?
d. Are paper statements also sent to the City if available online?

12. Overdrafts

Every effort will be made to eliminate intra-day and inter-day overdrafts. However, because this situation may arise, state the bank's policy regarding account and total account overdraft policy and detail rates and fees, if any, to be charged on a per event or per account basis.

a. Are all accounts aggregated for overdraft calculation purposes?
b. State the fee charged per overdraft occurrence.
c. State the rate basis for intra-day and inter-day overdrafts.

13. Stop Payments
The City rarely has stop pays but requires the continuation of online service.

a. What are the options available for stop pays periods and renewal stop pays?
b. How is a stop pay renewed/extended?
c. What is the deadline for same day action on stop pays?
d. Can stop pay orders be initiated on-line? Is there any paper follow-up document required?
e. What information on current and expiring stop pays is available on-line?

14. Company Banking
The City is interested in giving its employees the opportunity for enhanced banking services.

a. Does the bank have a banking services program available for City employees?
b. List services provided under this program with applicable discounts or fees to the City or employee.
c. Is availability of the program based on use of direct deposit or City employment?

15. Additional Services
If the banks have additional services (such as e-payables and e-receivables) which may be of enhanced value or interest to the City they should be fully described in this section. Any service presented should have all associated costs detailed on Attachment A.

VII. OPTIONAL SERVICES

The City is interested in the availability and costs of additional services which could be implemented during the contract period. These services are not required.

1. Purchasing Cards
The City may consider use of a purchasing card program during the contract period. Cards would be assigned to our employees for defined use. The cards must be able to restrict use by product code and provide for spending limitations.

a. What card platforms does the Depository support (MasterCard, Visa)? Does the Depository use a third-party processor?
b. What, if any, information is available online? When? Describe data download and integration capabilities. Describe reporting capabilities.
c. What client support is available? How is it provided?
d. Describe the diverse parameters and restrictions available for the card control. How many access levels are available?
e. Discuss settlement and corporate liability terms. Include information on Depository support for the program and Depository experience, settlement terms on payment, security procedures, and license requirements. How will we receive billing?

f. Describe how cards are issued, deleted, or replaced. How does the Depository handle lost or stolen cards?
g. Provide three comparable references for the service.

VIII. REQUIRED SERVICES – MERCHANT SERVICES

Merchant services are considered to be an integral part of the depository contract. The City currently has eight (8) merchant accounts (which may be reduced to five accounts during the contract period) as detailed by activity on ATTACHMENT C. The City accepts Visa and MasterCard as well as debit cards and accept the cards as POS and online but the equipment cannot accept a PIN number.

1. Firm Stability and Background

a) Describe the Proposer's background as a merchant services provider. Are the merchant services provided directly by the Proposing depository or as a joint venture with another vendor/acquirer? If a third party acquirer/provider is used, describe the nature of the business relationship.
b) Describe your organizational structure especially as it applies to service provision and merchant services customer service.

2. Firm Competitive Position and Future Commitment to Providing Services

a) What major changes do you see occurring in merchant services in the next five years? What are the plans to help your customers move to new technologies? What approach is the firm taking in the development of new services?

3. References and Current Client Base

a) Specify the category and number of customers for which the Proposer is currently providing card processing services. What was the total transaction count and dollar amount processed for 2014?
b) What is the daily average number of transactions currently processed? What is the maximum daily processing capacity?
c) Where are the processing centers? Is the processing structure designed for redundancy to address disaster situations?
d) Provide the names, email addresses and phone numbers of three public references with comparable volumes and communication capabilities who are currently using the card processing services. Select a mix of long-standing and recently acquired customers.

4. Relationship Representatives

a) Describe the relationship management team that will service the account, as well as their functional responsibilities and their position in the overall firm. Will there be local representation?
e) How often will the representative normally meet with the City to assure that it is receiving the lowest discount/interchange rates and prevent downgrades?

5. Card Acceptance/Interface Processing

a) Does the Proposer support all major payment types, debit cards, gift cards, corporate cards, and other emerging options? Does support vary for any of these?

b) Describe the hardware necessary for acceptance of credit and debit cards (a) with card present and (b) card not present, (c) using an IVR application, (d) via e-Commerce (internet), and (e) pin-based debit. What equipment are your recommending or requiring for the System? Does the Proposer provide the equipment on a lease or purchase basis? Describe the equipment maintenance plan? What is the turn around time on repairs/substitutions?
c) Describe the software necessary for acceptance of credit and debit cards (a) with card present and (b) card not present, (c) using an IVR application, (d) via e-Commerce (internet) and (e) pin-based debit. Describe the interface requirements and all compatibility issues.
d) Describe the process to add additional third party gateways. (The City is currently adding Bridgepay.)
e) What supplies will be provided with a maintenance contract, if applicable?

6. Authorization Processing

a) Does the Proposer maintain direct authorization and settlement links to the various card organizations, or utilize a third party network for authorizations? Describe your configurations. Is your firm introducing to a direct processor or is it the direct processor?
b) Do merchants incur any monthly access fee to connect to the authorization network?
c) Provide average response times for dial and lease-line authorization methods for both peak and normal periods.

7. Settlement Processing

a) Describe the settlement process workflow for all parties explaining any differences by card type.
b) Provide a funds availability schedule by card type. Is all funding next day? Describe. Is any expedited funding available?
c) What is the cut-off time that sales transactions can be transmitted to meet settlement times?
d) Do you allow for multiple settlement accounts by merchant?
e) Are settlement amounts listed separately on the bank statement or will they appear as one daily sum? What level of detail is available? Will Saturday and Sunday activity be combined into Monday activity?
f) Are settlements on gross amount and fees charged monthly?

8. Ticket Retrieval and Chargebacks

a) Describe the ticket retrieval request process along with turn around times. Is this accomplished totally electronically? Does the firm support document imaging other than facsimile for transmission of or response to a retrieval request?
b) What response times and process is required for ticket retrieval?
c) Define the chargeback cycle. What percentage of chargebacks is currently handled without merchant involvement? Does the firm have a standard rule-based logic to facilitate dispute resolution processing?
d) Will the firm provide a designated contact person or a department to help manage chargebacks specifically?
e) Does the firm have the capability to archive, retrieve transaction information, including signatures for bankcard transactions and non-bank card transactions? What information is stored and for what period of time? What system is available to the merchant to enable retrieval of this information online?

9. Debit Card Processing

a) Does the firm support BIN (Bank Information Number) file management to differentiate between debit and credit card transactions?
b) Describe the debit card processing capabilities.
c) Are debit card transactions routed automatically to the lowest cost network?

10. Technical System Capabilities

a) Describe the processing platforms pertinent to the recommended solutions.
b) What is the process for handling test transactions? Are test cards provided and if so, what types?
c) How far back are transactions verified with AVS? Describe the process.
d) Is data imaging (e.g., signature capture) available? If so, describe.
e) Is the firm EMV compatible and able to process smart card transactions?
f) Does the firm have virtual terminal capabilities? If so, describe.

11. Security

a) How are PCI compliance initiatives handled? How do you qualify merchants?
b) How are clients made aware of new PCI initiatives and general information?
c) What PCI training is available? Are there charges for these services?

12. Information Reporting

a) Describe all reports available and the software used to receive and view reports. Provide an overview of reporting cycles, procedures, and capabilities. Provide a sample of each detail and summary report available or a link to sample reports online. Are all reports available online?
b) What is the standard delivery time frame for reports and statements?
c) Is historical information regarding sales, refunds, and chargebacks maintained in a database for access by the merchant?
d) Describe how multiple merchant numbers are reported and the flexibility afforded the merchant for customizing the reports. Can the City "roll up" specific groups for reporting independent of other groups?

13. Implementation

a) Describe the merchant training process with regard to (a) new merchant training or re-training from a prior processor and (b) ongoing training (e.g., courses offered, frequency, location, and cost).
b) After initial implementation, how are new merchant accounts established? How long is that process?
c) How are updates of PCI and industry-related rules or regulatory changes distributed?
d) Is there any newsletter covering industry issues, rules, and regulations provided? How often? Provide the latest copy.

14. Customer Service

a) Is customer service available 24/7? How is it provided? Are there any charges?
b) Describe the promotional support you provide (e.g., signs, supplies, funds for specific purposes, advertising allowance). Is there any cost for this support?
c) Does the firm have scheduled periodic meetings with customers to review the service?

15. Pricing and Contracts

a) Describe the firm's overall pricing structure. Is the firm offering a fixed cost plus surcharges fee or an interchange plus fee?
b) List all of the firm's possible "non-qualified surcharges" categories (such as reward card fees, etc.) The fees for these are to be included on Attachment A.
c) When are discount fees deducted from the DDA account? Are discount fees calculated on gross or net sales?
d) Are order charge slips, signs, imprinters and other supplies available? How are the orders handled? What is the normal shipping time?
e) Provide a copy of the anticipated applications and contract to be signed.

List of Banks in the City Limits of Tomball

1.	Capital One-	14310 FM 2920
2.	Amegy Bank	28201 TX 249
3.	First Community Credit Union	28850 Tomball Pkwy
4.	Woodforest National Bank	3- 14235 FM 2920
5.	Chase	14202 FM 2920
6.	BBVA Compass	1111 W Main St
7.	Regions Bank	800 W Main
8.	Prosperity Bank	27707 Tomball Pkwy
9.	Spirit of Texas	27920 TX 249
10.	Value Bank of Texas	990 Village Square
11.	Community Bank of Texas	28515 TX 249
12.	Wells Fargo	2- 27702 Tomball Pkwy, 14094 FM 2920
13.	Bank of America (hand delivered)	1431 Graham Dr

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Basel III: Issues and implications

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Contents

Preface

In the aftermath of the financial crisis of 2008–2009, the Basel Committee of Banking Supervision (BCBS) embarked on a program of substantially revising its existing capital adequacy guidelines. The resultant capital adequacy framework is termed 'Basel III,' and the G20 endorsed the new Basel III capital and liquidity requirements at their November 2010 Summit in Seoul. There are many areas of detail needing further development, and worldwide debate and lobbying will inevitably continue—most notably in relation to the whole issue of systemically important financial institutions (SIFIs). The core principles, however, are set, and complying with the Basel III framework is inevitable.

With the core framework being adopted by the national authorities, the focus of attention is now shifting towards implementation—determining business impact and planning for compliance. There are strong indications that even though the framework in principle is being adopted, actual implementation will become divergent across various jurisdictions. Although the transitional period appears long, the 2019 deadline to complete implementation should not distract institutions from the need to demonstrate capital and liquidity resilience much earlier and meet interim deadlines along the way.

Despite a lack of absolute clarity, it would not be worthwhile to wait until all ambiguities have been resolved. Prior experience with the Basel II framework has shown that early analysis, strategic evaluation, and robust planning are all crucial to success in the ultimate implementation. Firms must also remain flexible to adapt to subsequent changes and developments.

This document attempts to summarize the key details of the Basel III capital adequacy framework and explores some of the practical implications and considerations for firms to establish an effective and efficient implementation procedure.

The background to a discussion on Basel III

The global economic crisis has provided an opportunity for a fundamental restructuring of the approach to risk and regulation in the financial sector. The Basel Committee on Banking Supervision (BCBS) has collectively reached an agreement on reforms to "strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector," which is being referred to as "Basel III." Under Basel III, each area of proposed changes has a separate consultation, debate, and implementation phase. As a result, compared with the implementation of the previous agreement (Basel II), this enhanced level of dynamism, complexity, and interdependency within the global regulatory landscape will likely add significant challenge to the implementation of Basel III.

The recent G20 Summit in Seoul endorsed the Basel III agreement. The G20 also endorsed very long transitional periods for full implementation of the Basel III capital and liquidity proposals.

Despite the G20's objective of establishing a level playing field for banks, the reality is that regulators in different national jurisdictions are taking different paths over key issues like governance and remuneration, taxes and levies, the treatment of systemically important institutions, the so-called "living wills," the scope of supervision, and even accounting and disclosure.

This is partly driven by different starting points in terms of the impact on countries of the financial crisis, yet there remains underlying tension around the trade-off between safety within the financial system and its ability to support economic growth.

The risk and regulatory reform agenda represented by Basel III needs also to be examined in light of the global journey back towards financial stability. The need is for a set of guidelines that will mutually reinforce the stability of financial institutions' fiscal soundness of the economies in which they operate.

What are the key outcomes?

As part of the general high-level agreement on the proposals, regulators from various national jurisdictions made a significant compromise on the time line for implementation of the framework, as well as various areas of implementation, including the treatment of minority interests, Deferred Tax Assets, and the calibration of the leverage ratio, which were the subject of intense debate among the BCBS and banks. Other key items, such as how to deal with SIFIs (systemically important financial institutions, a.k.a. "Too Big to Fail"), have been deferred for implementation due to lack of agreement.

Similarly, there were some intense discussions on the increase in the common equity tier 1 ratio from 2 percent to **4.5 percent**. This appears to be less than what some policy makers had hoped for. However, the implementation of the proposals will be a challenge. While many banks already have ratios above 4.5 percent, these are based on Basel II requirements. The changes mandated by Basel III are expected likely to cause even well-capitalized banks in Europe and the United States to find it hard-pressed to be compliant. This could even result in reduced credit availability or increased cost of credit overall.

National regulators from various geographical areas have disagreed over the implementation of Basel III. Those in the West are focusing on the need for increased buffers (both capital and liquidity), while those in the East are focusing on comprehensive coverage of risk management, enhanced stress testing, and the need for risk and capital management to align and be a core part of a firm's strategy. The international divergence over implementation has led to a framework where supervisory discretion will influence detailed implementation and leaves scope for some jurisdictions to apply a more rigid interpretation of Basel III than elsewhere. Political issues and debate around implementation will tend to induce an ongoing fear of an uneven playing field going forward.

There are also as yet no detailed proposals for capital or liquidity for SIFIs. While the Federal Reserve Board has developed general principles, it is unclear how these will operate in practice. This is one area where the lack of a level playing field will likely become apparent as different jurisdictions are likely to adopt the rules inconsistently for domestic SIFIs.

A phased-in time line has been agreed by the BCBS, but in some markets, there is a trend, spurred on by regulators and market analysts, for some banks to set ambitious compliance deadlines. For banks, they see early implementation as a competitive advantage, a way of demonstrating their soundness, not only to the regulators, but also to the market. The reputational risk of being perceived as a laggard is too great to ignore. This should also spur the competitors to implement the framework as early as possible.

Under the new framework, common equity requirements are more than double as before, leading to significant reduction of eligible capital. There is also the possibility of significant increase of the firm's risk-weighted assets, depending on the firm's circumstances. The combination of additional capital requirements and higher charges will, in all probability, cause some negative impact on return on equity, the level of which will depend on individual operating models.

The requirements will possibly have a fundamental impact on business models and the shape of the business done by banks. Some commentators fear the potential to return to a regime similar to the one that operated a century ago in which there was limited competition (caused by crowding out of the smaller banks) and much less innovation in financial services.

Alongside the proposals for increased regulation in the areas of capital and liquidity is a debate around the degree of intensity of supervision that supervisors apply to institutions. Enhanced supervisory practices likely are expected to be a major focus of the BCBS in 2011. The choice of national regulators to prioritize the pressurizing banks to change their business models as a way to drive structural change or to enhance their supervisory efforts to ensure that economic failures are contained, likely are expected to have a huge impact on individual financial institutions.

Amidst all of the debate on the new proposals, it is worth noting that the fundamental approach introduced by Basel II for determining credit risk-weighted assets through internal models has not changed. As with Basel II, Basel III remains a 'risk-based' capital regime. Banks should therefore keep in mind that regulators will continue to focus on risk management and governance in underpinning a robust financial sector. Those that do not are likely to find themselves subject to even greater requirements and scrutiny.

One vexing aspect in the implementation of Basel III in the United States is the conflict with article 939A of the Dodd-Frank Act, which requires the Federal Reserve Board to review and remove references to credit ratings. Also in the picture is the requirement that banks' proprietary trading capital be reduced to a significant portion of the tier 1 capital.

Successful implementation and response must start early, and many institutions have already begun this process in light of the framework now agreed. However, it is very unlikely that Basel III will be the answer to all the problems. Institutions must therefore retain flexibility to accommodate years of fine tuning and future reforms.

A summary of qualitative impacts of the proposals

Impact on individual banks

Weaker banks crowded out
Under adverse economic conditions, with regulatory scrutiny ever more intensive, the weaker banks will likely find it more difficult to raise the required capital and, funding, leading to a reduction in different business models and, potentially, in competition.

Significant pressure on profitability and ROE
Increased capital requirements, increased cost of funding, and the need to reorganize and deal with regulatory reform will put pressure on margins and operating capacity. Investor returns will likely decrease at a time when firms need to encourage enhanced investment to rebuild and restore buffers.

Change in demand from short-term to long-term funding
The introduction of two liquidity ratios to address the short- and long-term nature of liquidity and funding will likely drive firms away from sourcing shorter-term funding arrangements and more towards longer-term funding arrangements with the consequent impact on the pricing and margins that are achievable.

Legal entity reorganization
Increased supervisory focus on proprietary trading, matched with the treatment of minority investments and investments in financial institutions, is likely to drive group reorganizations, including M&A and disposals of portfolios, entities, or parts of entities, where possible.

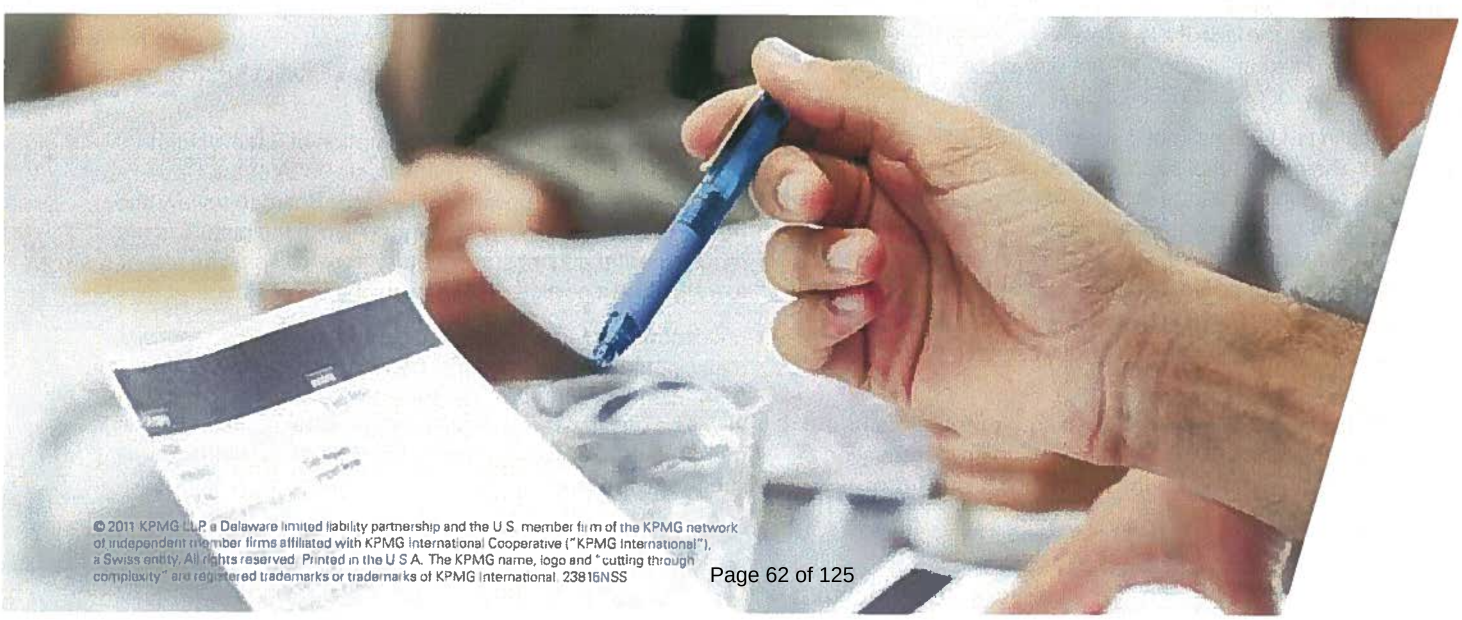
Impact on the financial system

Reduced risk of a systemic banking crisis
The enhanced capital and liquidity buffers, together with the focus on enhanced risk management standards and capability, should lead to reduced risk of individual bank failures and reduced interconnectivity between institutions.

Reduced lending capacity
Although the extended implementation time line is intended to mitigate the impact, significant increases to capital and liquidity requirements may lead to a reduction in the capacity for banking activity or, at the very least, a significant increase in the cost of provision of such lending.

Reduced investor appetite for bank debt and equity
Investors may be less attracted by bank debt or equity issuance given that dividends are likely to be reduced to allow firms to rebuild capital bases, ROE and profitability of organizations will likely decrease significantly, and some of the proposals on non-equity instruments (if implemented) could start to make debt instruments loss-absorbing prior to liquidation for the first time. This will become evident through investor sentiment in the cost of new capital issuance and the interbank lending rate.

Inconsistent implementation of the Basel III proposals leading to international arbitrage
If different jurisdictions implement Basel III in different ways, issues we saw under Basel I and Basel II with respect to international regulatory arbitrage may continue to disrupt the overall stability of the financial system.



Quantitative impacts of the proposals

The enhanced capital ratios prescribed by the BCBS relate to the ratio of a firm's eligible regulatory capital divided by a regulatory prescribed calculation of risk-weighted assets. As set out in the diagram below, all three parts of this have changed, putting more pressure on a firm's compliance with the ratio. The combination of tightening of requirements for inclusion in eligible capital with the increase in risk-weighted assets under the new rules has caused an increase in the capital ratio requirement.

As such, all elements of the capital ratio are affected by the Basel III framework.

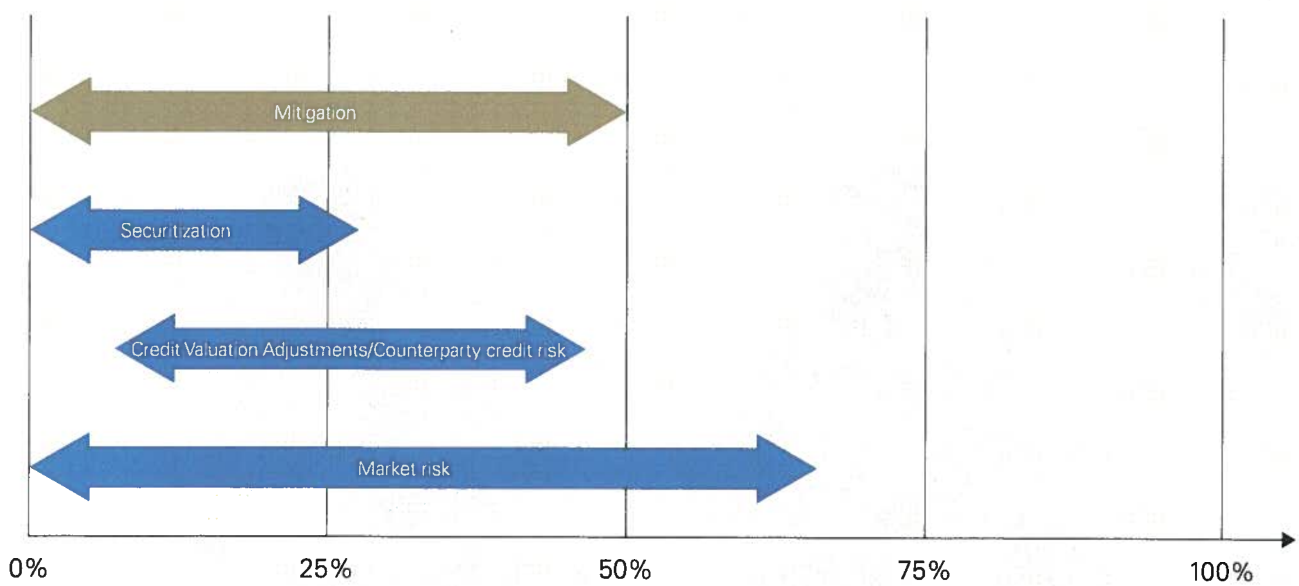
$$\text{Capital ratio} \uparrow = \frac{\text{Eligible capital} \downarrow}{\text{Risk–weighted assets} \uparrow}$$

While much is firm-specific, estimates of the impact on the eligible capital forecast as much as a 60 percent[1] reduction arising from the changes to the deductions from capital for items such as minority interests, investments in financial institutions, and deferred tax.

Managing the potential increase to the RWA figure in the denominator is also crucial to mitigating the impact of Basel III on a firm's portfolios. It is very difficult to estimate for each firm, but the diagram below shows the possible percentage range of increases to the RWA arising from three of the key capital changes in Basel III, together with some estimate of the percentage range of mitigation of the potential RWA increase that many believe might occur.[2]

In addition, firms face shortfalls in their long-term funding needs of up to 50 percent[3] as a result of the new Net Stable Funding Ratio (NSFR) liquidity proposals.[4]

Percentage range of potential increases to RWAs and the percentage range of possible mitigation to the RWA increases that might arise from key capital changes



[1] Range of estimates taken from various broker reports (Summer/Autumn 2010).
[2] Range of estimates taken from various broker reports (Summer/Autumn 2010).
[3] Range of estimates taken from various broker reports (Summer/Autumn 2010).
[4] N.B. The NSFR liquidity proposal is subject to revision as the Basel III proposals have been finalized.

Responses of banks to mitigate the impacts on capital ratio

Firms are hoping to be able to mitigate the impact on capital ratios through a variety of measures, including:

- **Improving the performance of existing assessment methodologies in internal ratings-based credit risk approach and internal models market risk approaches**

  The additional capital ratios in Basel III will likely amplify any inefficiency in existing internal modeling approaches to determining credit risk and market risk RWAs. Firms can therefore benefit from a thorough review of current methods and any associated conservatism, together with a review of the data, inputs, and systems that are used to populate such models.

- **Legal entity reorganization to optimize the impact of capital deductions**

  Changes to the treatment of minority interests and investments in financial institutions within the definition of capital may encourage firms to withdraw from certain entities, dispose of certain stakes, or buyout minority interest positions to optimize the capital calculation.

- **Active balance sheet management and hedging strategies**

  Pressure on bank capital has driven investment in active capital management and active portfolio management as banks review existing trades and consider how external protection, restructuring into other entities, or development of structured vehicles with investment from external third-party capital may help in minimizing or hedging counterparty and market risk exposure.

- **Redesign of business model and portfolio focus**

  Some types of business (particularly in the trading book) will likely see significant increases in RWAs and, therefore, capital. Firms will continue to review portfolio strategy and exit or reprice certain areas of the business that which become unattractive on a returns basis.

Basel III objectives and time lines

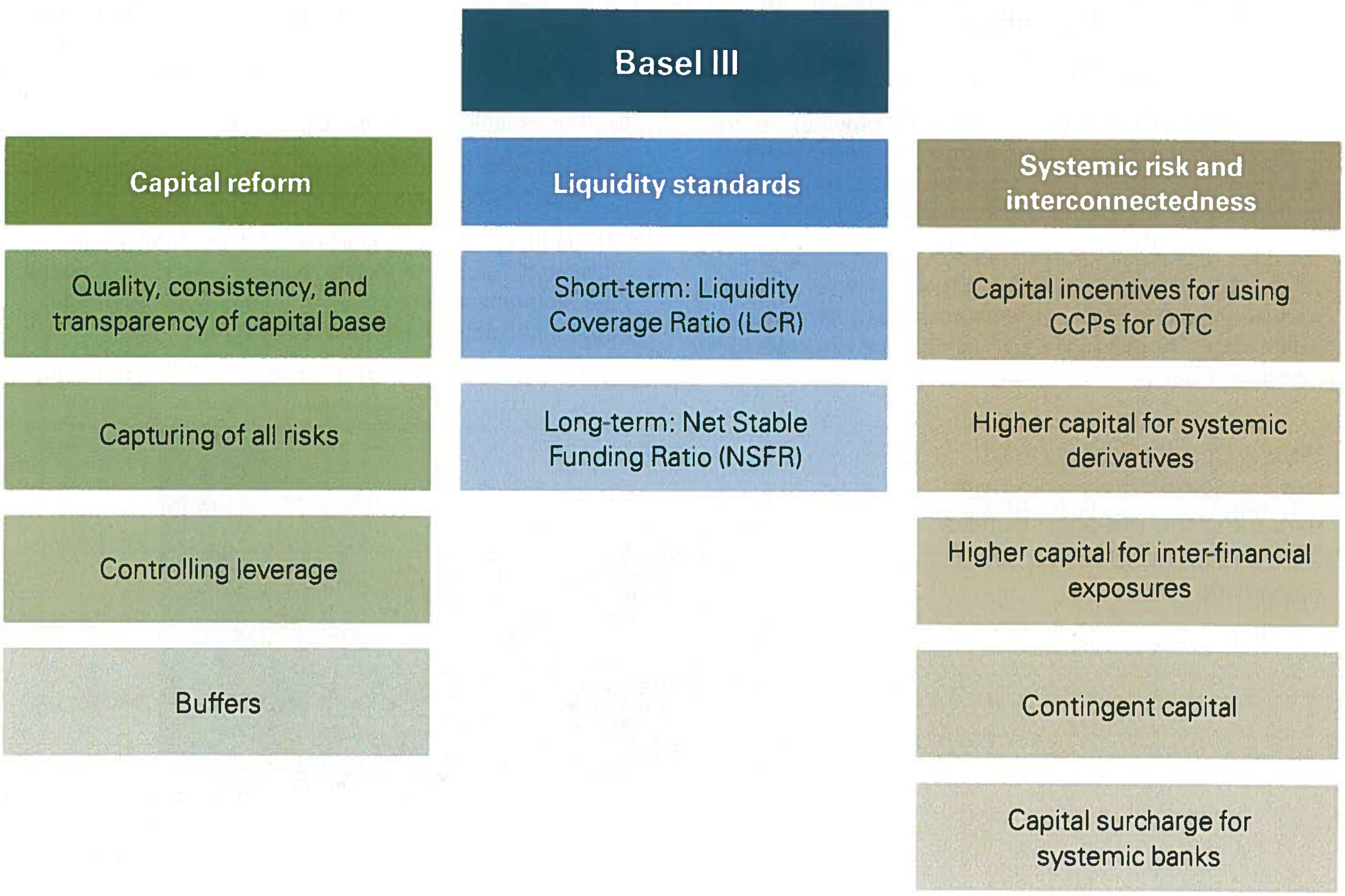
According to the BCBS, the Basel III proposals have two main objectives:

- To strengthen global capital and liquidity regulations with the goal of promoting a more resilient banking sector
- To improve the banking sector's ability to absorb shocks arising from financial and economic stress, which, in turn, would reduce the risk of a spillover from the financial sector to the real economy.

To achieve these objectives, the Basel III proposals are broken down into three parts on the basis of the main areas they address:

- Capital reform (including quality and quantity of capital, complete risk coverage, leverage ratio and the introduction of capital conservation buffers, and a counter-cyclical capital buffer)
- Liquidity reform (short-term and long-term ratios)
- Other elements relating to general improvements to the stability of the financial system.

Breakdown of the Basel III proposals



The Basel III proposals are incremental to the Basel 2.5 proposals published in July 2009 for which the FDIC and Federal Reserve Board have provided a joint notice of proposed rulemaking in January 2011. The Basel 2.5 proposals deal principally with the trading book and securitization positions.

The time line for agreement of the Basel 2.5 and Basel III proposals (see diagram below) has been extremely rapid compared with the agreement and implementation of the Basel II proposals over the period from 1999 to 2008.

Time line for agreement of the Basel 2.5 and Basel III proposals

July 2009	December 2009	July 16, 2010	July 26, 2010	August 18, 2010	September 12, 2010	2011?
• Enhancements to the Basel II framework • Revisions to the market risk framework • Guidelines for computing capital for incremental risk in the trading book	• Strengthening the resilience of the banking sector (capital proposals) • International framework for liquidity risk measurement standards and monitoring (liquidity proposals)	• Counter-cyclical capital proposal	• Capital and liquidity agreements with amendments	• Proposal to ensure the loss absorbency of regulatory capital at the point of non-viability	• Endorsement of the July 26 agreement "Group of governors and heads of supervision announces higher global minimum capital standards"	• **Finalization?**

Source: KPMG analysis of BCBS, date.

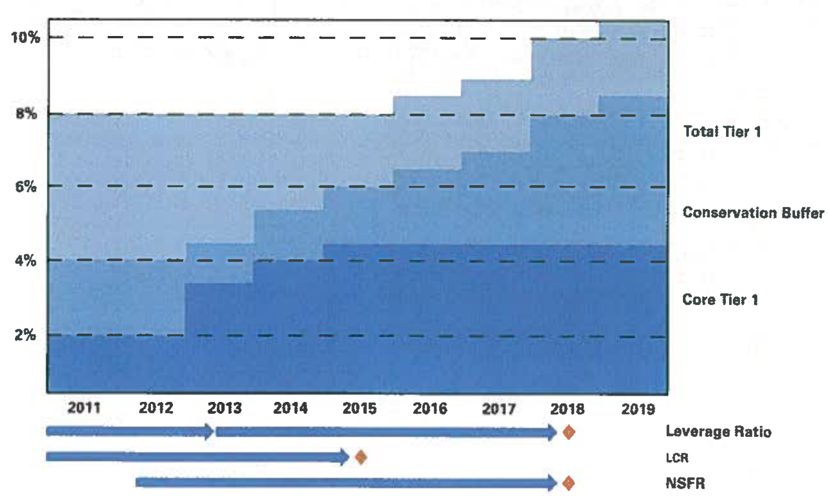
Many detailed elements of the Basel III package remain to be finalized in 2011, including the treatment of Credit Valuation Adjustments and SIFIs. The Basel III proposals will then need to be translated and implemented into national legislation.

The Basel III proposals are phased in over a period up to 2019, when full implementation will have been achieved, although many firms will need or seek to execute change at a much earlier stage. The phasing of each component part is set out in the diagram below.

NB – This excludes the implementation of:

- Any buffer for SIFIs. This might be 2–3 percent for domestic SIFIs and 5 percent or more for global SIFIs.
- The counter-cyclical capital buffer, which is still being designed. This is intended to require banks to raise capital requirements in the build-up to a credit boom as a buffer against the outcome of the credit boom.

Phased implementation of the key Basel III components, excluding the possible buffers for SIFIs and counter-cyclical elements



Summary of the major Basel III recommendations and implications

The proposals are structured around the following areas, which we address in the series of tables below, highlighting the key changes and implications:

1. Increased quality of capital
2. Increased quantity of capital
3. Reduced leverage through introduction of backstop leverage ratio
4. Increased short-term liquidity coverage
5. Increased stable long-term balance sheet funding
6. Strengthened risk capture, notably counterparty risk

In the medium term, most firms will be capital and liquidity constrained and so will need to focus on capital management, product and business pricing, capital inefficiencies that remain from Basel II, and the structure of their liabilities. Given the rise in minimum capital ratios under Basel III, previous inefficiencies are amplified, and firms will need to address this issue. There is a greater incentive to move to the AIRB approach for credit risk, for example, as it would allow a more refined approach to calculating credit risk. Firms are also improving capital planning through aligning economic capital mechanisms with regulatory approaches.

Regulatory objective – (1) Increased quality of capital

Basel III contains various measures aimed at improving the quality of capital, with the ultimate aim to improve loss-absorption capacity in both going concern and liquidation scenarios.

Description of the key changes	Implications
• Common equity and retained earnings should be the predominant component of Tier 1 capital instead of debt-like instruments, well above the current 50 percent rule.	• BCBS measures are already discounted by markets, so banks are likely to clean up their balance sheets as soon as possible.
• Harmonized and simplified requirements for Tier 2 capital with explicit target for Tier 2 capital.	• Likely to see raising of significant capital by banks, along with retention of profits and reduced dividends.
• Full deduction for capital components with little loss-absorption capacity such as minority interests, holdings in other financial institutions, Deferred Tax Assets.	• National regulators will have less flexibility to allow capital instruments to be included in Tier 1 or Tier 2 capital.
• Gradual phase-out of hybrid Tier 1 components, including many of the step-up/innovative/SPV–issued Tier 1 instruments used by banks over the past decade.	• Systemically important banks (and, potentially, all banks) may be allowed to issue contingent convertibles to meet additional capital requirements.

Regulatory objective – (2) Increased quantity of capital

Basel III contains various measures aimed at increasing the level of capital held by institutions, as well as providing counter-cyclical mechanisms.

Description of the key changes	Implications
Minimum common equity Tier 1: • Increased from 2.0 percent to 4.5 percent • Plus capital conservation buffer of 2.5 percent • Bringing total common equity requirements to 7.0 percent • To be phased in from 2013 to 2019 Minimum total capital: • Increased from 8.0 percent to 10.5 percent (including conservation buffer) • To be phased in from 2013 to 2019 Counter-cyclical capital buffer is being developed, which is expected to be implemented by increases to the capital conservation buffer during periods of excessive credit growth.	• Banks will face a significant additional capital requirement, and the bulk of this shortfall will need to be raised as common equity or otherwise by retaining dividends. • In principle, banks will be able to draw on the capital conservation buffer during periods of stress, but it seems unlikely that they would choose to do so, given the associated constraints on their earnings distributions. • Consequently, banks are likely to target a higher common equity ratio and the market expectation for common equity Tier 1 appears to be moving to approximately 9 percent • There is likely to be further add-ons for Pillar 2 risks, systemically important firms, and the counter-cyclical capital buffer, so banks may target a total capital ratio of 13–15 percent.

Regulatory objective – (3) Reduced leverage through introduction of backstop leverage ratio

The leverage ratio acts as a non-risk sensitive backstop measure to reduce the risk of a build-up of excessive leverage in the institution and in the financial system as a whole. The leverage ratio remains controversial, and there remains ambiguity about certain aspects of the exact mechanics.

Description of the key changes

- The leverage limit is set as 3 percent, i.e. **a bank's total assets (including both on- and off-balance-sheet assets) should not be more than 33 times bank capital.**
- In 2011, reporting templates will be developed. In 2013, regulators will start monitoring leverage ratio data, and the ratio will be effective from January 2018.
- The ratio is introduced to supplement the risk-based measures of regulatory capital.
- The leverage ratio is implemented on a gross and unweighted basis, not taking into account the risks related to the assets.

Implications

- The introduction of the leverage ratio could lead to reduced lending and is a clear incentive to banks to strengthen their capital position, although it remains to be seen whether the ratio will bite for individual firms.
- The non-risk-adjusted measure could incentivize banks to focus on higher-risk/higher-return lending.
- Pressure arises on banks to sell low margin assets (e.g., mortgages), which could drive down prices on these assets.
- Banks may be required by the market and the rating agencies to maintain a higher leverage ratio than required by the regulator.

Regulatory objective – (4) Increased short term liquidity coverage

The regulatory response to the financial crisis has seen a long overdue rebalancing towards the importance of liquidity risk management and to complement its "Principles for Sound Liquidity Risk Management and Supervision", the Basel Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity:

Description of the key changes

- The 30-day Liquidity Coverage Ratio (LCR) is intended to promote short-term resilience to potential liquidity disruptions. The LCR will help ensure that global banks have sufficient high-quality liquid assets to withstand a stressed funding scenario specified by supervisors.
- For the LCR, the stock of high-quality liquid assets is compared with expected cash outflows over a 30-day stress scenario. The expected cash outflows are to be covered by sufficiently liquid, high-quality assets.
- Assets get a 'liquidity'– based weighting varying from 100 percent for government bonds and cash to weightings of 0 percent – 50 percent for corporate bonds.

Implications

- The Risk of impact from a bankrun should be reduced, which would improve the overall stability of the financial sector.
- The introduction of the LCR will require banks to hold significantly more liquid, low-yielding assets to meet the LCR, which will have a negative impact on profitability.
- Banks will change their funding profile, which will lead to more demand for longer-term funding. This funding may not be available from institutional investors that generally seek to reduce their holdings in the financial sector.
- Interpretation of 'right' run-off rates by national regulators may cause level-playing field discussions.

Regulatory objective – (5) Increased stable long-term balance sheet funding

The Net Stable Funding Ratio (NSFR) is designed to encourage and incentivize banks to use stable sources to fund their activities to reduce the dependency on short-term wholesale funding.

Description of the key changes	Implications
• The NSFR compares available funding sources with funding needs resulting from the assets on the B/S. • Available stable funding > required stable funding. • Required and available funding amounts are determined using weighing factors, reflecting the "stability" of the funding available and the duration of the asset. • The weighing factors for assets vary from 0 percent and 5 percent for cash and government bonds, respectively to, 65 percent for mortgages, 85 percent for retail loans, and 100 percent for other assets. • For determining stable funding available for liabilities, the weighing factors vary from 100 percent for Tier 1 capital to 90 percent for core retail deposits and 50 percent for unsecured wholesale funding. ECB funding is weighed at 0 percent.	• The NSFR incentivizes banks to reduce their reliance on short-term wholesale funding and increase stability of the funding mix. • Banks will need to increase the proportion of wholesale and corporate deposits with maturities greater than one year, but currently, the appetite for term debt is limited. • For most banks, it will be difficult to increase the proportion of wholesale deposits with maturities greater than one year (limited market demand), which is likely to lead to higher funding costs. • Managing the NSFR by altering the asset mix will likely result in an increase in the proportion of short-term assets, reducing yield. • Stronger banks with a higher NSFR will be able to influence market pricing of assets. Weaker banks will see their competitiveness reduced, which will potentially decrease the level of competition.

Regulatory objective – (6) Strengthed risk capture, notably counterparty risk

The BCBS seeks to ensure full coverage of risks in the Pillar 1 framework, increasing the capital requirements against risks not adequately captured in the Basel II framework. Significant increases for trading book and securitization positions have already been introduced in Basel 2.5 proposals (July 2009). The Basel III proposals primarily modify the treatment of exposures to financial institutions and the counterparty risk on derivative exposures and will be effective from January 1, 2013.

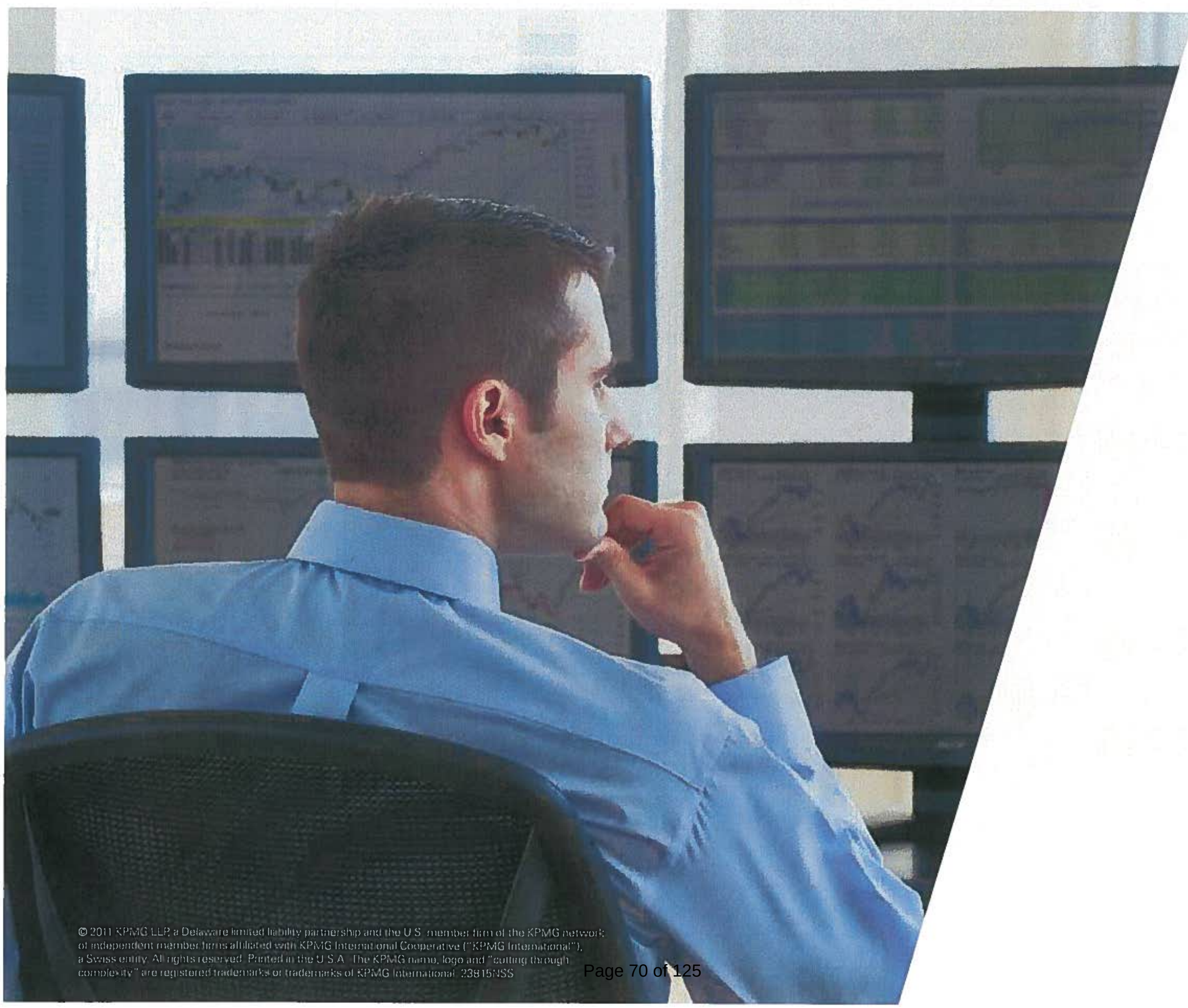
Description of the key changes	Implications
• Calibration of counterparty credit risk modelling approaches such as Internal Model Methods (IMM) to stressed periods • Increased correlation for certain financial institutions in the IRB formula to reflect experience of the recent crisis, new capital charges for Credit Valuation Adjustments, and wrong-way risk • "Carrot and stick" approach to encouraging use of central counterparties (CCPs) for standardized derivatives • Improved counterparty risk management standards in the areas of collateral management and stress-testing	• Still a degree of uncertainty over the final capital impact as Credit Valuation Adjustments charge is being revised to reflect significant industry criticism. • Controls and quality of the CCPs' risk management is critical as risk is focused on central bodies. • Reduce level of intra-financial sector business arising from increased capital charges intra-sector. • Costs of dealing with financial counterparties need to be priced into the business, leading to a review of the business model.

Remaining questions

The G20 endorsement of the Basel III framework is by no means the end of the story. Many items and details within the proposals are not yet finalized and may not be for some time to come. These include:

- Identifying, defining, and treating "systemically important" firms (expected in 2011)
- Capital charge to deal with Credit Valuation Adjustments (CVAs)
- Agreeing a framework for forward-looking provisioning to limit the build-up in credit growth through under-pricing of future risk
- Eligibility of non-common equity Tier 1 and Tier 2 instruments
- Developing the counter-cyclical capital buffer concept for individual firms
- Revising the Net Stable Funding Ratio (NSFR) for long-term liquidity following significant criticism of its design and financial impact on institutional funding.

There are additional unresolved issues involving the interaction between Basel III and other regulatory reform proposals, including the Dodd-Frank Act and the Volcker rules.



Actions to consider

Actions to consider in respect of capital management	
	• Carry out appropriate scenario planning and impact assessments to ensure the development of a successful capital strategy • Identify which businesses have most attractive fundamentals under Basel III and which businesses in the firm's portfolio should be considered for exiting, growing, or diverting • Ensure managers have adequate incentive to optimize use of capital • Apply consistent, quantified capital objectives throughout the group • Identify the changes needed to fine-tune/lower capital consumption • Ensure the firm is geared up to deliver measurement and management of capital position and requirements on a sufficiently timely basis • Consider how to address the pricing implications arising from changes in the capital requirements for certain products • Review whether the same business models can continue under a different structure, minimizing capital penalties (e.g., branch versus subsidiary) • Prepare to be able to meet accelerated implementation time scales if required
Actions to consider in respect of liquidity management	• Ensure an understanding of current liquidity position in sufficient detail and possession of knowledge of where the stress points are • Ensure management has adequate incentive to optimize use of capital • Consider the impact of new liquidity rules on profitability and whether it has been factored into key business processes and pricing • Check that liquidity planning, governance, and modeling are in line with leading industry practice • Determine an appropriate series of liquidity stress tests and how these will change over time • Gain awareness of the likely implementation timetable for different elements of the global and national frameworks being proposed • Assess the firm's liquidity strategy in light of the existing legal and regulatory structure of the organization and identify whether the systems, data, and management reporting are adequate to meet the requirements
Actions to consider in respect of general capital planning	• Ensure that businesses are correctly charged for the capital costs of the business that they are doing • Ensure that Basel III capital implications are taken into account for new business and consider how existing long-dated business can be revisited • Examine how non-core businesses, insurance subsidiaries, and other financial institutions can be sold or restructured • Consider the introduction of external capital into specialist structure models to mitigate the capital impacts arising • Focus on Basel II implications as well as Basel III given that Basel III amplifies any increases in RWAs arising from Basel II • Examine the performance of existing assessment methodologies (e.g., IRB models) • Review existing data quality – Are the benefits from collateral information or improved re-rating of obligors due to inappropriate processes missing?

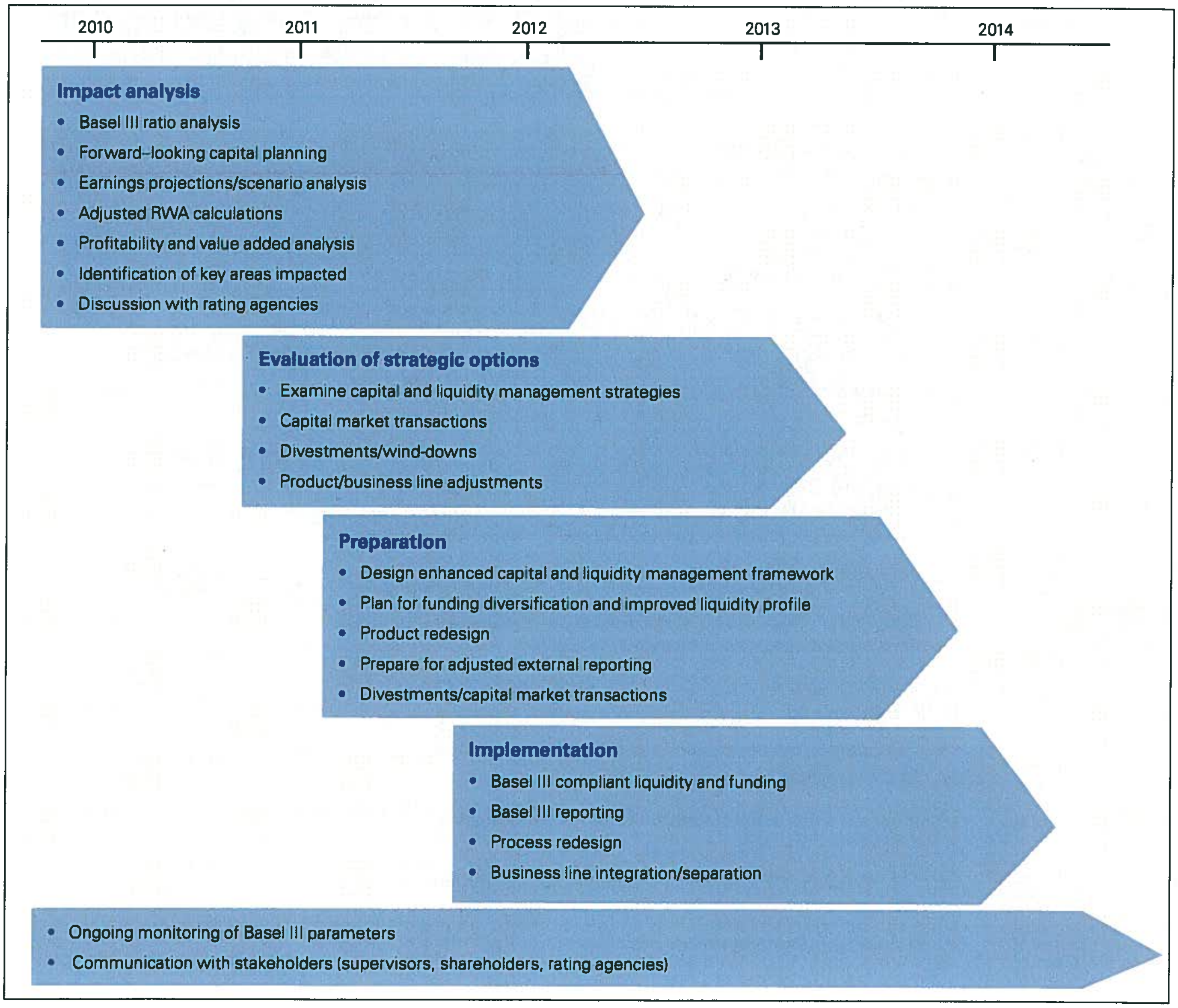
What does the transformation roadmap look like?

Firms that wish to succeed in a post-Basel III environment should have started to consider the implications of Basel III already. The time line below shows a possible roadmap for consideration.

Despite a lack of absolute clarity, it would be prudent if an attempt is made as soon as possible to understand the impact of the framework. The Basel II experience proved that early impact analyses, evaluation of strategic options, and a robust planning and preparation phase are all crucial to success. Firms must remain flexible to adapt to subsequent changes and developments.

We illustrate below a range of recommended time lines for undertaking and evaluating each phase, depending on the current position of the firm.

Possible phased Basel III implementation roadmap



From KPMG's experience of delivering regulatory change programs, including Basel II implementation, a core program implementation team and the qualities of the Basel III programs director should include:

Key project team	Key program director skills
• COO • Finance function representative, including CFO • Group risk, including CRO • Regulatory risk/compliance • Regulatory reporting • Group legal • Capital management • IT • Treasury • Core impacted business functions	• Good understanding of bank's operations • Strong links into risk, finance, and risk mitigation into areas such as product design, marketing, capital planning, and treasury • Ability to coordinate multiple mini-project elements rather than the need to design and implement new core IT systems • Understanding of broader regulatory framework • Strong sponsorship from C-level suite to drive necessary changes

How KPMG can help

We have at our service some of the foremost and most experienced advisors in the area of risk, capital, and liquidity management. Our risk and compliance specialists bring with them diverse backgrounds in industry, regulatory, consultancy government, and academia. We have undertaken major engagements for financial sector clients of all sizes and varieties across a spectrum of risk-related issues, including:

- Impact analysis
- Model development and validation
- Capital and portfolio management
- Liquidity planning
- Governance, processes, and frameworks
- Valuations
- Stress-testing.

More widely, our corporate finance and transaction services specialists support clients in capital raising and divestiture of non-core businesses and portfolios, while our accounting advisory and restructuring teams help them deal with complex legal entity rationalization and approaches towards provisioning.

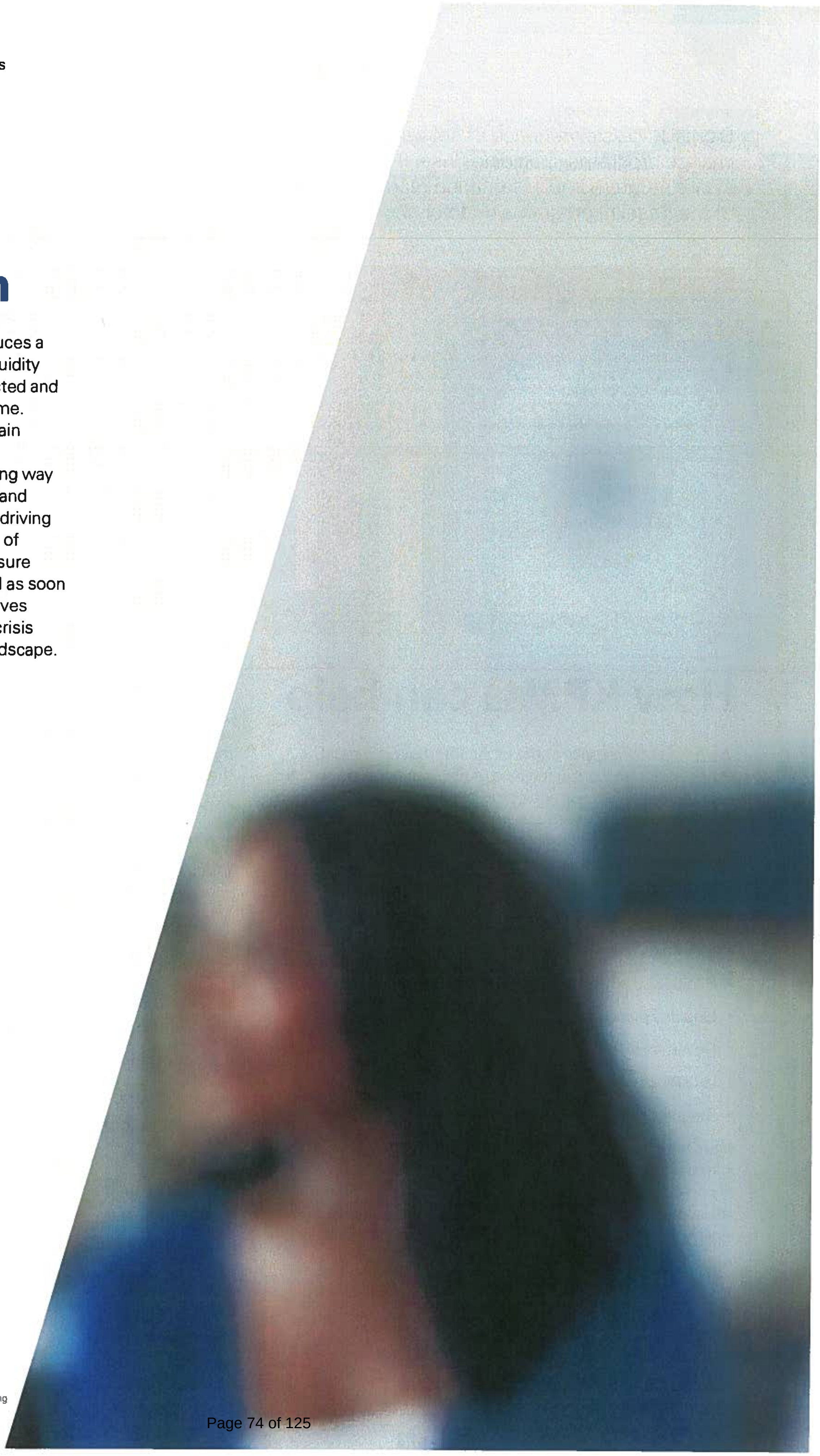
Our integrated approach is aimed at providing a tailored, multidimensional service for our clients that meets their specific needs.

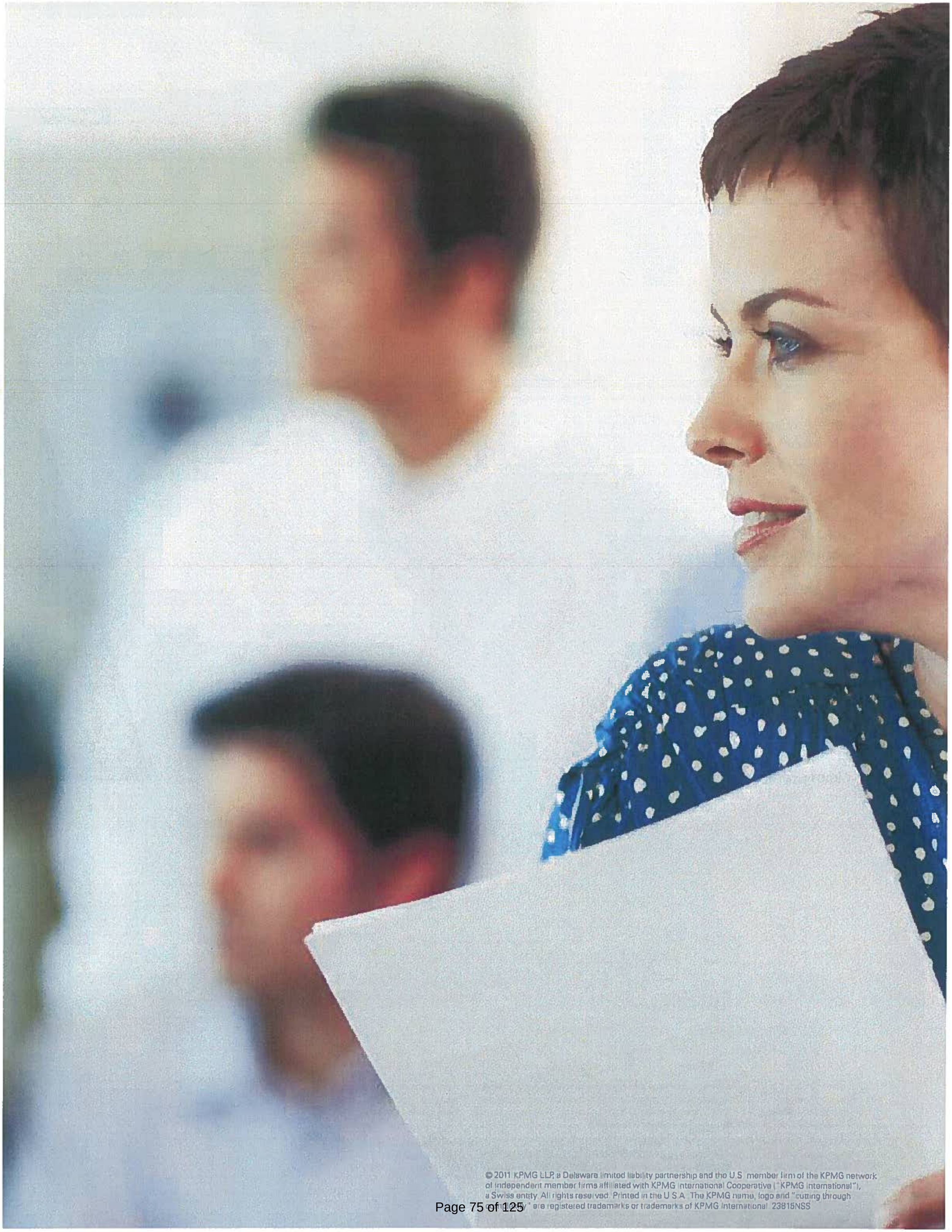
In general, KPMG's role as a facilitator in the implementation of the Basel III framework could include (but is not restricted to):

- **Documentation, including policies and procedures**
- **Migration management**
  - Incremental changes for additional regulatory requirements
  - Gap analysis
- **Capital attribution**
  - Attribution of risk capital to business units and risk centers
  - Determining trading diversification benefits
- **Capital calculations**
  - Market and credit risk capital for both Basel II and Basel III
- **Model validation**
  - Validation of clients' internal models for market risk
  - Testing inputs, theory, backtesting, testing of hypothetical portfolios
- **Data aggregation**
  - Incorporating relevant information from various systems into proper formats
  - Migration from manual Excel® format to more reliable systems

Conclusion

The Basel III framework introduces a paradigm shift in capital and liquidity standards, which was constructed and agreed to in relatively record time. Many elements, however, remain unfinished, and even the final implementation date looks a long way off. However, market pressure and competitor pressure is already driving considerable change at a range of organizations. Firms should ensure they are engaging with Basel III as soon as possible to position themselves competitively in the new post-crisis financial risk and regulatory landscape.





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Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Award RFP No. 2016-09 to Aquascapes for the Construction of a Splash Pad adjacent to the Existing Splash Pad at the Depot Park, in the Amount of $44,050.00

Background:

Staff requested proposals for a design build project of the expansion of the splash pad at the Depot. The splash pad is to be located adjacent to the existing splash pad and be a constructed with the same materials and dimensions as the existing pad. Two proposals were submitted and reviewed. Aquascapes submitted the recommended proposal because of the plan and cost proposal submitted. Aquascapes also constructed the existing pad and is most familiar with the existing systems and equipment. Staff recommends award to Aquascapes in the amount of $44,050.

Origination:

PW

Recommendation:

Award proposal to Aquascapes in the amount of $44,050

Funding: Yes

Account Number: 100-153-6409

Party(ies) responsible for placing this item on agenda:

David Esquivel

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Bid Tabulation

Cost proposal

RFP 2016-09

Option A&B - Aquascapes

Bid Number 2016-09 - Depot Plaza Splash pad Expansion

Bid Tabulation

Fun Abounds		
Option A	**Option B**	**Plan & Schedule**
$ 69,099.10	Not Submitted	80 day from notice to proceed, layout submitted
Aquascapes Pools and Spas		
Option A	**Option B**	**Plan & Schedule**
$ 44,050.00	$ 99,386.00	45 day from notice to proceed, layout submitted

Aquascapes LLC

P.O.

www.wegetyouwet.com

25310 FM 2978
Tomball, Texas
Phone: (281) 351-1800
Fax: (281) 751-7388

DATE:	12/29/2015
INVOICE #	PO
Customer ID	

BILL TO
City of Tomball

DESCRIPTION	ITEM	AMOUNT
Option A Leave fountain as is and add splaspad to the north side of existing splash pad - all plumbing and electrical w/ controls This splashpad will have lighted jets	1	44,050.00
Option B Demo fountain and move to northwest of existing splashpad Add splashpad as noted, all plumbing, electrical and controls This splashpad will have lighted jets	1	99,386.00
Completion to be within 45 Working Days of Commencement		

Subtotal	
Taxable	$ -
Tax rate	8.250%
Tax due	$ -
down payment	
TOTAL Due	**$ -**

OTHER COMMENTS

Make all checks payable to
Aquascapes Pools LLC

If you have any questions about this invoice, please contact
Sheryl , (281) 351-1800, sheryl@myhoustonpoolbuilder.com

Thank You For Your Business!

of each play element and optional electric control valves when sequencing or zoning water play activities.

c. Activation paid is a touch sensor device that allows patrons to turn on the water spray features. The activation pad is operated through the control panel and only operates during set hours of operation.

10.) The contractor will test the system for proper operation.
11.) The contractor will provide instructions on the proper operation of the new system.
12.) The contractor will provide the City staff with a list of all materials and products used for this
13.) The contractor will provide two (2) sets of operations and maintenance manuals with drawings of the installed splash pad.

Insurance Requirements:

1.) Prior to the execution of the contract, the successful offeror must obtain, at its own cost and expense, and keep in full force and effect until termination/ completion of the contract, General Liability Insurance with Workmen's Compensation. Limits are as follows:
   a. General Liability – project value or $400,000, whichever is greater
   b. Workmen's Compensation - $300,000
2.) The coverage will be evidenced by a certificate of insurance issued directly to the City by the offeror's agent, and provide sixty (60) calendar days written notice to the City of cancellation or material change in coverage. All liability policies shall name the City of Tomball as a certificate holder.

Bonds:

1.) Once the Notice to Proceed has been issued by the City, the contractor shall submit a Performance Bond for 100% of the total construction cost.
2.) A one (1) year maintenance bond will be required effective from completion/acceptance of the project.

Information Required in Contractors Proposal:

1.) Each contractor must submit three (3) originals of its proposal. The proposal must be accompanied by a brief transmittal letter.
2.) Each contract must submit a construction schedule detailing the timeframe for the work being completed.
3.) Design schematics for options A & B. Schematics will clearly show all design features and connection to existing splash pad.
4.) Cost proposal for options A & B.

City of Tomball

Gretchen Fagan
Mayor

George Shackelford
City Manager

City of Tomball RFP Number 2016 - 09
Request for Proposal (RFP) for Depot Plaza Splash Pad Expansion

Responses due by December 29, 2015, No Later Than 2:00 pm

Project Background:

This Request for Proposal is for the design-build and installation of a water splash pad with ground spray water features with a fresh water system to include all utility work in Depot Plaza with two options. The City of Tomball desires to expand the current recreational activities at the Depot Plaza with the addition of a second splash pad which will increase the availability and capacity for safe outdoor water recreation from late Spring until early Fall.

This RFP invites companies to submit proposals for two (2) options:

- Option A: Complete assembly of a new splash pad to the North of the existing splash pad mirroring the layout and spray features
- Option B: Elimination of current pool around existing Oil Derrick water feature, relocation of Oil Derrick water feature with stand and catch basin with pump; replacement with mirrored splash pad and spray features (see attached maps)

Scope of Work:

The Contractor shall:

1.) The contractor will design- build and install a water feature of similar size to the current splash pad to include sprays and all appurtenances to operate the system in the Depot Plaza.
2.) The contractor will furnish all labor and materials.
3.) All work is to be completed within 60 calendar days from the Notice to Proceed.
4.) The contractor will construct a textured concrete pad with color additive the same as the existing splash pad.
5.) All parts shall be adequately coated to resist rust and guard against degradation from UV exposure.
6.) Instillation of activation sensor to be located at or near the splash pad similar to existing.
7.) Drain will connect to gravity sewer main.
8.) Contractor shall incorporate "dedication bricks" in the brick layout connecting the two splash pads; dedication bricks provided by the City (see attached drawing for location).
9.) City water systems are to be housed in the above ground enclosure where the equipment of the existing splash pad is located. Equipment systems consist of the following components:
    - **a.** The control panel is used for on/off operation of water play activities and central power distribution. Panels are programmable, allowing for set hours of operation, set duration for spray/stream jet activities, and desire zoning or sequencing of spray features.
    - **b.** The water distribution manifold is pre-plumbed water delivery systems that feature pump skid to water play activities. Manifolds consist of manual flow control valves to regulate flow

City of Tomball
Public Works
November 23, 2015

Description: *Proposed Splash Pad Expansion*
Option A

Evaluation and Selection Criteria:

1.) Responsiveness: The City of Tomball will evaluate each proposal from the information at hand against the criteria established herein to determine if the proposal is responsive according to the solicitation requirements. Questions of a clarifying nature may be asked from bidders as needed. Proposals lacking any of the submission criteria may be determined non-responsive and may be removed from consideration.

2.) The following related criteria will be used to evaluate the bidders considered for selection:
   a. (40 points) Design Concept
   b. (60 points) Cost proposal and construction schedule

Schedule:

The following schedule is anticipated for this project:

RFP Issued	November 30, 2015
Proposals Due	December 29, 2015
Review and Selection	January 8, 2016
Anticipated Contract Approval by City Council	January 18, 2016
Project Commencement	February 1, 2016
Project Completion	March 31, 2016

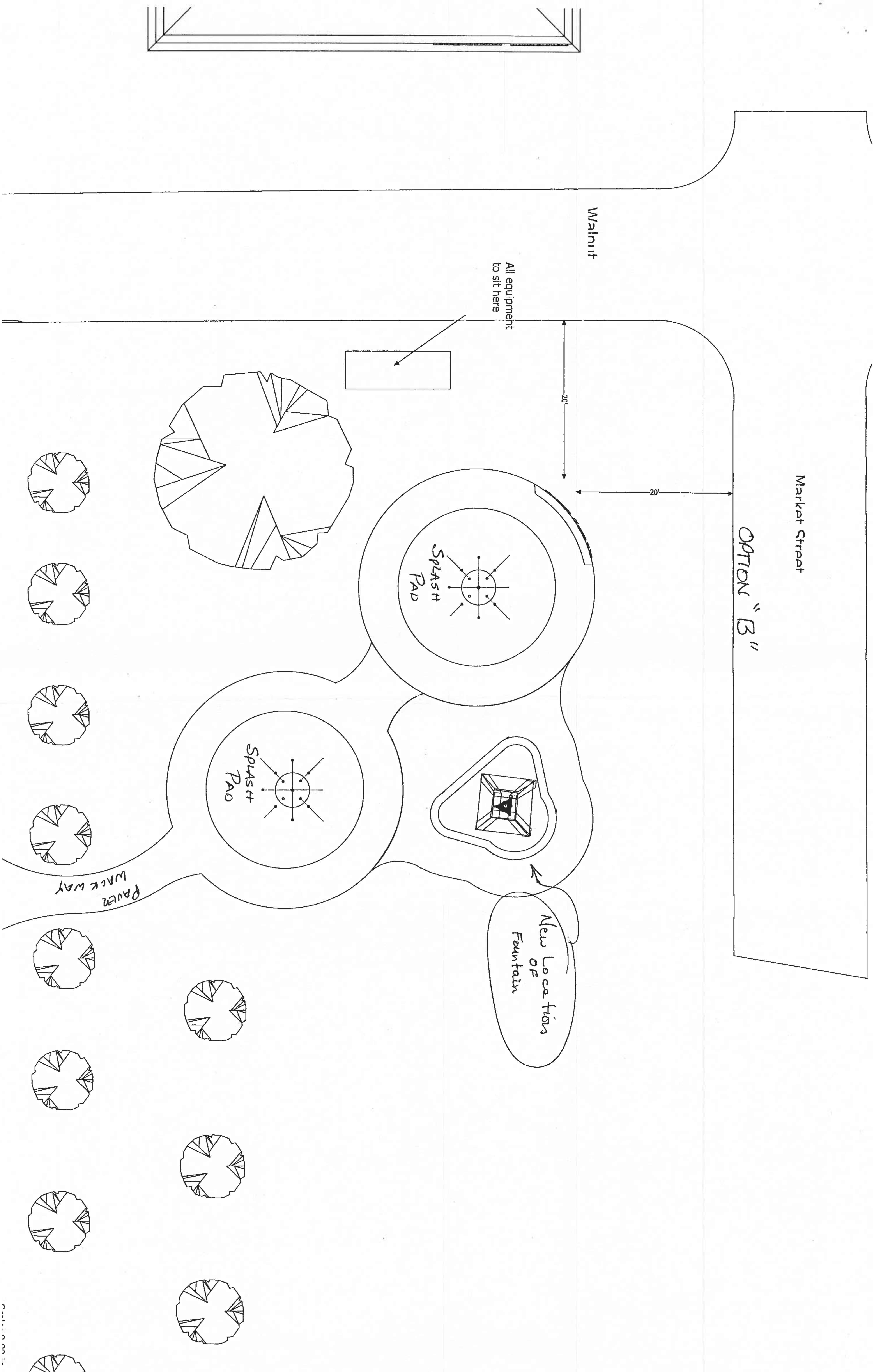
Not to Scale

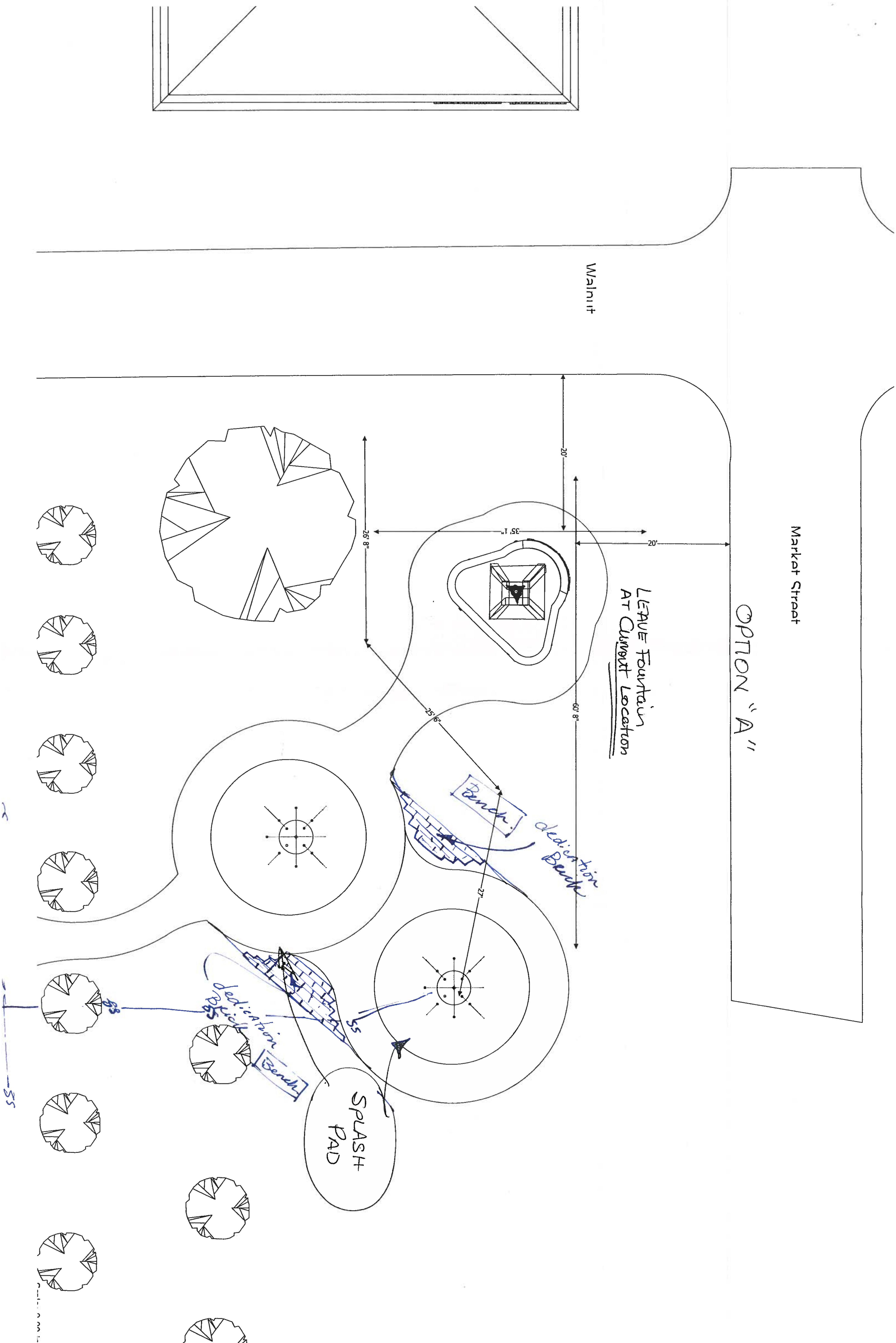
City of Tomball
Public Works
November 23, 201

Description: *Proposed Splash Pad Expansion*
Option B


STOP


DEPOT PLAZA


Walnut
All equipment to sit here
20'
20'
Market Street
OPTION "B"
SPLASH PAD
SPLASH PAD
PAVED WALK WAY
New Location of Fountain


Walnut
Market Street
OPTION "A"
LEAVE Fountain AT Current Location
20'
35' 1"
20'
26' 8"
60' 8"
25' 6"
27'
Bench
dedication Bench
dedication Brick
Bench
55
SPLASH PAD

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Award Contract for Project Number 2016-06, Sludge Hauling & Disposal – Belt Press & 30 Yard Roll-Off to K3 BMI

Background:

Staff sought and received bids for sludge hauling and disposal – belt press & 30 yard roll off; bid packets were available for pickup at the Public Works Administration Building or could be electronically delivered by request.

A total of seven vendors received information on the bid specifications and three qualified bids were received. The bid prices submitted have a difference between all three bidders of $0.0036. The City has previous experience and first-hand knowledge of the equipment capabilities of one of the bidders.

Since there is little to no difference between the bids prices, staff recommends award of the bid to K3 BMI at $0.04 per gallon for sludge hauling and disposal using the belt press during normal business hours and $475.00 per exchange for the 30 yard roll off box to be supplied by the vendor. The total projected annual cost for the service is $47,000.

Origination:

Public Works Department

Recommendation:

Staff recommends awarding contract for Bid Number 2016-06 for Sludge Hauling & Disposal – Belt Press and 30 yard roll off to K3 BMI

Funding: Yes

Account Number: 600-614-6329

Party(ies) responsible for placing this item on agenda:

Meagan Mageo

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Bid Tabulation

Bid Number 2016-06 - Sludge Hauling & Disposal - Belt Press & 30 yard Roll Off

Bid Tabulation

Solids Recovery Services, Inc

Addendum No 1 Acknowledged	Service	Cost per Gallon
YES	Cost per Gallon for sludge hauling & disposal during normal business hours for pressed sludge cake, including haul, disposal & other cost (trip charge, service call, mileage, etc.)	$0.0389/ gallon
	Price per 30 yard roll off to be supplied by vendor to each treatment plant (cost includes exchange, trip charge, service call, mileage, etc.)	$469.75/ exchange

Sprint Waste Services, LP

Addendum No 1 Acknowledged	Service	Cost per Gallon
YES	Cost per Gallon for sludge hauling & disposal during normal business hours for pressed sludge cake, including haul, disposal & other cost (trip charge, service call, mileage, etc.)	$0.04/ gallon
	Price per 30 yard roll off to be supplied by vendor to each treatment plant (cost includes exchange, trip charge, service call, mileage, etc.)	$475.00/exchange

K3 BMI

Addendum No 1 Acknowledged	Service	Cost per Gallon
YES	Cost per Gallon for sludge hauling & disposal during normal business hours for pressed sludge cake, including haul, disposal & other cost (trip charge, service call, mileage, etc.)	$0.0425/ gallon
	Price per 30 yard roll off to be supplied by vendor to each treatment plant (cost includes exchange, trip charge, service call, mileage, etc.)	$475/ exchange

Central Waste & Recycling

Addendum No 1 Acknowledged	Service	Cost per Gallon
YES	Cost per Gallon for sludge hauling & disposal during normal business hours for pressed sludge cake, including haul, disposal & other cost (trip charge, service call, mileage, etc.)	$29.75/ ton $5.85/ gallon
	Price per 30 yard roll off to be supplied by vendor to each treatment plant (cost includes exchange, trip charge, service call, mileage, etc.)	N/A

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Authorize the City Manager to Execute an Engineering Services Agreement with Freese & Nichols to Conduct a Critical Needs Assessment of the Wastewater Treatment Plants and Prepare and Submit an Application for a Certificate of Convenience and Necessity (CCN) for the Establishment of the Water and Sewer Service Areas

Background:

Freese & Nichols is the engineering firm chosen to perform the critical needs assessment as well as to submit the application for the establishment of the city's water and sewer service areas extending into the ETJ. The needs assessment will also include a detailed evaluation of multiple alternatives to address the items that the assessment will reveal. The contract fee for these services is a lump sum fee of $130,360. The budgeted amount for this item is $110,000. The overage amount is mainly attributed to providing an in depth evaluation of the alternatives identified. The overage amount will be balanced with other budgeted projects.

Origination:

Public Works

Recommendation:

Approval

Funding: Yes

Account Number: 600-614-6361

Party(ies) responsible for placing this item on agenda:

David Esquivel

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

contract

AGREEMENT FOR PROFESSIONAL SERVICES

STATE OF TEXAS §

COUNTY OF HARRIS §

This AGREEMENT is entered into by City of Tomball, hereinafter called "OWNER" and Freese and Nichols, Inc., hereinafter called "FNI." In consideration of the AGREEMENTS herein, the parties agree as follows:

I. **EMPLOYMENT OF FNI:** In accordance with the terms of this AGREEMENT: OWNER agrees to employ FNI; FNI agrees to perform professional services in connection with the Project; OWNER agrees to pay to FNI compensation. The Project is described as follows: **Critical Needs Assessment of North and South WWTPs and CCN Application for Water and Sewer Use.**

II. **SCOPE OF SERVICES:** FNI shall render professional services in connection with Project as set forth in Attachment SC - Scope of Services and Responsibilities of OWNER which is attached to and made a part of this AGREEMENT.

III. **COMPENSATION:** OWNER agrees to pay FNI for all professional services rendered under this AGREEMENT in accordance with Attachment CO - Compensation which is attached hereto and made a part of this AGREEMENT. FNI shall perform professional services as outlined in the "Scope of Services" for a lump sum fee of $130,360. Details concerning the fee are included in Attachment CO.

If FNI's services are delayed or suspended by OWNER, or if FNI's services are extended for more than 60 days through no fault of FNI, FNI shall be entitled to equitable adjustment of rates and amounts of compensation to reflect reasonable costs incurred by FNI in connection with such delay or suspension and reactivation and the fact that the time for performance under this AGREEMENT has been revised.

IV. **TERMS AND CONDITIONS OF AGREEMENT:** The Terms and Conditions of Agreement as set forth as Attachment TC shall govern the relationship between the OWNER and FNI.

Nothing under this AGREEMENT shall be construed to give any rights or benefits in this AGREEMENT to anyone other than OWNER and FNI, and all duties and responsibilities undertaken pursuant to this AGREEMENT will be for the sole and exclusive benefit of OWNER and FNI and not for the benefit of any other party.

This AGREEMENT constitutes the entire AGREEMENT between OWNER and FNI and supersedes all prior written or oral understandings.

This contract is executed in two counterparts.
IN TESTIMONY HEREOF, they have executed this AGREEMENT, the _____ day of _______________, 20___.

ATTEST:

____

City of Tomball, Texas
(OWNER)

By:___________________________________

____
Print or Type Name and Title

ATTEST:

____

Freese and Nichols, Inc.
(FNI)

By:___________________________________

____
Print or Type Name and Title

SCOPE OF SERVICES AND RESPONSIBILITIES OF OWNER

ARTICLE I

BASIC SERVICES: FNI shall render the following professional services in connection with the development of the Project:

A. CRITICAL NEEDS ASSESSMENT OF NORTH AND SOUTH WWTPS

1. Conduct a project kick-off meeting with the OWNER to discuss the scope and schedule for the project.

2. Conduct one (1) site visit to each Waste Water Treatment Plant (WWTP) to assess the condition of the treatment components and to interview WWTP management/staff to understand the operation of the plant.

3. Develop a prioritization scoring system criteria for the condition and criticality of each treatment component. Scoring system for the condition of components will be based on criteria such as material, age, capacity, history of repairs etc. The scoring system for the criticality will be based on criteria such as capacity affected if the component was to fail, process and regulatory impact, safety, outage duration, etc. Review the prioritization scoring system with the OWNER.

4. Evaluate each treatment component and assign a condition and criticality score based on observations during the site, interview with plant staff and data on the plant collected from the OWNER. Evaluate the overall risk level of the treatment component based on the condition and criticality scores.

5. Identify improvement alternatives for the treatment components. Develop an opinion of probable construction cost for the improvement alternatives. Evaluate each improvement alternative in detail and make a recommendation.

6. Utilize the scoring system to prioritize the critical needs of the treatment plants. Provide phasing of the improvements and develop a schedule through a comprehensive Capital Improvements Program (CIP) to implement the rehabilitation or replacement of the treatment components.

7. Conduct a workshop with the OWNER to present the results of the condition and criticality assessments and the proposed plan for the phasing of rehabilitation or replacement of the treatment components of the WWTPs.

8. Develop a Draft Technical memorandum (TM) to the OWNER (3 hard copies and 1 electronic copy) documenting the results of the condition and criticality assessment, recommended improvements, and the prioritization plan.

9. Address comments from the OWNER and submit a Final TM to the OWNER (3 hard copies and 1 electronic copy).

B. CCN APPLICATION FOR WATER AND SEWER SERVICE

1. Data Collection: FNI will submit a data request summarizing all of the data needs for the CCN amendment application. Data items may include but are not limited to financial information, water and sewer inspection reports, and water and sewer facility information.

2. Meet with OWNER to Review Water and Wastewater Infrastructure Plans: FNI attend a meeting to review the OWNER'S existing water and wastewater infrastructure plans and determine any additional data and planning document needs for the CCN application process.

3. Prepare Mapping Required for the CCN Application: FNI will prepare digital mapping in accordance with Public Utility Commission (PUC) Geographic Information System (GIS) standards. The following maps are needed for the CCN application:
   - General location map
   - Map showing the proposed area
   - Map showing all facilities for production, transmission, and distribution
   - Map showing any facilities, customers or area currently being served outside the OWNER'S existing CCN

4. Prepare CCN Application: FNI will prepare the PUC (formerly TCEQ Application 10362) Application to Obtain or Amend a Water/Sewer Certificate of Convenience and Necessity (CCN). FNI will compile all information and provide the OWNER with five hard copies with the digital files to be submitted to PUC. The OWNER will be responsible for the actual submittal to PUC and any filing fees.

5. Meet with City to Review Application: FNI will submit the application to the OWNER for review and attend a meeting to discuss comments and next steps in the application process.

6. Assist with Notification Requirements: FNI will identify entities and landowners needing notification of the CCN amendment. FNI will prepare the notification language and provide the OWNER with instructions for executing the notification requirements. OWNER will be responsible for mailing individual notifications and publishing public notification.

7. Provide Mapping for County Submittal: FNI will provide the mapping files of the updated CCN boundary to be submitted to Harris County. Water and sewer CCN boundaries are supposed to be kept on file with the county.

ARTICLE II

ADDITIONAL SERVICES: Additional Services to be performed by FNI, if authorized by OWNER, which are not included in the above described basic services, are described as follows:

A. This Scope of Services does not include assistance with negotiations or application revisions due to opt-outs or protests of the CCN application. If additional assistance is needed it shall be considered additional services.

B. If a public hearing is requested and granted by the TCEQ Executive Director, the professional services for such a hearing shall be considered additional services and are not included in this Scope of Services.

C. Field layouts or the furnishing of construction line and grade surveys.

D. Making property, boundary and right-of-way surveys, preparation of easement and deed descriptions, including title search and examination of deed records.

E. Providing services to investigate existing conditions or facilities, or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by OWNER.

F. Providing renderings, model, and mock-ups requested by the OWNER.

G. Making revisions to drawings, specifications or other documents when such revisions are; 1) not consistent with approvals or instructions previously given by OWNER, or 2) due to other causes not solely within the control of FNI.

H. Providing consultation concerning the replacement of any Work damaged by fire or other cause during the construction, and providing services as may be required in connection with the replacement of such Work.

I. Investigations involving consideration of operation, maintenance and overhead expenses, and the preparation of rate schedules, earnings and expense statements, feasibility studies, appraisals, evaluations, assessment schedules, and material audits or inventories required for certification of force account construction performed by OWNER.

J. Preparing applications and supporting documents for government grants, loans, or planning advances and providing data for detailed applications.

K. Providing shop, mill, field or laboratory inspection of materials and equipment. Observe factory tests of equipment at any site remote to the project or observing tests required as a result of equipment failing the initial test.

L. Conducting pilot plant studies or tests.

M. Preparing Operation and Maintenance Manuals or conducting operator training.

N. Design, contract modifications, studies or analysis required to comply with local, State, Federal or other regulatory agencies that become effective after the date of this agreement.

O. Visits to the site in excess of the number of trips included in Article I for periodic site visits, coordination meetings, or contract completion activities.

P. Providing basic or additional services on an accelerated time schedule. The scope of this service include cost for overtime wages of employees and consultants, inefficiencies in work sequence and plotting or reproduction costs directly attributable to an accelerated time schedule directed by the OWNER.

Q. Providing services made necessary because of unforeseen, concealed, or differing site conditions or due to the presence of hazardous substances in any form.

R. Preparing statements for invoicing or other documentation for billing other than for the standard invoice for services attached to this professional services agreement.

ARTICLE III

TIME OF COMPLETION: FNI is authorized to commence work on the Project upon execution of this AGREEMENT and agrees to complete the services in accordance with the following schedule:

A.	Notice to Proceed (NTP)	
B.	Kick-off Meeting & Site Visits to the WWTPs:	15 calendar days from NTP
C.	Critical Needs Assessment Workshop:	75 calendar days from Site Visits
D.	Draft Technical Memorandum (TM):	30 calendar days from workshop
E.	Final Technical Memorandum (TM):	15 calendar days from receipt of OWNER Comments on Draft TM

If FNI's services are delayed through no fault of FNI, FNI shall be entitled to adjust contract schedule consistent with the number of days of delay. These delays may include but are not limited to delays in OWNER or regulatory reviews, delays on the flow of information to be provided to FNI, governmental approvals, etc. These delays may result in an adjustment to compensation as outlined on the face of this AGREEMENT and in Attachment CO.

ARTICLE IV

RESPONSIBILITIES OF OWNER: OWNER shall perform the following in a timely manner so as not to delay the services of FNI:

A. Designate in writing a person to act as OWNER's representative with respect to the services to be rendered under this AGREEMENT. Such person shall have contract authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions with respect to FNI's services for the Project.

B. Provide all criteria and full information as to OWNER's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the drawings and specifications.

C. Assist FNI by placing at FNI's disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project.

D. Arrange for access to and make all provisions for FNI to enter upon public and private property as required for FNI to perform services under this AGREEMENT.

E. Examine all studies, reports, sketches, drawings, specifications, proposals and other documents presented by FNI, obtain advice of an attorney, insurance counselor and other consultants as OWNER deems appropriate for such examination and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of FNI.

F. Furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.

G. Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, such legal services as OWNER may require or FNI may reasonably request with regard to legal issues pertaining to the Project including any that may be raised by Contractor(s), such auditing service as OWNER may require to ascertain how or for what purpose any Contractor has used the moneys paid under the construction contract, and such inspection services as OWNER may require to ascertain that Contractor(s) are complying with any law, rule, regulation, ordinance, code or order applicable to their furnishing and performing the work.

H. Furnish, or direct FNI to provide, Additional Services as stipulated in Attachment SC, Article II of this AGREEMENT or other services as required.

I. Bear all costs incident to compliance with the requirements of this Article IV.

ARTICLE V

DESIGNATED REPRESENTATIVES: FNI and OWNER designate the following representatives:

Owner's Designated Representative: David Esquivel, P.E.
Director of Public Works
City of Tomball
501 James Street
Tomball, Texas 77375
Phone: (281) 290-1415
Fax: (281) 351-4735
desquivel@tomballtx.gov

FNI's Designated Representative: Alan Hutson, P.E.
11200 Broadway Street, Suite 2332
Pearland, Texas 77584
Phone: (832) 456-4715
Fax: (832) 456-4701
wch@freese.com

FNI's Accounting Representative: Kristina Isaac
10497 Town and Country Way, Suite 600
Houston, Texas 77024
Phone: (713) 600-6860
Fax: (713) 600-6801
Kristina.Isaac@freese.com

COMPENSATION

Compensation to FNI shall be the lump sum of One Hundred Thirty Thousand Three Hundred Sixty Dollars ($130,360). If FNI sees the Scope of Services changing so that additional services are needed, including but not limited to those services described as Additional Services in Attachment SC, FNI will notify OWNER for OWNER'S approval before proceeding. Additional Services shall be computed based on the Schedule of Charges.

Schedule of Charges:

Position	**Rate**
Professional - 1	107
Professional - 2	130
Professional - 3	146
Professional - 4	169
Professional - 5	197
Professional - 6	225
Construction Manager - 1	85
Construction Manager - 2	111
Construction Manager - 3	131
Construction Manager - 4	164
CAD Technician/Designer - 1	91
CAD Technician/Designer - 2	117
CAD Technician/Designer - 3	145
Corporate Project Support - 1	87
Corporate Project Support - 2	105
Corporate Project Support - 3	139
Intern/ Coop	53

Rates for In-House Services

Technology Charge

$8.50 per hour

Travel

Standard IRS Rates

Bulk Printing and Reproduction

	B&W	Color
Small Format (per copy)	$0.10	$0.25
Large Format (per sq. ft.)		
Bond	$0.25	$0.75
Glossy / Mylar	$0.75	$1.25
Vinyl / Adhesive	$1.50	$2.00
Mounting (per sq. ft.)	$2.00	
Binding (per binding)	$0.25	

OTHER DIRECT EXPENSES:

Other direct expenses are reimbursed at actual cost times a multiplier of 1.15. They include outside printing and reproduction expense, communication expense, travel, transportation and subsistence away from the FNI office and other miscellaneous expenses directly related to the work, including costs of laboratory analysis, test, and other work required to be done by independent persons other than staff members. For Resident Representative services performed by non-FNI employees and CAD services performed In-house by non-FNI employees where FNI provides workspace and equipment to perform such services, these services will be billed at cost times a multiplier of 2.0. This markup approximates the cost to FNI if an FNI employee was performing the same or similar services.

These rates will be adjusted annually in February.

1022015

FNI ________

OWNER ________

TERMS AND CONDITIONS OF AGREEMENT

1. **DEFINITIONS:** The term Owner as used herein refers to the City of Tomball, Texas. The term FNI as used herein refers to Freese and Nichols, Inc., its employees and agents; also its subcontractors and their employees and agents. As used herein, Services refers to the professional services performed by Freese and Nichols pursuant to the AGREEMENT.

2. **CHANGES:** Owner, without invalidating the AGREEMENT, may order changes within the general scope of the WORK required by the AGREEMENT by altering, adding to and/or deducting from the WORK to be performed. If any change under this clause causes an increase or decrease in FNI's cost of, or the time required for, the performance of any part of the Services under the AGREEMENT, an equitable adjustment will be made by mutual agreement and the AGREEMENT modified in writing accordingly.

3. **TERMINATION:** The obligation to provide services under this AGREEMENT may be terminated by either party upon ten days' written notice. In the event of termination, FNI will be paid for all services rendered and reimbursable expenses incurred to the date of termination and, in addition, all reimbursable expenses directly attributable to termination.

4. **CONSEQUENTIAL DAMAGES:** In no event shall FNI or its subcontractors be liable in contract, tort, strict liability, warranty, or otherwise for any special, indirect, incidental or consequential damages, such as loss of product, loss of use of the equipment or system, loss of anticipated profits or revenue, non-operation or increased expense of operation or other equipment or systems.

5. **INFORMATION FURNISHED BY OWNER:** Owner will assist FNI by placing at FNI's disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project. FNI shall have no liability for defects or negligence in the Services attributable to FNI's reliance upon or use of data, design criteria, drawings, specifications or other information furnished by Owner and Owner agrees to indemnify and hold FNI harmless from any and all claims and judgments, and all losses, costs and expenses arising therefrom. FNI shall disclose to Owner, prior to use thereof, defects or omissions in the data, design criteria, drawings, specifications or other information furnished by Owner to FNI that FNI may reasonably discover in its review and inspection thereof.

6. **INSURANCE:** FNI shall provide to Owner certificates of insurance which shall contain the following minimum coverage (All limits in thousands):

Commercial General Liability		**Workers' Compensation**	
General Aggregate	$2,000	Each Accident	$500
Automobile Liability (Any Auto)		**Professional Liability**	
CSL	$1,000	$3,000 Annual Aggregate	

7. **SUBCONTRACTS:** If, for any reason, at any time during the progress of providing Services, Owner determines that any subcontractor for FNI is incompetent or undesirable, Owner will notify FNI accordingly and FNI shall take immediate steps for cancellation of such subcontract. Subletting by subcontractors shall be subject to the same regulations. Nothing contained in the AGREEMENT shall create any contractual relation between any subcontractor and Owner.

8. **OWNERSHIP OF DOCUMENTS:** All drawings, reports data and other project information developed in the execution of the Services provided under this AGREEMENT shall be the property of the Owner upon payment of FNI's fees for services. FNI may retain copies for record purposes. Owner agrees such documents are not intended or represented to be suitable for reuse by Owner or others. Any reuse by Owner or by those who obtained said documents from Owner without written verification or adaptation by FNI will be at Owner's sole risk and without liability or legal exposure to FNI, or to FNI's independent associates or consultants, and Owner shall indemnify and hold harmless FNI and FNI’s independent associates and consultants from all claims, damages, losses and expenses including attorneys’ fees arising out of or resulting therefrom. Any such verification or adaptation will entitle FNI to further reasonable compensation. FNI may reuse all drawings, report data and other project information in the execution of the Services provided under this AGREEMENT in FNI's other activities. Any reuse by FNI will be at FNI's sole risk and without liability or legal exposure to Owner, and FNI shall indemnify and hold harmless Owner from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting therefrom.

FNI__________
OWNER__________

9. **POLLUTANTS AND HAZARDOUS WASTES:** It is understood and agreed that FNI has neither created nor contributed to the creation or existence of any hazardous, radioactive, toxic, irritant, pollutant, or otherwise dangerous substance or condition at the site, if any, and its compensation hereunder is in no way commensurate with the potential risk of injury or loss that may be caused by exposures to such substances or conditions. The parties agree that in performing the Services required by this AGREEMENT, FNI does not take possession or control of the subject site, but acts as an invitee in performing the services, and is not therefore responsible for the existence of any pollutant present on or migrating from the site. Further, FNI shall have no responsibility for any pollutant during clean-up, transportation, storage or disposal activities.

10. **OPINION OF PROBABLE COSTS:** FNI will furnish an opinion of probable project development cost based on present day cost, but does not guarantee the accuracy of such estimates. Opinions of probable cost, financial evaluations, feasibility studies, economic analyses of alternate solutions and utilitarian considerations of operations and maintenance costs prepared by FNI hereunder will be made on the basis of FNI's experience and qualifications and represent FNI's judgment as an experienced and qualified design professional. It is recognized, however, that FNI does not have control over the cost of labor, material, equipment or services furnished by others or over market conditions or contractors' methods of determining their prices.

11. **CONSTRUCTION REPRESENTATION:** If required by the AGREEMENT, FNI will furnish Construction Representation according to the defined scope for these services. FNI will observe the progress and the quality of work to determine in general if the work is proceeding in accordance with the Contract Documents. In performing these services, FNI will endeavor to protect Owner against defects and deficiencies in the work of Contractors; FNI will report any observed deficiencies to Owner, however, it is understood that FNI does not guarantee the Contractor's performance, nor is FNI responsible for the supervision of the Contractor's operation and employees. FNI shall not be responsible for the means, methods, techniques, sequences or procedures of construction selected by the Contractor, or the safety precautions and programs incident to the work of the Contractor. FNI shall not be responsible for the acts or omissions of any person (except his own employees or agent) at the Project site or otherwise performing any of the work of the Project. If Owner designates a person to serve in the capacity of Resident Project Representative who is not a FNI's employee or FNI's agent, the duties, responsibilities and limitations of authority of such Resident Project Representative(s) will be set forth in writing and made a part of this AGREEMENT before the Construction Phase of the Project begins.

12. **PAYMENT:** Progress payments may be requested by FNI based on the amount of services completed. Payment for the services of FNI shall be due and payable upon submission of a statement for services to OWNER and in acceptance of the services as satisfactory by the OWNER. Statements for services shall not be submitted more frequently than monthly. Any applicable new taxes imposed upon services, expenses, and charges by any governmental body after the execution of this AGREEMENT will be added to FNI's compensation.

    If OWNER fails to make any payment due FNI for services and expenses within thirty (30) days after receipt of FNI's statement for services therefore, the amounts due FNI will be increased at the rate of one percent (1%) per month from said thirtieth (30th) day, and, in addition, FNI may, after giving seven (7) days' written notice to OWNER, suspend services under this AGREEMENT until FNI has been paid in full, all amounts due for services, expenses and charges.

13. **ARBITRATION:** No arbitration arising out of, or relating to, this AGREEMENT involving one party to this AGREEMENT may include the other party to this AGREEMENT without their approval.

14. **SUCCESSORS AND ASSIGNMENTS:** OWNER and FNI each are hereby bound and the partners, successors, executors, administrators and legal representatives of OWNER and FNI are hereby bound to the other party to this AGREEMENT and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this AGREEMENT.

    Neither OWNER nor FNI shall assign, sublet or transfer any rights under or interest in (including, but without limitation, moneys that may become due or moneys that are due) this AGREEMENT without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this AGREEMENT. Nothing contained in this paragraph shall prevent FNI from employing such independent associates and consultants as FNI may deem appropriate to assist in the performance of services hereunder.

15. **PURCHASE ORDERS:** If a Purchase Order is used to authorize FNI's Services, only the terms, conditions/instructions typed on the face of the Purchase Order shall apply to this AGREEMENT. Should there be any conflict between the Purchase Order and the terms of this AGREEMENT, then this AGREEMENT shall prevail and shall be determinative of the conflict.

FNI__________
OWNER__________

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:

Authorize City Manager to Execute Change Order #2 for the Tomball Business & Technology Park, Harris County Holderrieth Road & Hufsmith Kohrville Road Left Turn Lanes & Box Culverts Project, in the Amount of $77,588, and Add an Additional 126 Days to the Contract Time

Background:

Forde Construction Company, Inc. has submitted the necessary backup information for the request of costs due to additional channel excavation including off site haul off of approximately 2,800 CY ($27.71 / CY). There is also a request for an additional 8 LF of bid item 22 ($125 / LF) for the additional of 24" RCP. The additional RCP is required due to a Centerpoint power pole that was installed for the adjacent property causing a conflict with the approved plans. The excavation of the channel was to be done by a separate contract but has not been completed to coincide with this project. The request for additional time is for delays caused by weather and private utility relocations necessary to complete the work. Staff has reviewed the documentation and recommends approval of the change order.

Origination:

Public Works

Recommendation:

Approval

Funding: Yes

Account Number:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	

ATTACHMENTS:

Change Order #2

Change Order #1

contractor change request

Document 00941

CHANGE ORDER / C.O. No. 2

PROJECT: TOMBALL BUSINESS & TECHNOLOGY PARK, HARRIS COUNTY HOLDERRIETH ROAD & HUFSMITH KOHRVILLE ROAD LEFT TURN LANES & BOX CULVERTS

CONTRACT No.: 2015-03 PROJECT No.: 2013-10022

TO: Forde Construction Company, Inc.
Contractor and Address for Written Notice
6842 Calle Lozano Drive
Houston, Texas 77041

REFERENCE RFIs/RFPs: RFP No. 2

1.01 DESCRIPTION OF CHANGES

SCOPE:		**CONTRACT AMOUNT**	**CHANGE TIME**
1	Addition of 24"RCP (8 LF addition to bid item 22 $125.00/LF)	$ 1,000.00	0 Days
2	Channel excavation including off-site haul off (2,800 CY estimated @ $27.71/CY)	$ 77,588.00	0 Days
3	Time Extension = 126 days	0.00	126
4			
5			
6			
7			
	TOTALS:	**0.00**	**126 Days**

JUSTIFICATION:

1. Additional 24"RCP required due to change in existing site condition at time of installation. New Centerpoint pole was installed for adjacent property causing conflict with plans.
2. Channel to be excavated under separate contract was not completed to appropriate depth and extend in a timely manner to accommodate install of box culvert included in this contract.
3. Time extension granted for delays caused by private utility relocations necessary to complete the work and weather.

1.02 ACCEPTANCE BY CONTRACTOR

Contractor agrees to perform change(s) included in this Change Order for the price and time indicated. The prices for changes include all costs associated with this Change Order.

Contractor Signature and Title

Date

1.03 ACCEPTANCE BY THE CITY

Project Manager	Date	[*Director – Required for COs to Council*]	Date
[*Intermediate Authority, if needed*]	Date	City Manager	Date
[*Intermediate Authority, if needed*]	Date	City Engineer	Date

END OF DOCUMENT

cc: Kyle Bertrand P.E., Gunda Corp., Senior PM

EXECUTIVE SUMMARY

C.O. No. 2 Contract No.: 2015-03 Proj. No.: 2013-10022

A.	Original Contract Price	$1,743,953.86	100.00%
B.	Previous Change Orders	$0.00	0.00%
C.	This Change Order	$78,588.00	4.51%
D.	Contract Price	$1,822,541.86	104.51%

Date of Commencement of the Work: Monday, June 15, 2015

1.02	CONTRACT TIME SUMMARY	DURATION	COMPLETION DATE
A.	Original Contract Time	180 Days	Friday, December 11, 2015
B.	Previous Change Orders	0 Days	Friday, December 11, 2015
C.	This Change Order	126 Days	
D.	Contract Time	306 Days	Friday, April 15, 2016

Note: Time extension granted for delays caused by private utility relocations necessary to complete the work and weather.

1.03.1 TOTAL VALUE OF INCREASES OUTSIDE OF GENERAL SCOPE OF WORK

24” RCP:	8 LF @ $125.00/LF	= $ 1,000.00
Channel Excavation:	2800.00 CY @ $27.71/CY	= $77,588.00
Total		= $78,588.00

END OF SUMMARY

INSTRUCTIONS

PURPOSE: Change Orders are used to affect Modifications to the Contract. Prior to final payment, previously approved Work Change Directives can be combined into a summary Change Order to reconcile project cost accounting. When signed and dated by Contractor and City Engineer, document becomes an approved Change Order.

APPLICATION: This form is applicable to agreed on Modifications to the Contract including, but not limited to the following:

- Additions or reductions (including deletions) of existing bid item quantities.
- Increases or decreases in construction Contract Time.
- Change in methods, material, etc., not covered by existing bid item quantities.
- New work not covered by existing bid item quantities.
- Price or schedule consideration for conditions not indicated by the Contract.

INSTRUCTIONS: Project Manager or Design Consultant prepares this form. The Executive Summary is for use by the City in analyzing the Change Order but is not a part of the Change Order. This form has two MS Excel tables imbedded in the MS Word document (Paragraphs 1.01 and 1.02 in the Executive Summary). Double click on any cell in these tables to make entries in spreadsheet mode. Click anywhere outside the spreadsheet to return to wordprocessing mode. Other tables in the Change Order and Executive Summary are MS Word tables, not imbedded Excel spreadsheets. Red colored text and numerals represent input fields. Black text and numerals are in cells with formulas or fixed text. Do not make entries in these cells. Following instructions correspond to blanks requiring input and paragraph numbers on form. Paragraph 1.02 of the Change Order form is completed by Contractor. All other items are completed by the City or Design Consultant. Paragraph 1.03 of the Change Order form is completed by administrative and approving authorities. Contractor shall provide all backup material to justify the costs of items enumerated in Paragraph 1.01 of the Change Order form.

CHANGE ORDER FORM:

1. Insert Change Order number and Contract number for the Project at the top of each page, following page one, if the Change Order must be longer than one page.

2. Insert Project name exactly as stated in the Agreement.

3. Insert Project number and other identifying numbers (e.g. CIP, Proj. No., AIP, File No.) for the Project.

4. Insert name of Contractor performing the Work and Contractor's address for notices. Address should be as shown in the Agreement unless changed by proper notice.

5. Insert applicable references to related RFIs and RFPs.

6. Paragraph 1.01: Insert brief descriptions of the changes, including reference to applicable Work Change Directives. Give justification to support change, cost of making change, and adjustment in Contract Time warranted by change. If more than one item is included, number each item. Extend the table to additional pages if necessary. Formulas are imbedded for totals but check the math when extending the table length.

7. Paragraph 1.02: Project Manager signs and dates and has other administrative authorities or representatives sign and date where indicated. Project Manager will substitute actual titles of these persons where red bracketed instructions are shown. Mayor's and Contracting Department Director's signature (and date) are only needed when the Change Order must go to City Council for funding prior to approval. City Engineer for Contracting Department (should be the same person designated in the Agreement) will only sign and date Paragraph 1.03 when funds are approved and in place for payment of additional work. City Engineer's signature and date signify approval of Change Order and is the only authorized approval authority of the City according to Document 00700 – General Conditions.

8. Insert appropriate list of "copy to" persons and file. Delete brackets and instructions. Change color of remaining text to black.

EXECUTIVE SUMMARY:

1. Paragraph 1.01: Insert (A) Original Contract Price, (B) cost of previous Change Orders and (C) cost of this Change Order in the price summary block. Other amounts and percentages in block are calculated by formula. Cost of this Change Order is calculated at the bottom of the table in Paragraph 1.01 of the Change Order form, when all items have been filled in BUT it does not automatically change the amount in Paragraph 1.01 C.

2. Paragraph 1.02: Insert Date of Commencement of Work (from Notice to Proceed), (A) original Contract Time, (B) additional days added from previous Change Orders and (C) days required for this Change Order in the time summary block. Other days and dates in block are calculated by formula. Days for this Change Order are calculated at the bottom of the table in Paragraph 1.01 of the Change Order form, when all items have been filled in BUT it does not automatically change the amount in Paragraph 1.02 C.

3. Paragraph 1.03 A: Project Manager will provide information from all previous Change Orders for this table (i.e. number, amount and percentage of Original Contract Price) so that it can be determined if Council Action is necessary. *NOTE: The conditions of Paragraph 7.1.2.3 of Document 00700 - General Conditions may make Council Action necessary even if funding is already available and even if the 5% contingency threshold has not yet been reached.*

Document 00941

CHANGE ORDER / C.O. No. 1

PROJECT: TOMBALL BUSINESS & TECHNOLOGY PARK, HARRIS COUNTY HOLDERRIETH ROAD & HUFSMITH KOHRVILLE ROAD LEFT TURN LANES & BOX CULVERTS

CONTRACT No.: 2015-03 PROJECT No.: 2013-10022

TO: Contractor and Address for Written Notice

Forde Construction Company, Inc.
6842 Calle Lozano Drive
Houston, Texas 77041

REFERENCE RFIs/RFPs: RFP No. 1

1.01 DESCRIPTION OF CHANGES

SCOPE:		CONTRACT AMOUNT	CHANGE TIME
1	Removal and replacement of commercial driveway including culvert, inlet, and SETs, in conflict with right turn widening on Hufsmith-Kohrville (Asphalt approach only) (Driveway constructed post bid by private developer)	$ 22,587.20	0 Days
2	Type E Inlet installed on 10'x8' RCB (Requested by Harris County post bid)	$ 4,500.00	0 Days
3	Additional Cement Stabilized Sand (Required for pavement subgrade stabilization, unknown soil conditions encounter during construction)	$ 19,375.00	0 Days
4	Extra Machine Excavation	$23,250.00	0 Days
5	Spread, Compact and Blue Top	$ 8,889.25	0 Days
6	Additional Surety Bond Costs (Harris Co.)	$ 11,080.00	0 Days
7	Adjustment of Extra Bid Item Quantities Not anticipated to be utilized.	$(89,681.45)	0 Days
	TOTALS:	**0.00**	**0 Days**

JUSTIFICATION:
Additional work required due to changes in field conditions and Harris County requests post bidding.

1.02 ACCEPTANCE BY CONTRACTOR

Contractor agrees to perform change(s) included in this Change Order for the price and time indicated. The prices for changes include all costs associated with this Change Order.

PRESIDENT — 9-16-15

Contractor Signature and Title — Date

1.03 ACCEPTANCE BY THE CITY

Project Manager	Date	*[Director – Required for COs to Council]*	Date
[Intermediate Authority, if needed]	Date	*[Mayor – Required for COs to Council]*	Date
[Intermediate Authority, if needed]	Date	City Engineer	Date 9/17/15

END OF DOCUMENT

cc: Kyle Bertrand P.E., CLR,Inc Senior Vice President, Lori Lakatos, P.E., C.F.M. City of Tomball Acting City Engineer

EXECUTIVE SUMMARY

C.O. No. 1 Contract No.: 2015-03 Proj. No.: 2013-10022

1.01	CONTRACT PRICE SUMMARY	DOLLAR AMOUNT	PERCENT
A.	Original Contract Price	$1,743,953.86	100.00%
B.	Previous Change Orders	$0.00	0.00%
C.	This Change Order	$0.00	0.00%
D.	Contract Price	$1,743,953.86	100.00%

Date of Commencement of the Work: Monday, June 15, 2015

1.02	CONTRACT TIME SUMMARY	DURATION	COMPLETION DATE
A.	Original Contract Time	180 Days	Friday, December 11, 2015
B.	Previous Change Orders	0 Days	Friday, December 11, 2015
C.	This Change Order	0 Days	
D.	Contract Time	180 Days	Friday, December 11, 2015

1.03.1 TOTAL VALUE OF INCREASES OUTSIDE OF GENERAL SCOPE OF WORK

Bid Item No.	Description	Contract Quantities	Adjust CO #1	Total w/CO #1	Unit	Unit Price	Original Contract	Contract Amount w/CO	CO #1 Adjustment
Bid Item Adjustments									
56	Pot Petro Contam Area	1.00	-1.00	0.00	LS	$10,000.00	$ 10,000.00	$ -	$(10,000.00)
57	Remove, Transport, Disposal Class I	100.00	-100.00	0.00	CY	$ 70.00	$ 7,000.00	$ -	$ (7,000.00)
58	Remov, Trans, Class II Soils	200.00	-200.00	0.00	CY	$ 35.00	$ 7,000.00	$ -	$ (7,000.00)
59	Remove Exist Pipeline	1020.00	-900.000	120.000	LF	$ 50.00	$ 51,000.00	$ 6,000.00	$(45,000.00)
60	6" Polyethylene Gas	50.00	-50.00	0.00	LF	$ 35.00	$ 1,750.00	$ -	$ (1,750.00)
61	Extra Remove Exist Pavement	100.00	-100.00	0.00	SY	$ 10.00	$ 1,000.00	$ -	$ (1,000.00)
65	Extra Machine Excavation	200.00	775.00	975.00	CY	$ 30.00	$ 6,000.00	$ 29,250.00	$ 23,250.00
67	Extra Cement Stabil Sand	200.00	775.00	975.00	CY	$ 25.00	$ 5,000.00	$ 24,375.00	$ 19,375.00
68	Extra Borrow	1000.00	-500.00	500.00	CY	$ 4.00	$ 4,000.00	$ 2,000.00	$ (2,000.00)
69	12" Dia H20 Line	50.00	-50.00	0.00	LF	$ 40.00	$ 2,000.00	$ -	$ (2,000.00)
70	18" RCP	100.00	-51.191	48.809	LF	$ 60.00	$ 6,000.00	$ 2,928.55	$ (3,071.45)
71	24" RCP	100.00	-98.00	2.00	LF	$ 70.00	$ 7,000.00	$ 140.00	$ (6,860.00)
72	Extra HMAC	100.00	-32.00	68.00	TON	$ 125.00	$ 12,500.00	$ 8,500.00	$ (4,000.00)
2	HC Surety Bond Fee	1.00	5.54	6.54	CA	$ 2,000.00	$ 2,000.00	$ 13,080.00	$ 11,080.00
									$(35,976.45)
Removal & Replacement of Commercial Driveway									
CDW	Remove Asphalt and Base	0.00	198.00	198.00	SY	$ 10.00	$ -	$ 1,980.00	
CDW	Excavate Subgrade	0.00	122.00	122.00	CY	$ 30.00	$ -	$ 3,660.00	
CDW	Install 6" Black Base	0.00	36.00	36.00	TN	$ 88.20	$ -	$ 3,175.20	
CDW	Install 1.5" TY D HMAC Surface	0.00	8.00	8.00	TN	$ 100.00	$ -	$ 800.00	
CDW	Remove SET's 24"	0.00	2.00	2.00	EA	$ 1,028.00	$ -	$ 2,056.00	
CDW	Remove 24" RCP	0.00	49.00	49.00	LF	$ 70.00	$ -	$ 3,430.00	
CDW	Reinstall 24" RCP	0.00	49.00	49.00	LF	$ 70.00	$ -	$ 3,430.00	
CDW	Install New 24" RCP	0.00	16.00	16.00	LF	$ 125.00	$ -	$ 2,000.00	
CDW	Replace SET's 24"	0.00	2.00	2.00	EA	$ 1,028.00	$ -	$ 2,056.00	
	Total Removal & Replacement of Commercial Driveway							**$ 22,587.20**	$ 22,587.20
	COH TY E Inlet	0.00	1.00	1.00	EA	$ 4,500.00	$ -	$ 4,500.00	$ 4,500.00
	Spread, Compact and Blue Top	0.00	775.00	775.00	CY	$ 11.47	$ -	$ 8,889.25	$ 8,889.25
									$ 35,976.45
								Total Change Order # 1	$ -

END OF SUMMARY

January 6, 2016

City of Tomball
Attn.: Mr. Kyle Bertrand P. E.
501 James St.
Tomball, Texas 77041

Re: Owner: City of Tomball
Project: Box Culvert and Turnlanes
Highway: Hufsmith-Kohrville and Holderith Rd

Dear Sir:

Please review the following pricing for additional machine excavation required to complete slope paving. The total cost for the additional excavation is shown below. See attached pricing breakdown sheets for further details. Please let us know if you have any comments or questions.

Description	TOTAL COST	UNIT	QUANTITY	UNIT PRICE
Machine Excavation (material stays onsite)	$72,296.00	CY	2800	**$25.82**
Machine Excavation (Export Material)	$77,588.00	CY	2800	**$27.71**

Thank you for your consideration concerning this matter.

Sincerely,

Troy Rakes

Troy Rakes
Forde Construction Company, Inc.

BR 2012(396), ETC

COST BREAKDOWN

Project Name: City of Tomball Box Culverts and Turn Lanes
Description: Extra Machine Excavation for Slope Paving Export Material

LABOR

DESCRIPTION	QUANT.	REG. RATE	REGULAR HOURS	REG. TIME TOTAL COST	O/T RATE	O/T HOURS	O/T TOTAL COST	TOTAL
Labor Skilled	3	$ 16.71	150	$ 2,506.50	$ 25.07		$ -	$ 7,519.50
Operator, General	2	$ 19.69	150	$ 2,953.50	$ 29.54		$ -	$ 5,907.00
Working Foreman	1	$ 35.55	150	$ 5,332.50	$ 53.33		$ -	$ 5,332.50
								$ 18,759.00

EQUIPMENT

DESCRIPTION	QUANT.	MONTHLY RATE	RATE ADJSTMNT FACTOR	REGION ADJSTMNT FACTOR	HOURLY RATE	OPER. COST	TOTAL HOURLY COST	HOURS	TOTAL
Pickup Truck	2	$ 705.00	-49.62	-60.63	$ 3.38	$ 15.65	$ 19.03	130	$ 4,947.61
Back Hoe	1	$ 3,450.00	-49.07	-382.95	$ 17.15	$ 24.85	$ 42.00	60	$ 2,519.86
FMC Link Belt	1	$ 6,955.00	-1241.34	-653.77	$ 28.75	$ 46.20	$ 74.95	120	$ 8,994.00
Dozer	1	$ 4,160.00	0	-461.76	$ 21.01	$ 33.40	$ 54.41	120	$ 6,529.53
Skid Steer Loader	1	$ 1,990.00	-5.31	-220.89	$ 10.02	$ 14.30	$ 24.32	60	$ 1,459.30
Compactor	1	$ 4,005.00	-253.96	-324.4	$ 19.47	$ 12.00	$ 31.47	50	$ 1,574.50
		$ -			$ -	$ -	$ -		
		$ -			$ -	$ -	$ -		$ -

RENTAL EQUIPMENT	QUANT.	DAYS	RATE	OPER. COST		TOTAL
						$ 26,024.79
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
					TOTAL EQUIPMENT	$ 26,024.79

MATERIALS/SERVICES

DESCRIPTION	UNIT	QUANT.	PRICE	TOTAL
			$ -	$ -
Lease Dump Trucks	HR	250	$ 50.00	$ 12,500.00
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
				$ -
				$ 12,500.00

FORDE CONSTRUCTION CO.
6842 Calle Lozano St., Houston, Texas 77041
Bus: (713) 466-0511 Fax: (713) 466-1791

RECAP

City of Tomball

LABOR

BASE LABOR		$	18,759.00
MARK-UP	25%	$	4,689.75
BURDEN	55%	$	10,317.45
TOTAL LABOR		**$**	**33,766.20**

EQUIPMENT

COST		$	26,023.79
MARK-UP	15%	$	3,903.57
TOTAL EQUIPMENT		**$**	**29,927.36**

MATERIALS/SERVICES

COST		$	7,500.00
MARK-UP	5%	$	375.00
TOTAL MATERIALS		**$**	**7,875.00**

SUB CONTRACT

SUB TOTAL		$	-
MARK-UP	5%	$	-
TOTAL SUB-CONTRACT		**$**	**-**

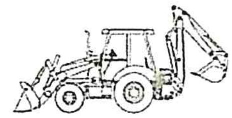
SUB TOTAL		$	71,580.20
BOND COST	1.0%	$	715.80
TOTAL COST		**$**	**72,296.00**

Description: Stone RipRap

TOTAL COST	UNIT	QUANTITY	UNIT PRICE
$ 72,296.00	CY	2,800.00	**$ 25.82**

JCB 3C 15FT
Tractor-Loader-Backhoes

Size Class:
16' to Under 17' 16' to Under 17'
Weight:
17,737 lbs.



Compare Similar Models | Add To My Fleets

Configuration for 3C 15FT

Power Mode:	Diesel	Drive:	4WD
Loader Bucket Capacity--Heaped:	1.4 cy	Backhoe Stick:	Fixed
Net Horsepower:	90.1	Operator Protection:	ROPS/FOPS

Equipment Notes: Includes General Purpose loader bucket, backhoe bucket, and ROPS, unless otherwise noted.

Blue Book Rates

Rate Effective Dates: Always Use Current Rate

printable report

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate **
	Monthly	Weekly	Daily	Hourly	Hourly	Hourly
Published Rates	$3,450.00	$965.00	$240.00	$36.00	$24.85	$44.45
Adjustments						
Region (Texas: 88.9%)	-$382.95	-$107.12	-$26.64	-$4.00		
Model Year (2012: 98.4%)	-$49.07	-$13.73	-$3.41	-$0.51		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	**$3,017.98**	**$844.15**	**$209.95**	**$31.49**	**$24.85**	**$42.00**

For details, see Rate Element Allocation

Adjustments

Default Settings

Model Year 2012
Region Texas
Canadian Regions Alaskan Regions
User Defined
Ownership 100.0 %
Operating 100.0 %
Adjust Rates

Rate Element Allocation

Element	Percentage	Value
Depreciation (ownership)	37%	$1,276.50 / mo
Overhaul (ownership)	44%	$1,518.00 / mo
CFC (ownership)	6%	$207.00 / mo
Indirect (ownership)	13%	$448.50 / mo
Fuel (operating) @ $3.98	56%	$13.95 / hr

Revised Date: 2nd Half 2013

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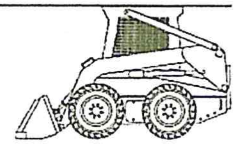
Bobcat 773 (disc. 2002)
Skid Steer Loaders

Size Class:
1601 - 1750 lbs 1601 - 1750 lbs
Weight:
5,808 lbs.



Compare Similar Models | Add To My Fleets

Configuration for 773

Power Mode:	Diesel	Operating Capacity (SAE):	1,750 lbs
Net Horsepower:	46.0		

Equipment Notes: Includes bucket and ROPS, unless otherwise noted.

Blue Book Rates

Rate Effective Dates: Always Use Current Rate

printable report

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate **
	Monthly	Weekly	Daily	Hourly	Hourly	Hourly
Published Rates	$1,990.00	$555.00	$140.00	$21.00	$14.30	$25.61
Adjustments						
Region (Texas: 88.9%)	-$220.89	-$61.61	-$15.54	-$2.33		
Model Year (2000: 99.7%)	-$5.31	-$1.48	-$0.37	-$0.06		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	$1,763.80	$491.91	$124.09	$18.61	$14.30	$24.32

For details, see Rate Element Allocation

Adjustments

Default Settings

Model Year 2000
Region Texas
Canadian Regions Alaskan Regions
User Defined
Ownership 100.0 %
Operating 100.0 %
Adjust Rates

Rate Element Allocation

Element	Percentage	Value
Depreciation (ownership)	23%	$457.70 / mo
Overhaul (ownership)	66%	$1,313.40 / mo
CFC (ownership)	3%	$59.70 / mo
Indirect (ownership)	8%	$159.20 / mo
Fuel (operating) @ $3.98	47%	$6.77 / hr

Revised Date: 2nd Half 2013

Rental Rate Blue Book | Green Guide | Serial Number Guide | AED Green Book | Custom Cost Evaluator | Last Bid | SpecFinder

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Profile

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On-Highway Light Duty Trucks
Miscellaneous Models

Size Class:
100 - 199 HP 100 - 199 HP

Add To My Fleets

Configuration for On-Highway Light Duty Trucks

Power Mode:	Gasoline	Cab Type:	Crew
Axle Configuration:	4X4	Ton Rating:	1/2
Horsepower:	191.0		

Blue Book Rates

Rate Effective Dates: Always Use Current Rate

printable report

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate **
	Monthly	Weekly	Daily	Hourly	Hourly	Hourly
Published Rates	$705.00	$195.00	$49.00	$7.00	$15.65	$19.66
Adjustments						
Region (Texas: 91.4%)	-$60.63	-$16.77	-$4.21	-$0.60		
Model Year (2005: 92.3%)	-$49.62	-$13.72	-$3.45	-$0.49		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	$594.75	$164.51	$41.34	$5.91	$15.65	$19.03

For details, see Rate Element Allocation

Adjustments

Default Settings

Model Year 2005
Region Texas
Canadian Regions Alaskan Regions
User Defined
Ownership 100.0 %
Operating 100.0 %
Adjust Rates

Rate Element Allocation

Element	Percentage	Value
Depreciation (ownership)	58%	$408.90 / mo
Overhaul (ownership)	28%	$197.40 / mo
CFC (ownership)	4%	$28.20 / mo
Indirect (ownership)	10%	$70.50 / mo
Fuel (operating) @ $3.45	80%	$12.52 / hr

Revised Date: 2nd Half 2013

Rental Rate Blue Book | Green Guide | Serial Number Guide | AED Green Book | Custom Cost Evaluator | Last Bid | SpecFinder

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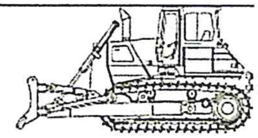
Caterpillar D5C (disc. 1993)
Standard Crawler Dozers



Size Class:
85 - 104 HP 85 - 104 HP
Weight:
19,128 lbs.

Compare Similar Models | Add To My Fleets

Configuration for D5C

Power Mode:	**Diesel**	Dozer Type:	**Power Angle Tilt**
Operator Protection:	**EROPS**	Net Horsepower:	**90.0**

Equipment Notes: Includes dozer blade and operator protection as listed.

Blue Book Rates

Rate Effective Dates: Always Use Current Rate

printable report

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate **
	Monthly	**Weekly**	**Daily**	**Hourly**	**Hourly**	**Hourly**
Published Rates	$4,160.00	$1,165.00	$290.00	$44.00	$33.40	$57.04
Adjustments						
Region (Texas: 88.9%)	-$461.76	-$129.32	-$32.19	-$4.88		
Model Year (1993: 100%)	-	-	-	-		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	**$3,698.24**	**$1,035.68**	**$257.81**	**$39.12**	**$33.40**	**$54.41**

For details, see Rate Element Allocation

Adjustments

Default Settings

Model Year 1993

Region Texas
Canadian Regions Alaskan Regions

User Defined

Ownership 100.0 %

Operating 100.0 %

Adjust Rates

Rate Element Allocation

Element	**Percentage**	**Value**
Depreciation (ownership)	33%	$1,372.80 / mo
Overhaul (ownership)	54%	$2,246.40 / mo
CFC (ownership)	5%	$208.00 / mo
Indirect (ownership)	8%	$332.80 / mo
Fuel (operating) @ $3.98	45%	$15.04 / hr

Revised Date: 2nd Half 2013

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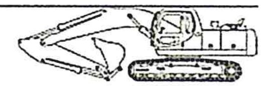
Link-Belt 225

Crawler Mounted Hydraulic Excavators



Size Class:
21.1 - 24.0 M Tons 21.1 - 24.0 M Tons
Weight:
51,376 lbs.

Compare Similar Models | Add To My Fleets

Configuration for 225

Power Mode:	**Diesel**	Bucket Capacity - Heaped:	**1.08 cy**
Operating Weight:	**25.6766 MT**	Net Horsepower:	**138.0**

Equipment Notes: Bucket included in rate, unless otherwise noted.

Blue Book Rates

Rate Effective Dates: Always Use Current Rate

printable report

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate **
	Monthly	**Weekly**	**Daily**	**Hourly**	**Hourly**	**Hourly**
Published Rates	$6,955.00	$1,945.00	$485.00	$73.00	$46.20	$85.72
Adjustments						
Region (Texas: 90.6%)	-$653.77	-$182.83	-$45.59	-$6.86		
Model Year (1985: 80.3%)	-$1,241.34	-$347.15	-$86.56	-$13.03		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	**$5,059.89**	**$1,415.02**	**$352.85**	**$53.11**	**$46.20**	**$74.95**

For details, see Rate Element Allocation

Adjustments

Default Settings

Model Year: Always Use Oldest Year

Region: Texas

Canadian Regions Alaskan Regions

User Defined

Ownership 100.0 %

Operating 100.0 %

Adjust Rates

Rate Element Allocation

Element	**Percentage**	**Value**
Depreciation (ownership)	40%	$2,782.00 / mo
Overhaul (ownership)	46%	$3,199.30 / mo
CFC (ownership)	5%	$347.75 / mo
Indirect (ownership)	9%	$625.95 / mo
Fuel (operating) @ $3.98	50%	$23.07 / hr

Revised Date: 2nd Half 2013

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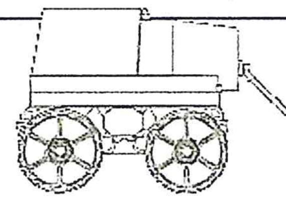
www.equipmentwatch.com

All prices shown in US$

Rental Rate Blue Book®

January 6, 2016



Wacker Neuson RT82-SC
Trench Compactors

Size Class:
Drum Width 26 - 34 Inches
Weight:
3,247 lbs.

Configuration for RT82-SC

Power Mode	**Diesel**	Drum Width	**32 in**
Number of Drums	**4**	Net Horsepower	**18.0 hp**

Blue Book Rates

** FHWA Rate is equal to the monthly ownership cost divided by 176 plus the hourly estimated operating cost.

	Ownership Costs				Estimated Operating Costs	FHWA Rate**
	Monthly	**Weekly**	**Daily**	**Hourly**	**Hourly**	**Hourly**
Published Rates	$4,005.00	$1,120.00	$280.00	$42.00	$12.00	$34.76
Adjustments						
Region (Houston: 91.9%)	($324.40)	($90.72)	($22.68)	($3.40)		
Model Year (2008: 93.1%)	($253.96)	($71.02)	($17.76)	($2.66)		
Ownership (100%)	-	-	-	-		
Operating (100%)					-	
Total:	**$3,426.64**	**$958.26**	**$239.56**	**$35.94**	**$12.00**	**$31.47**

Rate Element Allocation

Element	**Percentage**	**Value**
Depreciation (ownership)	34%	$1,361.70 / mo
Overhaul (ownership)	54%	$2,162.70 / mo
CFC (ownership)	4%	$160.20 / mo
Indirect (ownership)	8%	$320.40 / mo
Fuel (operating) @ $3.73	23%	$2.73 / hr

Revised Date: 1st Half 2015

BR 2012(396), ETC

COST BREAKDOWN

Project Name: City of Tomball Box Culverts and Turn Lanes
Description: Extra Machine Excavation for Slope Paving Stockpile Onsite

LABOR

DESCRIPTION	QUANT.	REG. RATE	REGULAR HOURS	REG. TIME TOTAL COST	O/T RATE	O/T HOURS	O/T TOTAL COST	TOTAL
Labor Skilled	3	$ 16.71	150	$ 2,506.50	$ 25.07		$ -	$ 7,519.50
Operator, General	2	$ 19.69	150	$ 2,953.50	$ 29.54		$ -	$ 5,907.00
Working Foreman	1	$ 35.55	150	$ 5,332.50	$ 53.33		$ -	$ 5,332.50
								$ 18,759.00

EQUIPMENT

DESCRIPTION	QUANT.	MONTHLY RATE	RATE ADJSTMNT FACTOR	REGION ADJSTMNT FACTOR	HOURLY RATE	OPER. COST	TOTAL HOURLY COST	HOURS	TOTAL
Pickup Truck	2	$ 705.00	-49.62	-60.63	$ 3.38	$ 15.65	$ 19.03	130	$ 4,947.61
Back Hoe	1	$ 3,450.00	-49.07	-382.95	$ 17.15	$ 24.85	$ 42.00	60	$ 2,519.86
FMC Link Belt	1	$ 6,955.00	-1241.34	-653.77	$ 28.75	$ 46.20	$ 74.95	120	$ 8,994.00
Dozer	1	$ 4,160.00	0	-461.76	$ 21.01	$ 33.40	$ 54.41	120	$ 6,529.53
Skid Steer Loader	1	$ 1,990.00	-5.31	-220.89	$ 10.02	$ 14.30	$ 24.32	60	$ 1,459.30
Compactor	1	$ 4,005.00	-253.96	324.4	$ 19.47	$ 12.00	$ 31.47	50	$ 1,573.50
		$ -			$ -	$ -	$ -		$ -
		$ -			$ -	$ -	$ -		$ -

RENTAL EQUIPMENT	QUANT.	DAYS	RATE	OPER. COST		TOTAL
			$ -	$ -		$ 26,023.79
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
			$ -	$ -		$ -
						$ -
					TOTAL EQUIPMENT	$ -
						$ 26,023.79

MATERIALS/SERVICES

DESCRIPTION	UNIT	QUANT.	PRICE	TOTAL
			$ -	$ -
Lease Dump Trucks	HR	150	$ 50.00	$ 7,500.00
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
				$ -
				$ 7,500.00

FORDE CONSTRUCTION CO.
6842 Calle Lozano St., Houston, Texas 77041
Bus: (713) 466-0511 Fax: (713) 466-1791

RECAP

City of Tomball

LABOR			
BASE LABOR		$	18,759.00
MARK-UP	25%	$	4,689.75
BURDEN	55%	$	10,317.45
TOTAL LABOR		**$**	**33,766.20**
EQUIPMENT			
COST		$	26,024.79
MARK-UP	15%	$	3,903.72
TOTAL EQUIPMENT		**$**	**29,928.51**
MATERIALS/SERVICES			
COST		$	12,500.00
MARK-UP	5%	$	625.00
TOTAL MATERIALS		**$**	**13,125.00**
SUB CONTRACT			
SUB TOTAL		$	-
MARK-UP	5%	$	-
TOTAL SUB-CONTRACT		**$**	**-**
SUB TOTAL		$	76,819.71
BOND COST	1.0%	$	768.20
TOTAL COST		**$**	**77,588.00**

Description: Stone RipRap

TOTAL COST	UNIT	QUANTITY	UNIT PRICE
$ 77,588.00	CY	2,800.00	$ **27.71**

Regular City Council Agenda Item Data Sheet

Meeting Date: January 18, 2016

Topic:
Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose:

- Sec. 551.071 - Private Consultation with Attorney in Closed Meeting Regarding a Matter of Potential Litigation that the Duty of the Attorney Requires be Held in Closed Session.

Background:

Origination:
City Manager

Recommendation:
N/A

Funding:

Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN

APPROVAL	READINGS PASSED	OTHER
☐ YES ☐ NO	☐ 1ST ☐ 2ND	