



**TAKE NOTICE THAT A REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF THE CITY OF PHARR, TEXAS
WILL BE HELD AT CITY HALL, COMMISSIONERS' ROOM,
118 S. CAGE BLVD., 2ND FLOOR, PHARR, TEXAS
COMMENCING AT 4:00 PM ON
MONDAY, MARCH 5, 2018**

The City of Pharr has called this meeting as allowed pursuant to Texas law, city charter, and Ordinance O-2015-28. The governing body may recess from day to day when it does not complete consideration of a particularly long subject as authorized by law. All persons desiring to address the governing body must register with the presiding city clerk prior to the scheduled meeting.

1. CALL TO ORDER:

- A) Roll call and possible action on the excusing of any absent member of the governing body.
- B) Pledge of Allegiance/Invocation

2. PUBLIC COMMENTS/PUBLIC HEARINGS:

A) PUBLIC COMMENTS: *(Ordinance No. O-2015-28) A registered speaker may speak on several items or topics of public concern; however, a speaker may not exceed three (3) minutes as a whole when addressing the board. A registered speaker may not donate time to another speaker. No more than five (5) registered persons may speak at a scheduled meeting. A sign-in form must be filled out prior to the meeting to allow the registered speaker to address the governing body.*

B) PUBLIC HEARING ON DEVELOPMENT SERVICES CASES: *(Ordinance No. O-2015-28). A registered speaker during the public hearing may not exceed three (3) minutes when addressing the board. A sign-in form for participation in public a hearing shall be promulgated by the city clerk and be made available at the city clerk's office. The public hearing sign-in form shall include the person or entity's name, address, telephone number, other contact information, organization if applicable, and other notices, authorizations, and acknowledgements as may be allowed by law from time to time. No registered speaker may be allowed to address the governing body once the public hearing has closed.*

3. CITY MANAGER'S REPORTS: *(City Manager's Administrative Reports and discussion, if any, with governing body. The City Manager may also assign a designated spokesperson for any particular listed topic)*

- A) City Engineer's Report.

AGENDA REGULAR MEETING

March 5, 2018

B) Presentation by Linebarger Goggan Blair and Sampson, LLP of Delinquent Tax Collection Report for the period of October 2017 through January 2018.

C) City Events of Interest.

4. CONSENT AGENDA: *(All items listed under consent Agenda are considered to be routine and non-controversial by the Governing Body and will be enacted by one motion. Any Commissioner may remove items from the consent agenda by making such request prior to a motion and vote on the Consent Agenda)*

A) Approval of Minutes for February 19, 2018 Regular Called Meeting. (ADMINISTRATION)

B) Consideration and action, if any, on request from St. Jude Catholic Church for street closures for their Annual Church Festival (Jamaica) on Sunday, March 18, 2018. (ADMINISTRATION)

C) Consideration and action, if any, allowing the Pharr Police Department to enter into agreement with the Texas Department of Transportation (TxDOT) for the 2018 STEP Click it Or Ticket Mobilization (CIOT). (POLICE)

D) Consideration and action, if any, on 31st Annual Maquiladora Spring Picnic Sponsorship for \$2,000. (BRIDGE)

E) Consideration and action, if any, on donation for a \$500 scholarship to PSJA Southwest Early College High School. (POLICE)

F) Consideration and action, if any, on Border Trade Alliance (BTA) 2018 Membership Silver Patron Level for \$10,000. (BRIDGE)

G) Consideration and action, if any, on 4th Annual PSJA ECHS Bear Scholarship Classic Golf Tournament for \$1,000. (BRIDGE)

H) Consideration and action, if any, on proposal for \$3,500 submitted by Salinas Promotions LLC to bring Lucha Libre Wrestling to Pharr Hub Phestival on Saturday April 7, 2018. (EVENTS CENTER)

I) Consideration and action, if any, on agreement with Dock Dogs Entertainment for Pharr Hub Phestival Saturday April 7, 2018 in the amount of \$6,000 for a six-hour presentation. (EVENTS CENTER)

J) Consideration and action, if any, on request from PSJA Education Foundation for waiving of rental fees of the Pharr Events Center in the amount of \$8,000 for their 5th Annual Gala on Thursday, September 20, 2018. (EVENTS CENTER)

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K) Consideration and action, if any, on request from PSJA ISD for waiving of rental fees of Pharr Events Center in the amount of \$5,000 per event on Monday, April 23, 2018 and Wednesday, April 25, 2018 for school banquets from 12:00 p.m. - 9:00 p.m., Tuesday April, 24, 2018 for Parent Volunteer Ceremony from 8:00 a.m. - 12:00 p.m., and Tuesday, June 5, 2018 for Graduation Ceremonies. (EVENTS CENTER)

L) Consideration and action, if any, on request from Hidalgo County Head Start for usage of the Development Research Center building for the week of the young child festivities April 15-19, 2018. (PARKS)

M) Consideration and action, if any, authorizing City Manager to rescind Amendment No. 1 to the contract with S&GE, LLC for Professional Engineering Services for the City of Pharr Eldora Elevated Storage Project and reissue a Revised Amendment No. 1. (ENGINEERING)

N) Consideration and action, if any, on Spectrum Weather and Specialty Insurance Inc. weather insurance for Pharr Hub Pheestival 2018 for \$5,934. (HR)

O) Consideration and action, if any, on Development Services Cases:

1. Ismael Garza has filed with the Planning and Zoning Commission a request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1). The property is legally described as being all of Lot 31, Crystal Estates Subdivision Phase I, Pharr, Hidalgo County, Texas. The property's physical address is 3306 North Robin Avenue. **CUP#180102**

2. Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners, has filed with the Planning and Zoning Commission a request for a change of zone from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I). The property is legally described as being a 7.21 acre tract of land, more or less, out of Lot 377, Kelly-Pharr Tract, Pharr, Hidalgo County, Texas. The property is physically located within the 1500 Block of West Hi-Line Road. **COZ#180107**

3. Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires Living Trust, owners, has filed with the Planning and Zoning Commission a request for a change of zone from Limited Industrial District (L-I) to High-Density Multi-Family District (R-4). The property is legally described as being Lot 4, Sugar Pointe Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 704 West Sioux Road. **COZ#180104**

4. Taqueria Borrego Pinto has filed with the Planning and Zoning Commission a request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C). The property is legally described as being Lot 212, Valle De La Primavera Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 6615 South Jackson Road. **CUP#180208**

REGULAR AGENDA - OPEN SESSION:

5. ORDINANCES AND RESOLUTIONS:

- A) Consideration and action, if any, on Resolution appointing/re-appointing four (4) members to the Community Development Council Board. (GMCD)
- B) Consideration and action, if any, on Resolution appointing/re-appointing of four (4) members to the Pharr Animal Shelter Advisory Committee. (PUBLIC WORKS)

6. ADMINISTRATIVE:

- A) Submission of the Audited Financial Statements for FY 2016-2017. (FINANCE)
- B) Consideration and action, if any, on Change Order No. 2 for the Lift Station 25 and 16" Force Main Improvements (Bid No. 1516-02-582-0028). (ENGINEERING)
- C) Consideration and action, if any, on Change Order No. 2 and Final Reconciliation of Quantities for the Single Machine Repaving Project Year 2 (Bid Number 1617-01-528-0017) (ENGINEERING)
- D) Consideration and action, if any on authorizing City Manager to solicit statements of qualifications for a Skate Park Design/Build at Victor Garcia Municipal Park. (PARKS)
- E) Consultation on Ordinance No. O-82-13, Article IV, Minimum Off-Street Parking and Loading Requirements. (DEVELOPMENT SERVICES)

7. PURCHASING:

- A) Consideration and action, if any, awarding multiple purchase contracts to various vendors for the Purchase of Thirty-one (31) 2018 Vehicles. Project #1718-60-583-P002-70. (PURCHASING)
- B) Consideration and action if any, on the purchase of permeable pavers and request to advertise for sealed bids for the associated gravel materials for the construction of a proposed joint use parking lot with St. Jude Thaddeus Church. (ENGINEERING)
- C) Consideration and action, if any, on the purchase of a hyper-converged server solution from SHI Government Solutions for the Police Department Tyler New World project. (INNOVATION & TECHNOLOGY)

8. CLOSED SESSION: *In accordance with Chapter 551 of the Texas Gov't. Code, the Pharr Board of Commissioners hereby gives notice that it may meet in a closed (non-public) executive session to discuss the items listed on the public portion of the meeting agenda in accordance with the following below:*

Pursuant to Section 551.071, the City may convene in a closed, non-public meeting with its attorney and discuss any matters related to **legal advice on pending or contemplated litigation, settlement offer, and/or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.** The City and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.072, the City may convene in a closed, non-public meeting to discuss any matters related to **real property and deliberate the purchase, exchange, lease, or value of real property as such would be detrimental to negotiations between the City and a third party in an open meeting.** The City and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.074, the City may convene in a closed, non-public meeting to discuss any matters related to **appointment, employment, evaluation, reassignment, duties and discipline or dismissal of a public officer or employee and to hear any complaints or charges against an officer or employee.** The City and its attorney may also discuss such issues with the appropriate staff including members so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.076, the City may convene in a closed, non-public meeting to discuss any matters on the **deployment, or specific occasions for implementation, of security personnel or devices.** The City and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.084, the City may convene in a closed, non-public meeting to discuss any matters involving an **investigation and may exclude a witness from hearing during the examination of another witness in the investigation.** The City and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.087, the City may convene in a closed, non-public meeting to discuss any matters regarding **economic development issues.** The City and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

9. RECONVENE: *into Regular Session, and consider action, if necessary on any items(s) discussed in closed session.*

10. ADJOURNMENT:

AGENDA REGULAR MEETING

March 5, 2018

NOTICE OF ASSISTANCE AT THE PUBLIC MEETING

City Hall 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 contact the City Clerk's Office at 956/402-4100 ext. 1003/1007 or FAX 956/702-5313 or E-mail hilda.pedraza@pharr-tx.gov or imelda.barrera@pharr-tx.gov for further information. Braille is not available.

I, the undersigned authority, do hereby certify that the above notice of said Regular Meeting of the City Commission of the City of Pharr was posted on the bulletin board at City Hall and on the City's web page at www.pharr-tx.gov. This Notice was posted on the 2nd day of March, 2018 at 3:30 p.m. and will remain posted continuously for at least 72 hours preceding the scheduled time of said Meeting, in compliance with Chapter 551 of the Government Code, Vernon's Texas Codes, Annotated (Open Meetings Act).



WITNESS MY HAND AND SEAL, this 2nd day of March 2018.



HILDA PEDRAZA, TRMC, CMC
CITY CLERK

I certify that the attached notice and agenda of items to be considered by the City Commission was removed from the bulletin board of City Hall on the ____ day of _____, 20__ by,

Title: _____



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 2.A.

DATE SUBMITTED: February 27, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR:

Agenda Item: PUBLIC COMMENTS

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue:

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Hilda Pedraza

Created/Initiated - 02/27/2018



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 2.B.

DATE SUBMITTED: February 27, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR:

Agenda Item: Public Hearing on Development Services Cases

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue:

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Hilda Pedraza

Created/Initiated - 02/27/2018

Design Phase

- ☐ **PSJA Tri-City Pedestrian Safety Improvements Projects**
- ☐ **Pharr Pedestrian Connections**
- ☐ **Hi-Line Road Improvements From Jackson Rd to Veterans Rd (I-Road)**
- ☐ **Anaya Road Improvements From US 281 (Cage Blvd) to Veterans Rd (I-Road)**
- ☐ **W. Las Milpas Rd. Reconstruction**
- ☐ **Thomas Rd. Intersection Widening**
- ☐ **Downtown Pharr Lights (Polk to IH-2)**
- ☐ **Downtown Park**
- ☐ **Renovations of Jose "Pepe" Salinas Civic Center**
- ☐ **559 FY 15 DAP-Pharr-Reynosa Intl. Br. Northbound Lane and 2nd BSIF Exit**
- ☐ **559 FY 16 DAP-Pharr-Reynosa Intl. Br. (Dock Expansion, Cold Inspection Facility, & Ag Training Center & Lab)**
- ☐ **Bridge Facility Expansion & Toll Booth Improvements.**
- ☐ **Utility Relocation for Hike & Bike Tunnel under Veterans.**
- ☐ **St. Jude Overflow Parking**
- ☐ **Fire Station No. 1**
- ☐ **Fire Station No. 4**
- ☐ **Northside Library**

Construction Phase

- ☐ **Owassa Road Improvements**
- ☐ **Proposed Traffic Signal Improvements on Veterans Rd. at Kelly Ave. & Eldora Rd.**
- ☐ **South Pharr Development and Research Center (Part A)**
- ☐ **South Pharr Exhibit Hall**
- ☐ **Eldora Elevated Storage Tank Improvements**
- ☐ **Lift Station 25 & 16-in Forcemain Improvements**
- ☐ **Wastewater Treatment Plant Clarifier No. 2 Rehabilitation**
- ☐ **Waterline Transmission Improvements**
- ☐ **Single Machine Repaving Project Year 2**
- ☐ **Single Machine Repaving Project Year 2 Phase B**
- ☐ **Single Machine Repaving Project Year 3**
- ☐ **Arnold Elementary Park**
- ☐ **Arnold Elementary Splash Park**
- ☐ **Pharr Birding Center/Nature Park**
- ☐ **Dr. Long Park**

DESIGN PHASE

Project Name:	PSJA Tri-City Pedestrian Safety Improvements Project
Design Engineer:	City of Pharr Engineering Department.
Description:	Construction of approximately 27,784 square yards of concrete sidewalks within the Cities of Pharr, San Juan & Alamo to make linkages to surrounding cities, schools, neighborhoods, public parks by extending sidewalks and closing gaps in service.
Status:	Coordinating with TXDOT to finalize the Advance Funding Agreement. Survey for the Project is approximately 100% Complete
Project Name:	Pharr Pedestrian Connections
Design Engineer:	City of Pharr Engineering Department.
Description:	The Project will provide pedestrians in the City of Pharr with facility improvements that will address the needs of seniors and persons with disabilities
Status:	Topographic Survey has been completed.
Project Name:	Hi-Line Road Improvements From Jackson to Veterans
Design Engineer:	S&B Infrastructure, Ltd.
Description:	Approximately 2.3 miles of roadway improvements from Jackson Rd to Veterans Rd.
Status:	Currently Working on the Environmental and Final Alignment Selection
Project Name:	Anaya Rd. Improvements From US 281 (Cage Blvd.) to Veterans Rd. (I-Road)
Design Engineer:	S&B Infrastructure, Ltd.
Description:	Approximately 1.03 miles of roadway improvements from US 281 (Cage Blvd.) to Veterans Rd. (I-Road)
Status:	Currently Working on the Environmental and Final Alignment Selection

DESIGN PHASE

Project Name:	W. Las Milpas Rd. Reconstruction
Design Engineer:	R. Gutierrez Engineering.
Description:	Reconstruction of W. Las Milpas Road
Status:	Project is under design
Project Name:	Thomas Rd. Intersection Widening
Design Engineer:	R. Gutierrez Engineering.
Description:	Widening of the Thomas Road Intersections at Cage Blvd. and Jackson Rd.
Status:	Project is under design
Project Name:	Downtown Pharr Lights (Polk to IH-2)
Design Engineer:	City of Pharr Engineering Department.
Description:	Installation of decorative street lights from Polk St. to IH-2
Status:	AEP has conducted a site visit to establish location of the new lights.
Project Name:	Downtown Park
Design Engineer:	City of Pharr Engineering Department.
Description:	A new City Park adjacent to City Hall
Status:	Design is approximately 98% complete. Anticipate beginning Construction in late Mid April.
Project Name:	Renovations of Jose "Pepe" Salinas Civic Center
Design Architect:	Diseño
Description:	Renovations of an approximately 16,000 s.f. facility
Status:	Asbestos Abatement has begun and shall be completed within 30 days.

DESIGN PHASE

Project Name:	559 FY 15 DAP- Pharr Reyonsa Intl. Br. Northbound lane and 2nd BSIF Exit
Design Engineer:	TEDSI/Half Associates
Description:	Addition on 2 northbound lanes and a 2nd BSIF Exit.
Status:	Design is at 70% completion.
Project Name:	559 FY 16 DAP- Pharr Reyonsa Intl. Br. (Dock Expansion, Cold Inspection Facility, and Ag Training Center and Lab)
Design Engineer:	Half Associates
Description:	Construcion of a dry Dock Expansion, Cold Inspection Facility, and Ag Training Center and Lab
Status:	30% Design was submitted on February 28, 2018
Project Name:	Bridge Facility Expansion & Toll Booth Improvements.
Design Engineer:	The Warren Group
Description:	Renovation and Expansion of the existing Bridge Building Facility
Status:	Design has been completed ais currently out for bid.
Project Name:	Utility Relocation for Hike & Bike Tunnel under Veterans.
Design Engineer:	S&GE
Description:	Design of a new grinder pump station to eliminate a sanitary sewer utility conflict that resulted from the proposed Hike and Bike Tunnel under I-Road
Status:	Design has been completed and are ready to go out for Bids. Awaiting and Interlocal agreement between the City and the County.

DESIGN PHASE

Project Name:	St. Jude Overflow Parking
Design Engineer:	City of Pharr Engineering Department.
Description:	Construction of an overflow parking on the property adjacent to St. Jude Catholic Church. Size of Parking lot is approximately 2 acres.
Status:	Under Design
Project Name:	Fire Station No. 1
Design Engineer:	The Warren Group
Description:	Design of a new Fire Station No. 1 located on FM 495 and Knights Dr.
Status:	The conceptual design has begun.
Project Name:	Fire Station No. 4
Design Engineer:	The Warren Group
Description:	Design of a new Fire Station No. 4 located in the Produce Park in South Pharr.
Status:	The Plans have been completed and submitted to the CMAR. Construction is ready to begin.
Project Name:	Northside Library
Design Engineer:	The Warren Group
Description:	Design of a new Library on the North Side of Pharr
Status:	The conceptual design has begun.

CONSTRUCTION PHASE

Project Name	South Pharr Development and Research Center Part A		
Architect	The Warren Group, Inc		
Contractor	Holchemont		
Contract Amount	\$2,433,000	Contract Time (days)	240
Notice to Proceed	4/9/2017	Contract Time Used:	135.83%
Description: Construction of South Pharr Development and Research Center consisting of approximately 15,398 s.f. masonry building.			
Status: Substantial Completion has been achived. Only item pending is the partition wall.			
Pictures:			
			

CONSTRUCTION PHASE

Project Name	South Pharr Exhibit Hall		
Architect	The Warren Group, Inc		
Contractor	Holchemont		
Contract Amount	\$1,209,000	Contract Time (Days)	240
Notice to Proceed	4/9/2017	Contract Time Used:	135.83%
Description: South Pharr Exhibit Hall will consist of a new one story masonry building approximately 9,000 s.f. in size			
Status: Project Complete			
Pictures:			
 Jan 29, 2018 10:12:46 AM Pharr			

CONSTRUCTION PHASE

Project Name:	Owassa Road Reconstruction and Widening		
Engineer:	Teds		
Contractor	IOC, Company		
Contract Amount	\$5,206,108	Contract Time (Days)	438
Notice to Proceed	3/23/2017	Contract Time Used:	78.31%
Description: Widening of Owassa Rd between Jackson Rd and US 281 Frontage, and various drainage improvements.			
Status: Construction is ongoing.			
Pictures:			
			

CONSTRUCTION PHASE

Project Name:	Eldora Elevated Storage Tank Improvements		
Engineer	SG&E, LLC		
Contractor	Landmark		
Contract Amount	\$2,735,000	Contract Time (Days)	365
Notice to Proceed	4/21/2017	Contract Time Used:	86.03%

Description: Build a new 1 Million Gallon Composite Elevated Storage Tank

Status: Construction is ongoing. Project is 85% complete.

Pictures:



CONSTRUCTION PHASE

Project Name:	Waterline Transmission Improvements		
Engineer	S&GE, LLC		
Contractor	Jimmy Closner & Sons		
Contract Amount	\$6,591,196	Contract Time (Days)	540
Notice to Proceed	3/15/2016	Contract Time Used:	132.59%
Description: Construction of a 20-in and 16-in water transmission main from the Water Treatment Plant (WTP) Booster Pump Station to the Expressway and JBJ Elevated Storage Tank.			
Pictures: (None)			

CONSTRUCTION PHASE

Project Name:	Lift Station 25 & 16-in Forcemain Improvements		
Engineer	S&GE, LLC		
Contractor	Saenz Brothers Construction, LLC		
Contract Amount	\$2,715,364	Contract Time (Days)	360
Notice to Proceed	8/2/2016	Contract Time Used:	160.00%

Description: New Liftstation and 16-in Forcemain Improvements

Status: Construction is substantially complete

Pictures:



CONSTRUCTION PHASE

Project Name:	Wastewater Treatment Plant Clarifier No. 2 Rehabilitation		
Engineer	SG&E		
Contractor	JMJ Constructors Inc.		
Contract Amount	\$532,725	Contract Time (Days)	270
Notice to Proceed	1/3/2017	Contract Time Used:	156.30%
Description: Install a new Clarifier at the Wastewater Treatment Plant Clarifier No. 2			
Status: Construction is complete.			
Pictures: (None)			

CONSTRUCTION PHASE

Project Name:	Proposed Traffic Signal Improvements on Veterans Rd. at Kelly Ave. & Eldora Rd.		
Engineer	Aldaña Engineering & Traffic Design, LLC		
Contractor	D&G Energy Corporation		
Contract Amount	\$232,765	Contract Time (Days)	120
Notice to Proceed	7/31/2017	Contract Time Used:	177.50%

Description: This existing intersection is presently un-signalized. The proposed traffic signal will include traffic signal poles and arms, traffic signal controller & cabinet, foundations,

Status: Construction is ongoing. Awaiting the delivering of the Traffic Pole, which is expected in February.

Pictures:



CONSTRUCTION PHASE

Project Name:	Single Maching Repaving Project Year 2 Phase B		
Engineer	City of Pharr-Engineering Department		
Contractor	Cutler		
Contract Amount	\$810,073	Contract Time (Days)	90
Notice to Proceed	8/28/2017	Contract Time Used:	205.56%
Description: Repaving of residential streets, in North, Central and South Pharr			
Status: Construction is ongoing.			
Pictures:			
			

CONSTRUCTION PHASE

Project Name:	Single Maching Repaving Project Year 3		
Engineer	City of Pharr-Engineering Department		
Contractor	Cutler		
Contract Amount	\$810,073	Contract Time (Days)	90
Notice to Proceed	12/4/2017	Contract Time Used:	96.67%
Description: Repaving of residential streets, in North, Central and South Pharr			
Status: Construction is ongoing.			
Pictures:			
			

CONSTRUCTION PHASE

Project Name:	Arnold Elementary Park		
Engineer	Halff Associates		
Contractor	Davila Construction		
Contract Amount	\$2,200,000	Contract Time (Days)	270
Notice to Proceed	2/21/2018	Contract Time Used:	2.96%
Description: New Park at Arnold			
Status: Cosntruction has begun			
Pictures: (None)			

CONSTRUCTION PHASE

Project Name:	Arnonld Elementary Splash Pad		
Engineer	Halff Associates		
Contractor	Davila Construction		
Contract Amount	\$307,000	Contract Time (Days)	270
Notice to Proceed	2/21/2018	Contract Time Used:	2.96%
Description: New Splash Pad at Arnold Elementary			
Status: Construction has begun			
Pictures: (None)			

CONSTRUCTION PHASE

Project Name:	Pharr Birding Center/Nature Park		
Engineer	Halff Associates		
Contractor	Davila Construction		
Contract Amount		Contract Time (Days)	270
Notice to Proceed	2/21/2018	Contract Time Used:	2.96%
Description: Construction of a new Nature Park			
Status: Construction has begun.			
Pictures: (None)			

CONSTRUCTION PHASE

Project Name:	Dr. Long Park		
Engineer	Halff Associates		
Contractor	Davila Construction		
Contract Amount	\$1,500,000	Contract Time (Days)	270
Notice to Proceed	2/21/2018	Contract Time Used:	2.96%
Description: New Park at Dr. Long Elementary			
Status: Construction has begun			
Pictures: (None)			



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 3.B.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Karla Moya, Finance Director

DEPARTMENT: Finance

DIRECTOR: Karla Moya

Agenda Item: Presentation by Linebarger Goggan Blair and Sampson, LLP of Delinquent Tax Collection Report for the period of October 2017 through January 2018.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Linebarger Goggan and Blair are the City's delinquent tax attorneys and they will present a report for period of October 1, 2017 through January 2018 to present the highlights of the tax program utilized to collect delinq taxes.

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Karla Moya

Created/Initiated - 02/28/2018

Karla Moya

Approved - 02/28/2018

Patricia Rigney

Approved - 03/01/2018

City Management Office

Final Approval - 03/01/2018



**Delinquent Tax Collection Report
October 2017—January 2018**

Linebarger Goggan Blair & Sampson, LLP

205 S. Pin Oak Avenue, Edinburg, Texas 78539

Phone: 956-383-4500

Fax: 956-383-7820

LAW OFFICES
OF
LINEBARGER GOGGAN BLAIR & SAMPSON, LLP
ATTORNEYS AT LAW
205 S Pin Oak Dr.
EDINBURG, TEXAS 78539

Telephone: (956) 383-4500
Facsimile: (956) 383-7820

March 5, 2018

Dr. Ambrosio "Amos" Hernandez, Mayor
Mr. Eleazar Guajardo, Commissioner
Mr. Roberto "Bobby" Carrillo, Commissioner
Mr. Ramiro Caballero, Commissioner
Mr. Daniel Chavez, Commissioner
Mr. Ricardo Medina, Commissioner
Mr. Mario A. Bracamontes, Commissioner
City of Pharr
PO Box 1729
Pharr, TX 78577

RE: Delinquent Tax Collection Report for October 1, 2017 through January 31, 2018

Dear Mayor Hernandez and City Commission:

The Linebarger Goggan Blair & Sampson, LLP Report highlights our delinquent ad valorem tax collection program on behalf of the City of Pharr. Our collection results, as noted herein, indicate our efforts continue to be successful for the City of Pharr.

Please know that we truly appreciate the opportunity to represent the City of Pharr on all delinquent ad valorem tax matters. As always, we will continue to provide the City of Pharr with quality representation, consistent results, and an ample experienced staff of attorneys, legal assistants and a certified tax assessor collector dedicated to servicing your account. We are available to address any questions you may have or to discuss any concerns that interest you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "M. G. Cano", with a stylized, cursive flourish at the end.

Michael G. Cano
Partner

LINEBARGER GOGGAN BLAIR & SAMPSON APPROACH

- *Demand Mailings*
- *Litigation Statistics*
- *Taxpayer Contact*
- *Personal Visits*
- *Constable's Sales*

The delinquent tax collection program for the City of Pharr continues to emphasize two basic premises: work with individual taxpayers to collect taxes owed to City of Pharr and use the tool of litigation as a final option.

DEMAND MAILINGS

Our extensive mailing program is designed to advise people who have not paid their City of Pharr taxes of their delinquency. During the course of a reporting period, we will send delinquent notices, with varying degrees of intensity to the delinquent taxpayer. The intensity of the notice varies on factors such as: time of year, type of property and the particular needs of the jurisdiction.

- 2 Demand Mailings – 2,815 Statements—\$1,232,035 in base tax & p&i

LITIGATION SUMMARY

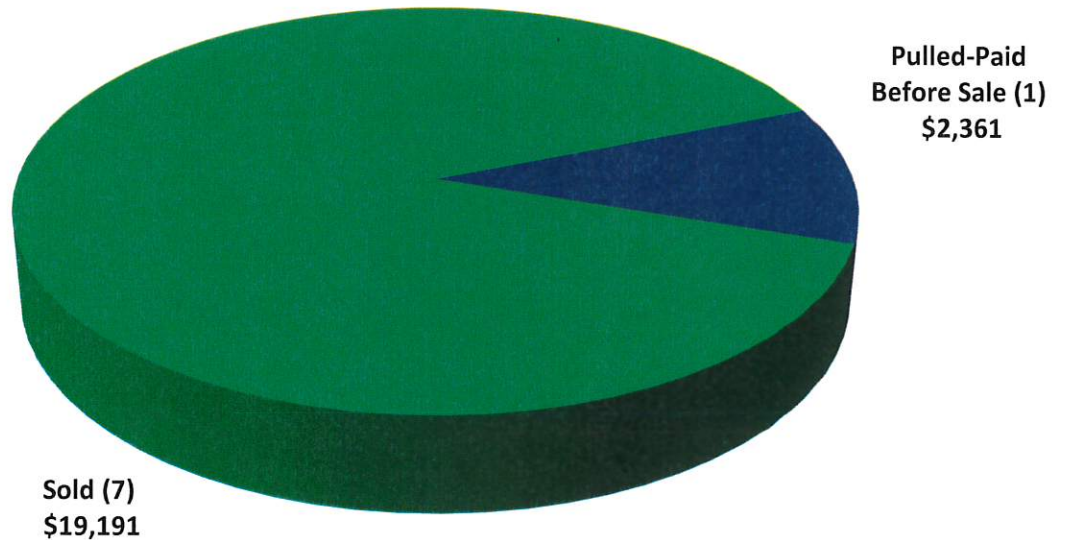
Filing a lawsuit to collect delinquent taxes is used as a final resort; after diligent efforts to contact and work with taxpayers are fully exhausted. Once the decision to file suit has been made, a complete property title search is conducted, the taxable property is further identified and all interested parties including all lien holders, are identified and served with notice of the lawsuit.

Litigation Activity	Cases	Base, Penalty and Interest
• Lawsuits/Interventions Filed	96	\$105,604
• Judgments Taken	32	\$79,323
• Dismissed Suits	74	\$126,019
• Tax Warrants	6	\$5,446
• Pending Litigation of Feb. 2018	432	\$653,976

- Taxpayer Contact*
- *Over 877 Taxpayer Calls*
 - *78 Pay Off Requests*
 - *187 Taxpayer Walk-Ins*

Tax Sale Activity

Our Office regularly monitors all judgments we take on behalf of the City of Pharr. During this reporting period, two (2) tax sales were conducted placing eight (8) properties for sale.



Liens

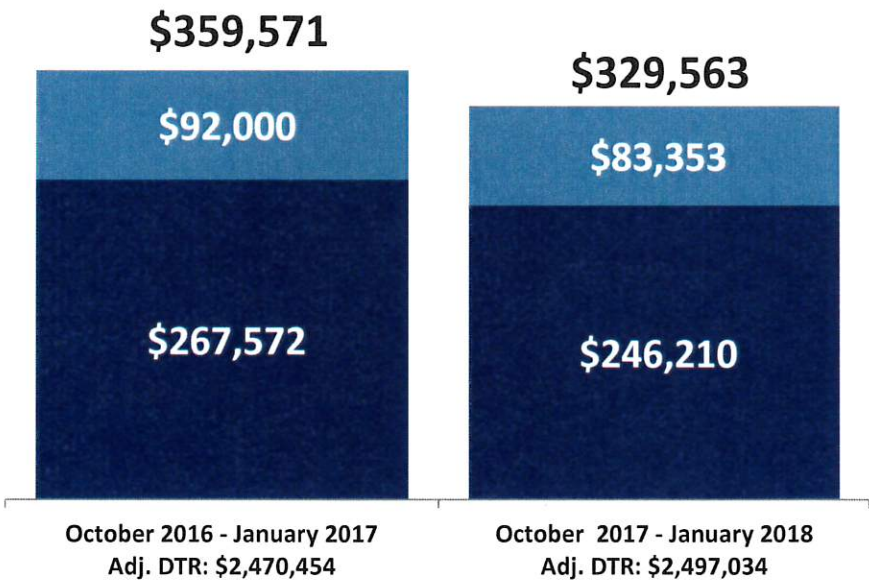
- *LGBS collected \$5,564 in mowing liens as a courtesy for the City of Pharr.*

Tax Resale Program

Our resale program for struck-off properties to the taxing entities and then sold at auction is part of our successful collection program conducted on behalf of the City of Pharr. At our expense, the firm markets these struck-off properties through newspaper advertising, our firm's website, www.lgbs.com; a mailing list maintained by our office and conducts a resale of these properties struck-off throughout the year.

COLLECTION HIGHLIGHTS

Year to Date Comparison



Source: Hidalgo Co. Tax Office

FUTURE OVERVIEW

Review of Pending Judgments and the Filing of Additional Lawsuits

During the next reporting period, we will continue to work pending lawsuits for full payment or payment agreements. We will also continue researching the delinquent tax roll for possible new lawsuits; both real and personal property accounts.

Continued Monitoring of Bankruptcy Accounts

As a continuation of our standard operating practice, we will actively monitor and verify accounts in bankruptcy for the payment of taxes, penalties, and interest owed to the City.

Mailing Program

For this reporting period, we have scheduled mailings on behalf of the City of Pharr for the following months:

- March 2018

Scheduling of Property Sales

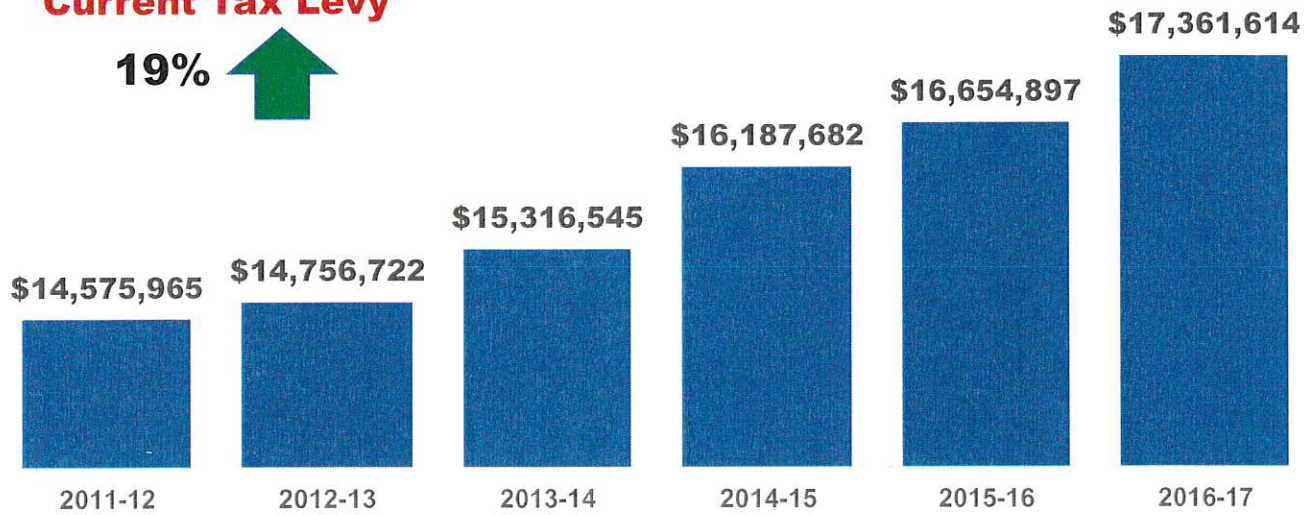
As properties are taken to judgment, they will be reviewed and checked for payment.

Execution of the work plan established for the City of Pharr will include the constant monitoring of collection figures in order to adjust resources and enforce the collection of delinquent taxes. Our collection efforts will also include prosecuting pending suits to conclusion, mailing monthly letters, and filing new suits in order to maximize the collection of taxes. We will continue to work closely with you and your administrative staff to provide assistance and advice on all property tax matters, including changes in the law brought about by amendments to the Texas Property Tax Code.

City of Pharr

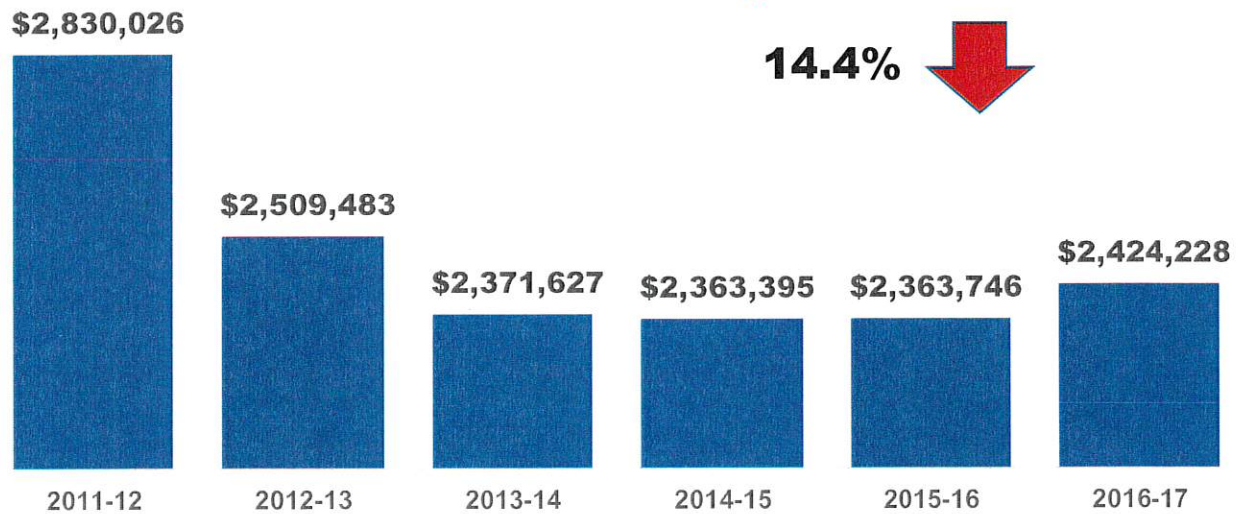
Current Tax Levy

19% 



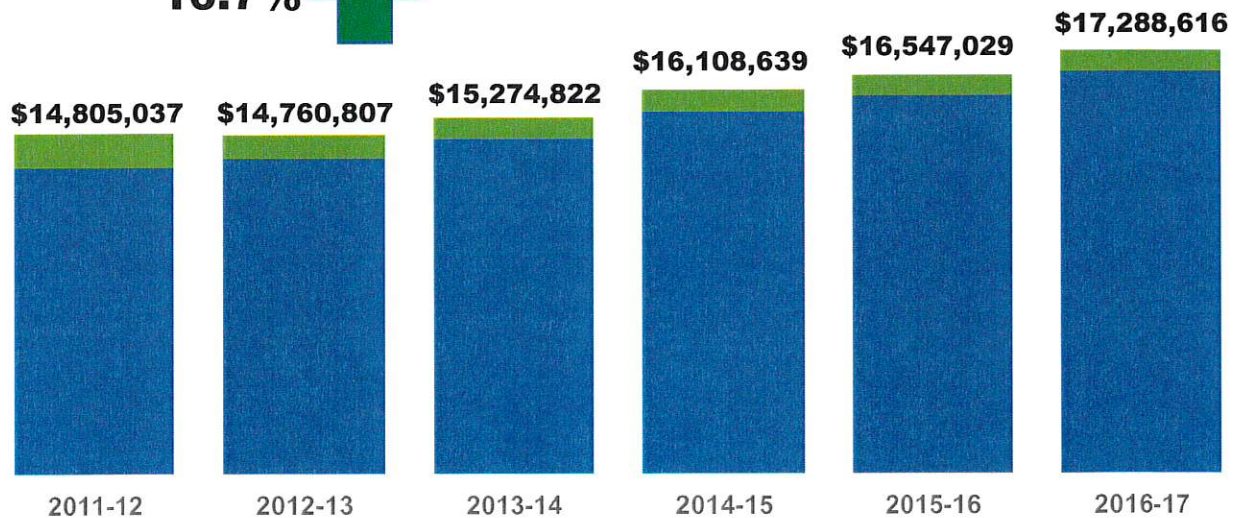
Delinquent Tax Roll/Balance

14.4% 



Current & Delinquent Tax Collections

16.7% 





AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 3.C.

DATE SUBMITTED: March 1, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR:

Agenda Item: City Events of Interest.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue:

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Hilda Pedraza

Created/Initiated - 03/01/2018



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.A.

DATE SUBMITTED: February 22, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR: Juan Guerra

Agenda Item: Approval of Minutes for February 19, 2018 Regular Called Meeting.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Minutes for meeting held on February 19, 2018.

Financial Consideration: N/A

Staff Recommendation: Staff recommends approval.

Alternatives: N/A

ROUTING:

Hilda Pedraza
City Management Office

Created/Initiated - 02/22/2018
Final Approval - 03/01/2018

**MINUTES
BOARD OF COMMISSIONERS
REGULAR CALLED MEETING
MONDAY, FEBRUARY 19, 2018
118 SOUTH CAGE 2nd FLOOR**

The Board of Commissioners of the City of Pharr, Texas, met in a Regular Called Meeting on Monday, February 19, 2018 and following is the record of attendance.

BOARD OF COMMISSIONERS PRESENT: Mayor Ambrosio Hernandez
Comm. Eleazar Guajardo
Comm. Roberto "Bobby" Carrillo
Comm. Ramiro Caballero
Comm. Daniel Chavez

BOARD OF COMMISSIONERS ABSENT: Comm. Ricardo Medina
Comm. Mario Bracamontes

STAFF PRESENT: Edward Wylie, Deputy City Manager
Hilda Pedraza, City Clerk
Omar Anzaldúa, City Engineer
Gary Rodriguez, Events Center Director
Karla Moya, Finance Director
Rodolfo Martinez, Municipal Court Judge
Anali Alanis, HR Director
Joe Luengo, Interim Police Chief
Leonardo Perez, Fire Chief
Melanie Cano, Dev. Services Director
Reynaldo Cano, Public Works Asst. Dir.
Jose Villescas, Public Utilities Director
Sergio Alanis, Parks & Rec. Director
Santiago Salinas, CDBG
Adolfo Garcia, Library
Jose Pena, I.T. Director
Luis Bazan, Bridge Director
Victor Perez, PEDC Director
Sandra Zamora, Purchasing Director
Daniel Ramirez, Communications Dir.

CITY ATTORNEY Patricia Rigney, City Attorney

ITEM 1. CALL TO ORDER

Mayor Pro Tem Carrillo called the meeting to order at 4:07 p.m. Roll call established a quorum.

**A) ROLL CALL AND POSSIBLE ACTION ON THE EXCUSING OF ANY
ABSENT MEMBER OF THE GOVERNING BODY**

Comm. Guajardo moved to excuse the absent members. Comm. Caballero seconded the motion and when put to a vote, it carried unanimously.

B) PLEDGE OF ALLEGIANCE/INVOCATION

Edward Wylie, Deputy City Manager, led in the pledge of allegiance and Luis Bazan, Bridge Director, said the invocation.

ITEM 2. PUBLIC COMMENTS/PUBLIC HEARINGS

A) PUBLIC COMMENTS

Kenneth Fletcher voiced his concern with nuisances at Costco and spoke about agenda item 4.M stating HVAC systems near residential areas need to be screened properly. He further stated public hearings were important to hear the citizens' comments and thanked the Commission for the \$100 water meter rebate received. Mr. Fletcher also spoke about Development Services cases stating there were problems at Stiletto's Gentlemen's Club and public health concerns at the restaurant. Lastly, Mr. Fletcher spoke about the plat approval for the proposed Boggus subdivision and encouraged that a solid wall be built around the business.

Harold Bert, Pharr South Community resident, voiced his concern about sewage problem that occurred on January 26, 2018 behind his house. He stated maintenance crew proceeded to unblock the sewer line that evening but the water that was pumped into the 12-inch sewer line found a spot to get out at the manhole located about 15 feet from his house. He further stated city crews have been to his property six times to clean the sewage and get rid of the smell through chemicals and detergents. He added Mr. Jose Villescas and his assistant have been there two times and have been very helpful. He commended them and city crew for their polite attitude and their willingness to clean up the mess but there was only so much they could do. Lastly, he stated the businesses around the area have increased the amount of sewage put into a 12-inch sewer pipe and requested the city to do a short-term fix and have the manholes at Southgate Community be capped so the sewage cannot spill into their property.

Fern Ogens, Pharr South Gate Community, stated she had submitted a memo describing the issue mentioned above and stated this was a health hazard that needed to be addressed. However, she had just learned that Mayor Hernandez was aware of this issue and the city was already taking steps to remedy the situation. She further thanked the city for helping them reach an agreement with Developer Eddie Cantu.

MINUTES: REGULAR CALLED MEETING
FEBRUARY 19, 2018

Mayor Hernandez arrived at this time being 4:16 p.m.

B) PUBLIC HEARING ON DEVELOPMENT SERVICES CASES

None.

ITEM 3. CITY MANAGER'S REPORTS

A) SUBMISSION OF FEBRUARY 2018 SALES TAX REPORT

Edward Wylie, Deputy City Manager, introduced the sales tax report for February 2018. He stated it was an overall positive trend and sales tax were up 6.37% as compared to last year. He further stated valleywide, the City of Pharr sales tax showed an increase of 9.08% and the City of Pharr was ranked number 2 this month compared to 9 other cities in the Valley.

B) SUBMISSION OF JANUARY 2018 TAX COLLECTION REPORT

Edward Wylie, Deputy City Manager, introduced the tax collection report for the January 2018 and stated current property tax collections were down .70% compared to last year. However, since valuations were higher than last year, the actual collections were higher.

Edward Wylie, Deputy City Manager, further reported delinquent tax collection rate was down by .97% compared to last year but this was due to people paying their property taxes.

Karla Moya, Finance Director, stated she had met with Linebarger Firm and would present a more detailed report at the next meeting.

C) FINANCIAL QUARTERLY REPORT FOR DECEMBER 31, 2017

Karla Moya, Finance Director, briefly reported on the financial quarterly report for December 31, 2017 and stated all numbers looked good and the city's net worth has increased since last year.

D) CITY EVENTS OF INTEREST

Edward Wylie, Deputy City Manager, recognized Juan Carlos Aguirre and announced he would be retiring after 33 years of service with the City of Pharr.

MINUTES: REGULAR CALLED MEETING
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Jose A. Luengo, Police Chief, stated Mr. Aguirre was a motivated and dedicated officer who had made great accomplishments with the community and the youth. He further wished him good luck.

Juan Carlos Aguirre thanked Comm. Carrillo and his family for helping them raise funds when he started in the police department to purchase equipment for the SWAT team. Mr. Aguirre also stated his most beautiful experience was being able to develop great relationships with the community and thanked the present and past Administrations and elected officials for their support and blessings.

Mayor Hernandez thanked JC Aguirre for his service and for putting his life on the line every day. Each Commissioner echoed Mayor Hernandez's comments and wished him the best of luck in his future endeavors.

At this time, Mayor and Commissioners took a group picture with the pledge in support of the IT'S TIME TEXAS Community Challenge and encourage health and fitness in our community.

Cynthia Garza, Pharr Economic Development Corporation, introduced the three (3) non-profit agencies that were awarded funds generated through sponsorships of the 2018 State of the City Address.

Mayor and Commissioners presented checks for \$5,000 to Outcry in the Barrio, Pharr Community Theater, and FirstRGV.

Mayor Hernandez stated for the record, that all expenses for the State of the City Addressed were paid through donations and no taxpayer money was used for the event.

Edward Wylie, Deputy City Manager, introduced the city events of interest. He reported the Greater Pharr Chamber of Commerce would be hosting a ribbon cutting for the European Wax Center on Tuesday, February 20, 2018 at 11:00 a.m. at 500 N. Jackson Road. He also reported an Appreciation Golf Tournament for our Winter Texan Community would be held on Monday, February 26, 2018 at 9:00 a.m. at Tierra Del Sol Golf Course.

Edward Wylie, Deputy City Manager, announced the Pharr Memorial Library would be having a Dr. Seuss Family Celebration night at the new Development and Research Center on Thursday, March 1, 2018 from 6:00 p.m. to 8:00 p.m. and invited everyone to bring their children.

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Edward Wylie, Deputy City Manager, reported on Parks and Recreation Department events. He reported Movies at the Park would be held on Saturday, February 24, 2018 at Dr. William Long Park, movie showing would be the Beauty and the Beast. He also reported the 2018 Spring Recreation Programs would be held at T-Stem Early College High School campus and reminded everyone the 12th Annual St. Patrick's Day 5k Run/Walk would be held on Saturday, March 17, 2018 at PSJA Stadium.

Edward Wyle, Deputy City Manager, reminded everyone early voting for the 2018 Primary Election was from February 20 through March 2, 2018 and Election Day would be on Tuesday, March 6, 2018. He stated the polling locations in the city of Pharr were the Development and Research Center and the Pharr Events Center and encouraged everyone to go out and vote.

ITEM 4. CONSENT AGENDA

- A) APPROVAL OF MINUTES FOR FEBRUARY 5, 2018 REGULAR CALLED MEETING (ADMINISTRATION)**
- B) CONSIDERATION AND ACTION IF ANY, ON RESOLUTION AUTHORIZING THE PHARR POLICE DEPARTMENT TO APPLY FOR THE 2019 LOCAL BORDER SECURITY PROGRAM (LBSP) GRANT # 2991404. (POLICE)**
- C) CONSIDERATION AND ACTION, IF ANY, ON RESOLUTION AUTHORIZING THE PHARR POLICE DEPARTMENT TO APPLY FOR THE DOMESTIC VIOLENCE COORDINATOR PROJECT GRANT # 2299408. (POLICE)**
- D) CONSIDERATION AND ACTION IF ANY, ON RESOLUTION AUTHORIZING THE PHARR POLICE DEPARTMENT TO APPLY FOR THE CRIME VICTIMS LIAISON PROJECT GRANT # 2987303. (POLICE)**
- E) CONSIDERATION AND ACTION IF ANY, ON RESOLUTION AUTHORIZING THE PHARR POLICE DEPARTMENT TO APPLY FOR THE HUMAN TRAFFICKING LIAISON PROJECT GRANT # 2430508. (POLICE)**
- F) CONSIDERATION AND ACTION, IF ANY, ON RESOLUTION AUTHORIZING THE PHARR FIRE DEPARTMENT TO APPLY FOR THE OFFICE OF THE GOVERNOR-HOMELAND SECURITY GRANTS DIVISION 2018 STATE HOMELAND SECURITY PROGRAM (SHSP) # 3628401. (FIRE)**

- G) CONSIDERATION AND ACTION IF ANY, ON RESOLUTION AUTHORIZING THE PHARR POLICE DEPARTMENT TO APPLY FOR THE 2019 JUSTICE ASSISTANCE GRANT # 3558701. (POLICE)**
- H) CONSIDERATION AND ACTION, IF ANY, ON RESOLUTION ENTERING INTO AN AGREEMENT WITH TEXAS DEPARTMENT OF TRANSPORTATION FOR CLOSURE OF US 281 FROM OLD BUSINESS 83 TO KELLY AVE. FOR THE ANNUAL HUB PHEST ON SATURDAY, APRIL 7, 2018 FROM 12:00 A.M. TO SUNDAY APRIL 8, 2018 6:00 A.M. (PUBLIC WORKS)**
- I) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING CITY MANAGER TO RESCIND AMENDMENT NO. 1 & 2 TO THE CONTRACT WITH S&GE, LLC FOR PROFESSIONAL ENGINEERING SERVICES FOR THE WATER TRANSMISSION MAINS PROJECT AND REISSUE A REVISED AMENDMENT NO. 1 (ENGINEERING)**
- J) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING CITY MANAGER TO AMEND THE CONTRACT WITH TEDSI INFRASTRUCTURE GROUP INC. FOR PROFESSIONAL ENGINEERING SERVICES FOR THE DEVELOPMENT OF PLAN FOR THE SECOND BSIF EXIT FROM THE PHARR INTERNATIONAL BRIDGE PORT OF ENTRY (POE) TO THE BORDER SAFETY INSPECTION FACILITY (BSIF) PROJECT (ENGINEERING)**
- K) CONSIDERATION AND ACTION, IF ANY, ON SPONSORSHIP IN THE AMOUNT OF \$5,000 FOR HOPE FAMILY HEALTH CENTER JAZZ, ART AND WINE FESTIVAL DINNER ON FRIDAY, MARCH 23, 2018 (ADMINISTRATION)**
- L) CONSIDERATION AND ACTION IF ANY, ON CONSENT TO ALLOW THE DEPARTMENT OF HOMELAND SECURITY TO USE THE PHARR POLICE DEPARTMENT MOBILE COMMAND UNIT (POLICE)**
- M) CONSIDERATION AND ACTION, IF ANY, ON SPONSORSHIP IN THE AMOUNT OF \$500 FOR THE HIDALGO COUNTY METROPOLITAN PLANNING ORGANIZATION 8TH ANNUAL WALK N ROLLA ON SATURDAY, APRIL 21, 2018 (ADMINISTRATION)**

N) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING CITY MANAGER TO ADVERTISE FOR SEALED BIDS FOR THE REPLACEMENT OF HVAC SYSTEMS AT VARIOUS CITY FACILITIES (PARKS)

O) CONSIDERATION AND ACTION, IF ANY, ON DEVELOPMENT SERVICES CASES:

- 1. RED TAPE II, INC., D/B/A STILETTOS GENTLEMEN'S CLUB REQUESTED RENEWAL OF THE SEXUALLY ORIENTED BUSINESS LICENSE IN A GENERAL BUSINESS DISTRICT (C). THE PROPERTY IS LEGALLY DESCRIBED AS ALL OF LOT 2, ALBRAD SUBDIVISION UNIT #3, PHARR, HIDALGO COUNTY, TEXAS. THE PROPERTY'S PHYSICAL ADDRESS IS 1050 NORTH SUGAR ROAD. SOB# 001254 (TABLED)**
- 2. SHOTS MAIN EVENT, LLC, D/B/A MAIN EVENT ENTERTAINMENT, REQUESTED RENEWAL OF THE CONDITIONAL USE PERMIT AND LATE HOURS PERMIT TO ALLOW THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISE CONSUMPTION IN A GENERAL BUSINESS DISTRICT (C). THE PROPERTY IS LEGALLY DESCRIBED AS BEING A 1.34-ACRE TRACT OF LAND OUT OF LOT 5, BLOCK 6, A.J. MCCOLL SUBDIVISION, PHARR, HIDALGO COUNTY, TEXAS. THE PROPERTY'S PHYSICAL ADDRESS IS 500 NORTH JACKSON ROAD, SUITE C. CUP#140101**
- 3. PIZZA PROPERTIES, INC., D/B/A PETER PIPER PIZZA #63, REQUESTED RENEWAL OF THE CONDITIONAL USE PERMIT TO ALLOW THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISE CONSUMPTION IN A GENERAL BUSINESS DISTRICT (C). THE PROPERTY IS LEGALLY DESCRIBED AS LOT 1, PLEASANTON SUBDIVISION, PHARR, HIDALGO COUNTY, TEXAS. THE PROPERTY'S PHYSICAL ADDRESS IS 1715 SOUTH CAGE BOULEVARD. CUP#060104**
- 4. IRASEMA SALINAS REQUESTED A CHANGE OF ZONE FROM SINGLE-FAMILY RESIDENTIAL DISTRICT (R-1) TO OFFICE PROFESSIONAL DISTRICT (O-P). THE SUBJECT SITE IS LOCATED ON THE SOUTH SIDE OF WEST HALL ACRES ROAD AND EAST SIDE OF SOUTH GARDENIA STREET WITH THE PROPERTY'S PHYSICAL ADDRESS AS 2621 SOUTH GARDENIA STREET. THE PROPERTY IS LEGALLY DESCRIBED AS BEING ALL OF LOT 45, SING'S SUBDIVISION, PHARR, HIDALGO COUNTY, TEXAS. COZ#180103**
- 5. CADENA AND SONS, L.L.C. D/B/A TEJAS RESTAURANT AND SPORTS BAR, REQUESTED RENEWAL OF THE CONDITIONAL USE PERMIT TO ALLOW THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISE CONSUMPTION IN A GENERAL BUSINESS DISTRICT (C). THE PROPERTY IS LEGALLY DESCRIBED AS LOT 11, MACO INDUSTRIAL PARK**

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**SUBDIVISION, PHARR, HIDALGO COUNTY, TEXAS. THE PROPERTY'S
PHYSICAL ADDRESS IS 1308 MACO DRIVE. CUP#161261**

PLATS:

- 1. MELDEN & HUNT, INC., REPRESENTING ROBERT F. BOGGUS, COMMON
MANAGER, REQUESTED FINAL PLAT APPROVAL OF THE PROPOSED
BOGGUS SUBDIVISION. THE PROPERTY IS LEGALLY DESCRIBED AS
BEING A RE-SUBDIVISION OF 3.790 ACRES OUT OF LOT 92, KELLY-
PHARR SUBDIVISION, PHARR, HIDALGO COUNTY, TEXAS. THE
PROPERTY IS LOCATED WITHIN THE 5200 BLOCK OF NORTH IH 69C.
SUB#170613**

Edward Wylie, Deputy City Manager, introduced the items and recommended approval of the consent agenda.

Comm. Carrillo **moved** to approve as recommended. Comm. Chavez seconded the motion and when put to a vote, it carried unanimously.

Ordinance No. O-2018-05 and Resolutions Nos. R-2018-13, R-2018-14, R-2018-15, R-2018-16, R-2018-17, R-2018-18 and R-2018-19 are filed with the City Clerk's Office.

REGULAR AGENDA - OPEN SESSION

ITEM 5. ORDINANCES AND RESOLUTIONS

**A) CONSIDERATION AND ACTION, IF ANY ON ORDINANCE AMENDING
RENTAL ORDINANCE NO. O-2018-01 (RENTAL OF CITY FACILITIES)
ADOPTION OF FIRST READING (PARKS)**

Edward Wylie, Deputy City Manager, introduced the item. He briefly explained the Jose "Pepe" Salinas Civic Center would be under renovations and staff was proposing to remove this facility from the existing ordinance and add the new Development and Research Center Exhibit Hall and Conference Room. He stated the fees were outlined in the ordinances and questions could be entertained at this time.

Comm. Carrillo **moved** to approve as recommended. Comm. Chavez seconded the motion and when put to a vote, it carried unanimously.

Ordinance No. O-2018-06 is filed with the City Clerk's Office.

ITEM 6. ADMINISTRATIVE

- A) CONSIDERATION AND ACTION, IF ANY, ON ESTABLISHING THE HUD SECTION 108 LOAN GUARANTEE PROGRAM DEPOSIT ACCOUNT AND THE HUD SECTION 108 LOAN GUARANTEE LOAN CUSTODIAL ACCOUNT BOTH WITH LONE STAR NATIONAL BANK (GMCD)**

Edward Wylie, Deputy City Manager, introduced the item and stated as per legal, it would be discussed in closed session.

ITEM 7. PURCHASING

- A) CONSIDERATION AND ACTION, IF ANY, AWARDING MULTIPLE PURCHASE CONTRACTS TO VARIOUS VENDORS FOR THE PURCHASE OF THIRTY-ONE (31) 2018 VEHICLES. PROJECT #1718-60-583-P002-70 (PURCHASING)**

Edward Wylie, Deputy City Manager, introduced the item and stated item would be discussed in closed session.

- B) CONSIDERATION AND ACTION, IF ANY, REJECTING ALL BIDS RECEIVED FOR THE PURCHASE OF TEN (10) POLICE PACKAGED VEHICLES. PROJECT #1718-01-512-P003-70 (PURCHASING)**

Edward Wylie, Deputy City Manager, introduced the item and stated bids did not meet specs and recommended to reject all bids.

Comm. Carrillo moved to reject bids as recommended. Comm. Guajardo seconded the motion and when put to a vote, it carried unanimously.

- C) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING THE PURCHASE OF TEN (10) POLICE VEHICLES UTILIZING THE BUYBOARD CONTRACT #521-16. PROJECT #1718-01-512-P006-001 (POLICE)**

Edward Wylie, Deputy City Manager, introduced the item and stated item would be discussed in closed session.

ITEM 8. CONTRACTS/AGREEMENTS

- A) CONSIDERATION AND ACTION, IF ANY, ON AGREEMENT AMENDMENT BETWEEN THE CITY OF PHARR AND CIVICPLUS, INC.**

**FOR VIDEO STREAMING AND VIDEO-ON-DEMAND SERVICES
(ADMINISTRATION)**

Edward Wylie, Deputy City Manager, introduced the item and briefly stated the videos would be linked to the agendas, agenda packets and minutes posted in our website. He further stated staff recommended approval.

Comm. Carrillo **moved** to approve as recommended. Comm. Chavez seconded the motion and when put to a vote, it carried unanimously.

**B) CONSIDERATION AND ACTION, IF ANY, ON MEMORANDUM OF
AGREEMENT WITH COSTAL BEND REGIONAL ADVISORY COUNCIL
(CBRAC) / HOSPITAL PREPAREDNESS PROGRAM (HPP) (EMERGENCY
MANAGEMENT)**

Edward Wylie, Deputy City Manager, introduced the item and called upon Danny Ramirez, Communications Director/Deputy EMC.

Danny Ramirez, Communications Director/Deputy EMC, stated the Coastal Bend Regional Advisory Council manages the hospital preparedness program, which encourages the involvement and participation of hospitals, EMS, nursing homes, and local emergency management. By signing the memorandum of agreement, it would allow the City of Pharr Emergency Management to become more involved with local, regional, and state response to disasters as well as more funding opportunities.

Mr. Ramirez further stated there were twenty-two (22) regional advisory boards in the state of Texas that monitor trauma services and Corpus Christi managed the program for the Valley and Laredo.

Comm. Guajardo **moved** to approve as recommended. Comm. Carrillo seconded the motion and when put to a vote, it carried unanimously.

**C) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING CITY MANAGER
TO NEGOTIATE AND ENTER INTO A CONTRACT WITH R. GUTIERREZ
ENGINEERING CORPORATION FOR PROFESSIONAL ENGINEERING
SERVICES FOR THE WEST LAS MILPAS ROAD RECONSTRUCTION
AND INTERSECTION WIDENING PROJECT (ENGINEERING)**

Edward Wylie, Deputy City Manager, introduced the item and briefly explained this was for right-of-way and parcel preparation services by R. Gutierrez. He mentioned the design work was being done in-house but employee doing the work went to TxDOT

MINUTES: REGULAR CALLED MEETING
FEBRUARY 19, 2018

so additional services were needed to continue the project. He stated the estimated fee was \$38,628 and recommended approval.

Comm. Guajardo **moved** to approve as recommended. Comm. Carrillo seconded the motion and when put to a vote, it carried unanimously.

At this time, Mayor Hernandez, stated they would deviate from the agenda and go into closed session. There was no objection.

ITEM 9. CLOSED SESSION: IN ACCORDANCE WITH CHAPTER 551 OF THE TEXAS GOV'T. CODE, THE PHARR BOARD OF COMMISSIONERS HEREBY GIVES NOTICE THAT IT MAY MEET IN A CLOSED (NON-PUBLIC) EXECUTIVE SESSION TO DISCUSS THE ITEMS LISTED ON THE PUBLIC PORTION OF THE MEETING AGENDA IN ACCORDANCE WITH THE FOLLOWING BELOW

The time being 4:43 p.m., Mayor Hernandez stated the commission would be entering into closed session in accordance with Chapter 551 of the Texas Govt. Code to discuss agenda items listed in the public portion of the agenda and Pursuant to Sections 551.071, 551.072, 551.074, 551.076, 551.084 and 551.087.

ITEM 10. RECONVENE

The time being 4:51 p.m., Mayor Hernandez stated the commission would be resuming the open meeting.

ITEM 6. ADMINISTRATIVE

A) CONSIDERATION AND ACTION, IF ANY, ON ESTABLISHING THE HUD SECTION 108 LOAN GUARANTEE PROGRAM DEPOSIT ACCOUNT AND THE HUD SECTION 108 LOAN GUARANTEE LOAN CUSTODIAL ACCOUNT BOTH WITH LONE STAR NATIONAL BANK (GMCD)

Edward Wylie, Deputy City Manager, re-introduced the item and recommended approval as discussed in closed session.

Comm. Carrillo **moved** to approve as recommended. Comm. Guajardo seconded the motion and when put to a vote, it carried by a majority of four (4) ayes and one (1) abstention. Mayor Hernandez abstained from voting.

ITEM 7. PURCHASING

A) CONSIDERATION AND ACTION, IF ANY, AWARDED MULTIPLE PURCHASE CONTRACTS TO VARIOUS VENDORS FOR THE PURCHASE OF THIRTY-ONE (31) 2018 VEHICLES. PROJECT #1718-60-583-P002-70 (PURCHASING)

Edward Wylie, Deputy City Manager, re-introduced the item and recommended no action as discussed in closed session.

C) CONSIDERATION AND ACTION, IF ANY, AUTHORIZING THE PURCHASE OF TEN (10) POLICE VEHICLES UTILIZING THE BUYBOARD CONTRACT #521-16. PROJECT #1718-01-512-P006-001 (POLICE)

Edward Wylie, Deputy City Manager, re-introduced the item and recommended approval as discussed in closed session.

Comm. Carrillo moved to approve as recommended. Comm. Guajardo seconded the motion and when put to a vote, it carried unanimously.

ITEM 8. CONTRACTS/AGREEMENTS

D) CONSIDERATION AND ACTION, IF ANY, ON PROJECT MOUNTAIN TOP (PEDC II)

Edward Wylie, Deputy City Manager, introduced the item and recommended denial as discussed in closed session.

Comm. Guajardo moved to deny. Comm. Carrillo seconded the motion and when put to a vote, it carried unanimously.

ITEM 11. ADJOURNMENT

There being no other business to come before the board, Comm. Caballero moved to adjourn. Comm. Carrillo seconded the motion and when put to a vote, the motion carried unanimously. Meeting adjourned at 4:52 p.m.

CITY OF PHARR

AMBROSIO HERNANDEZ
MAYOR

MINUTES: REGULAR CALLED MEETING
FEBRUARY 19, 2018

**STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF PHARR**

ON THIS THE 19th DAY OF FEBRUARY 2018 the Board of Commissioners of the City of Pharr, Texas convened in a **REGULAR CALLED MEETING** at the Commissioner's Room located at 118 S. Cage, 2nd Floor, Pharr, Texas. The meeting being open to the public and notice of said meeting, giving the date, place, subject, hereof, having been posted in accordance with Chapter 551, Texas Government Code (Open Meetings Act) and there being present a quorum, I, **HILDA PEDRAZA, CITY CLERK**, of the City of Pharr, Texas, certify that this is a true and correct copy of the minutes.

ATTEST:

HILDA PEDRAZA, CITY CLERK

APPROVED:



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.B.

DATE SUBMITTED: March 1, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR: Juan Guerra

Agenda Item: Consideration and action, if any, on request from St. Jude Catholic Church for street closures for their Annual Church Festival (Jamaica) on Sunday, March 18, 2018.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: St. Jude Catholic Church will be having their annual Church Festival on Sunday, March 18, 2018 from 3:00 p.m. to 9:00 p.m. The event will take place on church grounds and on Ironwood Street. They have submitted a special event application which has been reviewed by city departments to ensure compliance.

Financial Consideration:

Staff Recommendation: Staff recommends approval.

Alternatives: N/A

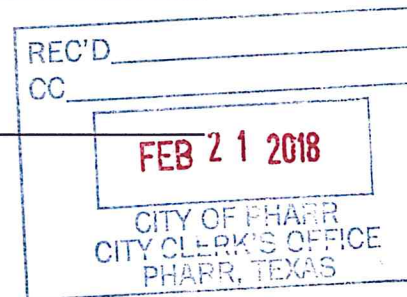
ROUTING:

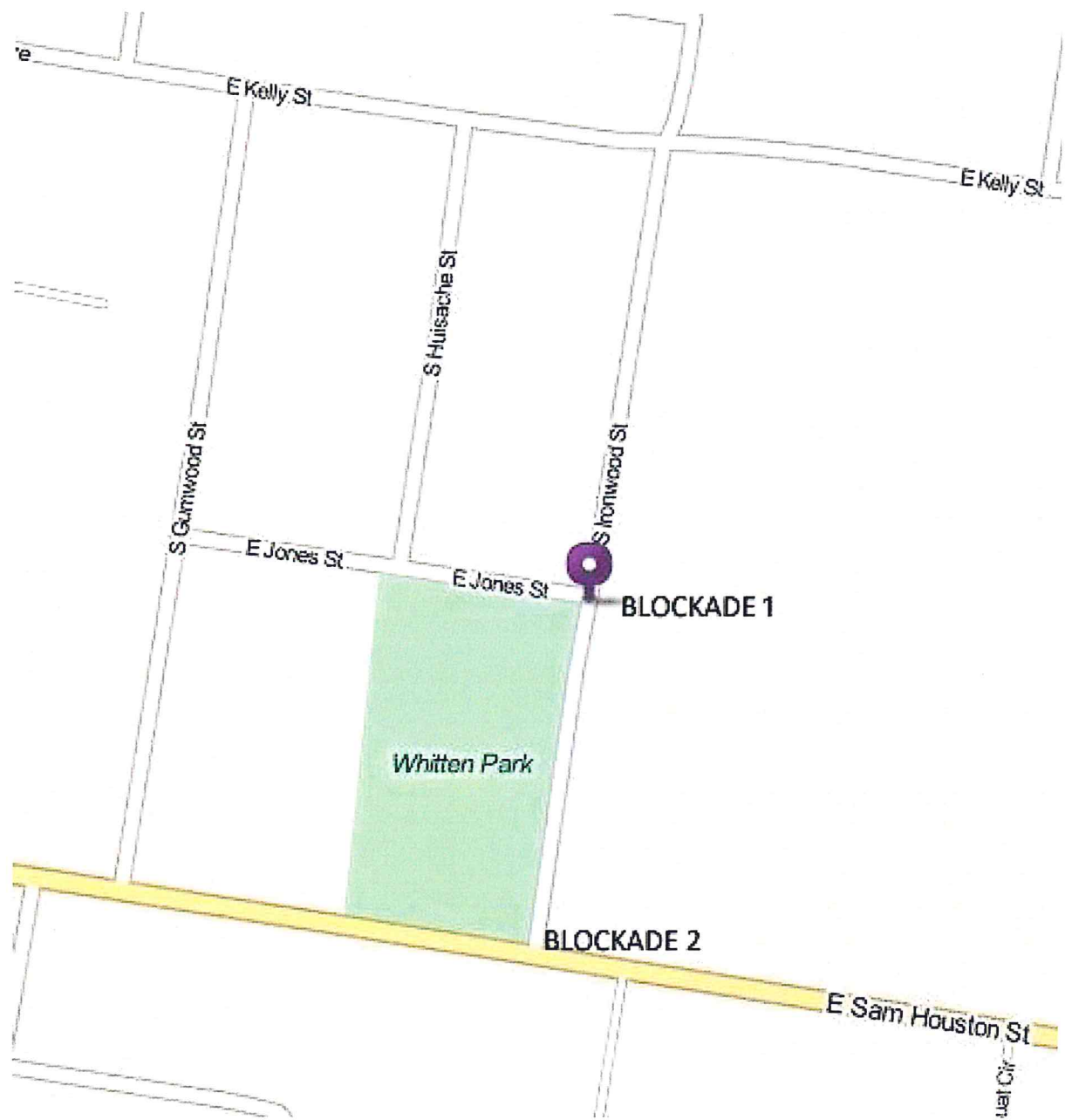
Hilda Pedraza
City Management Office

Created/Initiated - 03/01/2018
Final Approval - 03/02/2018



Date _____







AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.C.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Jose Luengo, Police Chief

DEPARTMENT: Police

DIRECTOR: Jose Luengo

Agenda Item: Consideration and action, if any, allowing the Pharr Police Department to enter into agreement with the Texas Department of Transportation (TxDOT) for the 2018 STEP Click it Or Ticket Mobilization (CIOT).

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue:

Who: Pharr Police Department and Texas Department of Transportation

What: The Pharr Police Department through enforcement will attempt to increase occupant restraint use in all passenger vehicles and trucks. The Pharr Police Department will conduct an intense occupant protection enforcement and public information and education effort during the enforcement period.

Where: The enforcement will be conducted within the City of Pharr city of limits

When: May 22, 2018 to June 4, 2018

Why: The Pharr Police Department will conduct effective enforcement and adjudication of traffic safety related laws to reduce fatal and serious injury crashes.

Financial Consideration: The CIOT Grant will provide \$ 3,000.00 to be used to enforce operations. There is "no" match requirement for this project.

Staff Recommendation: I recommend approval.

Alternatives: N/A

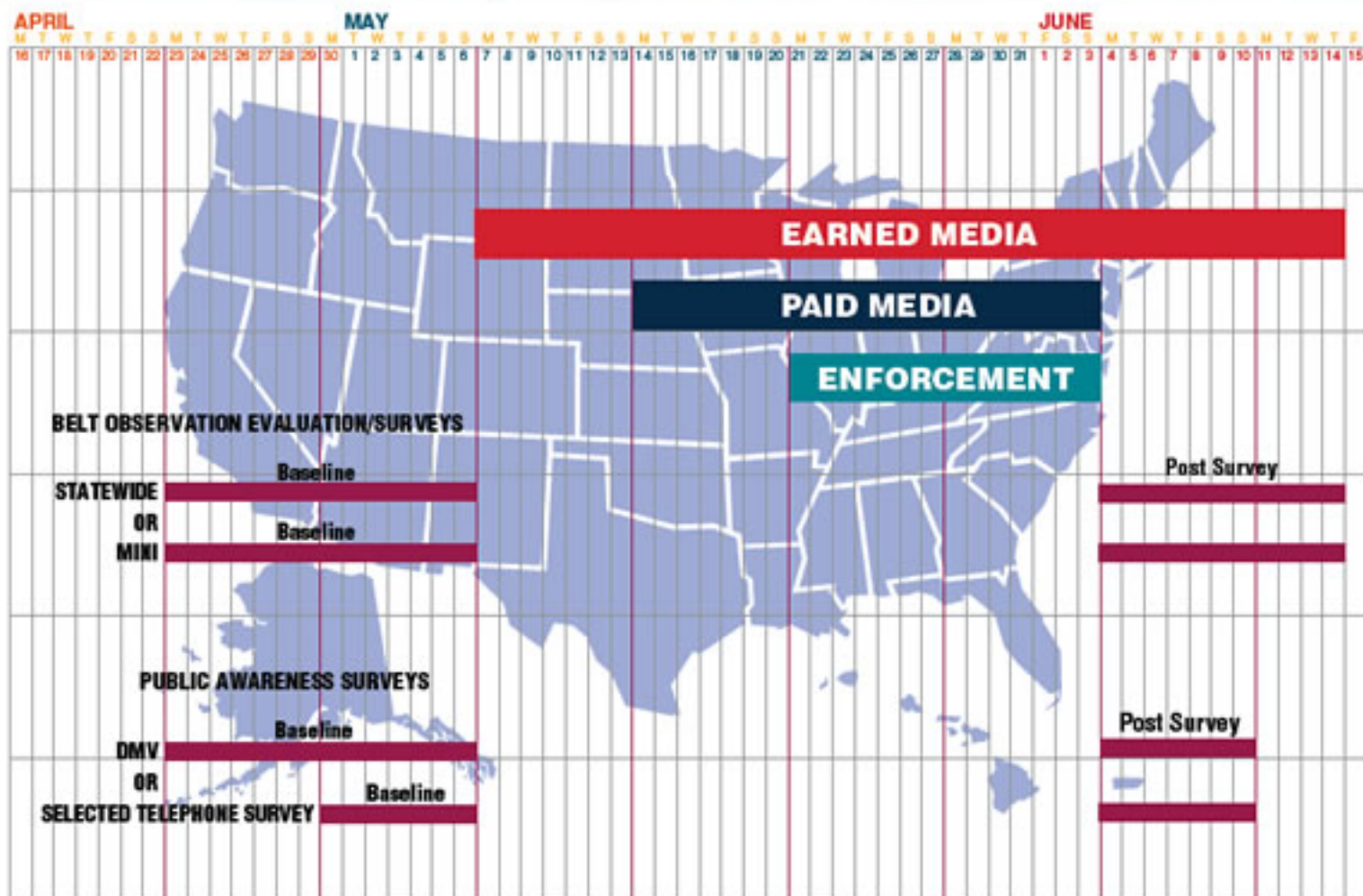
ROUTING:

Jose Luengo
Patricia Rigney

Created/Initiated - 02/26/2018
Approved - 02/27/2018

Karla Moya
City Management Office

Approved - 02/27/2018
Final Approval - 03/01/2018





AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.D.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Vanessa Guzman, Administrative Assistant

DEPARTMENT: Bridge

DIRECTOR: Luis Bazan

Agenda Item: Consideration and action, if any, on 31st Annual Maquiladora Spring Picnic Sponsorship for \$2,000.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: On February 21, 2018, the Bridge Board approved the sponsorship for the 31st Annual Maquiladora Spring Picnic.

Financial Consideration: \$2,000

Staff Recommendation: Authorization to sponsor the 31st Annual Maquila Spring Picnic on Saturday, April 28, 2018 at the McAllen Municipal Park/pool. The Pharr International Bridge has been a sponsor for this event since 2014.

Alternatives: N/A

ROUTING:

Vanessa Guzman

Created/Initiated - 02/26/2018

Luis Bazan

Approved - 03/01/2018

Patricia Rigney

Approved - 03/01/2018

Karla Moya

Approved - 03/01/2018

City Management Office

Final Approval - 03/01/2018



Reynosa Asociación
de Maquiladoras y
Manufactureras, A.C.



February 9, 2018

Luis Bazan
Bridge Director
City of Pharr International Bridge
9900 S. Cage Blvd.
Pharr, TX 78577

Re: 31st Annual Maquiladora Spring Picnic

Dear Mr. Bazan,

Mark your calendars.... it's that time of the year again for our Annual Spring Picnic.

With your support, the McAllen Economic Development Corporation along with INDEX Reynosa will jointly host the **31st Annual Maquiladora Spring Picnic at the McAllen Municipal Park/Pool!** This location allows the kids to escape the heat and take a dive into the sparkling blue pool while the adults enjoy food, drinks and music at the park right next door!

The Maquiladora Spring Picnic gives us the opportunity to introduce the new, and growing companies to our community and show our appreciation to our companies and business partners' commitment to our area. With your support, McAllen EDC, INDEX Reynosa and both Board of Directors look forward to a successful 2018 event.

This joint partnership between the McAllen Economic Development Corporation and INDEX Reynosa to be held on **Saturday, April 28, 2018**. This even allows our sponsors, manufacturing plant managers and their immediate family (spouse and children) to meet and enjoy the food, drinks, rides, and giveaways.

Because this event is funded entirely through donations, **we would like to invite you to promote your business and products by selecting a monetary sponsorship level.** Please fill out the enclosed monetary commitment form and return to MEDC. Our 2017 event drew over 1,300 guests and because of our economic growth, we expect to host more this year.

Please contact Susie Flores at (956) 682-2875 if you have any questions or concerns. We thank you in advance for your continued support and look forward to seeing you and your family on Saturday, April 28th.

Sincerely,

Keith Patridge
President & CEO

Mike Myers
INDEX Board of Directors



**31st Annual
MEDC & INDEX Reynosa
Spring Maquila Picnic**

Reynosa Asociación
de Maquiladoras y
Manufactureras, A.C.



**Saturday, April 28, 2018
3:00 p.m. – 6:00 p.m.
McAllen Municipal Park/ Pool
1921 N. Bicentennial Blvd.
McAllen, TX 78501**

Sponsorship Opportunities

- _____ **Corporate** **\$3,000**
- **Catering sponsor** Logo on Onsite banner and invitations. Sponsor recognition on Local media outlets, pre and post-event PSA's, social media blasts and MEDC Newsletter.
- _____ **Platinum** **\$2,000**
- **Tents, table & chairs sponsor** Logo on Onsite banner and invitations. Sponsor recognition on Local media outlets, pre and post-event PSA's, social media blasts and MEDC Newsletter.
- _____ **Gold** **\$1,000**
- **Drinks & desserts sponsor** Logo on Onsite banner and invitations. Sponsor recognition on Local media outlets, pre and post-event PSA's, social media blasts and MEDC Newsletter.
- _____ **Silver** **\$500**
- **Carnival rides sponsor** Logo on Onsite banner and invitations. Sponsor recognition on Local media outlets, pre and post-event PSA's, social media blasts and MEDC Newsletter.

Company Name: _____

Contact: _____

Address: _____

Phone: _____

Sponsor Signature: _____

***E-mail form to: susie@mcalledc.org or fax to 956-682-3077**

***All checks payable to McAllen Economic Development Corporation**

***Sponsorship form and logo must be received by MEDC no later than March 26, 2018**



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.E.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Jose Luengo, Police Chief

DEPARTMENT: Police

DIRECTOR:

Agenda Item: Consideration and action, if any, on donation for a \$500 scholarship to PSJA Southwest Early College High School.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Who: Pharr Police Department and PSJA School District

What: Sponsorship for a 500.00 scholarship for PSJA Southwest Early College High School. The scholarship will be named the Pharr Police Department Criminal Justice scholarship and will be aimed at a student interested in a post secondary education in law enforcement.

Where: 300 E. Rancho Blanco rd.

When: Presentation of the scholarship will be done on May 21, 2018 at the Annual Scholarship Award Night.

Why: The scholarship will allow growth and afford the student the opportunity to continue their secondary education.

Financial Consideration: There will be a 500.00 donation for the scholarship.

Staff Recommendation:

Alternatives: N/A

ROUTING:

Jose Luengo
Patricia Rigney
Karla Moya
City Management Office

Created/Initiated - 02/26/2018
Approved - 02/27/2018
Approved - 02/27/2018
Final Approval - 03/01/2018



PHARR-SAN JUAN-ALAMO

Independent School District

PSJA Southwest Early College High School

300 E. Rancho Blanco Road/Pharr, Texas 78577/ (956)354-2480/Fax (956)354-3172

"Establishing a Legacy of College Readiness"

Mr. Ranulfo Marquez, Principal

February 14, 2018

It's that time of year again where we are more than happy to say there are so many great things are happening in our District and at Southwest Early College High School; we will be having our 5th graduating class in 2018. All of our initiatives are focused on ensuring that all of our students are "College Ready, Connected and Complete." All of our seniors have been working on completing their college and *scholarship applications* and are determined on reaching their post-secondary educational goals.

Thanks to your help, our scholarship program has continued to grow and has afforded our students the opportunity to continue their education. Our community's support continues to be vital. *We hope that you will be able to begin your support in our scholarship program.* Thank you for all you have done and continue to do for our community.

We have enclosed a letter of intent for a possible scholarship for the 2017-2018 school year. As you review the Letter of Intent, you will notice that you can decide on the selection criteria and recipient(s), or ask our scholarship committee to make the selection. Just review the form and decide how you want to proceed. We hope you are able to participate in our scholarship program to assist our students in pursuing their educational goals. You may fax your response to 956-354-3172, email it to maria.guillen2@psjaisd.us mail it in (300 E. Rancho Blanco Rd., Pharr, TX 78577), or call 956-354-2251 and we will gladly pick it up.

Please make plans to attend our **Annual Scholarship Award's Night May 21, 2018** at 6 p.m. at our school auditorium; further details will be finalized and will quickly be sent out to you.

Your support means so much to our students, school and our community.

Sincerely,

Maria Y. Guillen

Financial Aid Officer / GO Center

PSJA Southwest Early College High School

maria.guillen2@psjaisd.us

956-354-2251

**PSJA Southwest Early College High School
Letter of Intent to Award Scholarship**

This is to confirm that we intend to participate in PSJA Southwest ECHS's Scholarship Program.

We will offer # _____ scholarships in the amount of \$ _____ each.
(how many?)

We would like the **name of the scholarship** to be: _____

Criteria for scholarship: _____
(i.e.: must come from a certain income household; must seek degree in; etc.)
If you need additional information on this, please feel free to contact Yesenia Guillen @ 956-354-2251

How would you like the monies to be distributed?

- _____ Donor will issue check to student on Award's Night
- _____ Donor will issue check to PSJA Southwest ECHS Scholarship Fund and monies will be issued to student upon proof of enrollment as College/University.
- _____ Donor will mail check to college/university.

Scholarship Award's Assembly will be May 21, 2018 @ 6 p.m. in the Auditorium

Presenter on Award's Night: _____

Contact person: _____

Phone number: _____

Mailing Address: _____

Representative's Signature _____ Date _____

Please return form to: PSJA Southwest Early College High School
Attn: Maria Y. Guillen
300 E. Rancho Blanco Rd.
Pharr, TX 78577
Or Fax: 956-354-3172

It is the policy of the Pharr San Juan Alamo ISD not to discriminate on the basis of sex, disability, race, color, religion, national origin or age.

Es norma del Distrito Escolar de Pharr San Juan Alamo no discriminar en base al sexo, inhabilidad, raza, color, nacionalidad o edad.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.F.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Vanessa Guzman, Administrative Assistant

DEPARTMENT: Bridge

DIRECTOR: Luis Bazan

Agenda Item: Consideration and action, if any, on Border Trade Alliance (BTA) 2018 Membership Silver Patron Level for \$10,000.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: On February 2, 2018, the Bridge Board approved the renewal of the Border Trade Alliance (BTA) 2018 Membership Silver Patron Level.

Financial Consideration: \$10,000.

Staff Recommendation: Authorization to renew the Border Trade Alliance (BTA) 2018 Membership Silver Patron Level. The Pharr International Bridge has been a member for the past ten years. This membership will include one seat on the Board of Directors, one VIP attendee to all BTA conferences and events, receive the President's weekly newsletter.

Alternatives: N/A

ROUTING:

Vanessa Guzman

Created/Initiated - 02/26/2018

Luis Bazan

Approved - 03/01/2018

Patricia Rigney

Approved - 03/01/2018

Karla Moya

Approved - 03/01/2018

City Management Office

Final Approval - 03/01/2018

ANNUAL MEMBER LEVELS

For over 30 years, the BTA has been North America's premier advocate for cross-border trade. By becoming a member, your company or community will have the opportunity to shape public policy that encourages secure and efficient trade.

PREMIER PATRON—\$30,000 ANNUALLY

- One seat on the Board of Directors
 - ✓ Transferable to another individual in the organization
- Two seats on Policy Advisory Committee
 - ✓ Prioritize BTA issues for approval by the Board of Directors
- Two VIP attendees to all BTA conferences and events
- Receive the President's weekly newsletter
- Participation in the President's Quarterly Update Call
- Recognition as Premier Sponsor at BTA events and materials

GOLD PATRON—\$20,000 ANNUALLY

- One seat on the Board of Directors
 - ✓ Transferable to another individual in the organization
- One seat on Policy Advisory Committee
 - ✓ Prioritize BTA issues for approval by the Board of Directors
- One VIP attendee to all BTA conferences and events
- Receive the President's weekly newsletter
- Participation in the President's Quarterly Update Call

SILVER PATRON—\$10,000 ANNUALLY

- One seat on the Board of Directors
 - ✓ Transferable to another individual in the organization
- One VIP attendee to all BTA conferences and events
- Receive the President's weekly newsletter

BRONZE PATRON—\$5,000 ANNUALLY

- If Patron is an individual, will receive one seat on the Board of Directors
- Corporate Members will receive one seat on a BTA Policy Committee
- Receive the President's weekly newsletter

PATRON—\$2,500 ANNUALLY

- Receive the President's weekly newsletter

EDUCATIONAL/ACADEMIC PATRON—\$1,000 ANNUALLY (AVAILABLE TO ACADEMIC INSTITUTIONS ONLY)

- Attend the Board of Directors Meeting
 - ✓ Provide educational and academic information
- Receive the President's newsletter

FOR MORE INFORMATION, PLEASE CONTACT OUR BTA LEADERSHIP TEAM

Britton Clarke BrittonClarke@Clarke.Consulting
Direct Dial (202) 302-6225

Jim Mullen JMullen@JimMullenConsulting.com
Direct Dial (402) 651-5412

Border Trade Alliance
P.O. Box 156
Rio Grande City, TX 78582
www.thebta.org

Invoice



BILL TO

Ms. Luis Bazan
Pharr International Bridge
9900 S. Cage
Pharr, TX 78577

INVOICE #	DATE	TOTAL DUE	DUE DATE	ENCLOSED
28	01/25/2018	\$10,000.00	02/24/2018	

ACTIVITY	AMOUNT
2018 Membership-Silver Patron	10,000.00

Please find attached your 2018 Border Trade Alliance Membership invoice. We accept ACH transfers or payment can be mailed to:

BALANCE DUE

\$10,000.00

Border Trade Alliance
ID# 2145
PO BOX 659506
San Antonio, TX 78265-9506

We thank you for your continued support and prompt payment.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.G.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Vanessa Guzman, Administrative Assistant

DEPARTMENT: Bridge

DIRECTOR: Luis Bazan

Agenda Item: Consideration and action, if any, on 4th Annual PSJA ECHS Bear Scholarship Classic Golf Tournament for \$1,000.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: On February 21, 2018, the Bridge Board approved the sponsorship for the 4th Annual PSJA ECHS Bear Scholarship Classic Golf Tournament.

Financial Consideration: \$1,000.

Staff Recommendation: Authorization to sponsor the 4th Annual PSJA ECHS Bear Scholarship Classic Golf Tournament. The Pharr International Bridge has been a sponsor for the last two years.

Alternatives: N/A

ROUTING:

Vanessa Guzman

Created/Initiated - 02/26/2018

Luis Bazan

Approved - 03/01/2018

Patricia Rigney

Approved - 03/01/2018

Karla Moya

Approved - 03/01/2018

City Management Office

Final Approval - 03/01/2018



PSJA Early College High School

Pharr-San Juan-Alamo ISD

Alejandro Elias, Principal

Dear Partner in Education:

On Saturday, March 24, 2018, PSJA Early College High School will hold the **4th Annual PSJA ECHS Bear Scholarship Classic Golf Tournament** at Tierra Del Sol Golf Course in Pharr, Texas. At this time, we are reaching out to you and your business and/or organization to one of our event sponsors. All proceeds of this tournament will be for student scholarships. The scholarships will be instrumental in celebrating and recognizing the achievement of our students. Your kind sponsorship is greatly appreciated and we thank you for being our partner in education. We are offering the following sponsorship levels:

Platinum Crown Title Sponsor- \$3500

Includes (4) 3-Man Team Registration, Banner, Signs & Printed Material
Newspaper and Media Recognition and a Special Recognition Plaque

Gold Sponsor- \$2500

Includes (3) 3-Man Team Registration, Banner and Printed Material Recognition
A Special Thank You Plaque

Silver Sponsor- \$2000

Includes (2) 3-Man Team Registration, Banner & Printed Material Recognition
A Special Thank You Plaque

Bronze Sponsor- \$1500

Includes (1) 3-Man Team Registration, Banner / Printed Material Recognition
A Special Thank You Plaque

Bear Partner-\$1000

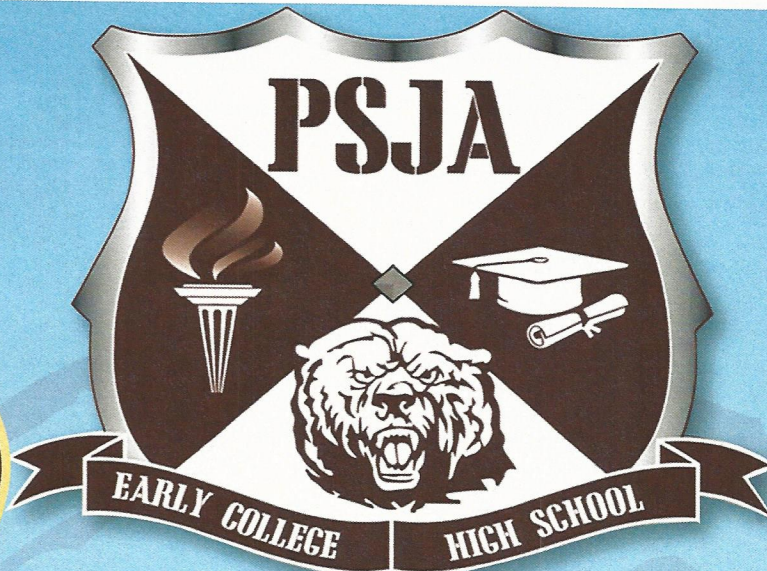
Includes (1) 3-Man Team Registration
Banner / Printed Material Recognition
A Special Thank You Plaque

Friend of PSJA EC HIGH \$350 (Hole Sponsor)

A Special Appreciation Plaque

The format of the tournament will be 18 holes, 3 player teams (\$450 per team), Team Mulligans, Tiger Woods Shot, Phil Mickelson Shot will be available. Each team registration includes the cart fees, food, and a goody bag. The tournament payout will be for first, second, 3rd, place as well as for the Longest Drive and the Closest-to-the Pin Shot. Again, thank you in advance for your kind tax deductible sponsorship. Please make all checks payable to **PSJA EC High School Bear Golf Classic**. For information concerning the tournament contact: Rey Perez at 956-457-1524 or you can e-mail me at Reynaldo.perez@psjaisd.us

**4th
Annual**



Scholarship Golf Classic

March 24, 2018
Shotgun Start 9:00 am
Registration 7:30 am - 8:40 am

Format 18 Holes
3-Man Team / \$475
Individual Player / \$160
Mulligans
Tiger Woods Shot
Phil Mickelson Shot

Title Sponsor - \$3,500
Gold Sponsor - \$2,500
Silver Sponsor - \$2,000
Bronze Sponsor - \$1,500
Bear Partner - \$1,000
Friend of PSJA ECHS - \$350
(Hole Sponsor)

PRIZES

1st - \$600
2nd - \$450
3rd - \$300

Longest Drive \$50
Closest - To - The - Pin \$50

ALL PRIZES
PRO-SHOP
CERTIFICATES

TITLE SPONSOR

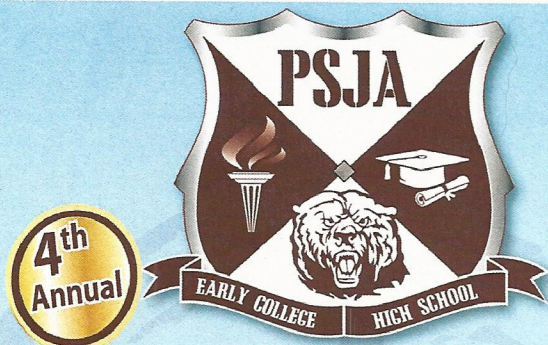
HOLE-IN-ONE SPONSOR

**Tierra Del Sol
Golf Club**

**700 Hall Acres Rd,
Pharr, TX 78577
956.402.4545**

Contact Information:
reynaldo.perez@psjaisd.us
Rey Perez 956.457.1524





Scholarship Golf Classic

March 24, 2018
Shotgun Start 9:00 am
Registration 7:30 am - 8:40 am

Format 18 Holes
3-Man Team / \$475
Individual Player / \$160
Mulligans
Tiger Woods Shot
Phil Mickelson Shot

Title Sponsor - \$3,500
Gold Sponsor - \$2,500
Silver Sponsor - \$2,000
Bronze Sponsor - \$1,500
Bear Partner - \$1,000
Friend of PSJA ECHS - \$350
(Hole Sponsor)



Tierra Del Sol
Golf Club

700 Hall Acres Rd.
Plano, TX 75077
956.402.4346

Contact Information:
reynaldo.perez@psjaed.us
Rey Perez 956.457.1524



Sponsorship Levels

Platinum Crown Title Sponsor- \$3500

Includes (4) 3-Man Team Registration, Banner, Signs & Printed Material
Newspaper and Media Recognition and a Special Recognition Plaque

Gold Sponsor- \$2500

Includes (3) 3-Man Team Registration, Banner and Printed Material Recognition
A Special Thank You Plaque

Silver Sponsor- \$2000

Includes (2) 3-Man Team Registration, Banner & Printed Material Recognition
A Special Thank You Plaque

Bronze Sponsor- \$1500

Includes (1) 3-Man Team Registration, Banner / Printed Material Recognition
A Special Thank You Plaque

Bear Partner-\$1000

Includes (1) 3-Man Team Registration
Banner / Printed Material Recognition
A Special Thank You Plaque

Friend of PSJA EC HIGH \$350 (Hole Sponsor)

A Special Appreciation Plaque

Registration and Breakfast 7:30 am - 8:40 am

Registration Includes

- Cart Fees
- Goodie Bag
- Food and Beverages

Contact Information

Rey Perez - (956) 457 - 1524
Alejandro Elias - (956) 354 - 2300



Proceeds for Scholarships

Please make your tax deductible contribution to: PSJA EC High School Bear Classic.

Player / Team Information:

Sponsor Name:

Address:

Phone (Business/Cell:)

E-Mail:

Player#1 & Handicap:

Player#2 & Handicap:

Player#3 & Handicap:



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.H.

DATE SUBMITTED: March 2, 2018

MEETING DATE: March 5, 2018

FROM: Gary Rodriguez, Events Center Director

DEPARTMENT: Events Center

DIRECTOR: Gary Rodriguez

Agenda Item: Consideration and action, if any, on proposal for \$3,500 submitted by Salinas Promotions LLC to bring Lucha Libre Wrestling to Pharr Hub Phestival on Saturday April 7, 2018.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Salinas Promotions is offering Lucha Libre Wrestling for Pharr Hub Phestival for \$3,500.

Financial Consideration: Total entertainment investment, if approved, would be \$3,500.

Staff Recommendation: Staff recommends approval

Alternatives: Alternative would be to deny this proposal.

ROUTING:

Gary Rodriguez

Patricia Rigney

Karla Moya

City Management Office

Created/Initiated - 03/02/2018

Approved - 03/02/2018

Approved - 03/02/2018

Final Approval - 03/02/2018

SALINAS PROMOTIONS, LLC
CONTRACT

REFERENCE: LUCHA LIBRE *WRESTLING*

Salinas Promotions, LLC will charge City of Pharr, Texas (Pharr Hub Festival 2018) a rate of \$ 3,500.00 (Three Thousand Five Hundred Dollars) to provide a Lucha Libre (Wrestling) Show, on April 7, 2018

Salinas Promotions will provide the following

- 2 hours of quality family entertainment from 5:00 p.m. to 7:00 p.m on April 7, 2018, or as otherwise directed by City.
- Twelve (12) Professional wrestlers
- Ring setup / the ring will be torn down after Lucha Libre event is over on that same day.
- Professional referee
- DJ / Announcer
- Audio with Microphone close to the ring.

CITY will PROVIDE:

- Thirty (30) Chairs around the Ring
- Ambient existing street lighting near/around the ring

Salinas Promotions will need the City to provide the following: .

1. One Dressing room or other area for Wrestlers to change.

Salinas Promotions will need a deposit payment of \$1,500.00 (One Thousand Five Hundred Dollars and no/100) on March 10, 2018 and the rest to be paid in full after the show. If for any reason a wrestler does not show up for the event due to an emergency, tragedy, or death, the wrestler will be substituted with a wrestler that is on the same level/category .

INDEMNIFICATION

To the fullest extent permitted by law, Salinas Promotions agrees to indemnify, defend and hold host harmless from any and all claims, actions, costs, expenses, damages, fines, penalties, and liabilities, including reasonable attorneys' fees, arising out of or resulting from the Event(s), acts or omissions of each Salinas Promotions, their employees or other authorized agents.

INDEPENDENT CONTRACTOR

Salinas Promotions enters into this agreement as an independent contractor and assumes full responsibility for payment of all payroll, income taxes, social security taxes, workman's compensation and liability insurance relating to this agreement.

GOVERNING LAW.

This Agreement shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of Texas. Venue for any legal proceeding, cause of action or suit arising out of or related to this Agreement shall exclusively lie with a court of competent jurisdiction in Hidalgo County, Texas, any legal proceeding, cause of action or suit arising out of or related to this Agreement shall be exclusively brought in any court of competent jurisdiction in Hidalgo County, State of Texas, and for this purpose each party expressly and irrevocably consents to the exclusive jurisdiction of said courts.

PLEASE MAKE CHECK TO: SALINAS PROMOTIONS, LLC

Salinas Promotions, LLC
Mike Salinas / Promoter

Ed Wylie, Deputy City Manager

Date

Date



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.I.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Gary Rodriguez, Events Center
Director

DEPARTMENT: Events Center

DIRECTOR: Gary Rodriguez

Agenda Item: Consideration and action, if any, on agreement with Dock Dogs Entertainment for Pharr Hub Phestival Saturday April 7, 2018 in the amount of \$6,000 for a six-hour presentation.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: In an effort to secure affordable family entertainment for Pharr Hub Phestival, Dock Dogs Entertainment has submitted a proposal to present a six-hour demonstration at the price of \$6,000.

Financial Consideration: Total investment for this event is \$6,000.

Staff Recommendation: Staff Recommends Approval

Alternatives: Alternative would be to deny this request.

ROUTING:

Gary Rodriguez

Created/Initiated - 02/26/2018

Gary Rodriguez

Approved - 03/02/2018

Patricia Rigney

Approved - 03/02/2018

Karla Moya

Approved - 03/02/2018

City Management Office

Final Approval - 03/02/2018



DockDogs®, Inc.
5690 Wolff Road
Medina, OH 44256
T. 330.241.4975
grant.reeves@dockdogs.com
www.dockdogs.com

EVENT AGREEMENT

The following agreement is entered into by DockDogs®, Inc. and the City of Pharr (Pharr, TX) ("Host").

EVENT HOST

City of Pharr
Attn: Santiago Salinas, Jr.
118 S. Cage Blvd.
Pharr, TX 78577
T: 956-402-4190

EVENT PRODUCER

DockDogs®, Inc.
5690 Wolff Road
Medina, OH 44256
T: 330-241-4975
Fax: 330-241-4976

EVENT DATES & LOCATION

April 6-7, 2018

Friday, April 6

Set-up
Competition

EVENT TIMES

9:00 AM – 4:00 PM
4:00 PM – 6:00 PM

EVENT LOCATION

118 S. Cage Blvd.
Pharr, TX 78577

Saturday, April 7

3:00 PM – 9:00 PM

EVENT FORMAT

Big Air Dogs®, Extreme Vertical®, Speed Retrieve™ competition & show schedule to be determined 6-8 weeks prior to event start date.

TERMS

This agreement is for the PHARR HUB PHESTIVAL and dates described above. City agrees to give DockDogs a first right opportunity for any Dock Diving canine attractions and/or features for Pharr Hub Phestival 2019.

Total contract value:

- \$6,000.00 guarantee, for a total Organization and Operations Fee of \$6,000.00 (plus any applicable taxes)
- 2 N/S Double Bed hotel rooms (at a pet friendly hotel) within 15 miles of the venue are to be provided to DockDogs® event staff. Both rooms will be checking in on Thursday, April 5, 2018 and will check out on Sunday, April 8, 2018. Rooms can be held under the name "DockDogs®" Hotel information to be provided to DockDogs Head office 30 days prior to event set-up date. DockDogs shall be solely responsible for payment for the rooms and any incidentals.

Terms of payment:

- 50% deposit (\$3,000.00) of fee due with return of signed contract (*non-refundable*)

- Balance of fee (\$3,000.00) to be paid on site **PRIOR** to the scheduled set up, as described above, of the dock and pool for the event (April 6th, 2018)
 - Outstanding balances remaining after 30 days will be charged a 15% interest fee

CANCELLATION

If the entire Event (all performances) are prevented or rendered impossible or infeasible by reason of any cause beyond the control of either the Host or DockDogs®, such as a cancellation of the entire Event for any reason which includes cancellation by strike or other labor condition or dispute, epidemic, civil disturbance, riot, insurrection, war (declared or undeclared) or armed conflict, an order or injunction of court or administrative body, or any other act or regulation of any public authority, act of God (including, but not limited to, inclement weather), or failure or restriction of any public or private utility, it is agreed that there shall be no claim for damages by either Host or DockDogs® and payment for DockDogs® services shall be modified to ½ of the total fee listed above (50% deposit) to cover associated operational costs and time served on the event coordination. If any portion of the performances is carried out, payment shall not be modified or reduced in anyway.

EVENT SPECIFICS

DockDogs® will organize and operate a canine aquatic® dock diving competitions as scheduled by agreement with the Host during the course of the PHARR HUB PHESTIVAL.

DockDogs® will provide:

- ***Dock***
- ***Pool***
- ***PA equipment***
- Event staging ***personnel***
- Scoring / judging ***personnel***
- ***Ribbons or medals, Rosettes*** and other ***Awards*** for participants
- All necessary ***administration supplies***
- DockDogs® will organize and register all competitors prior to and on-site during the event
- Prominent display of Event(s) on www.dockdogs.com
- DockDogs® will provide promotional materials and ad copy to Host for use in promotional activities; materials will be delivered at least 4 weeks prior to each event.

Host will provide

Physical Requirements:

- ***Venue Footprint:*** Approximately a ***100 foot x 100 foot area*** for pool and dock area; other space requirement outlined below. Competition configurations can be adapted to the venue's layout with prior approval. Additional requirements:
 - Ground surface for the pool must be level to within 6 inches over a 45 ft long and 25 ft wide area.
 - Bleachers and other seating only if YOU deem necessary as DockDogs® does not require it (see below)
 - A judging area must be designated and clear approximately perpendicular at the 16 foot mark from the dock side of the pool and 40 feet back. Please refer to "Typical Footprint" for further clarification.
 - ***Staging area*** for competitors that is fenced or otherwise separated from the public and secure for dogs and crates and as described in detail below.
 - ***Competition area*** must be fenced or otherwise separated from the public for dogs actively competing. This area should be large enough to accommodate 15 dogs with ample space between the dogs.
 - Staging and competition areas mentioned above should be no further than 50 yards apart.

- An ***adequate water supply*** (approximately 27,000 gallons) to fill the large pool in a timely manner. The 40-foot pool can be filled within a half day if the event host is able to tap into a local hydrant with a hose. Another option would be to bring in multiple water trucks.
- An acceptable means of draining the pool in a reasonable time frame. Typically, the pool is simply drained directly on the ground. Other means such as pumping the pool needs to be specified and approved prior to the event.
- Host must notify DockDogs® as to the surface of the venue area. If DockDogs® determines that said surface is a possible “slip hazard” when wet, Host will be responsible to provide an additional “no-slip” surface throughout the venue (i.e. carpeting) and specifically any and all traffic areas for 15 feet around the pool.
- Adequate space for trailer, adjacent to the pool venue for DockDogs® Registration and Merchandise.
- ***Additional 10” x 10’ booth space*** adjacent to the pool venue for 3 DockDogs® sponsors.
- ***Bleachers*** and any other spectator amenities necessary for the event will meet all local, state and federal regulations and is the sole responsibility of the host.
- ***Power outlets*** accessible near the venue site
 - Three separate circuits are required in order to isolate the judging equipment from power failures. Drops for power are required at the judges area (2 circuits), and at the DockDogs® registration / merchandise trailer.
- DockDogs® requires direct access to the pool venue for equipment trailer(s) and vehicles during Load-In and Load-Out.
 - A secure ***parking space*** adjacent to the venue area for the DockDogs® equipment trailer. The trailer may need to be on site up to a week prior to and after the event.
 - DockDogs® will need one full day prior to the event for Load-In and setup and will require a full day after the event for Load-Out. Other Load-In and Load-out requirements must be supplied in writing to DockDogs® at least 30 days in advance of the event.
- DockDogs® is responsible for notifying the host of any further equipment requirements within thirty (30) days of the event weekend.

Insurance Requirements:

- To the fullest extent permitted by law, DockDogs® agrees to indemnify, defend and hold host harmless from any and all claims, actions, costs, expenses, damages, fines, penalties, and liabilities, including reasonable attorneys’ fees, arising out of or resulting from the Event(s), acts or omissions of each DockDogs®, their employees or other authorized agents.
 - Prior to the start of the Event(s), DockDogs® shall furnish host with certificate(s) of insurance evidencing that each maintains insurance policies with the coverage and minimum limits below, covering contractual liability under this agreement. Such policies shall be maintained until the Event(s) has been completed and finally accepted and may not be canceled without thirty (30) days prior written notice from the insurer(s).
 - Workers' Compensation, Including Statutory Employers' Liability Insurance (statutory); Comprehensive General Bodily Injury Liability Insurance, including Contractual (\$1,000,000 per person); Comprehensive General Property Damage

Promotional Requirements:

- When promoting DockDogs as a feature or attraction, Venue/Host agrees that the inclusion of DockDogs® logo, along with major DockDogs® sponsor logos and taglines, in newspaper, radio, television, web and other applicable media promotions for the DockDogs® competition promotions will be pre approved by DockDogs. For maximum impact DockDogs® has found that these should run at least one to two weeks prior to the event to achieve a minimum of 1,750,000 impressions. Major sponsors for DockDogs® are defined as their Title, Presenting, and or 3 Premium Sponsors.
- DockDogs® will supply the Host with necessary art work and photos for promotions run by the Host.
- All use of DockDogs® name(s), logos, or other devices related to the organization or events that are not supplied directly from DockDogs® must be approved by DockDogs® in advance of publication.
- Host will prominently promote their DockDogs® competitions on their website.

PROVISIONS or CONDITIONS

- DockDogs® agrees to provide available personnel to participate in publicity and promotional activities on-site during the dates of the event, and remotely via telephone prior to the event. These activities may include radio, television and newspaper interviews as scheduled by the event public relations staff.
- Host agrees to provide DockDogs® with appropriate electronic versions of logos and promotional materials for inclusion on the DockDogs® website (www.dockdogs.com); likewise, DockDogs® will provide same, as well as promotional photos, to host.
- Host must recognize that this event is open to all dogs, regardless of breed, size or sex. Handlers must be able to enter event gates and proceed unencumbered to the pool venue with their dogs.
- DockDogs® reserves the right to postpone or cancel any event or portion of an event should the DockDogs® personnel feel conditions are not safe for the handlers or the dogs. Instances of this might be, but are not limited to, severe weather, cold weather, electrical storms and / or equipment failure.
 - If such a cancellation should occur prior to the arrival of DockDogs® personnel to an event, the final 50% Operations Fee will be postponed and the event rescheduled to a mutually beneficial time. Should a cancellation occur after the arrival of DockDogs® personnel, the entire Operations Fee would be due and the event will be rescheduled to a mutually agreed upon time.
- Failure of either party to fulfill the agreements of this contract will result in forfeiture of all claims to monies or reimbursements

EVENT SPONSORSHIP

- DockDogs® reserves the right to display banners and other promotional items of any DockDogs® sponsors at the DockDogs® venue
- Should a DockDogs® sponsor conflict with an existing Host Title sponsor, DockDogs® may remove the banners and logos of this sponsor for this event only within the DockDogs Venue Area
- Host agrees to allow DockDogs® to sell DockDogs® merchandise during the course of the event, within the DockDogs® venue area only
- The acquisition and distribution of additional/new sponsorship monies by the Host which would be required to be serviced by DockDogs will be negotiated separately between Host and DockDogs®

INDEPENDENT CONTRACTOR

DockDogs® enters into this agreement as an independent contractor and assumes full responsibility for payment of all payroll, income taxes, social security taxes, workman's compensation and liability insurance relating to this agreement.

GOVERNING LAW.

This Agreement shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of Texas. Venue for any legal proceeding, cause of action or suit arising out of or related to this Agreement shall exclusively lie with a court of competent jurisdiction in Hidalgo County, Texas, any legal proceeding, cause of action or suit arising out of or related to this Agreement shall be exclusively brought in any court of competent jurisdiction in Hidalgo County, State of Texas, and for this purpose each party expressly and irrevocably consents to the exclusive jurisdiction of said courts.

WE AGREE TO THE ABOVE TERMS AND CONDITIONS

Grant Reeves
C.E.O., DockDogs®, Inc.

Date

Santiago Salinas, Jr.
City of Pharr

Date

Please SIGN and return TWO copies of this agreement with deposit payment to:

DockDogs®, Inc.
Attn: Grant Reeves
5690 Wolff Road
Medina, OH 44256
T: 330-241-4975
Fax: 330-241-4976



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.J.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Gary Rodriguez, Events Center
Director

DEPARTMENT: Events Center

DIRECTOR: Gary Rodriguez

Agenda Item: Consideration and action, if any, on request from PSJA Education Foundation for waiving of rental fees of the Pharr Events Center in the amount of \$8,000 for their 5th Annual Gala on Thursday, September 20, 2018.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: PSJA Education Foundation is requesting waiving of rental fees for Pharr Events Center on Thursday September 20, 2018. Consideration is subject to agreeing to pay for P.D., security and concessions staff.

The PSJA Education Foundation is a recognized 501(c)3 non-profit organization. This request is subject to the PSJA Education Foundation agreeing to pay for Pharr Police Officers, outside security and concessions staff.

Financial Consideration: Total amount to be waived, if approved, would be the non-profit rate of \$2,500.

Staff Recommendation: Staff recommends approval.

Alternatives: Alternative would be to deny this request.

ROUTING:

Gary Rodriguez

Created/Initiated - 02/26/2018

Gary Rodriguez

Approved - 03/02/2018

Karla Moya

Approved - 03/02/2018

City Management Office

Final Approval - 03/02/2018



The PSJA Education Foundation is an independent non-profit organization that promotes excellence in education.

February 20, 2018

Juan Guerra
City of Pharr
118 S. Cage
Pharr, TX 78577

Dear Juan,

We are hosting our 5th Annual PSJA Education Foundation Gala on Thursday, September 20, 2018. We would like to hold it at the Boggus Ford Events Center. We are a tax-exempt organization and have a 501(c)3 from the Internal Revenue Service. The Gala is our major fundraiser for the year. It helps us provide scholarships for high school students, teacher mini grants for innovative classroom projects, and funding for literacy projects for the Pharr-San Juan-Alamo school district. Last year we gave out over 140 scholarships to PSJA ISD students.

Once a contract is ready, please forward it to me for signature.

We have appreciated your assistance the last four years and look forward to another successful year. At this time, we are requesting if it would be possible to waive fees again this year for the Event Center. Please let me know if you need any additional information. Again, thank you again for your help in making our event a success.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jesus Vela, Jr.' with a stylized flourish at the end.

Jesus "Jesse" Vela, Jr.
PSJA Education Foundation President



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.K.

DATE SUBMITTED: February 26, 2018

MEETING DATE: March 5, 2018

FROM: Gary Rodriguez, Events Center Director

DEPARTMENT: Events Center

DIRECTOR: Gary Rodriguez

Agenda Item: Consideration and action, if any, on request from PSJA ISD for waiving of rental fees of Pharr Events Center in the amount of \$5,000 per event on Monday, April 23, 2018 and Wednesday, April 25, 2018 for school banquets from 12:00 p.m. - 9:00 p.m., Tuesday April, 24, 2018 for Parent Volunteer Ceremony from 8:00 a.m. - 12:00 p.m., and Tuesday, June 5, 2018 for Graduation Ceremonies.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: PSJA ISD is requesting waiving of rental fees of Pharr Events Center for Monday April 23, 2018, Tuesday April 24, 2018 and Wednesday April 25, 2018 for school functions.

Financial Consideration: Amount to be waived, if approved, would be the non-profit rate of \$2,500 per day for a total of \$7,500.

Staff Recommendation: Staff Recommends Approval, subject to PSJA ISD providing staff to assist Pharr Events Center staff with set up and tear down of chairs and tables for events.

Alternatives: Alternative would be to deny these requests.

ROUTING:

Gary Rodriguez

Created/Initiated - 02/26/2018

Gary Rodriguez

Approved - 03/02/2018

Karla Moya

Approved - 03/02/2018

City Management Office

Final Approval - 03/02/2018



PHARR-SAN JUAN-ALAMO ISD

Office of Support Services

Rene Campos, Asst. Superintendent for Support Services

February 13, 2018

City of Pharr
Juan Guerra, City Manager
118 S. Cage
Pharr, TX 78577

Dear Mr. Guerra:

The Pharr-San Juan-Alamo Independent School District is requesting the use of the Pharr Event Center to host the Dual Language Banquets on **Monday, April 23, 2018 and Wednesday, April 25, 2018 from 12:00 PM to 9:00 PM.**

We greatly appreciate your support in making a difference in PSJA and for being our partner in education. If you have any questions or need additional information, please call me at (956) 354-2053.

Sincerely,

Rene Campos
Asst. Superintendent for Support Services

START COLLEGE NOW! COMPLETE EARLY! GO FAR!

601 E. Kelly St., Pharr, TX 78577 P: (956) 354-2000 F: (956) 354-3001 www.psjaisd.us

It is the policy of Pharr-San Juan-Alamo ISD not to discriminate on the basis of sex, disability, race, color, religion, national origin or age.



PHARR-SAN JUAN-ALAMO ISD

Office of Support Services

Rene Campos, Asst. Superintendent for Support Services

January 18, 2018

City of Pharr
Juan Guerra, City Manager
118 S. Cage
Pharr, TX 78577

Dear Mr. Guerra:

The Pharr-San Juan-Alamo Independent School District is requesting the use of the Boggus Ford Events Center to host the 2017-2018 Parent Volunteer Ceremony on **Tuesday, April 24, 2018 from 8:00 AM to 12:00 PM.**

We greatly appreciate your support in making a difference in PSJA and for being our partner in education. If you have any questions or need additional information, please call me at (956) 354-2053.

Sincerely,

Rene Campos
Asst. Superintendent for Support Services

START COLLEGE NOW! COMPLETE EARLY! GO FAR!

601 E. Kelly St., Pharr, TX 78577 P: (956) 354-2000 F: (956) 354-3001 www.psjaisd.us

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PHARR-SAN JUAN-ALAMO ISD

Office of Support Services

Rene Campos, Asst. Superintendent for Support Services

February 14, 2018

City of Pharr
Juan Guerra, City Manager
118 S. Cage
Pharr, TX 78577

Dear Mr. Guerra:

The Pharr-San Juan-Alamo Independent School District is requesting the use of the Pharr Event Center to host the Special Purpose Graduations on **Tuesday, June 5, 2018**.

We greatly appreciate your support in making a difference in PSJA and for being our partner in education. If you have any questions or need additional information, please call me at (956) 354-2053.

Sincerely,

Rene Campos
Asst. Superintendent for Support Services

START COLLEGE NOW! COMPLETE EARLY! GO FAR!

601 E. Kelly St., Pharr, TX 78577 P: (956) 354-2000 F: (956) 354-3001 www.psjaisd.us

It is the policy of Pharr-San Juan-Alamo ISD not to discriminate on the basis of sex, disability, race, color, religion, national origin or age.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.L.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Elva Guajardo, Administrative Assistant

DEPARTMENT: Parks

DIRECTOR: Sergio Alanis

Agenda Item: Consideration and action, if any, on request from Hidalgo County Head Start for usage of the Development Research Center building for the week of the young child festivities April 15-19, 2018.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Hidalgo County Head Start is requesting the usage of the DRC building April 15-19, 2018, to celebrate early learning, teachers, and family for all the young children that partake in the school.

Financial Consideration: They are requesting to waive the fee of \$6,020

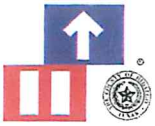
Staff Recommendation: City commission approve this item.

Alternatives: None

ROUTING:

Elva Guajardo
Sergio Alanis
City Management Office

Created/Initiated - 02/28/2018
Approved - 03/01/2018
Final Approval - 03/01/2018



Hidalgo County Head Start Program

P.O. Box 0117 Edinburg, Texas 78540-0117 (956) 383-0706

February 27, 2018

Juan Guerra, City Manager
City of Pharr
118 South Cage Blvd
Pharr, Texas 78577

Dear Mr. Guerra,

The Hidalgo County Head Start Program is in the process of planning the Week of the Young Child Festivities April 15-19, 2018. Since the Jose "Pepe" Salinas Memorial Civic Center is being renovated we are requesting the use of the Pharr Development and Research Center. The Week of the Young Child is specifically designed to celebrate early learning, teachers and family and the impact of community on young children.

The Hidalgo County Head Start Program is a federally program that serves 3690 preschool children from low-income families. Children who attend Head Start are also dual enrolled in county school districts. Children receive comprehensive services in education, medical/dental/mental health services, nutrition services, family services and special services.

A day of many fun packed activities is being planned and will be carried out by the entire support staff. These activities include: hay rides, moon jumps, basketball throw, dinosaur hunt, puppet show, face painting and our community involvement activity of readers whom come to read to the children.

We believe that this is a very worthwhile event and your facility will provide the best learning environment that is safe and in the best location. Your positive response to the use of this facility is greatly appreciated.

Sincerely,

Teresa Flores
Executive Director



Deduct of \$62,050

Staff Recommendation: Staff recommends approval of a Revised Amendment No. 1 to the contract with S&GE, LLC for additional Professional Engineering Services for the Eldora Storage Tank Project for a Revised Contract amount of \$291,850.

Alternatives: N/A

ROUTING:

Omar Anzaldua	Created/Initiated - 02/28/2018
Omar Anzaldua	Approved - 03/01/2018
Sandra Zamora	Approved - 03/01/2018
Karla Moya	Approved - 03/02/2018
Patricia Rigney	Approved - 03/02/2018
City Management Office	Final Approval - 03/02/2018

**PROJECT AGREEMENT FOR
PROFESSIONAL ENGINEERING SERVICES**

AMENDMENT NO. 1

The Contract between **S&GE. LLC**, and the **City of Pharr** which was executed by the parties on **April 30, 2013** for the design of the **One (1) Million Gallon Elevated Storage Tank with site improvements, piping and electrical improvements located along El Dora Road adjacent to Allen & Williams Arnold Elementary School**, is hereby amended by mutual agreement as follows:

- A. Modification to Section 1 – Scope of Work – Additional Scope of Work to assist with field inspection services.
- B. Modification to Section 5 – Professional Service Fee – Increase to Fee as outlined in Amendment No. 1-Exhibit B “Fee Summary”
- C. Modification to Section 4 – Termination –The Time Schedule for the Design Phase is modified as outlined Amendment No. 1-Exhibit C “Project Schedule”

This amendment adds **\$35,000.00** to the contract and the maximum total payable under the entire contract, including all amendments, is changed from \$ 256,850.00 to **\$ 291,850.00.**

All other terms and conditions of the existing contract not changed by this Amendment shall remain in full force and effect.

APPROVAL OF AMENDMENT NO. 2

**S&GE, LLC.
8400 Blanco Road, Suite 201
San Antonio, TX 78216**

ENGINEERING FIRM

By: _____

JoEmma Palacios Sherfey, PE,
(ENGINEER)

SIGNED on this the _____ day of _____, 20 ____.

Juan Guerra
City Manager
City of Pharr, Texas

SIGNED on this the _____ day of _____, 20 ____.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.N.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Lizette Gomez, Risk Management Coordinator

DEPARTMENT: HR

DIRECTOR:

Agenda Item: Consideration and action, if any, on Spectrum Weather and Specialty Insurance Inc. weather insurance for Pharr Hub Phestival 2018 for \$5,934.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Weather/Rain insurance for Pharr Hub Phestival on 4/7/18 with coverage start time/end time 5:00 pm to 11:59 pm.

Financial Consideration: Policy premium is \$5,934.00

Staff Recommendation: Consent to purchase of policy that will cover rain accumulation of 1/4 inch threshold.

Alternatives:

ROUTING:

Lizette Gomez

Created/Initiated - 02/28/2018

Anali Alanis

Approved - 02/28/2018

Patricia Rigney

Approved - 02/28/2018

Karla Moya

Approved - 02/28/2018

City Management Office

Final Approval - 03/01/2018

**Spectrum
INVOICE**

City of Pharr
118 S. Cage Blvd.
Pharr, TX 78577

Invoice No.: SP0132031
Invoice Date: 2/26/2018

Named Insured: City of Pharr

Quote No.
337507

Coverage Type
Weather Insurance

Premium
\$5,934.00

Total Due by 3/27/2018

\$5,934.00
US DOLLARS

Payment Instructions: You may make payment via credit card through the Spectrum website or by sending a bank check to:

Spectrum Weather and Specialty Insurance, Inc.
P.O. Box 484
Liberty, MO 64069

If you have any questions regarding this statement, please email us at spectrum@totaleventinsurance.com

Thank you for choosing to insure your event through Spectrum .

WEATHER INSURANCE QUOTATION

THIS QUOTATION IS SUBJECT TO CHANGE AND FULL MARKET SUPPORT PRIOR TO BINDING COVERAGE

CARRIER: Commerce & Industry Or Avemco Insurance Company
NAMED INSURED: City of Pharr
EVENT DATE(S): April 07, 2018
CITY, STATE: Pharr, TX
QUOTE EXPIRATION DATE: March 27, 2018 11:59 pm

Peril Description: Rain - Incremental Accumulation at or above the described threshold

Rain insurance is based on a certain amount of rainfall over a certain number of hours. The more hours you insure the higher the rate so it's important to choose the most critical hours that will affect the success of the event. The earlier hours are usually more important than the later hours because that is when people will decide whether or not to attend.

There is no proof of loss required to pay a claim. Whatever dollar amount you insure, is the amount you get if the agreed rainfall threshold accumulates during the agreed hours. The event does NOT have to be cancelled.

Option #1

Peril: Rain - Incremental Accumulation		
Event Date:	April 07, 2018	
Coverage Start Time:	5:00 pm	
Coverage End Time:	11:59 pm	
<u>Threshold</u>	<u>Rate</u>	<u>Premium</u>
0.25 (1/4) Inches.	2.58%	\$5,934.00
0.33 (33/100) Inches.	2.10%	\$4,830.00
0.50 (1/2) Inches.	1.55%	\$3,565.00
0.75 (3/4) Inches.	1.00%	\$2,300.00
Sum Insured:		\$230,000.00

[To calculate the premium, multiply the sum insured by the selected rate.]

Subject to Minimum Premium of \$150.00

The following descriptions are offered as a guide since many variables such as terrain, drainage and intensity can alter the descriptions.

1/4 (.25) Inch of Rain - A light rain for 2-3 hours, moderate rain for 30-60 minutes or heavy rain for 15 minutes. Many puddles on ground that do not disappear easily.

1/2 (.50) Inch of Rain - Moderate rain for 1-2 hours or heavy rain for 30-45 minutes. Deep standing water for long periods of time (a light rain never reaches this amount).

3/4 (.75) Inch of Rain - Heavy rain for 2-4 hours. Deep standing water for long periods of time (a light or moderate rain never reaches this amount).

Claim Verification Options:

1) Closest National Weather Station - MCALLEN MILLER IN WBAN 12959 approximately 4 miles from event location. (No charge)

Please note that the same weather at the closest National Weather Station (NWS) may not occur at your event location. For example, you select the NWS as your claim verification location and 0.50" of rain as your desired threshold. On the day of your event, the NWS records 0.25" of rain and your event location records 0.50" of rain. In this case, a claim is NOT triggered since the recorded rainfall at the NWS (0.25") falls below the insured trigger amount (0.50"). Conversely, you select the NWS as your claim verification location and 0.25" of rain as your desired threshold. On the day of your event, the NWS records 0.50" of rain and your event location records 0.20" of rain. In this case, a claim IS triggered since the recorded rainfall at the NWS (0.50") exceeds the insured trigger amount (0.25").

2) Independent On-Site Weather Observer (IWO) is approximately \$100 per hour, plus travel expenses. This fee is the responsibility of the insured. The IWO is subject to Tokio Marine HCC - Specialty Group's approval, based on the following qualifications which can be found [here](#).) In the event an on-site independent weather observer is not approved or the report is not available to us, then the available recording from the Government Weather Bureau nearest the Location of the Insured Event (as stated above) will be used for claim verification.

3) Weather Analytics (\$50 per Insured Date) - Weather Analytics uses industry-changing and proprietary, hyper-local climate data to more accurately verify weather conditions at the exact location of the event.

NEW - Smartphone App / IMPROVED - hands-on claim verification: Using innovative technology, you will have the ability to download a smartphone app to verify if there was a claim and view and download a detailed hourly report of the weather data. Based on this report, if validated, a claim check will automatically be sent within 72 hours of claim notification by Weather Analytics.

HCC Insurance Holdings, Inc. has contracted with Weather Analytics exclusively to provide hyper-local climate data in the sports, hospitality, entertainment and leisure space in order to more accurately and economically verify weather conditions at the exact location of the event. For more information regarding this partnership, please [click here](#).

Weather Analytics LLC is affiliated with the program administrator on this account, HCC Insurance Holdings, Inc. through a minority ownership interest in Weather Analytics LLC by HCC Insurance Holdings, Inc.'s parent company.

In the event an on-site independent weather observer is not approved or the report is not available to us, then the available recording from the Government Weather Bureau nearest the Location of the Insured Event (as stated above) will be used for claim verification.

On-Site Independent Weather Observer Terms & Conditions

If an insured event is occurring several miles from the closest recording weather station, or has conflicting characteristics such as elevation or proximity to a body of water, or the Insured simply wants the recording to be location specific without risk of variation, an independent weather observer can be secured.

Who is qualified to monitor the weather for an event?

1. A member of the AMS, IWW or NWA.
2. An active or retired member of the National Weather Service.
3. An active or retired member of the Canadian Weather Service.
4. An active or retired member of the Military.
5. A cooperative weather observer in some way affiliated with the National Weather Service or Canadian Weather Service.

Each of the above must have weather recording experience and access to proper instrumentation. The selected party must not be affiliated with or have a financial interest in the insured event.

Reporting:

Regardless of claim, an original report detailing the weather measurement as agreed upon, must be completed and submitted by the qualified observer. The qualified observer must sign this report and provide contact information.

Who is responsible for securing an Independent Weather Observer?

The insured is responsible for advising us of their intent to secure a qualified observer. They must provide us with a completed and signed Independent Weather Observer Approval Form of which we must approve prior to naming this person in the contract. The cost of the observer is the responsibility of the Insured.

WEATHER INSURANCE POLICY DECLARATIONS

Policy No.: _____

Renewal No.: 170016

1. Named Insured:

Address:

City of Pharr

118 S. Cage Blvd.

Pharr, TX 78577

2. Policy Period:

From _____ To April 8, 2018
(12:01 A.M. Standard Time at the address of the Named Insured)

3. Sum Insured:

Per occurrence: \$230,000.00 Aggregate: \$230,000.00

4. Insured Peril:

a. Description of Peril (only insured if checked below):

☒ RAIN

1/4 (0.25) inches or more of rain accumulation

☐ SNOW

☐ WIND

☐ TEMPERATURE

☐ LIGHTNING

☐ FOG

☐ ADVERSE WEATHER

b. Date(s) of Insured Event: April 7, 2018

c. Insured Hours: 5:00 PM - 11:59 PM (7 Insured Hours)

d. Description of Insured Event: Festival

e. Location of Insured Event: City of Pharr, 118 S. Cage Blvd., Pharr, TX 78577

f. Claim Verification Source: On-Site Independent Weather Observer

5. Premium: \$5,934.00

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer

Authorized Representative

WEATHER INSURANCE POLICY

I. INSURING AGREEMENT

In consideration of the payment of the **Premium** specified in the Declarations made prior to the effective date of this Policy, we shall pay the **Sum Insured** specified for loss caused by an **Insured Peril**, subject to all the terms and conditions of the Policy.

II. DEFINITIONS

- A. **Average Sustained Wind** refers to a reading that is taken / recorded, excluding gusts, every 15 minutes with the average of four values given as the recorded average wind speed per hour.
- B. **Insured Event** refers to the event described in Subparagraph 4.d. of the Declarations on the Date(s) of **Insured Event**, **Insured Hours**, and Location of **Insured Event** noted in Subparagraphs 4.a., 4.c., and 4.e. of the Declarations.
- C. **Insured Hours** refers to the hours specified in Subparagraph 4.c. of the Declarations at the Standard Time of the day at the Location of Insured Event. Where Daylight Savings Time is in effect, Standard Time shall mean Daylight Savings Time.
- D. **Insured Peril** refers to the peril(s) described in Subparagraph 4.a. of the Declarations.
- E. **Lightning** refers to a severe electrical storm which occurs during the **Insured Hours** resulting in conditions which the Local Authority considers to pose serious threat to the safety of those attending the **Insured Event**.
- F. **Maximum Sustained Wind** refers to a reading that is taken/recorded, excluding gusts, every 15 minutes with the maximum of the four values given as the recorded maximum wind speed per hour.
- G. **Minimum Sustained Wind** refers to a reading that is taken/recorded, excluding gusts, every 15 minutes with the minimum of the four values given as the recorded minimum wind speed per hour.
- H. **Rain** refers to precipitation in the form of liquid water drops that have diameters greater than 0.5 mm, or, if widely scattered, the drops may be smaller.
- I. **Snow** refers to precipitation composed of white or translucent ice crystals, chiefly in complex branch hexagonal form and often agglomerated into snowflakes.
- J. **Sum Insured** is as shown in Paragraph 3. of the Declarations.
- K. **Temperature** refers to the degree, in Fahrenheit unless otherwise agreed to, of hotness or coldness of the environment.
- L. **We, us, our** refers to the company providing this insurance.
- M. **Wind measurements** must be recorded at a remote site using an anemometer having the capacity to record wind values to at least 50 miles per hour.
- N. **You or your** refers to the **Named Insured** listed in the Declarations.

III. EXCLUSIONS

This Policy does not cover loss caused by, resulting from, contributing to, or made worse by:

- A. Any peril or reason other than the **Insured Peril**.
- B. Any fraudulent or dishonest act(s) committed alone or in collusion with others by any employee, officer, director, partner, trustee, or any authorized representatives of the Insured, whether or not such act(s) be committed during regular business hours; or
- C. Any resultant changes in normal weather patterns caused by or resulting from, contributed to, or made worse by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled.

IV. GENERAL CONDITIONS

A. ASSIGNMENT

This Policy shall not be assigned or transferred without our written consent.

B. NOTICE OF CLAIM

You shall furnish us with Notice of Claim within thirty (30) days of the last day of the **Insured Event**.

C. CLAIMS HANDLING

- 1. In the event that the weather recording by the Claim Verification Source specified in Subparagraph 4.f. of the Declarations is not available to us, then the available recording from the Government Weather Bureau Station nearest the Location of Insured Event will be acceptable to you and us.

The Claim Verification Source for recording shall be as specified in the **Insured Peril** Section of the **Declarations**.

- 2. Within fifteen (15) days after we receive written Notice of Claim, we will:
 - a. Acknowledge receipt of the claim and
 - b. Begin investigation of the claim
- 3. Within thirty (30) days thereafter we will notify you in writing as to whether:
 - a. The claim will be paid;
 - b. The claim has been denied, and inform you of the reasons for denial;
 - c. More information is necessary; or
 - d. We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need
- 4. If the claim is approved we will notify you in writing and pay the benefit within thirty (30) days thereafter.

D. MISREPRESENTATION AND FRAUD

This Policy shall be void if, whether before or after a loss, **you** have intentionally concealed or misrepresented any material fact or circumstances concerning:

1. This Policy including, but not limited to, any information provided in connection with the underwriting of the risk,
2. The event covered under this Policy;
3. **Your** interest in this insurance; or
4. Any claim under this Policy.

E. BOOKS AND RECORDS

We may examine **your** books and records as they relate to this coverage at any time during the **Policy Period** and up to two (2) years thereafter.

F. CONFORMANCE TO STATUTE

Terms of this Policy which are in conflict with the statutes of the state wherein this Policy is issued are amended to conform to the minimum requirements of such statutes.

G. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or stop us from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy.

H. OTHER INSURANCE

If there is other insurance that applies to the loss caused by an **Insured Peril**, the amount otherwise payable under this Policy shall be reduced by the amount payable under such other insurance.

I. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Policy unless:

1. There has been full compliance with all the terms of this Policy; and
2. The action is brought within 2 years and 1 day after the completion of the **Insured Event** for which claim is made.

J. CANCELLATION

This policy cannot be cancelled by **you** or **us** after the premium has been received by **us** from **you**.

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective at 12:01 A.M.

forms a part of

Policy No.

Issued to: City of Pharr

By:

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

WEATHER INSURANCE POLICY

Paragraph O. is added to Section II. DEFINITIONS as follows:

- O. Business day means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

Paragraph L. APPRAISAL is added to Section IV. GENERAL CONDITIONS as follows:

L. APPRAISAL

If you and we disagree on the amount of loss, either may make written demand, within sixty (60) days after our receipt of a signed, sworn statement of loss, for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree for fifteen (15) days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

1. We will still retain our right to deny the claim, and
2. You retain your rights under the Legal Action Against Us provision.

Paragraph B. NOTICE OF CLAIM of Section IV. GENERAL CONDITIONS is deleted in its entirety and replaced with:

B. NOTICE OF CLAIM

You shall furnish us with Notice of Claim within ninety (90) days of the last day of the Insured Event.

Paragraph C. CLAIM HANDLING of Section IV. GENERAL CONDITIONS is deleted in its entirety and replaced with:

C. CLAIM HANDLING

1. In the event that the weather recording by the Claim Verification Source specified in Subparagraph 4.f. of the Declarations is not available to us, then the available recording from the Government Weather Bureau Station nearest the Location of Insured Event will be acceptable to you and us.

The Claim Verification Source for recording shall be as specified in the Insured Peril Section of the Declarations.

2. Within fifteen (15) days after we receive written Notice of Claim, we will:
- a. Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgement;
 - b. Begin investigation of the claim; and
 - c. Request from you a signed and sworn statement of loss containing the information we request to settle claim. You must do this within ninety-one (91) days after our request. We will supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

3. Within fifteen (15) business days thereafter we will notify you in writing as to whether:
- a. The claim or part of the claim will be paid;
 - b. The claim or part of the claim has been denied, and inform you of the reasons for denial;
 - c. More information is necessary; or
 - d. We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within forty-five (45) days of such notice.

4. If the claim is approved we will notify you in writing and pay the benefit within five (5) business days after:
- a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
 - b. an appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any terms of this policy, we will make payment within five (5) business days after the date you have complied with such terms.

5. We will not be liable for any part of a loss that has been paid or made good by others.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN THE SAME

By _____
Authorized Representative

TEXAS COMPLAINT NOTICE

Figure: 28 TAC §1.601(a)(3):

IMPORTANT NOTICE

1. To obtain information or make a complaint:
2. You may contact your Underwriter at 781-994-6000.
3. You may call HCC Specialty Underwriter's toll-free telephone number for information or to make a complaint at:

1-800-927-6306

4. You may also write to HCC Specialty Underwriters at:

401 Edgewater Place, Suite 400
Wakefield, MA 01880
Fax: 781-994-6001

5. You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

6. You may write to the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: 512-475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

7. PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

8. ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become part or condition of the attached document.

AVISO IMPORTANTE

1. Para obtener informacion o para someter una queja:
2. Puede comunicarse con su Underwriter al 781-994-6000.
3. Usted puede llamar a numero de telefono gratis de HCC Specialty Underwriter's para informacion o para someter una queja al:

1-800-927-6306

4. Usted tambien puede escribir HCC Specialty Underwriters:

401 Edgewater Place, Suite 400
Wakefield, MA 01880
Fax: 781-994-6001

5. Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

6. Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: 512-475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

7. DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el la compania primero. Si no resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

8. UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

WEATHER INSURANCE QUOTATION

THIS QUOTATION IS SUBJECT TO CHANGE AND FULL MARKET SUPPORT PRIOR TO BINDING COVERAGE

CARRIER: Commerce & Industry Or Avemco Insurance Company
NAMED INSURED: City of Pharr
EVENT DATE(S): April 07, 2018
CITY, STATE: Pharr, TX
QUOTE EXPIRATION DATE: March 27, 2018 11:59 pm

Peril Description: Rain - Incremental Accumulation at or above the described threshold

Rain insurance is based on a certain amount of rainfall over a certain number of hours. The more hours you insure the higher the rate so it's important to choose the most critical hours that will affect the success of the event. The earlier hours are usually more important than the later hours because that is when people will decide whether or not to attend.

There is no proof of loss required to pay a claim. Whatever dollar amount you insure, is the amount you get if the agreed rainfall threshold accumulates during the agreed hours. The event does NOT have to be cancelled.

Option #1

Peril: Rain - Incremental Accumulation		
Event Date:	April 07, 2018	
Coverage Start Time:	5:00 pm	
Coverage End Time:	11:59 pm	
<u>Threshold</u>	<u>Rate</u>	<u>Premium</u>
0.25 (1/4) Inches.	2.58%	\$5,934.00
0.33 (33/100) Inches.	2.10%	\$4,830.00
0.50 (1/2) Inches.	1.55%	\$3,565.00
0.75 (3/4) Inches.	1.00%	\$2,300.00
Sum Insured:		\$230,000.00

[To calculate the premium, multiply the sum insured by the selected rate.]

Subject to Minimum Premium of \$150.00

The following descriptions are offered as a guide since many variables such as terrain, drainage and intensity can alter the descriptions.

1/4 (.25) Inch of Rain - A light rain for 2-3 hours, moderate rain for 30-60 minutes or heavy rain for 15 minutes. Many puddles on ground that do not disappear easily.

1/2 (.50) Inch of Rain - Moderate rain for 1-2 hours or heavy rain for 30-45 minutes. Deep standing water for long periods of time (a light rain never reaches this amount).

3/4 (.75) Inch of Rain - Heavy rain for 2-4 hours. Deep standing water for long periods of time (a light or moderate rain never reaches this amount).

Claim Verification Options:

1) Closest National Weather Station - MCALLEN MILLER IN WBAN 12959 approximately 4 miles from event location. (No charge)

Please note that the same weather at the closest National Weather Station (NWS) may not occur at your event location. For example, you select the NWS as your claim verification location and 0.50" of rain as your desired threshold. On the day of your event, the NWS records 0.25" of rain and your event location records 0.50" of rain. In this case, a claim is NOT triggered since the recorded rainfall at the NWS (0.25") falls below the insured trigger amount (0.50"). Conversely, you select the NWS as your claim verification location and 0.25" of rain as your desired threshold. On the day of your event, the NWS records 0.50" of rain and your event location records 0.20" of rain. In this case, a claim IS triggered since the recorded rainfall at the NWS (0.50") exceeds the insured trigger amount (0.25").

2) Independent On-Site Weather Observer (IWO) is approximately \$100 per hour, plus travel expenses. This fee is the responsibility of the insured. The IWO is subject to Tokio Marine HCC - Specialty Group's approval, based on the following qualifications which can be found [here](#).) In the event an on-site independent weather observer is not approved or the report is not available to us, then the available recording from the Government Weather Bureau nearest the Location of the Insured Event (as stated above) will be used for claim verification.

3) Weather Analytics (\$50 per Insured Date) - Weather Analytics uses industry-changing and proprietary, hyper-local climate data to more accurately verify weather conditions at the exact location of the event.

NEW - Smartphone App / IMPROVED - hands-on claim verification: Using innovative technology, you will have the ability to download a smartphone app to verify if there was a claim and view and download a detailed hourly report of the weather data. Based on this report, if validated, a claim check will automatically be sent within 72 hours of claim notification by Weather Analytics.

HCC Insurance Holdings, Inc. has contracted with Weather Analytics exclusively to provide hyper-local climate data in the sports, hospitality, entertainment and leisure space in order to more accurately and economically verify weather conditions at the exact location of the event. For more information regarding this partnership, please [click here](#).

Weather Analytics LLC is affiliated with the program administrator on this account, HCC Insurance Holdings, Inc. through a minority ownership interest in Weather Analytics LLC by HCC Insurance Holdings, Inc.'s parent company.

In the event an on-site independent weather observer is not approved or the report is not available to us, then the available recording from the Government Weather Bureau nearest the Location of the Insured Event (as stated above) will be used for claim verification.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.O.

DATE SUBMITTED: March 1, 2018

MEETING DATE: March 5, 2018

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR:

Agenda Item: Consideration and action, if any, on Development Services Cases:

Classification: Public Hearing

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue:

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Hilda Pedraza

Created/Initiated - 03/01/2018



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.O.1.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Rita Galvan, Secretary

DEPARTMENT: Development Services

DIRECTOR: Melanie Cano

Agenda Item: Ismael Garza has filed with the Planning and Zoning Commission a request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1). The property is legally described as being all of Lot 31, Crystal Estates Subdivision Phase I, Pharr, Hidalgo County, Texas. The property's physical address is 3306 North Robin Avenue.
CUP#180102

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Ismael Garza has filed with the Planning and Zoning Commission a request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1)

On January 02, 2018, Ismael Garza applied for a building permit for the oversized storage unit. During the permit review process, he was advised that since it was over 120 sq ft, that a Conditional Use Permit is required. He proceeded to apply for the CUP and within that timeframe, the structure was delivered.

Financial Consideration: N/A

Staff Recommendation: Development Services is recommending approval of the request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1) subject to the listed conditions.

Planning and Zoning Commission carried the motion by majority with four (4) of the members voting yea and two (2) members voting nay to approve the request for a Life-

of-the-Use Conditional Use Permit allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1) subject to staff's recommendations.

Alternatives: N/A

ROUTING:

Rita Galvan	Created/Initiated - 02/28/2018
Roland Gomez	Approved - 03/01/2018
Melanie Cano	Approved - 03/01/2018
City Management Office	Final Approval - 03/01/2018



MEMORANDUM

DATE: MONDAY, MARCH 5, 2018

TO: MAYOR AND CITY COMMISSION

FROM: MELANIE CANO, DEVELOPMENT SERVICES DIRECTOR

THROUGH: JUAN GUERRA, CITY MANAGER

SUBJECT: LIFE OF THE USE CONDITIONAL USE PERMIT TO ALLOW AN OVERSIZED STORAGE UNIT – (12' X 16', 10 FEET IN HEIGHT) FILE NO. CUP#180102
--

GENERAL INFORMATION:

APPLICANT: Ismael Garza has filed with the Planning and Zoning Commission a request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1).

LEGAL DESCRIPTION: The property is legally described as being all of Lot 31, Crystal Estates Subdivision Phase I, Pharr, Hidalgo County, Texas.

LOCATION: The property's physical address is 3306 North Robin Avenue.

ZONING: The property is currently zoned Single-Family Residential District (R-1). The surrounding area is zoned Single-Family Residential District (R-1) to the north, south, west and Agricultural and/or Open Space District (A-O) to the east. The area is generally designated for single-family residential in the Future Land Use Plan.

NOTIFICATION OF PUBLIC: Thirty-three (33) surrounding property owners were notified of the request by letter and a legal notice was published in the Advance News Journal. Staff received no response to the letters or the legal notice.

**DEVELOPMENT
SERVICES**

RECOMMENDATIONS:

Development Services is recommending approval of the request for a Life-of-the-Use Conditional Use Permit to allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1) subject to the following conditions:

1. This permit shall be for the Life-of-the Use and issued to the current owner only;
2. The accessory use structure shall not have a separate electrical service;
3. No living amenities shall be installed in unit;
4. Applicant shall comply with all City of Pharr Ordinances and codes, any violation will terminate this Conditional Use Permit;
5. Applicant must acquire a building permit before start of construction;
6. Any request to revise, alter or amend the conditions or requirements shall require the applicant to apply for a new Conditional Use Permit;
7. The following shall be considered as grounds for the revocation of the Conditional Use Permit:
 - Any change in use or change in extent of use, area or location.
 - Failure to allow periodic inspections by representatives of the City of Pharr at any reasonable time.
 - Conditional Use Permits that have been revoked may not be applied for again until a period of one year has lapsed from the date of revocation.

**PLANNING & ZONING
COMMISSION:**

Planning and Zoning Commission carried the motion by majority with four (4) of the members voting yea and two (2) members voting nay to approve the request for a Life-of-the-Use Conditional Use Permit allow an Oversized Storage Unit (12' x 16', 10' in height) in a Single-Family Residential District (R-1) subject to staff's recommendations.



- All information displayed on this map is subject to verification by field survey or by the agency responsible for maintaining the information. This map is intended for general information only.





All information displayed on this map is subject to verification by field survey or by the agency responsible for maintaining the information. This map is intended for general information only.









AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.O.2.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Rita Galvan, Secretary

DEPARTMENT: Development Services

DIRECTOR: Melanie Cano

Agenda Item: Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners, has filed with the Planning and Zoning Commission a request for a change of zone from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I). The property is legally described as being a 7.21 acre tract of land, more or less, out of Lot 377, Kelly-Pharr Tract, Pharr, Hidalgo County, Texas. The property is physically located within the 1500 Block of West Hi-Line Road.
COZ#180107

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners, has filed with the Planning and Zoning Commission a request for a change of zone from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I).

Financial Consideration: N/A

Staff Recommendation: Development Services is recommending approval of the request to re-zone to Limited Industrial District (L-I) as the property meets area requirements. If approved, applicant must comply with all City Ordinances and City Department requirements.

The Planning and Zoning Commission unanimously voted to approve the rezoning request from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) subject to staff's recommendations.

Alternatives: N/A

ROUTING:

Rita Galvan

Created/Initiated - 02/28/2018

Roland Gomez

Approved - 03/01/2018

Melanie Cano

Approved - 03/01/2018

City Management Office

Final Approval - 03/01/2018



Implementing your vision, improving your City

STANDARDIZED RECOMMENDATION FORM

MEETING DATE: March 5, 2018

ROUTE TO BOARD:

☒ CITY COMMISSION

AGENDA ITEM:

COZ:#180107

☐ PLANNING & ZONING COMMISSION

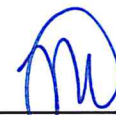
DATE SUBMITTED:

January 31, 2018

5. **Applicant:** Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners.
6. **Requested Action:** Re-zoning request from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I).
7. **Nature / Intent of Request:** In order to develop the property into a paved parking facility

8. Routing to Staff:

F. Melanie Cano, Director



Initials

2/22/18 ☒ Approval ☐ Denial

Date

G. Planning Staff
Recommendations



Initials

2/22/18 ☒ Approval ☐ Denial

Date

H. Planning and Zoning
Commission

Initials

2/26/18 ☒ Approval ☐ Denial

Date

I. City Attorney

Initials

_____ ☐ Approval ☐ Denial

Date

J. City Manager

Initials

_____ ☐ Approval ☐ Denial

Date

MEMORANDUM

DATE: MONDAY, MARCH 5, 2018

TO: MAYOR AND CITY COMMISSION

FROM: DEVELOPMENT SERVICES

THROUGH: JUAN GUERRA, CITY MANAGER

SUBJECT: Re-zoning Request: From Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I): Being a 7.21 acre tract of land, more or less, out of Lot 377, Kelly-Pharr Tract, Pharr, Hidalgo County, Texas. The property is physically located within the 1500 Block of West Hi-Line Road.

REZONING CHECKLIST / GOALS:

Comprehensive zoning and rezoning regulations and ordinances should be adopted and designed to facilitate, as much as possible, the following items:

1. To lessen congestion;
2. Secure safety from fire, panic and other dangers;
3. To promote health and general welfare;
4. To provide adequate light and air;
5. To protect the overcrowding of land and abutting traffic ways;
6. Avoid undue concentration of population, and;
7. To facilitate the adequate provisions of transportation, water, sewage, schools, parks, and other public requirements as per Local Government Code, Sect. 211.004.

DESCRIPTION OF PROPERTY:

Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners, has filed with the Planning and Zoning Commission a request for a change of

zone from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I).

The subject site is located on the south side of West Hi-Line Road with the property physically located within the 1500 Block of West Hi-Line Road. The property is legally described as being a 7.21 acre tract of land, more or less, out of Lot 377, Kelly-Pharr Tract, Pharr, Hidalgo County, Texas.

The subject site currently consists of one (1) lot with the frontage of approximately 252 feet along West Hi-Line Road and a depth of approximately 1,316 feet. West Hi-Line Road is an 80' major collector which runs east and west with a posted speed limit of 30 miles per hour or less as identified in the City of Pharr's Thoroughfare Plan.

The property is currently zoned Agricultural and/or Open Space District (A-O). The surrounding properties are zoned Limited Industrial District (L-I) to the north and west, Agricultural and/or Open Space District (A-O) to the south and Limited Industrial District (L-I) and Agricultural and/or Open Space District (A-O) to the east. The property is generally designated for industrial use in the Land Use Plan.

On September 03, 2013 the property to the north was rezoned to Limited Industrial District (L-I), the property to the west was rezoned to Limited Industrial District (L-I) on February 21, 2006 and on September 03, 2013 a portion of the property to the east was rezoned to Limited Industrial District (L-I). There have been no other zoning requests within the general vicinity of the subject property since that time.

The owner of the property is requesting a change of zone to a Limited Industrial District (L-I) in order to develop into a paved parking facility.

The Limited Industrial District (L-I) is intended for industrial parks and larger cleaner types of industries. The manufacturing uses should be conducted within a totally enclosed building. Any activities conducted outside should be screened and buffered. Limited Industrial uses are suitable for high-visibility locations such as along the freeway, or within a reasonable distance of residential areas.

Ten (10) letters were mailed out to the surrounding property owners and a legal notice was published in the Advance News Journal. Staff received no response to the letters or the legal notice.

Development Services is recommending approval of the request to re-zone to Limited Industrial District (L-I) as the property meets area requirements. If approved, applicant must comply with all City Ordinances and City Department requirements.

PLANNING AND ZONING COMMISSION:

The Planning and Zoning Commission unanimously voted to approve the rezoning request from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) subject to staff's recommendations.

CITY COMMISSION OPTIONS:

- 4. Approve the rezoning request;**
- 5. Table the item for:**
 - a) consideration by the full board;**
 - b) additional information;**
 - c) additional time for applicant and adjacent property owners to meet;**
- 6. Disapprove the request.**



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Perez Consulting Engineers, representing Pharr Bridge Investment Company, L.P., owners.

APPLICANT

1500 Block of West Hi-Line Road

ADDRESS

Agricultural and/or Open Space District (A-O)

CURRENT ZONE

Limited-Industrial District (L-I)

PROPOSED ZONE

		YES	NO
1	Does the property meet the minimum area requirements for the proposed zone?	X	
2	Does the property have adequate ingress and egress?	X	
3	Will the change of zone be compatible with surrounding properties? (Zoning and Land Use)	X	
4	Is the property located along a major thoroughfare?	X	
5	Will the property have adequate parking for the proposed use?	X	
6	Will the property have adequate landscaping as per City Ordinance?	X	
7	Will the zone change increase the volume of traffic?	X	
8	Will a buffer be required?	X	
9	Is the proposed change in line with the Future Land Use Plan?	X	

STAFF RECOMMENDATIONS:

Approval

The property meets area requirements, has adequate ingress and egress and is compatible with the surrounding properties.

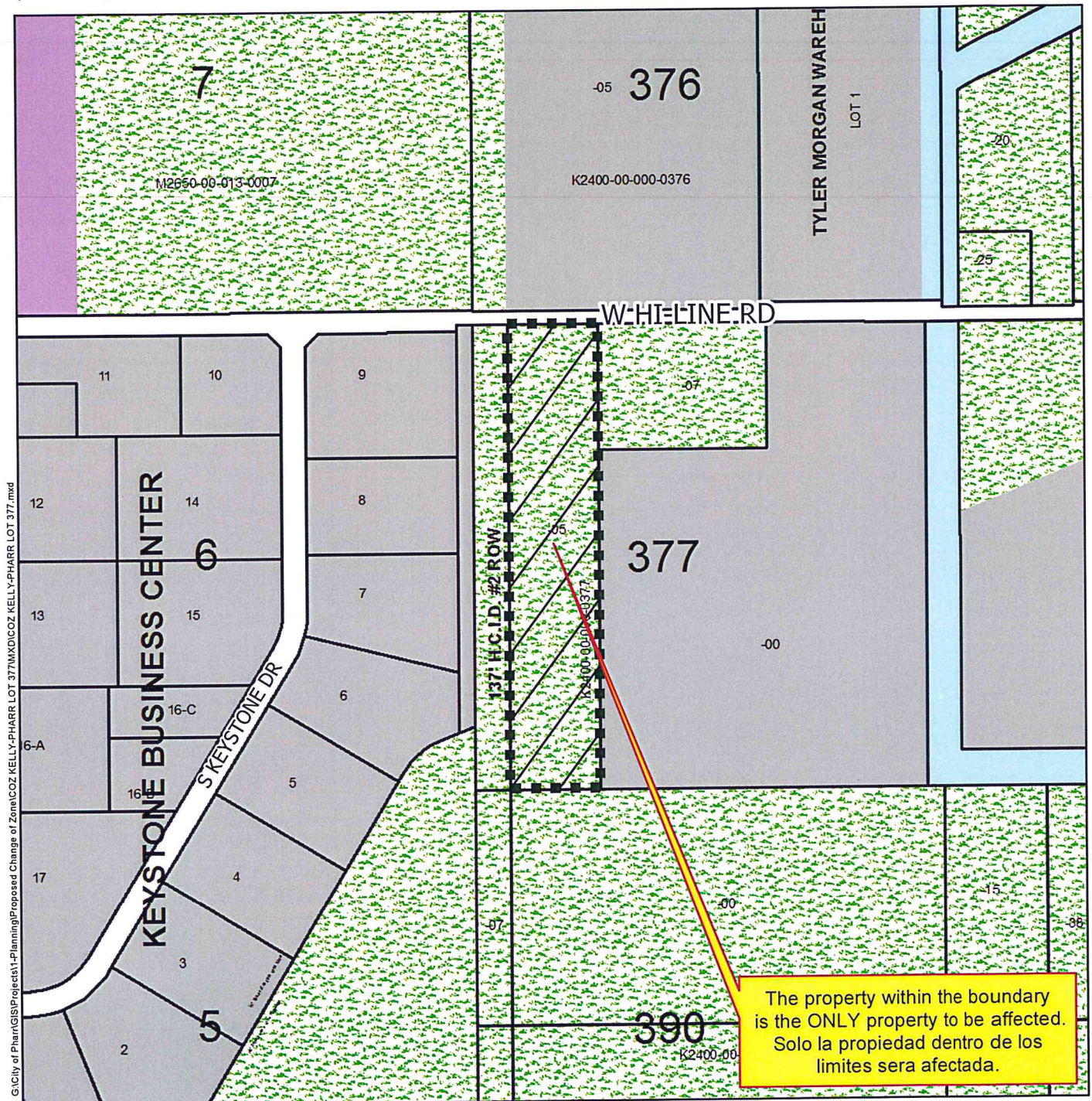
Della Robles, Planner I

PREPARED BY

February 20, 2018

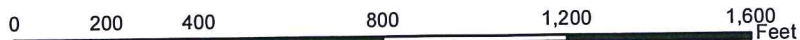
DATE

Proposed Change of Zone
KELLY-PHARR LOT 377
PHARR BRIDGE INVESTMENT CO
(AO TO LI)



- | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------------|--------------------------|
| Agricultural Open Space | High Density Multi-Family | Government Owned | Heavy Industrial | Hidalgo ISD |
| Single Family | Mobile Home | General Business | Limited Industrial | Valley View ISD |
| Single Family Small Lot | Townhouse | Business District | Neighborhood Commercial | Planned Unit Development |
| Two Family | HUD Code | Drainage Easement | Office Professional | |
| Medium Density Multi-Family | Rail Road R.O.W. | Heavy Commercial | PSJA ISD | |

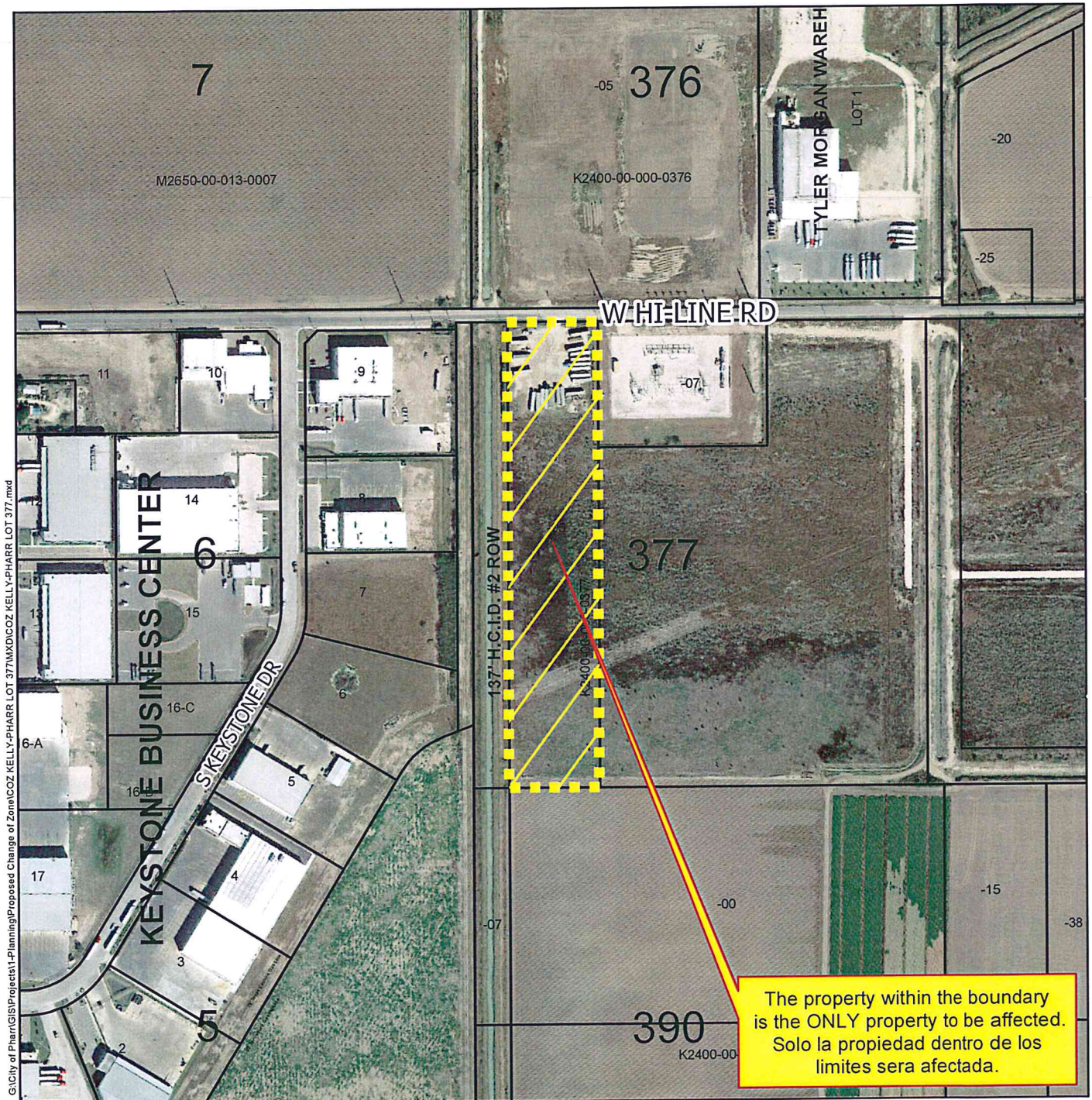
Scale: 1 inch = 400 feet



City of Pharr, Texas
Engineering Department
956.702.5355

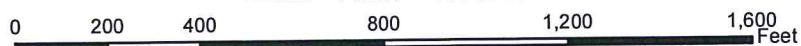


Proposed Change of Zone
 KELLY-PHARR LOT 377
 PHARR BRIDGE INVESTMENT CO
 (AO TO LI)



Agricultural Open Space	High Density Multi-Family	Government Owned	Heavy Industrial	Hidalgo ISD
Single Family	Mobile Home	General Business	Limited Industrial	Valley View ISD
Single Family Small Lot	Townhouse	Business District	Neighborhood Commercial	Planned Unit Development
Two Family	HUD Code	Drainage Easement	Office Professional	
Medium Density Multi-Family	Rail Road R.O.W.	Heavy Commercial	PSJA ISD	

Scale: 1 inch = 400 feet



City of Pharr, Texas
 Engineering Department
 956.702.5355



Date: 2/6/2018





AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.O.3.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Rita Galvan, Secretary

DEPARTMENT: Development Services

DIRECTOR: Melanie Cano

Agenda Item: Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires Living Trust, owners, has filed with the Planning and Zoning Commission a request for a change of zone from Limited Industrial District (L-I) to High-Density Multi-Family District (R-4). The property is legally described as being Lot 4, Sugar Pointe Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 704 West Sioux Road. **COZ#180104**

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires Living Trust, owners, has filed with the Planning and Zoning Commission a request for a change of zone from Limited Industrial District (L-I) to High-Density Multi-Family District (R-4).

Financial Consideration: N/A

Staff Recommendation: Development Services is recommending approval of the request to re-zone to High Density Multi-Family District (R-4) as the property meets area requirements and has adequate ingress and egress. If approved, applicant must comply with all City Ordinances and City Department requirements.

The Planning and Zoning Commission unanimously voted to approve the rezoning request from Limited-Industrial District (L-I) to High Density Multi-Family District (R-4) subject to staff's recommendations.

Alternatives: N/A

ROUTING:

Rita Galvan
Roland Gomez
Melanie Cano
City Management Office

Created/Initiated - 02/28/2018
Approved - 03/01/2018
Approved - 03/01/2018
Final Approval - 03/02/2018



Implementing your vision, improving your City

STANDARDIZED RECOMMENDATION FORM

MEETING DATE: March 5, 2018

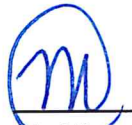
ROUTE TO BOARD:

☒ CITY COMMISSION AGENDA ITEM: COZ:#180104
☐ PLANNING & ZONING COMMISSION DATE SUBMITTED: January 26, 2018

5. Applicant: Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires, Living Trust, owners.
6. Requested Action: Re-zoning request from Limited-Industrial District (L-I) to High Density Multi-Family District (R-4).
7. Nature / Intent of Request: In order to construct multi-family units on said property.

8. Routing to Staff:

F. Melanie Cano, Director


Initials

2/22/18 ☒ Approval ☐ Denial
Date

G. Planning Staff
Recommendations


Initials

2/22/18 ☒ Approval ☐ Denial
Date

H. Planning and Zoning
Commission

Initials

2/26/18 ☒ Approval ☐ Denial
Date

I. City Attorney

Initials

Date ☐ Approval ☐ Denial

J. City Manager

Initials

Date ☐ Approval ☐ Denial

MEMORANDUM

DATE: MONDAY, MARCH 5, 2018

TO: MAYOR AND CITY COMMISSION

FROM: DEVELOPMENT SERVICES

THROUGH: JUAN GUERRA, CITY MANAGER

SUBJECT: Re-zoning Request: From Limited-Industrial District (L-I) to High Density Multi-Family District (R-4): Being all of Lot 4, Sugar Pointe Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 704 West Sioux Road.

REZONING CHECKLIST / GOALS:

Comprehensive zoning and rezoning regulations and ordinances should be adopted and designed to facilitate, as much as possible, the following items:

1. To lessen congestion;
2. Secure safety from fire, panic and other dangers;
3. To promote health and general welfare;
4. To provide adequate light and air;
5. To protect the overcrowding of land and abutting traffic ways;
6. Avoid undue concentration of population, and;
7. To facilitate the adequate provisions of transportation, water, sewage, schools, parks, and other public requirements as per Local Government Code, Sect. 211.004.

DESCRIPTION OF PROPERTY:

Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires, Living Trust, owners, has filed with the Planning and Zoning Commission a request for a change of zone from Limited-Industrial District (L-I) to High Density Multi-Family District (R-4).

The subject site is located on the north side of West Sioux Road and the west side of North Hibiscus Street with the property's physical address as 704 West Sioux Road. The property is legally described as being all of Lot 4, Sugar Pointe Subdivision, Pharr, Hidalgo County, Texas.

The subject site currently consists of one (1) lot with the frontage of approximately 156 feet along West Sioux Road and has a depth of approximately 125 feet. West Sioux Road is an 80' major collector which runs east and west with a posted speed limit of 30 miles per hour or less and North Hibiscus is a 50'-60' local street which runs north and south with a posted speed limit of 20-30 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property is currently zoned Limited-Industrial District (L-I). The surrounding properties are zoned Heavy Commercial District (H-C) to the north and east and High Density Multi-Family District (R-4) to the west and Residential Mobile-Home District (R-MH) to the south. The property is generally designated multi-family residential use in the Land Use Plan.

The subject property was rezoned from High Density Multi-Family District (R-4) to Limited-Industrial District (L-I) on September 21, 2004. The property to the north and east was zoned to Heavy Commercial District (H-C) on July 06, 1999 and the property to the west was rezoned from Medium Density Multi-Family District (R-3) to High Density Multi-Family District (R-4) on June 18, 1996. The property to the south was zoned to Residential Mobile-Home District (R-MH) on November 27, 1984. There have been no other zoning requests within the general vicinity of the subject property since that time.

The owner of the property is requesting a change of zone to High Density Multi-Family District (R-4) in order to construct multi-family units on said property.

The High Density Multi-Family District (R-4) is established to provide adequate space and site diversification for higher density apartment complexes, including high-rise apartments and complexes with a number of buildings on the same tract of land. Traditional area requirements are inappropriate for this district and height limitations are also relaxed, except when abutting single-family uses. This zone allows higher density developments and where there is increased water capacity, fire protection, wastewater, and drainage capacity. Higher density multi-family developments are not a buffer between single-family and commercial uses and should be properly buffered.

Eighteen (18) letters were mailed out to the surrounding property owners and a legal notice was published in the Advance News Journal. Staff received no response to the letters or the legal notice.

Development Services is recommending **approval** of the request to re-zone to High Density Multi-Family District (R-4) as the property meets area requirements and has adequate ingress and egress. If approved, applicant must comply with all City Ordinances and City Department requirements.

PLANNING AND ZONING COMMISSION:

The Planning and Zoning Commission unanimously voted to approve the rezoning request from Limited-Industrial District (L-I) to High Density Multi-Family District (R-4) subject to staff's recommendations.

CITY COMMISSION OPTIONS:

- 4. Approve the rezoning request;**
- 5. Table the item for:**
 - a) consideration by the full board;**
 - b) additional information;**
 - c) additional time for applicant and adjacent property owners to meet;**
- 6. Disapprove the request.**



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Oscar Enriquez, representing the Kenneth A. Faries, Jr. and Carolyn A. Faires, Living Trust, owners

APPLICANT

704 West Sioux Road

ADDRESS

Limited-Industrial District (L-I)

CURRENT ZONE

High-Density Multi-Family District (R-4)

PROPOSED ZONE

	YES	NO
1 Does the property meet the minimum area requirements for the proposed zone?	X	
2 Does the property have adequate ingress and egress?	X	
3 Will the change of zone be compatible with surrounding properties? (Zoning and Land Use)	X	
4 Is the property located along a major thoroughfare?	X	
5 Will the property have adequate parking for the proposed use?	X	
6 Will the property have adequate landscaping as per City Ordinance?	X	
7 Will the zone change increase the volume of traffic?	X	
8 Will a buffer be required?	X	
9 Is the proposed change in line with the Future Land Use Plan?	X	

STAFF RECOMMENDATIONS:

Approval

The property meets area requirements, has adequate ingress and egress and is compatible with
the surrounding properties.

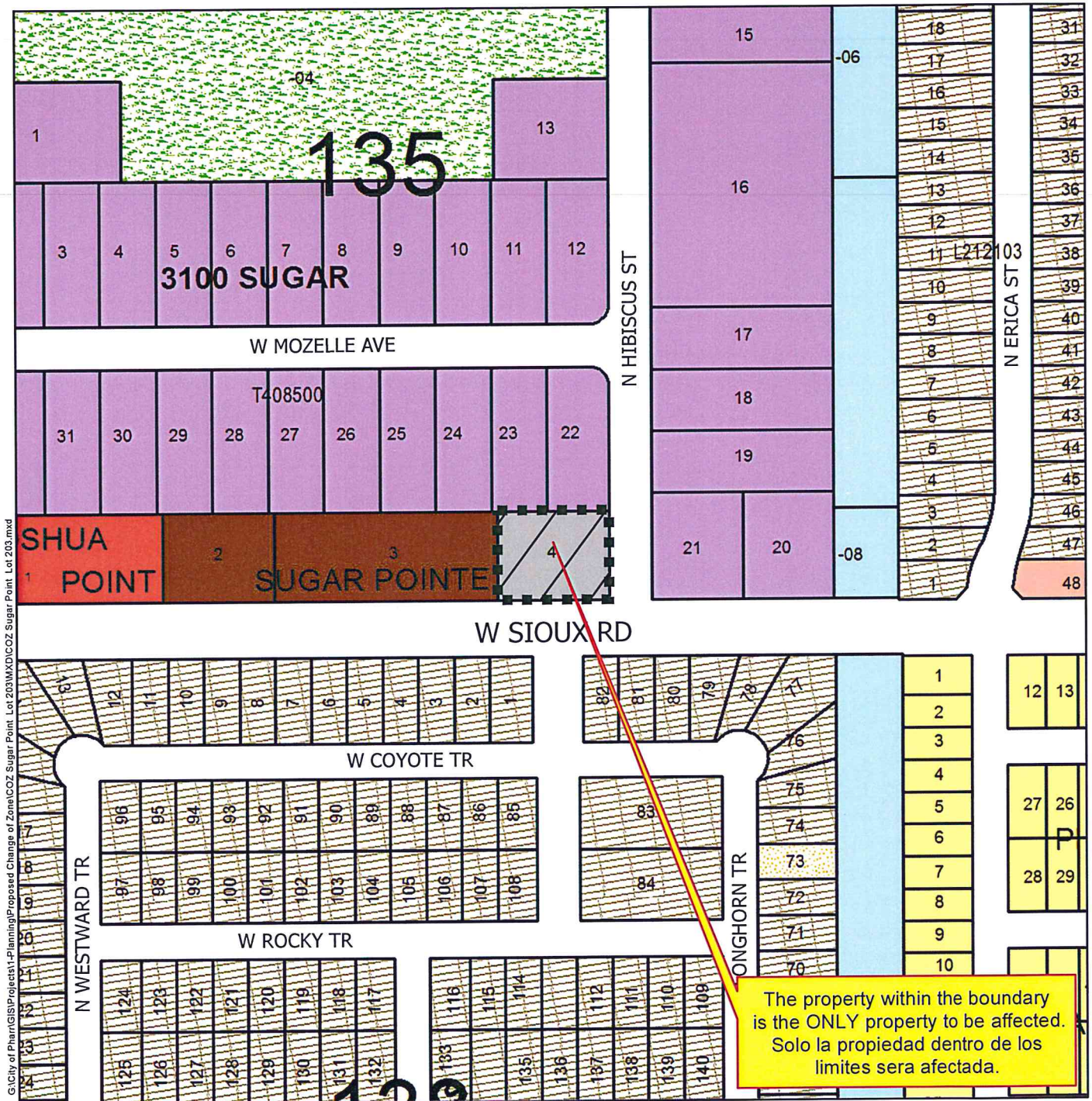
Della Robles, Planner I

PREPARED BY

February 6, 2018

DATE

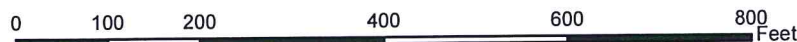
Proposed Change of Zone
 Sugar Point Lot 4
 Oscar Enriquez
 L-I to R-4



- | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------------|--------------------------|
| Agricultural Open Space | High Density Multi-Family | Government Owned | Heavy Industrial | Hidalgo ISD |
| Single Family | Mobile Home | General Business | Limited Industrial | Valley View ISD |
| Single Family Small Lot | Townhouse | Business District | Neighborhood Commercial | Planned Unit Development |
| Two Family | HUD Code | Drainage Easement | Office Professional | |
| Medium Density Multi-Family | Rail Road R.O.W. | Heavy Commercial | PSJA ISD | |

City of Pharr, Texas
 Engineering Department
 956.702.5355

Scale: 1 inch = 200 feet



Date: 2/2/2018

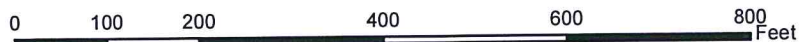
Proposed Change of Zone
 Sugar Point Lot 4
 Oscar Enriquez
 L-I to R-4



The property within the boundary
 is the **ONLY** property to be affected.
 Solo la propiedad dentro de los
 limites sera afectada.

- | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------------|--------------------------|
| Agricultural Open Space | High Density Multi-Family | Government Owned | Heavy Industrial | Hidalgo ISD |
| Single Family | Mobile Home | General Business | Limited Industrial | Valley View ISD |
| Single Family Small Lot | Townhouse | Business District | Neighborhood Commercial | Planned Unit Development |
| Two Family | HUD Code | Drainage Easement | Office Professional | |
| Medium Density Multi-Family | Rail Road R.O.W. | Heavy Commercial | PSJA ISD | |

Scale: 1 inch = 200 feet



Date: 2/2/2018

156.00'

125.00'

125.00'

156.00'

10.0' R.S.B.L.

GREEN
AREA

PROPOSED
APARTMENTS

PROPOSED
APARTMENTS

4' CONCRETE WALK WAY

4' CONCRETE WALK WAY

ASPHALT
PARKING LOT

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

25.0' F.S.B.L.

GREEN
AREA

SIOUX ROAD

SITE PLAN

LOT 4. SUGAR POINTE SUBDIVISION
PHARR, TEXAS







AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 4.O.4.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Rita Galvan, Secretary

DEPARTMENT: Development Services

DIRECTOR: Melanie Cano

Agenda Item: Taqueria Borrego Pinto has filed with the Planning and Zoning Commission a request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C). The property is legally described as being Lot 212, Valle De La Primavera Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 6615 South Jackson Road. **CUP#180208**

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Taqueria Borrego Pinto has filed with the Planning and Zoning Commission a request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C).

Financial Consideration: N/A

Staff Recommendation: Development Services is recommending approval the request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C) subject to applicant and site being in compliance with all City Ordinances and City Department requirements.

The Planning and Zoning Commission voted unanimously to approve the request for a Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C) subject to site being in compliance with all City Ordinances and City Department requirements.

Alternatives: N/A

ROUTING:

Rita Galvan
Roland Gomez
Melanie Cano
City Management Office

Created/Initiated - 02/28/2018
Approved - 03/01/2018
Approved - 03/01/2018
Final Approval - 03/02/2018



MEMORANDUM

DATE: MONDAY, MARCH 5, 2018
TO: MAYOR AND CITY COMMISSION
FROM: MELANIE CANO, DIRECTOR OF DEVELOPMENT SERVICES
THROUGH: JUAN GUERRA, CITY MANAGER

SUBJECT: CONDITIONAL USE PERMIT FOR ABC –
FILE NO. **CUP#180208** (TAQUERIA BORREGO PINTO)

GENERAL INFORMATION:

APPLICANT: Taqueria Borrego Pinto has filed with the Planning and Zoning Commission a request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C).

LEGAL DESCRIPTION: The property is legally described as being Lot 212, Valle De La Primavera Subdivision, Pharr, Hidalgo County, Texas.

LOCATION: The property's physical address is 6615 South Jackson Road.

ZONING: The property is currently zoned General Business District (C). The surrounding area is zoned General Business District (C) to the north and south, Single-Family Residential District (R-1) to the east and city limits lie to the west. The area is generally designated for commercial use in the Future Land Use Plan.

COMMENTS: **POLICE CHIEF:** Recommends approval of the Conditional Use Permit.

PLANNING DEPARTMENT: Recommends approval of the Conditional Use Permit.

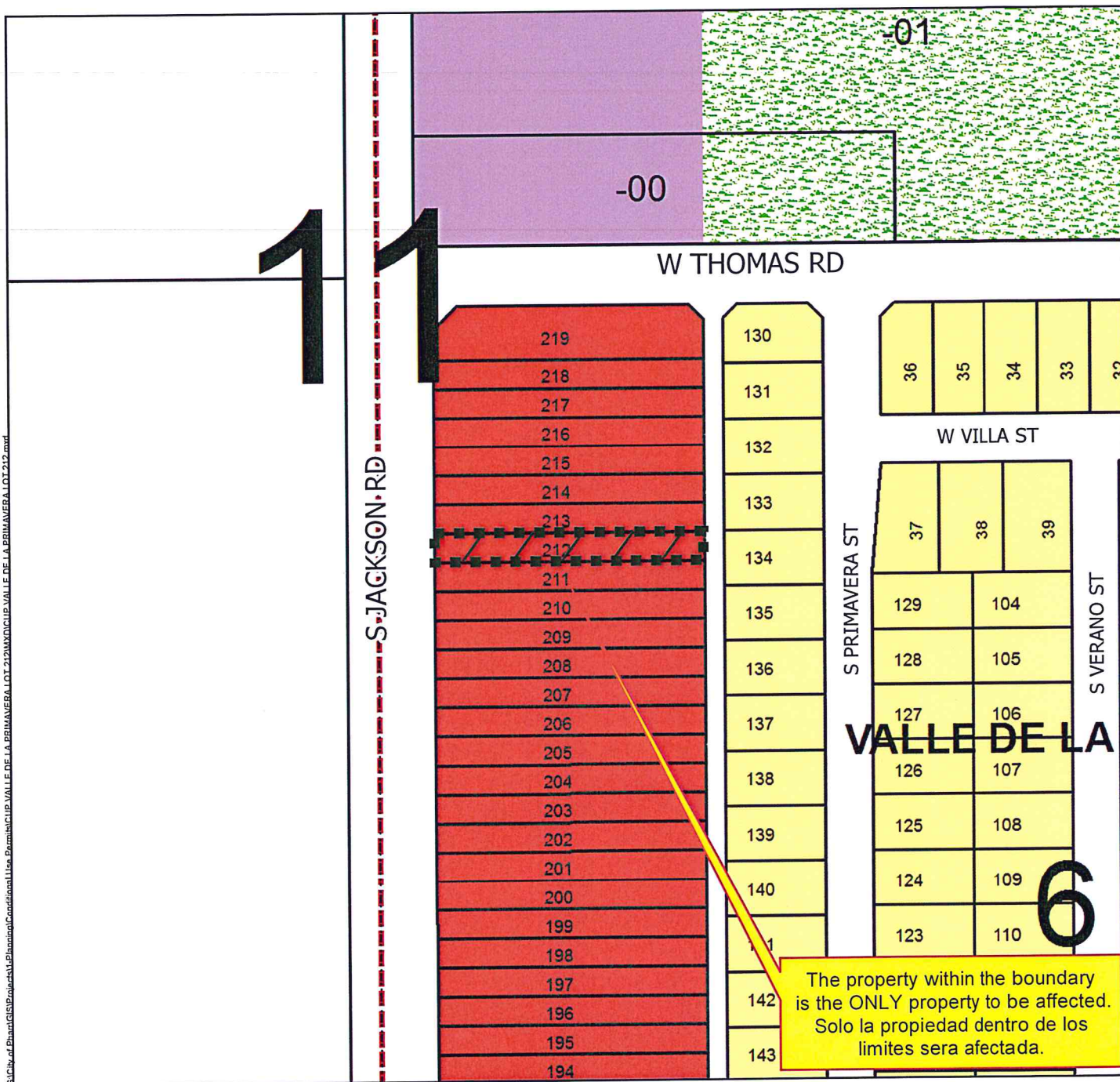
Advance News Journal. Staff received no response to the letters or the legal notice.

**DEVELOPMENT
SERVICES**

RECOMMENDATION:

Development Services is recommending approval the request for Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C) subject to applicant and site being in compliance with all City Ordinances and City Department requirements.

NOTE: This item is scheduled to go before the City Commission Meeting of **March 05, 2018 at 4:00 p.m.**

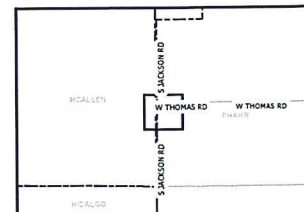


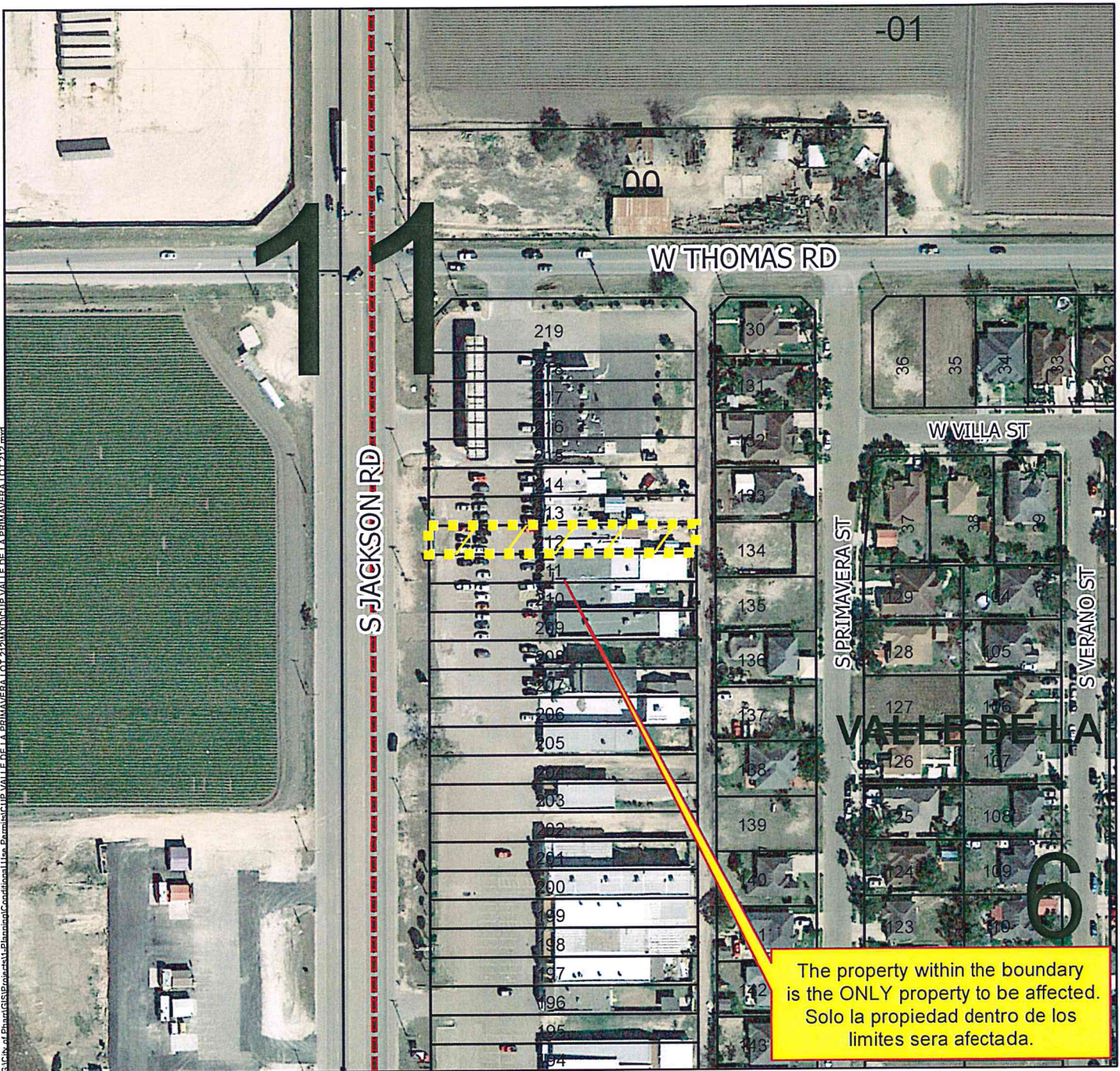
- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Two Family
- Medium Density Multi-Family
- High Density Multi-Family
- Mobile Home

- Townhouse
- HUD Code
- Rail Road R.O.W.
- Government Owned
- General Business
- Business District
- Drainage Easement

- Heavy Commercial
- Heavy Industrial
- Limited Industrial
- Neighborhood Commercial
- Office Professional
- PSJA ISD
- Hidalgo ISD

- Valley View ISD
- Planned Unit Development

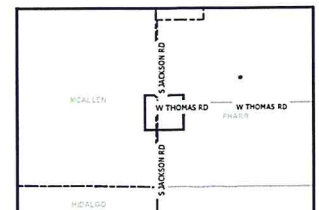




- | | | |
|-----------------------------|-------------------|-------------------------|
| Agricultural Open Space | Townhouse | Heavy Commercial |
| Single Family | HUD Code | Heavy Industrial |
| Single Family Small Lot | Rail Road R.O.W. | Limited Industrial |
| Two Family | Government Owned | Neighborhood Commercial |
| Medium Density Multi-Family | General Business | Office Professional |
| High Density Multi-Family | Business District | PSJA ISD |
| Mobile Home | Drainage Easement | Hidalgo ISD |

- | |
|--------------------------|
| Valley View ISD |
| Planned Unit Development |

All information displayed on this map is subject to verification by field survey or by the agency responsible for maintaining the information. This map is intended for general information only.

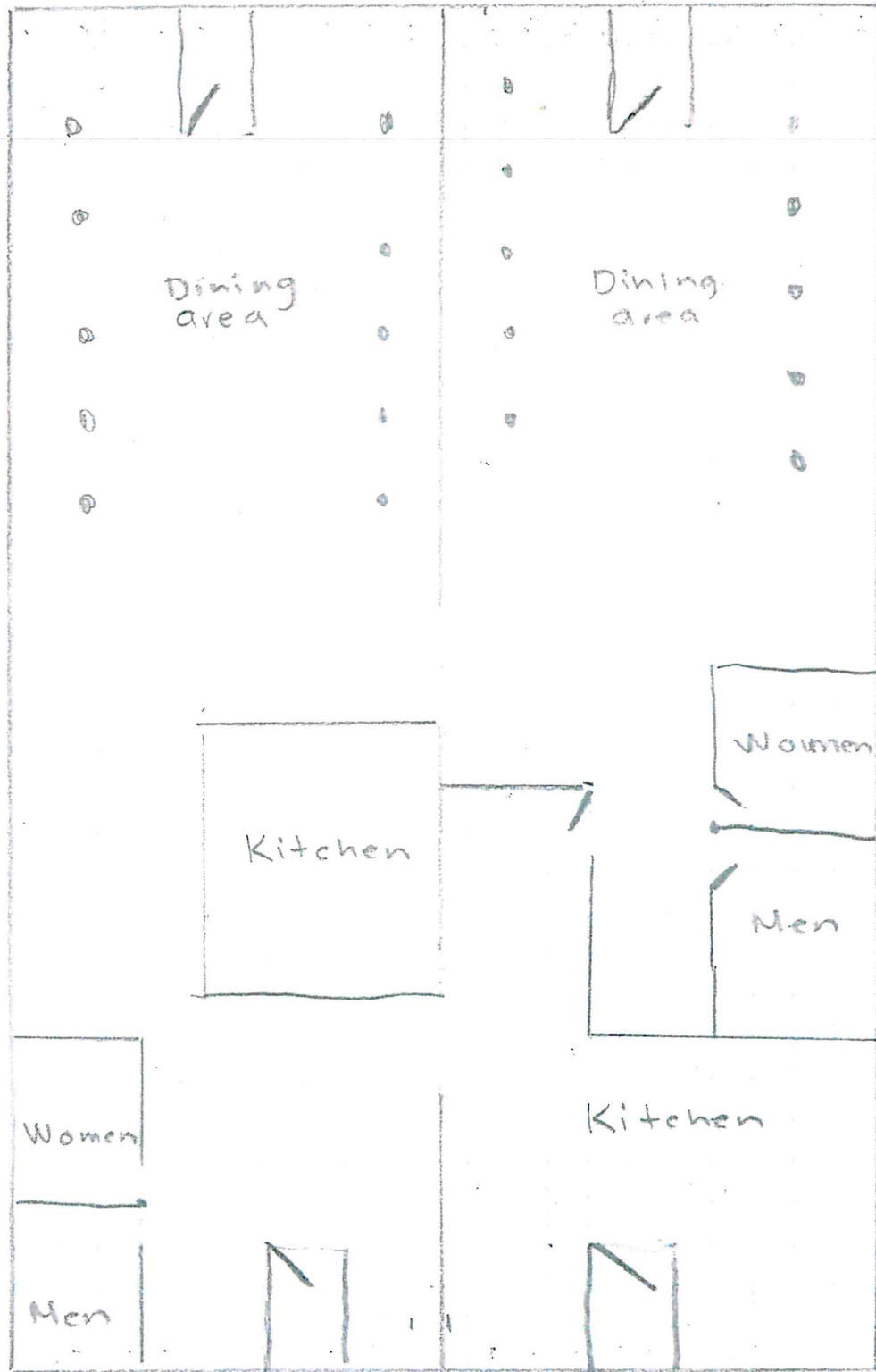


— S. JACKSON Rd —

9 parking

#6615

— Thomas Rd —





TACOS DE:

- BARBACOA DE BORREGO
- CONSOME
- BARBACOA DE RES
- CABEZA DE PUERCO
- MOLLEJA
- CARNE ASADA
- BARBACOA POR LIBRA
- SALCHICHA
- TRIPA
- BISTEC
- MIXTOS
- PAPAS ASADAS

• SINCRONIZADAS

TOSTADAS



**SABADO Y
DOMINGOS**

- CARNITAS
- CHICHARRONES
- MENUDO

6615 S. JACKSON RD. PHARR TX. 78577

TAQUERIA LA MEJOR BARBACOA DE BORREGO



BORRITO
PINTO

ORDER TO GO

(956) 843-5022

CONSOME • BARBACOA DE RES • CABEZA DE PUERCO

OPEN

OPEN

LUNES A DOMINGO
7 AM - 10 PM

NO
ESTAMOS
ABIERTOS
HAY QUE
ALMENTO

TAQUERIA
BORRITO
PINTO
ALMORZO
\$2.99
ORDERS TO GO
843-5022



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 5.A.

DATE SUBMITTED: February 20, 2018

MEETING DATE: March 5, 2018

FROM: Sonia Barajas, CDBG Secretary

DEPARTMENT: GMCD

DIRECTOR: Raul Garza

Agenda Item: Consideration and action, if any, on Resolution appointing/re-appointing four (4) members to the Community Development Council Board.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: The CDBG Community Development Council is needing to have four (4) members reappointed. All have expressed interest in continuing to serve.

Financial Consideration:

Staff Recommendation: Staff recommends the reappointment of the same four (4) Community Development Council members:

Aracely Saucedo, Census Tract 213

Lucio Gaitan, Census Tract 214

Norma Trevino, Census Tract 215

Joe Hinojosa, Census Tract 217

Alternatives: n/a

ROUTING:

Sonia Barajas

Raul Garza

City Management Office

Created/Initiated - 02/20/2018

Approved - 02/27/2018

Final Approval - 03/01/2018

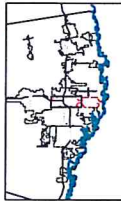
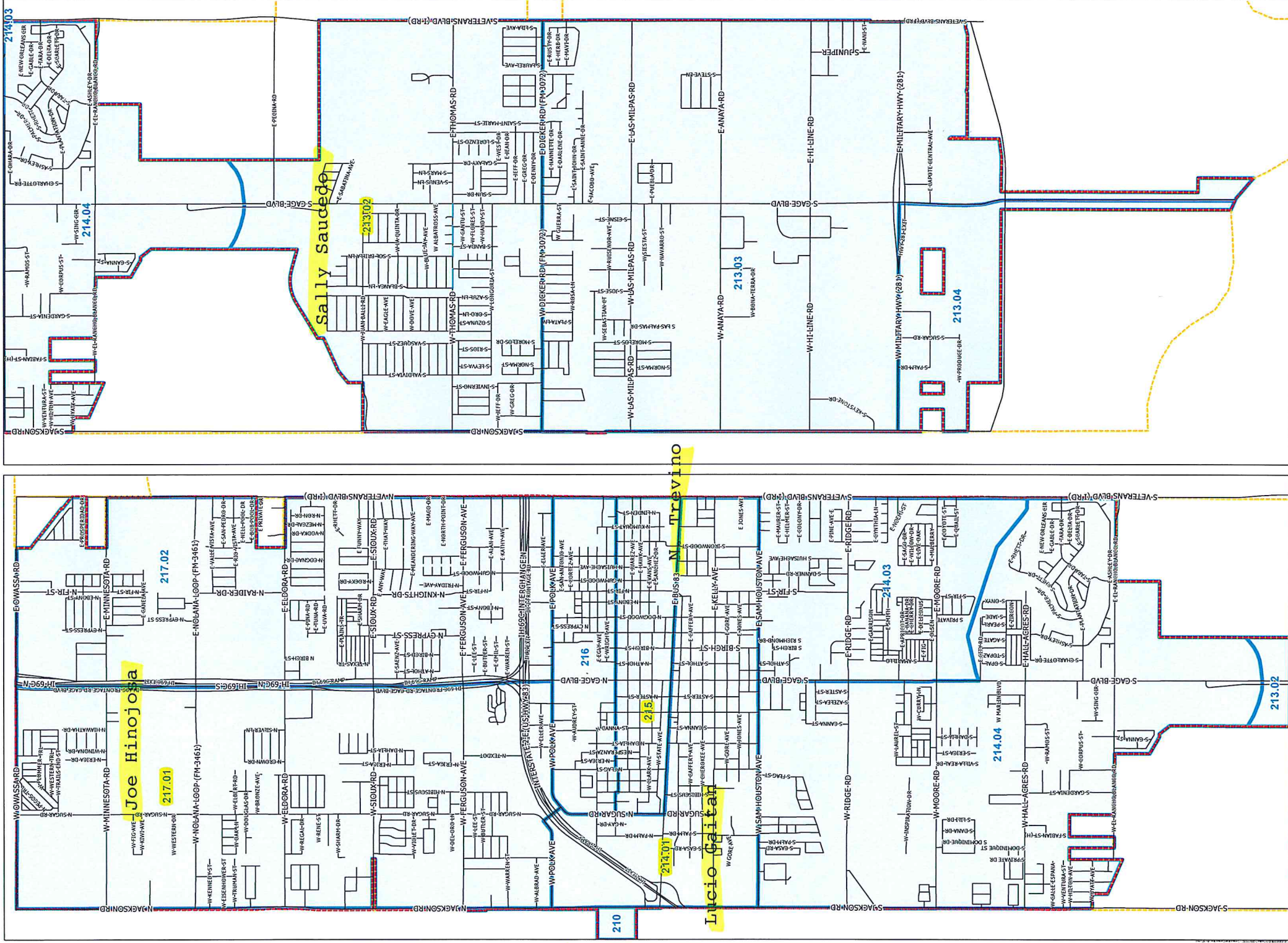
22

2

2

Hilda Pedraza, City Clerk

[illegible]





AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 5.B.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Ricardo Pedraza, Public Works
Director

DEPARTMENT: Public Works

DIRECTOR:

Agenda Item: Consideration and action, if any, on Resolution appointing/re-appointing of four (4) members to the Pharr Animal Shelter Advisory Committee.

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: The Pharr Animal Shelter Advisory Committee was created by Ordinance No. O-2013-42 for the City of Pharr pursuant to the Health and Safety Code, Title 10. Health and Safety of Animals Chapter 823 Animal Shelters

The terms consist of 3 year terms starting in March 5, 2018 and ending in March 5, 2021

Financial

Consideration:

Staff Recommendation: Staff recommends the appointment of Dr. Kelly Macmanus DVM, Tim Ousley, Frank Villarreal, and Ricardo Pedraza PE for the Pharr Animal Shelter Advisory Committee of the City of Pharr.

Alternatives:

ROUTING:

Ricardo Pedraza
Patricia Rigney
City Management Office

Created/Initiated - 02/28/2018
Approved - 02/28/2018
Final Approval - 03/01/2018

STATE OF TEXAS { }

COUNTY OF HIDALGO { }

CITY OF PHARR { }

R E S O L U T I O N

NO: R-2018-

WHEREAS, Ordinance No. O-2013-42 created an Advisory Committee for the City of Pharr pursuant to the Health and Safety Code, Title 10. Health and Safety of Animals Chapter 823 Animal Shelters; and

WHEREAS, the City of Pharr shall appoint an Advisory Committee to assist in complying with the requirements; and

WHEREAS, the Advisory Committee must be composed of at least one licensed veterinarian, one county or municipal official, one person whose duties include the daily operation of an animal shelter, and one representative from animal welfare organization; and

WHEREAS, the terms of Kelly Macmanus, Roy Garcia, Frank Villarreal, and Tim Ousley expired on October 14, 2016; and appointment/re-appointment needs to be made at this time.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, TEXAS, THAT the following persons are hereby appointed as members of the Pharr Animal Shelter Advisory Committee of the City of Pharr.

NAME:

LENGTH OF TERM

- | | |
|----------------------------|--------------------------------------|
| 1. Dr. Kelly Macmanus, DVM | 3 year-term (expiring March 5, 2021) |
| 2. Tim Ousley | 3 year-term (expiring March 5, 2021) |
| 3. Frank Villarreal | 3 year-term (expiring March 5, 2021) |
| 4. Ricardo Pedraza, PE | 3 year-term (expiring March 5, 2021) |

PASSED AND APPROVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR this the 5th day of March, 2018.

CITY OF PHARR

AMBROSIO "AMOS" HERNANDEZ, MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 6.A.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Karla Moya, Finance Director

DEPARTMENT: Finance

DIRECTOR:

Agenda Item: Submission of the Audited Financial Statements for FY 2016-2017.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: City undergoes a financial and internal control external audit as required by state law. The report presented is for FY 2016.2017 with an **unmodified opinion (clean opinion)**, meaning that is the Auditor's opinion that the City Financial Statements and component units are presented fairly, in all materials aspects and no material weaknesses were identified.

Financial Consideration:

Staff Recommendation:

Alternatives:

ROUTING:

Karla Moya

Karla Moya

Patricia Rigney

City Management Office

Created/Initiated - 02/28/2018

Approved - 02/28/2018

Approved - 02/28/2018

Final Approval - 03/01/2018

The collage features five distinct scenes from the City of Pharr. The top-left image shows a large, multi-story commercial building with 'Pharr' and 'Long Star National Bank' signage. The top-right image is the Pharr Municipal Court, a modern white building with large windows. The middle-left image depicts a vibrant playground with a prominent orange slide. The bottom-left image shows the Pharr Memorial Library, a white building with a red-tiled roof. The bottom-right image captures a highway interchange with a large American flag sculpture in the foreground. Overlaid in the center is the official City of Pharr seal, which includes a bridge, a sun, and the text 'CITY OF PHARR', 'PRIDE • PROGRESS • COMMUNITY • LEARNING', and 'EST. 1909'.

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City of Pharr, TX

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2017

ELECTED OFFICIALS

Ambrosio “Amos” Hernandez. - Mayor

Eleazar Guajardo
Ramiro Caballero
Ricardo Medina

Bobby Carrillo
Daniel Chavez
Mario Bracamontes

CITY MANAGER

Juan G. Guerra, CPA, MBA

FINANCE DIRECTOR

Karla Moya

INDEPENDENT AUDITORS

Oscar R. Gonzalez, C.P.A. & Associates, P.L.L.C.
Certified Public Accountants

Prepared by:



CITY OF PHARR CITY COMMISSION



Dr. Ambrosio "Amos" Hernandez - Mayor



**Eleazar Guajardo
Commissioner
Place 1**



**Roberto "Bobby" Carrillo
Commissioner
Place 2**



**Ramiro Caballero
Commissioner
Place 3**



**Daniel Chavez
Commissioner
Place 4**



**Ricardo Medina
Commissioner
Place 5**



**Mario Bracamontes
Commissioner
Place 6**

CITY OF PHARR, TX
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017

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INTRODUCTORY SECTION



MAYOR Ambrosio "Amos" Hernández | CITY MANAGER Juan G. Guerra, CPA

COMMISSIONERS Eleazar Guajardo | Roberto "Bobby" Carrillo | Ramiro Caballero | Daniel Chavez | Ricardo Medina | Mario Bracamontes

March 5, 2018

To the Honorable Mayor, Members of the City Commission, and Citizens
of the City of Pharr, Texas:

The Finance Department and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Pharr, Texas for the fiscal year ended September 30, 2017. State law requires that the City publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Oscar R. Gonzalez, CPA and Associates, P.L.L.C. have issued an unmodified ("clean") opinion on the City of Pharr's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Generally accepted auditing standards and the standards set forth in the Government Accountability Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and required supplementary information as well as the individual fund statements and schedules are included in the financial section of this report. The auditors' report on internal controls and compliance with applicable laws and regulations can be found in the single audit section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The City of Pharr is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to federal and state awards, the independent auditors' report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the single audit section of this report.

On November 10, 2008 via ordinance O-2008-49, the Pharr Economic Development Corporation (PEDC) was approved by citizen vote and ratified by the City Commission to receive ½ percent (the City receives 1 ½ percent) of sales tax. City management has included PEDC in its financial reports as a blended component unit since the City appoints all board members, can remove board members at will, and must approve PEDC's budget and plan of work. The City is also a guarantor for debt that is collateralized by PEDC funds. City management has also included the Pharr Public Facilities Corporation (PFC) #1, Pharr Housing Finance Corporation (PHFC) and the Pharr Tax Increment Reinvestment Zone (TIRZ) in its financial statements as a blended component unit under same criteria followed for PEDC. More information concerning the PEDC, PFC, PHFC and TIRZ are located in the Notes to Financial Statements.

PROFILE OF THE GOVERNMENT

Located on lands originally known in the 1600's as the Seno Mejicano, the City of Pharr was founded in 1909. During a period of great social and economic transition in the Rio Grande Valley. In 1909, John C. Kelly, Henry N. Pharr, W.E. Cage, and R.E. Briggs formed the Pharr Townsite Company, platting and registering the new town. Kelly donated lots in the original plat for early churches, including the Methodist, Baptist, Catholic, Episcopal, and Presbyterian denominations. Pharr schools began in 1911, and the community later joined with San Juan and Alamo to create the Pharr-San Juan-and Alamo School District. The City founders were also involved with the Louisiana - Rio Grande Canal Co., organized in 1910 to furnish irrigation and domestic water to 40,000 acres in the Pharr area by means of a Rio Grande Pumping Plant. The water system led the economy to shift from ranching to crop production, and the Railroad, which came through the area in 1905 made it possible to ship the produce around the country. Amidst the explosive growth caused by the introduction of irrigation, the coming of the railroad, and the Mexican Revolution, the City incorporated in 1916, and became a hub for the confluence of Tejano, Anglo and Mejicano influences in the region.

Centrally located, Pharr played a key role as the agricultural frontier pushed into the brush and cattle country in the early 1900's to form a new fertile land dubbed the "Magic Valley". As water from the Rio Grande was being diverted for irrigation, Pharr served as headquarters for the Louisiana-Rio Grande Canal Company owned and operated by the Pharr co-founders John C. Kelly and Henry N. Pharr. The company built the historic Hidalgo Pumphouse that initially irrigated 40,000 acres of land known as Pharr-Kelly tract.

Pharr, served by two state highways and the St. Louis, Brownsville and Mexico Railway Company, became a hub and a natural shipping center for the transportation and produce industries. By the early 1950's, Pharr was home to 22 processing and shipping businesses including the Valley Fruit and Vegetable Company, the largest packing facility in the world. Pharr is situated along a 43-mile corridor, U.S. Business 83, once known as the longest Main Street in America. The City's image as the Hub City was firmly established when the Texas Highway Department chose Pharr

as its District 21 Headquarters in 1932. The 13,869 Sq. mile district is composed of ten counties and is larger than the District of Columbia, Delaware, Connecticut and Massachusetts combined. Since the early days,

Pharr sat at the crossroads of the two most important highways in the Valley: Highways 4 and 66, known today as Memorial Highway U.S 281 (US i69) and U.S Business 83 (US i2) respectively. They intersect Pharr's historical Main Street District and are the basis for Hidalgo County's historical trails, making Pharr the region's historical hub as well. Pharr is also a center for international trade. The City has the 2nd ranked bridge in regards to crossing of fruits and vegetables and is the gateway to Latin America along U.S 281. Pharr is the terminus for Interstate Highway 69, NAFTA Corridor, linking Mexico, United States and Canada. In 2006, the city of Pharr was awarded the title of All American City.

The municipal government provided by the Charter of the City of Pharr is known as the Board of Commissioners – City Manager Form of Government. The Board of Commissioners consists of a Mayor and six (6) Commissioners, which enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City. All powers of the City are exercised in the manner prescribed by the City Charter, or, if the manner be not prescribed, then in such manner as may be prescribed by ordinance, the State Constitution, or by the statutes of the State of Texas. The Mayor and the other members of the Board of Commissioners are elected by the City at large for a term of four (4) years.

The City provides a full range of services. Some of these services include police and fire protection; sanitation service; maintenance of streets and infrastructure; and recreational activities. In addition, the City provides water and wastewater services, a system of municipal parks, and a golf course.

ECONOMIC CONDITION AND OUTLOOK

Pharr is strategically located in the middle of the Rio Grande Valley of South Texas, only minutes from the Mexico border. Today with a healthy economy and steady growth, Pharr is the hub of transportation for the region and a major gateway for NAFTA-oriented businesses. It is strategically located to reap the benefits of explosive growth in commerce and trade. The Pharr area offers a top-quality workforce on both sides of the border. Many visitors enjoy the diversity of Pharr's culture, business and people with its variety and retail outlets, residential neighborhoods and cultural events – Pharr's rich heritage is unwavering. The spirit of tradition and a strong sense of community are flourishing in Pharr.

Over the last 10 years, Pharr has experienced unprecedented growth and economic development, and increase of roughly 46% in sales tax collections. Its population has steadily increased to almost 80,000 people. The housing industry is still increasing, businesses continue to look at Pharr, and the Pharr-Reynosa International Bridge commercial traffic is continuing to increase. The sales tax base is growing and is expected to continue to have a positive outcome in the upcoming year, thereby potentially creating more jobs. The economic future looks bright for Pharr.

A few of the upcoming projects include:

- Major commercial development projects
- Increase in industrial warehouses
- Increase in residential development
- Additional Infrastructure upgrades of the Pharr International Bridge

According to the Texas Workforce Commission, Pharr's unemployment rate as of September 30, 2017 was 7.7%.

MAJOR INITIATIVES

The City Commission and staff have identified several initiatives to address significant issues in our community. The budget for the upcoming fiscal year reflects these goals. These programs are briefly described below:

Major tax activity: Well-managed economic growth is vital to any city. It increases the tax base and thereby allows improved services to be provided to the citizens.

Property Tax: Tax year 2017, which will be in effect during next fiscal year, is expected to see an increase in tax appraisals that will provide the City with collections higher than last fiscal year year's.

Sales Tax: Sales tax revenue is used by the City as an economic indicator. This fiscal year, sales tax revenues are expected to have a 4% increase from last year's total. The City is expecting positive future trends in the coming years.

Hotel/Motel Tax: Hotel/Motel tax revenue may only be used to increase tourism opportunities, hopefully benefiting the hotel/motel industry within the city.

Public Safety: Ensuring that the public safety personnel have the tools that they need to ensure the safety of the City is always a priority to the Commissioner's and management.

The Police Department along with the Bridge administrators collectively with federal border security organizations continue to operate a southbound inspection station. The purpose is to slow the flow of stolen vehicles and weapons into Mexico.

Next year, the Fire Department will break ground on the construction of Fire Station #4, which will serve the citizens of south Pharr.

Public Works: The cost of infrastructure continues to rise while the need for the projects continues to be a priority. Street repairs are one of the main priorities this coming fiscal year with projects such as the 4-Year Repaving Plan, street expansion and a bike trail.

International Bridge Infrastructure: The bridge capital projects expenditures for the upcoming fiscal year are budgeted at \$10.1 million. There are two goals of these projects, 1) to allow Pharr to be the regional international trade center, and 2) to minimize the wait-times for commercial

traffic, thereby allowing Pharr to continue being the most efficient commercial bridge in south Texas. Expenditures are expected to be funded through grants of \$5.9 million and excess bridge funds.

International Trade: The City of Pharr owns an international bridge that allows the City to have a generous revenue source as a direct result of the North American Free Trade Agreement (NAFTA). It has 4 Industrial Parks and 25 cold storage facilities. The majority of the bridge revenue is from commercial trucks. The City's International Bridge has grown capping off the year with the number one ranking as produce trading partner of Mexico beating out last year's leader Nogales, Arizona.

Pharr continues to break import-export records, crossing 60 percent of all fresh produce coming from Mexico. Pharr is the leading bridge for produce such as avocados and raspberries and number two for tomatoes.

FINANCIAL INFORMATION

Budgetary Controls: The City of Pharr maintains a system of budgetary controls, the objective of which is to ensure compliance with the legal provisions of the annual appropriated budget approved by the City Commission. The adopted Annual Budget is the basic budget document. It governs all expenditures within a certain fiscal year, which runs from October 1 to September 30. The City Charter states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the City Manager is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. Furthermore, the Charter requires that the budgeted expenditures for governmental funds not exceed estimated resources and requires that public hearings be held prior to the adoption of the budget. Directors are expected to review their budgets on a monthly basis. The Finance Director will periodically review the budget and inform the Director and/or management of its status. A complete summary of significant accounting policies and budgetary principles is presented in the notes to the financial statements.

Fund Accounting: In accordance with generally accepted accounting principles, the City of Pharr uses a fund accounting system. Fund accounting is designed to ensure that public monies are spent for their intended purpose. Numerous funds are necessary due to legal, financial or operating constraints. Each fund is a separate fiscal entity with a self-balancing set of accounting books. In the financial section of the comprehensive annual financial report, each fund type used by the City of Pharr is defined immediately prior to that fund's financial statements.

General Fund Balance Policy: The fiscal policy as it relates to General Fund's reserve/contingency account states: the City shall strive to maintain the General Fund undesignated/unreserved fund balance at 90 days of the current year's budget appropriation for operations and maintenance, which is defined as the total budget less capital outlay purchases and the annual transfers from the General Fund to the other funds. For fiscal year 2016-2017, the General Fund committed balance was over funded by approximately \$1.3, million since the requirement amount to be funded was \$10.6 million and the City's General fund balance was \$11.9 million at September 30, 2017.

Debt Administration and Rating: State law does not provide a debt limit for the issuance of debt, however, by custom; a practical economic debt limit of 5% of the assessed valuation is used. General obligation bonds are backed by the full faith and credit of the City of Pharr and are used to finance permanent public improvements. In November 2017, the city's ratings were reaffirmed per the following:

<u>S & P</u>	<u>Moody's</u>	<u>Fitch</u>
A+	A2	AA-

Cash Management: All City operating funds are held in interest-bearing demand accounts in the depository bank. This money is protected by insurance from the Federal Deposit Insurance Corporation and by collateral interests in the depository's investment securities that are pledged against the City's deposits.

Cash not required for operations is invested according to the City's written investment policy. The policy emphasizes safety and liquidity in investing public funds. As of September 30, 2017, all of the City's funds were available within one day. Investments consisted of demand deposit accounts in our financial institution due to its interest floor of .20%, slightly greater than anything in the investment market. This year the City of Pharr sought to diversify its investments by investing \$3.9 million in Tex-Pool, the largest local government investment pool in the state of Texas. As of September 30, 2017, the City of Pharr's Tex-Pool account has generated a return of around \$30,000.

Risk Management: The City continues to put high emphasis on safety concerns so as to lower workers' compensation claims. Risk management, particularly workers' compensation, is coordinated through the Human Resources Department. Insurance is provided by Texas Municipal League for general and asset insurance management.

LONG-TERM FINANCIAL PLANNING

General Fund Unreserved Fund Balance: The unreserved, undesignated fund balance of the General Fund is reflected in the table below.

	<u>Fiscal Year</u>		
	<u>FY 16.17</u>	<u>FY 15.16</u>	<u>FY 14.15</u>
Unreserved, Undesignated, Committed	\$ 20.20	\$ 18.08	\$ 11.70
Assigned, Unassigned General Fund Balance			
Days Expenditure	169	169	110
Contingency and Unassigned Fund Balance	\$ 11.90	\$ 9.80	\$ 9.09
Days Expenditure	99	93	86

The total General Fund balance is \$22.75 million; the committed, assigned, and unassigned fund balance (comparable to prior year's unreserved fund balance) is \$20.20 million and is equal to 169 days of operating expenditures. This balance provides an adequate protection against unforeseen occurrences and significantly decreases the likelihood of the City entering the short-term debt market to pay for current operating expenditures. The City's General Fund is fiscally stable.

The Pharr International Bridge, known as the Texas Corridor to International Trade, is the only full-service commercial bridge in the region. With over \$30 billion in trade with the world, the Pharr Bridge continues to break import/export records, making the land port of entry a forced to be reckoned with as the 4th largest commercial land crossing with Mexico. In an ever-growing binational economy it's all about time and money; it's about the product getting to market through the path of least resistance; it's about just-in-time production, flow and deliveries, and the Pharr Bridge is implementing solutions to reduce wait times by investing in infrastructure projects inside the port, therefore, streamlining crossing solutions for 21st century trade. Growing at 6-8% in truck volume year after year – that's over 1 million trucks crossed yearly – the exponential growth at the Pharr Bridge is no coincidence. The growth is attributed to the geographical location, the natural trade corridors and freight roadways leading from Mexico to Pharr and beyond into North America, and the outreach and promotional efforts of Bridge leadership.

RELEVANT FINANCIAL POLICIES

The City approves fiscal policies during every budget process; they are included as a section of the budget document. The policies are stated in sections, the sections are: Operating Budgetary, Revenue, Expenditure/Expenses, Fund Balance/Retained Earnings, Capital Improvement, Debt Management, Intergovernmental Relations, Grant, Fiscal Commission Monitoring, Financial Consultants, Accounting Auditing & Financial Reporting, Internal Control, and E-Commerce. Purchasing, Investment, and Human Resource policies are individually prepared and adopted aside from the budget process.

During this fiscal year, the City did not adopt new/different policies outside of the standard policies already adopted which would have a significant impact on the current year's financial statement.

OTHER INFORMATION

AWARDS: The Texas State Comptroller issued a new Transparency program that recognizes local governments for going above and beyond in their transparency efforts through Transparency Stars.

The City of Pharr was awarded the Traditional Finances Star this past fiscal year and it was the first City in the Valley to receive it.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit published an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

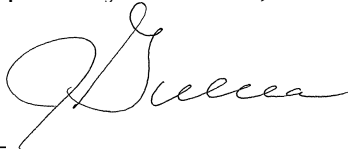
A Certificate of Achievement is valid for a period of only one year. The City has received the Certificate of Achievement for the last seven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2016. This was the City's eight consecutive budget award from GFOA. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning, an operations guide, and a communication device. The budget for October 1, 2017 has been submitted for review and we are pending notification of an award.

ACKNOWLEDGMENTS: The preparation of this report on a timely basis could not have been accomplished without the efficient and dedication services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the members of the City Commission for their interest and support in planning and guiding the financial operation of the City in a responsible and progressive manner.

Respectfully Submitted,



Juan G. Guerra, CPA, MBA
City Manager



Karla Moya
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pharr
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

CURRENT CITY OFFICIALS

Elected Officials

Mayor	Ambrosio "Amos" Hernandez
Commissioner	Elezar Guajardo
Commissioner	Roberto "Bobby" Carrillo
Commissioner	Ramiro Caballero
Commissioner	Daniel Chavez
Commissioner	Ricardo Medina
Commissioner	Mario Bracamontes

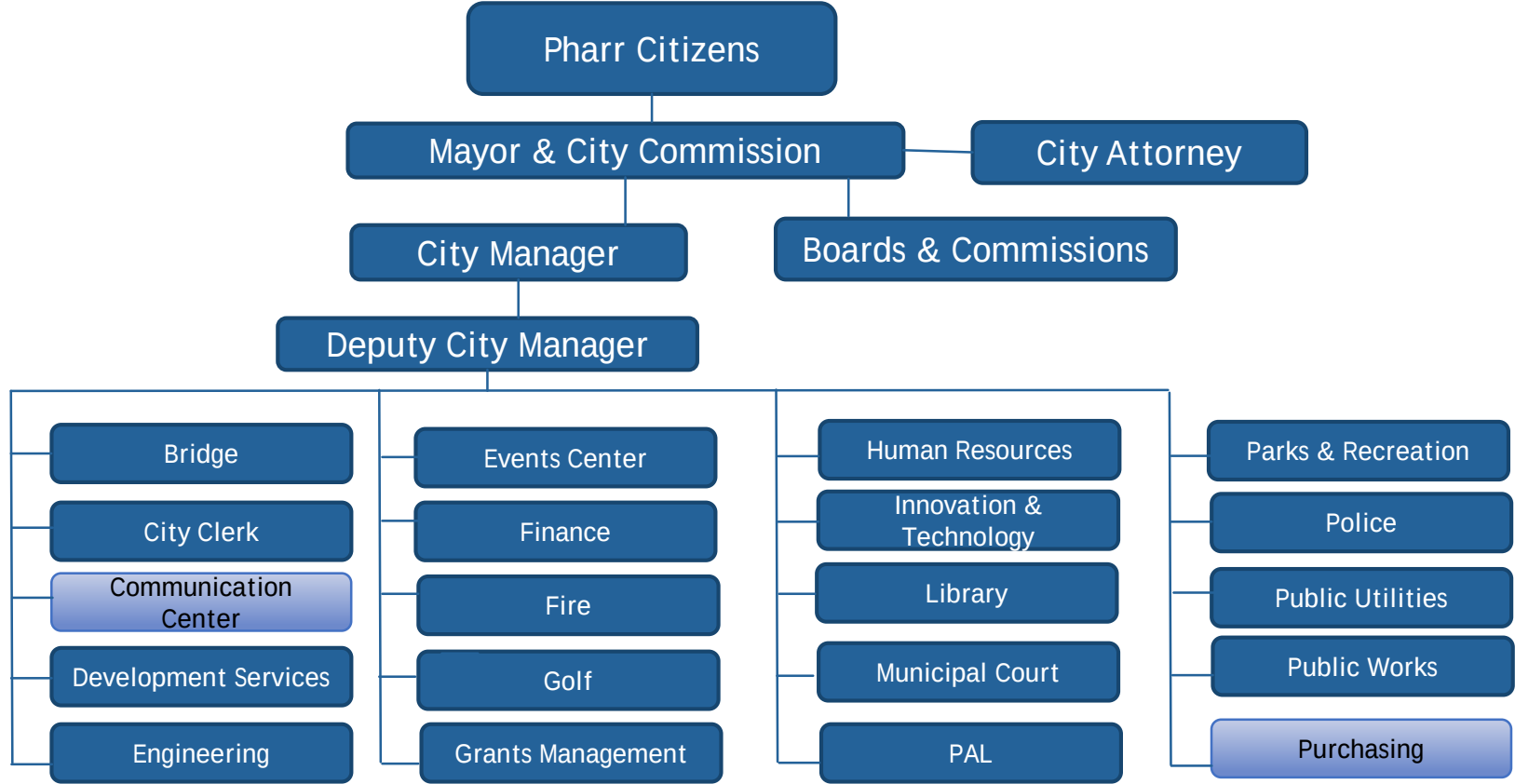
Appointed Officials

City Manager	Juan G. Guerra
Deputy City Manager	Edward Wylie

Department Directors

City Clerk	Hilda Pedraza
Police Chief	Jose Luengo
Fire Chief	Lenny Perez
Director of Finance	Karla Moya
Director of Human Resources	Anali Cantu
Director of Utilities	Jose Villescás
Director of Park & Recreation/Golf	Sergio Alanis
Director of Library	Adolfo Garcia
Director of Planning and Zoning	Melanie Cano
Director of Public Works	Ricardo Pedraza
Director of Grant Management	Raul Garza
Director of Community Events	Gary Rodriguez
Director of Bridge	Luis Bazan
Director of Economic Development Corp.	Victor Perez
Director of Innovation & Technology	Jose Peña
City Engineer	Omar Anzaldúa, Jr
Municipal Court Judge	Rudy Martinez

City of Pharr Organizational Chart





FINANCIAL SECTION

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Pharr, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the blended component units, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Pharr, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component units, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis the schedules of funding progress, schedule of changes in net pension liability and related ratios, and schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information,

although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

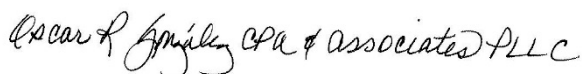
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pharr, Texas's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and the schedule of revenues, expenditures, and changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc., and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and the schedule of revenues, expenditures, changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc., and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for the general fund, the schedule of revenues, expenditures, and changes in fund balance – budget and actual for Pharr Economic Development Corporation II, Inc. and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the City of Pharr, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pharr, Texas's internal control over financial reporting and compliance.



Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
February 28, 2018

Management's Discussion & Analysis (MD&A)

Management's Discussion and Analysis

As management of the City of Pharr, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Pharr for the fiscal year ended September 30, 2017.

FINANCIAL HIGHLIGHTS

✚ The assets of the City's governmental activities exceeded its liabilities at the close of the most recent fiscal year by over \$104.29 million (net position). Of this amount, \$5.97 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$3.75 million in unrestricted net position, or 169%. The increase is mainly due to a conservative budget management this fiscal year.

✚ At the end of the current fiscal year, spendable and non-restricted fund balance for all governmental funds increased by \$6.51 million. This increase is mainly due to bridge excess transfers originally budgeted to cover for operations higher than projected sales and property taxes.

The assets of the City's business-type activities exceeded its liabilities at the close of the most recent fiscal year by over \$114.86 million (net position). Of this amount, over \$5.94 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Overall, proprietary funds experienced an increase of \$2.77 million mainly due to better fiscal management and increased Water Sales and Toll fee collections.

✚ The General Fund assets exceeded its liabilities by over \$22.75 million (fund balance). Of this amount, \$4.26 million (unassigned fund balance) may be used to meet the General Fund's ongoing obligations. This is a decrease from last year of over \$1.58 million, or 27%. The mainly due to the redistribution of cash to the city contingency account.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities as well as deferred outflow and inflow of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include services provided to the citizens for the basic health, safety, welfare, and administration of the City. Examples would include police and fire protection, animal control, streets, and parks and recreation. The business-type activities of the City which include the services provided to the citizens, the cost of which is recouped by user fees charged for the services. This includes water and wastewater services, bridge toll, event concession and rents and golf course fees to all residents and businesses.

Management's Discussion and Analysis

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate component units for which the City is financially accountable: the Pharr Economic Development Corporation II (blended component unit) and the Pharr Public Facilities Corporation No. 1 (blended component unit).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into four categories: governmental funds, proprietary funds, fiduciary funds, and discretely presented component units.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that can be spent, as well as on balances of resources that can be spent available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major (General, PEDC II) and eight nonmajor governmental funds. Information for the major funds is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General, Asset Sharing, Community Development, Hotel/Motel, Parkland Dedication, Paving & Drainage, Grants, Capital Projects, and Debt Service governmental funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations, its bridge toll and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle repair activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and wastewater operations and its bridge toll and golf course operations. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the Utility, Event Center (new), Bridge, Golf, and Garage funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City's progress in funding its obligations to provide pension benefits to its employees can be found at the end of the notes to the financial statements.

Management's Discussion and Analysis

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the result of activities comparing the budget versus actual.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by over \$219 million at the close of the fiscal year.

The City's condensed Statement of Net Position along with last fiscal year's numbers is presented for comparison in the table is located below:

City of Pharr's Net Position						
Table 1 – Dollars in Millions	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 74.76	\$ 77.23	\$ 29.63	\$ 35.67	\$ 104.39	\$ 112.90
Capital assets	96.00	86.42	140.09	137.52	236.09	223.94
Total assets	170.76	163.65	169.72	173.19	340.48	336.85
Deferred Outflow of Resources						
Deferred outflows	4.92	7.80	0.33	0.08	5.25	7.88
Total deferred outflow of resources	4.92	7.80	0.33	0.08	5.25	7.88
Total Assets and Deferred Outflow of Resources	175.68	171.46	170.05	173.27	345.73	344.73
Liabilities						
Current and other liabilities	12.66	22.29	8.24	9.23	20.90	31.52
Long-term Liabilities	58.46	53.70	46.96	49.46	105.42	103.16
Total liabilities	71.12	75.99	55.20	58.69	126.32	134.68
Deferred Inflow of Resources						
Deferred inflows	0.27	0.04	-	-	0.27	0.04
Total deferred inflows of resources	0.27	0.04	-	-	0.27	0.04
Total Liabilities and Deferred Inflow of Resources	71.39	76.03	55.20	58.69	126.59	134.72
Net Position						
Net Invested in capital assets, net of related debt	76.67	69.61	95.76	95.29	172.43	164.90
Restricted	21.65	23.59	13.16	16.12	34.81	39.70
Unrestricted	5.97	2.22	5.94	3.17	11.91	5.40
Total net position	\$ 104.29	\$ 95.42	\$ 114.86	\$ 114.58	\$ 219.16	\$ 210.00

Management's Discussion and Analysis

The excess of liabilities/deferred inflows of resources over assets/deferred outflows of resources reported on the government-wide Statement of Net Position of \$104.29 at September 30, 2017 results from several factors. The most significant items include certain long-term liabilities that do not require current funding such as net pension liabilities of \$11.30 million as of September 30, 2017, and other unfunded long-term liabilities, which include compensated absences.

Management's Discussion and Analysis

By far the largest portion of the City's net position (\$172.43) reflects its Net Invested in Capital Assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, (\$34.81) million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$11.91 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

The City's condensed Changes in Net Position along with last fiscal year's numbers are presented for comparison in the following table below:

City of Pharr's Changes in Net Position							
Table 2 – Dollars in Millions		Governmental		Business-Type		Total	
		Activities		Activities			
		2017	2016	2017	2016	2017	2016
Revenues							
Program Revenues:							
Charges for services	\$	10.16	\$ 10.48	\$	29.76	\$	39.92
Operating grants and contributions		3.84	3.29		0.97		4.81
Capital grants and contributions		0.06	0.22		1.33		0.84
General Revenues:							
Property tax		17.88	17.19	-	-		17.88
Sales tax		17.08	16.78	-	-		17.08
Other taxes		2.59	2.30	-	-		2.59
Other		1.21	3.24	0.14	0.13		1.35
Total Revenues		52.82	53.50	32.20	31.41	85.02	84.90
Expenses:							
General governmental		11.29	12.36	-	-		11.29
Public safety		25.32	20.18	-	-		25.32
Streets		8.71	7.83	-	-		8.71
Health and welfare		0.65	1.52	-	-		0.65
Culture and recreation		5.36	5.79	-	-		5.36
Economic Development		2.55	3.12	-	-		2.55
Interest of debt service		1.81	1.18	-	-		1.81
Issuance Cost		0.01	0.23	2.05	0.06		2.06
Utility		-	-	12.86	13.98		12.86
Boggus Fors Event Center		-	-	0.78	0.81		0.78
Toll bridge		-	-	3.70	3.69		3.70
Tierra Del Sol Golf Course		-	-	1.34	1.34		1.34
Total Expenses		55.70	52.21	20.73	19.88	76.43	72.09
Excess of revenues over expenditures		(2.88)	1.29	11.47	11.52	8.59	12.81
Loss on Sale of Asset		(0.02)	-	-	-	(0.02)	-
Gain on Market Valuation of Land		1.57	-	-	(3.75)	1.57	(3.75)
Transfers		10.85	11.30	(11.24)	(11.68)	(0.39)	(0.38)
Net change in net position		9.52	12.59	0.23	(3.91)	9.75	8.68
Net position - beginning		95.42	83.02	114.58	118.28	210.00	201.31
Prior period adjustment (a)		(0.65)	(0.19)	0.03	0.21	(0.62)	0.02
Net position - ending	\$	104.29	\$ 95.42	\$	114.85	\$	219.15
					114.58		210.00

Management's Discussion and Analysis

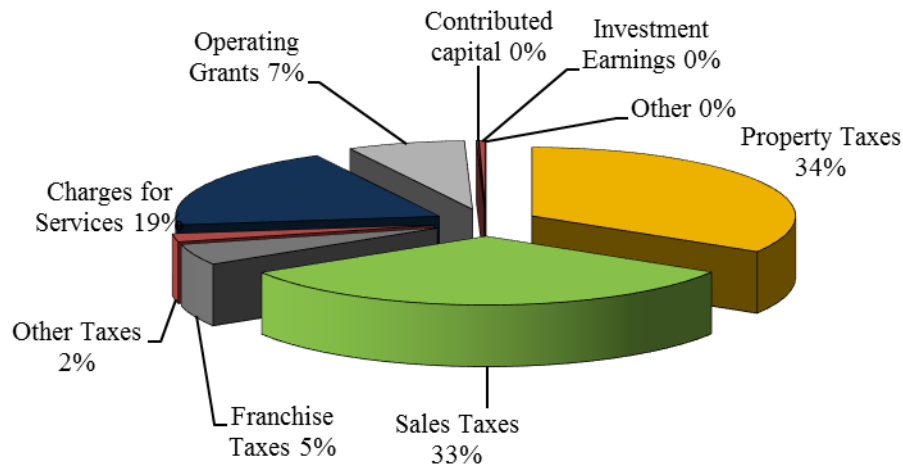
Governmental Activities

Governmental activities increased the City's net position by \$8.87 million. The key change this fiscal year along with element of this increase is described as follows:

- Higher than expected revenue collections from Property and Sales Taxes
- Transfers from Bridge excess cash

The City's governmental activities' revenues source distribution is presented below.

Revenues by Source – Governmental Activities



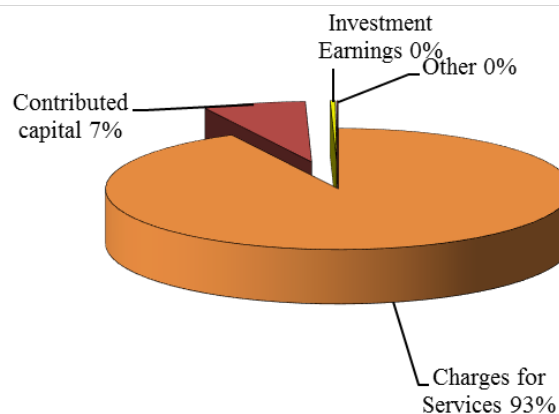
Business-Type Activities

Business-type activities increased the City's net position by \$0.27 million. One key change this fiscal year for this decrease:

- Higher than expected collection of Water, Sewer and Toll fees.

The City's Business-Type activities' revenue source distribution is presented below.

Revenues by Source – Business-Type Activities



Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's net change in fund balance was roughly \$ 2.04 million more than budget. The operating revenues were \$1.38 million more than budget. The main reason for this increase was due to sales tax collections greater by \$.30 million, sanitation and brush charges greater by \$.32 million. Expenditures were \$2.92 million less than budget; this is mainly from General Government (\$0.66 less than budgeted) and Public Safety (\$0.58 million dollars less than budgeted).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Pharr's Net invested in capital assets for its governmental and business-type activities amounts to \$236.56 million. This investment in capital assets includes land, buildings and system improvements, and machinery and equipment. The total increase in the City's net investment in capital assets for the current fiscal year was \$12.15 million or 5.4%.

City of Pharr's Capital Assets

(Net of Depreciation)

Table 3- Dollars in millions	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Water rights	\$ -	\$ -	\$ 3.45	\$ 3.45	3.45	3.45
Land	8.33	8.08	3.44	3.44	11.77	11.52
Building and system improvements	24.07	24.87	15.65	16.38	39.72	41.25
Other improvements	8.09	6.13	3.12	3.33	11.21	9.46
Machinery and equipment	7.24	8.12	2.34	2.67	9.58	10.79
Infrastructure	31.57	32.88	99.39	102.21	130.96	135.09
Construction in progress	16.70	6.34	12.69	6.03	29.39	12.37
	<u>\$ 96.00</u>	<u>\$ 86.42</u>	<u>\$ 140.08</u>	<u>\$ 137.52</u>	<u>\$ 236.08</u>	<u>\$ 223.94</u>

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in this report under section *III-Detailed Notes on Funds and Component Units* subsection *F-Capital Assets*.

Long-Term Debt

At the end of the current fiscal year, the City had total contractually obligated long-term debt of \$92.4 million. The details of the change in debt from last fiscal year are as indicated:

Table 4 - Dollars in millions (not including unamortized activity)

	2017	2016	Change
Governmental			
Bonds	\$ 5.79	\$ 7.44	\$ (1.65)
Certificates of obligation	19.35	20.71	(1.36)
Capital leases	6.57	6.64	(0.07)
Notes	14.14	16.82	(2.68)
	<u>45.85</u>	<u>51.60</u>	<u>(5.75)</u>
Business-Type			
Bonds	44.66	52.07	(7.41)
Capital leases	1.89	0.03	1.86
	<u>46.55</u>	<u>52.09</u>	<u>(5.54)</u>
Total	<u>\$ 92.40</u>	<u>\$ 103.70</u>	<u>\$ (11.30)</u>

Management's Discussion and Analysis

Long-term debt for the Governmental activities decreased by \$5.75 million. This decrease was mainly due to the refinancing of PFC loan.

Long-term debt for the Business-Type activities decreased by a net \$5.54 million. This decrease is mainly due to the refunding of series 2007 from Utility Fund and standard retirement of debt.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in this report under section *III-Detailed Notes on Funds and Component Units* subsection *G-Long-Term Obligations*.

Pension

The adoption of Statement No. 68 resulted in the City's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement.

Table 5 provides the City's key pension statistics related to the TMRS plan as of and for the fiscal year ended September 30, 2017:

City of Pharr's Key Pensions Statistics

Table 5-(Dollars in millions)

Net Pension Liability	\$	11.30
Pension Expense		3.50

Additional information on the City's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The University Of Texas Rio Grande Valley School Of Medicine will be building its Aquatic Center in the city. It will also develop a medical clinic campus that would help improve access to primary and specialty care for Pharr families.
- The continuous growth of the Pharr Town Center will help increase jobs and sales taxes.
- The opening of Top Golf is expected to provide an increased flow of sales taxes revenue to the city.
- New infrastructure Bridge Projects and improvements inside the Port of Entry, as well as in Mexico, will streamline the truck/cargo inspection process, allowing for better flow and maximum efficiency; and more crossing revenue as consequence.
- The continued increase of produce crossings through Pharr will allow for further development of cold storage/distribution facilities, as more company expansions are breaking ground in South Pharr.
- Continued truck volumes in Produce, Manufactured Goods and Oil & Gas are a testament of the future potential for the Pharr Bridge, as truck crossings continue on the incline year after year. In 2017, the Pharr Bridge hit a historic increase of 12% in both imports and exports, as compared to the previous year during the same time period.
- New roadway connectors in both the U.S. and Mexico to major highways and freight corridors will pave the way for future cross-border trade.
- Peso devaluation is still considered a negative factor that might affect the City's sales tax in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Pharr, Office of the Finance Director, P.O. Box 1729, Pharr, TX 78577.



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BASIC FINANCIAL STATEMENT

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

		Primary Government				
		Governmental Activities	Business-Type Activities	Total	Discrete Component Units	Total
<u>ASSETS</u>						
Current assets:						
Cash	\$	33,139,773	\$ 13,307,572	\$ 46,447,345	\$ 1,014,135	\$ 47,461,480
Receivables (net of allowance for uncollectible)		18,019,306	3,004,869	21,024,175	4,467	21,028,642
Prepaid items		57,600	-	57,600	-	57,600
Internal balances		51,805	(51,805)	-	-	-
Inventories		934,646	212,434	1,147,080	-	1,147,080
Land available for sale		8,867,500	-	8,867,500	-	8,867,500
Restricted assets:						
Cash		11,961,343	11,027,609	22,988,952	4,821,497	27,810,449
Cash with Fiscal Agent		1,146,777	2,130,000	3,276,777	-	3,276,777
Intergovernmental receivable		584,064	-	584,064	-	584,064
Total current assets		74,762,814	29,630,679	104,393,493	5,840,099	110,233,592
Capital assets						
Water Rights (nondepreciable)		-	3,450,000	3,450,000	-	3,450,000
Land (nondepreciable)		8,326,603	3,441,247	11,767,850	1,500,000	13,267,850
Buildings (net of acc. depreciation)		24,066,438	15,651,816	39,718,254	-	39,718,254
Improvements other than buildings (net of acc. dep		8,099,210	3,118,824	11,218,034	-	11,218,034
Machinery and equipment (net of acc. depreciation		7,239,274	2,341,609	9,580,883	136,732	9,717,615
Infrastructure (net of acc. depreciation)		31,567,574	99,392,794	130,960,368	-	130,960,368
Construction in progress (nondepreciable)		16,702,845	12,691,155	29,394,000	23,241,816	52,635,816
Total capital assets		96,001,944	140,087,445	236,089,389	24,878,548	260,967,937
Total noncurrent assets		96,001,944	140,087,445	236,089,389	24,878,548	260,967,937
Total assets		170,764,758	169,718,124	340,482,882	30,718,647	371,201,529
<u>DEFERRED OUTFLOW OF RESOURCES</u>						
Unamortized loss on refunding of debt		195,120	335,731	530,851	-	530,851
Pension		3,164,210	-	3,164,210	-	3,164,210
Investment Experience		1,560,825	-	1,560,825	-	1,560,825
Total deferred outflow of resources		4,920,155	335,731	5,255,886	-	5,255,886
<u>LIABILITIES</u>						
Current liabilities payable:						
Accounts payable and other current liabilities		4,809,511	1,359,832	6,169,343	433,472	6,602,815
Unearned revenue		3,500	72,301	75,801	4,770	80,571
Current portion debt payable		5,974,233	4,424,806	10,399,039	-	10,399,039
Liabilities from restricted assets		1,870,679	2,385,250	4,255,929	-	4,255,929
Total current liabilities		12,657,923	8,242,189	20,900,112	438,242	21,338,354
Noncurrent liabilities:						
Other post employment benefit		710,512	-	710,512	-	710,512
Net Pension Liability		11,299,025	-	11,299,025	-	11,299,025
Due in more than one year, net		46,452,055	46,956,426	93,408,481	34,600,000	128,008,481
Total noncurrent liabilities		58,461,592	46,956,426	105,418,018	34,600,000	140,018,018
Total liabilities		71,119,515	55,198,615	126,318,130	35,038,242	161,356,372
<u>DEFERRED INFLOW OF RESOURCES</u>						
Pension-Actual Contributions vs Assumptions		270,468		270,468	-	270,468
		270,468	-	270,468	-	270,468
<u>NET POSITION</u>						
Net Invested in capital assets		76,667,013	95,759,699	172,426,712	(5,257,076)	167,169,636
Restricted for:						
Debt service		347,385	3,329,906	3,677,291	-	3,677,291
Capital projects		11,733,845	9,827,703	21,561,548	-	21,561,548
Economic development		2,915,010	-	2,915,010	-	2,915,010
Tourism		1,692,603	-	1,692,603	-	1,692,603
Reinvestment Zone		291,390	-	291,390	-	291,390
Noncurrent advances		1,721,537	-	1,721,537	-	1,721,537
Public safety		579,192	-	579,192	-	579,192
Paving and Drainage		462,676	-	462,676	-	462,676
General Government		1,911,720	-	1,911,720	-	1,911,720
Unrestricted		5,972,559	5,937,932	11,910,491	937,481	12,847,972
Total net position	\$	104,294,930	\$ 114,855,240	\$ 219,150,170	\$ (4,319,595)	\$ 214,830,575

The notes to the financial statements are an integral part of this statement

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues				Primary Government			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Discrete Component Unit
Primary government:								Total
Governmental activities:								
General government	\$ 11,288,319	\$ 1,988,703	\$ 791,062	\$ -	\$ (8,508,554)		\$ (8,508,554)	\$ -
Public safety	25,321,294	2,575,658	2,364,159	-	(20,381,477)		(20,381,477)	-
Highways and streets	8,707,453	1,047,525	4,433	58,530	(7,596,965)		(7,596,965)	-
Health and welfare	647,469	4,079,013	11,320	-	3,442,864		3,442,864	-
Culture and recreation	5,358,455	436,298	673,499	-	(4,248,658)		(4,248,658)	-
Economic development	2,545,744	32,908	-	-	(2,512,836)		(2,512,836)	-
Interest on long-term debt	1,810,401	-	-	-	(1,810,401)		(1,810,401)	-
Total governmental activities	55,679,135	10,160,105	3,844,473	58,530	(41,616,029)		(41,616,027)	-
Business-type activities:								
Utility	12,858,553	14,462,170	965,243	1,334,989		3,903,849	3,903,849	3,903,849
Pharr Event Center	775,563	517,849	-	-		(257,714)	(257,714)	(257,714)
Toll Bridge	3,702,711	13,904,775	-	-		10,202,064	10,202,064	10,202,064
Tierra Del Sol Golf Course	1,336,897	876,420	-	-		(460,477)	(460,477)	(460,477)
Total business-type activities	18,673,724	29,761,214	965,243	1,334,989		13,387,722	13,387,722	13,387,722
Total primary government	\$ 74,352,859	\$ 39,921,319	\$ 4,809,716	\$ 1,393,519	\$ (41,616,029)	\$ 13,387,722	\$ (28,228,305)	\$ -
Component unit:								
Police Athletic League	412,721	227,070	237,867					\$ 52,216
PHFC Jackson Apartments	204,961	-	-					(204,961)
PFH	629,763	-	-					(629,763)
Debt Interest and Issuance Cost	\$ 1,133,583	\$ -	\$ -					(1,133,583)
								(1,916,092)
General revenues:								
Property taxes					17,875,381	-	17,875,381	-
Sales taxes					17,081,510	-	17,081,510	-
Franchise taxes					2,593,502	-	2,593,502	-
Other taxes					971,620	-	971,620	-
Investment earnings					241,206	112,254	353,460	4,044
Loss on Sale on Assets					(19,809)	-	(19,809)	-
Other					-	29,802	29,802	(66,711)
Gain on Market Valuation of Land					1,565,698	-	1,565,698	-
Cost of Issuance					(15,000)	(2,049,409)	(2,064,409)	-
Transfers					10,851,484	(11,240,076)	(388,592)	-
Total general revenues and transfers					51,145,592	(13,147,429)	37,998,163	(62,667)
Change in net position					9,529,561	240,295	9,769,856	(1,978,760)
Net position - beginning					95,419,561	114,582,527	210,002,088	(2,376,729)
Prior period adjustment					(654,192)	32,418	(621,774)	35,894
Net position - ending					\$ 104,294,930	\$ 114,855,240	\$ 219,150,170	\$ (4,319,595)

The notes to the financial statements are an integral part of this statement



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**CITY OF PHARR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

		General	Pharr Economic Development Corporation, Inc.	General Capital Improvements	Non-Major Governmental	Total Governmental
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>						
Cash	\$	20,462,048	\$ 4,156,391	\$ 5,103,227	\$ 3,356,616	\$ 33,078,282
Receivables (net of allowance for uncollectible):						
Property taxes		1,794,405	-	-	223,827	2,018,232
Warrants		8,624,531	-	-	-	8,624,531
Sales tax		2,184,116	728,039	-	-	2,912,155
Notes		-	2,110,872	-	54,219	2,165,091
Accounts		786,437	-	-	142,417	928,854
Other		1,037,994	99,447	-	233,003	1,370,444
Prepaid Items		-	57,600	-	-	57,600
Inventories		897,531	-	-	-	897,531
Land Available for Sale		-	8,867,500	-	-	8,867,500
Due from other funds		1,768,686	-	251,009	-	2,019,695
Restricted assets:						
Cash		-	425,298	11,536,045	-	11,961,343
Cash with Fiscal Agent		1,146,777	-	-	-	1,146,777
Intergovernmental receivable		-	-	132,140	451,925	584,065
Total assets		<u>38,702,525</u>	<u>16,445,147</u>	<u>17,022,421</u>	<u>4,462,007</u>	<u>76,632,100</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>						
Liabilities:						
Accounts payable		2,250,760	48,257	1,332,125	108,954	3,740,096
Accrued liabilities		625,898	-	-	-	625,898
Due to other funds		-	1,408,589	-	537,391	1,945,980
Escrow accounts		1,865,892	4,789	-	-	1,870,681
Unearned revenue		-	3,500	-	-	3,500
Total liabilities		<u>4,742,550</u>	<u>1,465,135</u>	<u>1,332,125</u>	<u>646,345</u>	<u>8,186,155</u>
Deferred Inflows of Resources:						
Deferred property tax		1,794,405	-	-	223,827	2,018,232
Deferred accounts		786,437	-	-	142,417	928,854
Deferred warrants		8,624,531	-	-	-	8,624,531
Deferred notes		-	2,110,872	-	54,219	2,165,091
Total deferred inflow of resources		<u>11,205,373</u>	<u>2,110,872</u>	<u>-</u>	<u>420,463</u>	<u>13,736,708</u>

		General	Economic Development Corporation 4B	General Capital Improvements	Non-Major Governmental	Total Governmental
Fund balances:						
Nonspendable:						
	Inventory	837,035	8,867,500	-		9,704,535
	Noncurrent advances	1,721,537	-	-	-	1,721,537
Restricted:						
	General government	-	-		291,397	291,397
	Debt service	-	-	-	250,639	250,639
	Street paving and drainage	-	-	-	462,676	462,676
	Tourism	-	-	-	1,692,603	1,692,603
	Public safety	-	-	-	579,192	579,192
	Parkland	-	-	-	84,742	84,742
	Community development	-	-	-	33,950	33,950
	Economic development	-	4,001,640	-	-	4,001,640
Committed:						
	Contingency	11,927,764	-	-	-	11,927,764
Assigned:						
	General government	2,862,486	-	-		2,862,486
	Capital outlay	1,146,777	-	15,690,296		16,837,073
Unassigned:						
		4,259,003	-	-	-	4,259,003
	Total fund balances	<u>22,754,602</u>	<u>12,869,140</u>	<u>15,690,296</u>	<u>3,395,199</u>	<u>54,709,237</u>
Tot and fund balances		\$ <u>38,702,525</u>	\$ <u>16,445,147</u>	\$ <u>17,022,421</u>	\$ <u>4,462,007</u>	\$ <u>76,632,100</u>

The notes to the financial statements are an integral part of this statement

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds balance sheet		\$	54,709,237
(1) When capital assets that are to be used in governmental activities are purchased, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net asset includes those capital assets among the assets of the city as a whole			
	Cost of capital assets	182,874,715	
	Accumulated depreciation	(87,288,452)	95,586,263
(2) Internal service funds are used by management to charge the costs of fleet management and workman's compensation to individual funds. 100% of the assets is allocated to governmental activities. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position			
	Garage	403,444	403,444
(3) Long-term liabilities applicable to the city's governmental activities are not due in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position			
	Bonds/Certificates/Notes		
	Current	(3,340,878)	
	Long-term	(35,939,205)	
	Capital leases		
	Current	(1,254,891)	
	Long-term	(5,290,032)	
	Unamortized loss -Deferred outflow	195,120	
	Unamortized debt activity	(1,092,001)	(46,721,887)
(4) Because some property tax will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds			
	Tax receivable	2,577,629	
	Allowance	(559,397)	2,018,232
(5) Because some sanitation, brush, and paving fees will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds			
	Sanitation	504,021	
	Brush & Debris	196,008	
	Paving	142,417	
	Library	51,303	
	Alarm permits	35,104	928,853
(6) Interest expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest calculated for bonds and notes payable			
	Bonds	(17,041)	
	Certificates	(77,720)	
	Notes	(32,320)	(127,081)

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017-Continued

(7)	Certain accrued obligations not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period. The difference in compensated absences from last year to this year is recorded in the statement of activities	Current	(1,359,196)	
		Long-term	(4,377,588)	(5,736,784)
(8)	Because some warrants will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds	Warrants receivable	12,178,264	
		Allowance	(3,553,733)	8,624,531
(9)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB liability for unpaid required contributions	OPEB Liability - Prior Years	(669,489)	
		This fiscal year contribution	(363,376)	
		This fiscal year trust fund contribution	322,353	(710,512)
(10)	Because some EDC loan receivables will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are considered deferred in governmental funds.		2,165,090	2,165,090
(11)	Deferred Outflow Pension Contributions		1,609,802	
	Deferred Outflow Investment Experience		1,560,825	
	Deferred Outflow-Actual Experience vs Assumption		69,447	
	Deferred Outflow-Actuarial Gain or Losses		1,484,962	
	Deferred Inflow-Actual Contributions		(270,468)	
	Net Pension Liability		(11,299,025)	(6,844,457)
(12)	Rounding Difference			1
Net position of governmental activities - statement of net position			\$	104,294,930

The notes to the financial statements are an integral part of this statement

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	<u>Pharr Economic Development Corporation, Inc.</u>	<u>General Capital Improvements</u>	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
REVENUES					
Taxes:					
Property	\$ 15,828,878	\$ -	\$ -	\$ 1,958,781	\$ 17,787,659
Sales	12,811,132	4,270,377	-	-	17,081,509
Franchise	2,593,502	-	-	-	2,593,502
Other	182,001	-	-	789,619	971,620
Licenses and permits	656,548	-	-	-	656,548
Intergovernmental	397,332	-	-	3,386,604	3,783,936
Fees and charges:					
Sanitation	2,848,415	-	-	-	2,848,415
Brush	1,178,376	-	-	-	1,178,376
Other	1,213,431	-	-	1,091,951	2,305,382
Fines	1,641,073	-	-	-	1,641,073
Interest income	135,992	87,138	-	18,106	241,236
Other	997,394	282,502	-	14,102	1,293,998
Total revenues	<u>40,484,074</u>	<u>4,640,017</u>	<u>-</u>	<u>7,259,163</u>	<u>52,383,254</u>
EXPENDITURES					
Current:					
General government	9,561,583	-	-	674,336	10,235,919
Public safety	21,292,634	-	704,289	1,575,122	23,572,045
Highways and streets	4,251,401	-	9,548,754	4,867	13,805,022
Health and welfare	2,396,753	-	-	11,320	2,408,073
Culture and recreation	4,073,983	-	3,639,680	212,777	7,926,440
Economic development	-	2,440,355	-	-	2,440,355
Debt service:					
Principal	1,019,243	2,785,957	-	13,355,755	17,160,955
Interest	62,159	334,780	-	1,655,058	2,051,997
Total expenditures	<u>42,657,756</u>	<u>5,561,092</u>	<u>13,892,723</u>	<u>17,489,235</u>	<u>79,600,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,173,682)</u>	<u>(921,075)</u>	<u>(13,892,723)</u>	<u>(10,230,072)</u>	<u>(27,217,552)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	10,674,100	1,425,228	6,683,472	13,447,433	32,230,233
Transfers (out)	(6,338,909)	(12,017,360)	-	(3,062,480)	(21,418,749)
Cost of Issuance	-	-	-	(15,000)	(15,000)
Issuance of debt	1,150,500	10,230,006	-	-	11,380,506
Total other financing sources and uses	<u>5,485,691</u>	<u>(362,126)</u>	<u>6,683,472</u>	<u>10,369,953</u>	<u>22,176,990</u>
SPECIAL ITEMS					
Gain/(Loss) on land available for sale valuation	-	1,565,698	-	-	1,565,698
Total special items	<u>-</u>	<u>1,565,698</u>	<u>-</u>	<u>-</u>	<u>1,565,698</u>
Net change in fund balance	3,312,009	282,497	(7,209,251)	139,881	(3,474,864)
Fund balance - beginning	19,412,608	12,815,643	23,198,086	3,255,318	58,681,655
Prior period adjustment	29,985	(229,000)	(298,539)	-	(497,554)
Fund balance - ending	<u>\$ 22,754,602</u>	<u>\$ 12,869,140</u>	<u>\$ 15,690,296</u>	<u>\$ 3,395,199</u>	<u>\$ 54,709,237</u>

The notes to the financial statements are an integral part of this statement

CITY OF PHARR, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

	Net change in fund balances - total governmental funds	\$	(3,474,864)
(1)	Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
	Capital assets purchases	15,208,677	
	Depreciation expense	<u>(5,632,102)</u>	9,576,575
(2)	Governmental funds do not recognize developer contribution of land, roads, paving and draining as donation/contribution revenue nor as an increase in governmental expenditures. This is the net amount by which contributed capital increased the capital assets net or related debt of the city		
	Contributed capital - drainage	-	
	Contributed capital - streets	<u>58,530</u>	58,530
(3)	Internal service funds are used by management to charge the costs of fleet management and workman's compensation to individual funds. 100% is allocated to governmental activities. This is the net revenue of certain activities of internal service funds		
	Garage	<u>(50,992)</u>	(50,992)
(4)	Repayment of bond principal is reported as an expenditure in governmental funds. For the city as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. The city's bonded debt was reduced in due to principal payments made to bondholder's and the amortization of the debt issuance cost, premium/discount, and gain or loss on refunding, which results in an increase to interest expenses. Also, any new debt issuances are recorded as other financial sources but not counted as revenue in governmental activities. This is the result of debt activity		
	New lease/notes proceeds	(11,380,506)	
	Certificate of Obligation proceeds	-	
	Lease/Notes	2,160,040	
	Bond Principal Paid	3,005,000	
	Loan Principal Paid	11,995,915	
	Unamortized debt activity	<u>117,418</u>	5,897,867
(5)	Because some property tax will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds		
	Current tax	-	
	Collections	<u>87,722</u>	87,722
(6)	Because some sanitation and brush fees will not be collected for several months after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds		
	Garbage	2,288	
	Brush	890	
	Paving	3,498	
	Library	2,409	
	Alarm Fees	<u>5,418</u>	14,503

CITY OF PHARR, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2017

(7)	Interest expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest calculated for bonds and notes payable	Current year accrual	(127,081)	
		Prior year accrual	<u>251,259</u>	
				124,178
(8)	Certain accrued obligations not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period. Compensated absences is recorded in the statement of assets	Current year	(5,436,784)	
		Prior year	<u>5,596,685</u>	
				159,901
(9)	Because some warrant fines will not be collected for some time after the city's fiscal year ends, they are not considered as "available" revenues in the governmental funds	Prior Year Warrant A/R	(7,953,127)	
		Current Year Warrant A/R	<u>8,624,531</u>	
				671,404
(10)	The proceeds from the sale of equipment are reported as revenue in the governmental funds. However, the cost sold is removed from the capital asset account in the statement of net assets and offset against the sale proceeds resulting in a "gain on sale of asset" in the statement of activities. Thus, more revenue is reported in governmental funds than the gain in the statement of activities	Sale proceeds	-	
		Gain on Sale	<u>(19,809)</u>	
				(19,809)
(11)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB expense/expenditures for their net required contributions to the plan	OPEB Liability - This fiscal year	(363,376)	
		Trust fund contributions	<u>322,353</u>	
				(41,023)
(12)	Loans issued to outside entities for Economic development are considered expenses governmental funds but not in the statement of activities.		<u>(249,594)</u>	(249,594)
(13)	GASB 68 recognition on Pension Expense requires an adjustment to reflect in Statement of Activities	\$	<u>(3,224,837)</u>	<u>(3,224,837)</u>
Change in net position of governmental activities			\$	<u>9,529,561</u>



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CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

		Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
		Utility	Boggus Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
<u>ASSETS</u>							
Current assets:							
Cash	\$	5,957,569	\$ 379,455	\$ 6,461,147	\$ 509,401	\$ 13,307,572	\$ 61,492
Receivables (net of allowance for uncollectible):							
Accounts		2,792,494	-	78,951	-	2,871,445	-
Other		1,276	84,166	32,000	15,982	133,424	-
Inventories		203,496	4,586	-	4,352	212,434	37,114
Restricted assets:							
Cash		10,824,098	-	203,511	-	11,027,609	-
Cash with Fiscal Agent		-	-	2,010,000	120,000	2,130,000	-
Total current assets		19,778,933	468,207	8,785,609	649,735	29,682,484	98,606
Capital assets							
Water Rights (nondepreciable)		3,450,000	-	-	-	3,450,000	-
Land (nondepreciable)		837,036	785,224	819,645	999,342	3,441,247	-
Buildings (net of acc. depreciation)		11,462,969	2,444,952	1,417,287	326,608	15,651,816	379,483
Improvements other than buildings (net of acc.		689,687	112,586	167,694	2,148,857	3,118,824	11,046
Machinery and equipment (net of acc. deprecia		1,129,818	24,471	1,067,865	119,455	2,341,609	25,152
Infrastructure (net of acc. depreciation)		87,404,533	-	11,956,910	31,351	99,392,794	-
Construction in progress (nondepreciable)		11,960,279	-	730,876	-	12,691,155	-
Total capital assets		116,934,322	3,367,233	16,160,277	3,625,613	140,087,445	415,681
Total noncurrent assets		116,934,322	3,367,233	16,160,277	3,625,613	140,087,445	415,681
Total assets		136,713,255	3,835,440	24,945,886	4,275,348	169,769,929	514,287
<u>DEFERRED OUTFLOW OF RESOURCES</u>							
Unamortized loss on refunding of debt		324,207	-	11,524	-	335,731	-
Total deferred outflow of resources		324,207	-	11,524	-	335,731	-

	Business-type Enterprise Funds					Governmental Activities -
	Utility	Boggus Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	Internal Service Fund
<u>LIABILITIES</u>						
Current liabilities payable:						
Accounts payable	853,429	3,875	158,436	63,211	1,078,951	16,437
Accrued liabilities	256,280	-	24,601	-	280,881	-
Due to other funds	23,112	5,259	15,438	7,996	51,805	21,910
Unearned revenue	-	18,913	5,172	48,216	72,301	-
Total current liabilities payable	1,132,821	28,047	203,647	119,423	1,483,938	38,347
Current liabilities payable from restricted assets:						
Customer deposits payable	2,242,400	-	-	-	2,242,400	-
Escrow payable	142,850	-	-	-	142,850	-
Matured accrued compensation	161,539	19,103	62,624	28,857	272,123	11,612
Matured capital lease	-	-	390,273	28,831	419,104	7,656
Matured bonds/notes, net	2,958,000	-	775,579	-	3,733,579	-
Total current liabilities payable from restricted assets	5,504,789	19,103	1,228,476	57,688	6,810,056	19,268
Total current liabilities	6,637,610	47,150	1,432,123	177,111	8,293,994	57,615
Noncurrent liabilities:						
Accrued compensation	484,617	57,308	187,871	86,570	816,366	34,835
Capital lease payable	-	-	1,392,294	83,122	1,475,416	18,394
Bonds/notes principal payable	42,024,644	-	2,640,000	-	44,664,644	-
Total noncurrent liabilities	42,509,261	57,308	4,220,165	169,692	46,956,426	53,229
Total liabilities	49,146,871	104,458	5,652,288	346,803	55,250,420	110,844
<u>NET POSITION</u>						
Invested in capital assets, net of related debt	75,843,530	3,367,232	12,915,277	3,633,660	95,759,699	389,631
Restricted for:					-	
Debt service	3,126,395	-	203,511	-	3,329,906	-
Capital projects	7,697,703	-	2,010,000	120,000	9,827,703	-
Unrestricted	1,222,963	363,750	4,176,334	174,885	5,937,932	13,812
Total net position	\$ 87,890,591	\$ 3,730,982	\$ 19,305,122	\$ 3,928,545	\$ 114,855,240	\$ 403,443

The notes to the financial statements are an integral part of this statement

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
Operating revenues:						
Charges for sales and services:						
Water sales	\$ 8,008,039	\$ -	\$ -	\$ -	\$ 8,008,039	\$ -
Sewer service	5,810,494	-	-	-	5,810,494	-
Tap fees	522,356	-	-	-	522,356	-
Toll fees	-	-	13,626,054	-	13,626,054	-
Golf services	-	-	-	750,150	750,150	-
Event Center	-	517,849	-	-	517,849	-
Other	121,282	-	278,721	126,269	526,272	654,716
Total operating revenues	<u>14,462,171</u>	<u>517,849</u>	<u>13,904,775</u>	<u>876,419</u>	<u>29,761,214</u>	<u>654,716</u>
Operating expenses:						
Personnel services	3,101,571	362,109	1,028,085	637,019	5,128,784	190,318
Supplies and Materials	994,746	124,201	121,981	204,667	1,445,595	5,464
Contractual Services	3,320,423	178,546	1,651,035	228,971	5,378,975	468,393
Depreciation	4,526,791	110,707	812,954	260,401	5,710,853	41,005
Total operating expenses	<u>11,943,531</u>	<u>775,563</u>	<u>3,614,055</u>	<u>1,331,058</u>	<u>17,664,207</u>	<u>705,180</u>
Operating income (loss)	<u>2,518,640</u>	<u>(257,714)</u>	<u>10,290,720</u>	<u>(454,639)</u>	<u>12,097,007</u>	<u>(50,464)</u>
Nonoperating revenues (expenses):						
Investment earnings	63,216	960	45,061	3,016	112,253	-
Interest expense	(1,280,449)	-	(120,467)	(5,840)	(1,406,756)	(529)
Amortization expense	365,428	-	31,811	-	397,239	-
Intergovernmental	965,243	-	-	-	965,243	-
Other	9,844	19,210	284	464	29,802	-
Issuance cost	(2,049,409)	-	-	-	(2,049,409)	-
Total nonoperating revenues (expenses)	<u>(1,926,127)</u>	<u>20,170</u>	<u>(43,311)</u>	<u>(2,360)</u>	<u>(1,951,628)</u>	<u>(529)</u>
Income before contributions and transfers	<u>592,513</u>	<u>(237,544)</u>	<u>10,247,409</u>	<u>(456,999)</u>	<u>10,145,379</u>	<u>(50,993)</u>
Transfers in	-	215,200	-	437,400	652,600	-
Transfers (out)	(1,079,176)	-	(10,813,500)	-	(11,892,676)	-
Capital contributions	1,334,989	-	-	-	1,334,989	-
	<u>255,813</u>	<u>215,200</u>	<u>(10,813,500)</u>	<u>437,400</u>	<u>(9,905,087)</u>	<u>-</u>
Changes in Net Position	<u>848,326</u>	<u>(22,344)</u>	<u>(566,091)</u>	<u>(19,599)</u>	<u>240,292</u>	<u>(50,993)</u>
Total net position - beginning	87,042,265	3,720,909	19,871,213	3,948,144	114,582,531	454,436
Prior period adjustment	-	32,417	-	-	32,417	-
Total net position - ending	<u>\$ 87,890,591</u>	<u>\$ 3,730,982</u>	<u>\$ 19,305,122</u>	<u>\$ 3,928,545</u>	<u>\$ 114,855,240</u>	<u>\$ 403,443</u>

The notes to the financial statements are an integral part of this statement



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CITY OF PHARR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	Pharr Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 13,345,398	\$ 455,742	\$ 13,906,681	\$ 869,740	\$ 28,577,561	\$ 654,717
Payments to suppliers	(1,089,196)	(124,201)	(121,981)	(200,441)	(1,535,819)	(5,464)
Payments to employees	(3,349,616)	(362,349)	(1,023,318)	(645,782)	(5,381,065)	(181,468)
Payments for contractual services	(3,581,826)	(185,434)	(1,604,479)	(172,526)	(5,544,265)	(475,643)
Payments (to)/from others	33,240	-	-	-	33,240	-
Net cash flow (to)/from operating activities	5,358,000	(216,242)	11,156,903	(149,009)	16,149,652	(7,858)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from grants	965,243	-	-	-	965,243	-
Advances (to)/from other funds	(55,258)	(1,978)	(15,593)	(9,104)	(81,933)	5,995
Transfers in from other funds	-	215,200	-	437,400	652,600	-
Transfers out to other funds	(1,079,176)	-	(10,813,500)	-	(11,892,676)	-
Payments (to)/from others	9,844	19,210	284	464	29,802	-
Net cash provided/(used) by noncapital and related financing activities	(159,347)	232,432	(10,828,809)	428,761	(10,326,964)	5,995
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(7,967,376)	(23,320)	(196,350)	(93,712)	(8,280,758)	-
Principal paid on long-term debt	(3,249,356)	-	1,158,451	84,470	(2,006,435)	(7,523)
Interest paid on long-term debt	(3,293,956)	-	(110,613)	(5,840)	(3,410,409)	(529)
Other	61,954	32,420	13,829	-	108,203	-
Net cash provided/(used) by capital and related financing activities	(14,448,734)	9,100	865,317	(15,082)	(13,589,399)	(8,052)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income received	63,216	960	45,061	3,016	112,253	-
Net cash provided/(used) by investing activities	63,216	960	45,061	3,016	112,253	-
NON CASH INVESTING/FINANCING ACTIVITIES						
Capital Contributions	1,334,989	-	-	-	1,334,989	-
Noncash provided/(used) by investing/financing	1,334,989	-	-	-	1,334,989	-
Net increase/(decrease) in cash	(7,851,876)	26,250	1,238,472	267,686	(6,319,468)	(9,915)
Cash beginning of fiscal year	24,633,543	353,205	7,436,185	361,714	32,784,647	71,407
Cash end of fiscal year	\$ 16,781,667	\$ 379,455	\$ 8,674,657	\$ 629,400	\$ 26,465,179	\$ 61,492

	Business-type Enterprise Funds					Governmental
	Utility	Boggus Event Center	Toll Bridge	Tierra Del Sol Golf Course	Total	Activities - Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,518,639	\$ (257,715)	\$ 10,290,721	\$ (454,638)	\$ 12,097,007	\$ (50,463)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	4,526,791	110,707	812,954	260,402	5,710,854	41,005
(Increase) Decrease in Accounts and Other Receivables, net	(89,353)	(8,754)	(3,266)	(1,758)	(103,131)	-
(Increase) Decrease in Inventories	(94,450)	-	-	4,226	(90,224)	(1)
(Increase) Decrease in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(261,403)	(6,888)	46,555	56,444	(165,292)	(7,251)
Increase (Decrease) in Accrued Compensation	(248,045)	(240)	4,767	(8,763)	(252,281)	8,850
Increase (Decrease) in Deferred/Escrow Revenue	33,240	-	-	-	33,240	-
Increase (Decrease) in Customer Deposits	(62,176)	-	-	-	(62,176)	-
Increase (Decrease) in Other Liabilities	(965,243)	(53,353)	5,172	(4,922)	(1,018,346)	-
Total adjustments	<u>2,839,361</u>	<u>41,473</u>	<u>866,182</u>	<u>305,629</u>	<u>4,052,644</u>	<u>42,603</u>
Net cash provided (used) by operating activities	\$ <u>5,358,000</u>	\$ <u>(216,242)</u>	\$ <u>11,156,903</u>	\$ <u>(149,009)</u>	\$ <u>16,149,652</u>	\$ <u>(7,860)</u>

The notes to the financial statements are an integral part of this statement



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**DISCRETE COMPONENT UNITS
BASIC FINANCIAL STATEMENTS**

*POLICE ATHLETIC LEAGUE
PHARR HOUSING FINANCE CORPORATION
PHFC – JACKSON PLACE APARTMENTS*

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Police Athletic League	Pharr Hounsing Finance Corporation	PHFC Jackson Place Apartments	Total
<u>ASSETS</u>				
Current assets:				
Cash	\$ 259,806	\$ 749,470	\$ 4,859	\$ 1,014,135
Receivables (net of allowance for uncollectible)	4,467	-	-	4,467
NonCurrent assets:				
Restricted assets:				
Cash	-	-	4,821,497	4,821,497
Total current assets	<u>264,273</u>	<u>749,470</u>	<u>4,826,356</u>	<u>5,840,099</u>
Capital assets				
Land (nondepreciable)	-	-	1,500,000	1,500,000
Machinery and Equipment	15,470	-	121,262	136,732
Construction in progress (nondepreciable)	-	-	23,241,816	23,241,816
Total capital assets	<u>15,470</u>	<u>-</u>	<u>24,863,078</u>	<u>24,878,548</u>
Total assets	<u>279,743</u>	<u>749,470</u>	<u>29,689,434</u>	<u>30,718,647</u>
<u>LIABILITIES</u>				
Current liabilities payable:				
Accounts payable and other current liabilities	71,492	-	361,980	433,472
Unearned revenue	4,770	-	-	4,770
Total current liabilities payable	<u>76,262</u>	<u>-</u>	<u>361,980</u>	<u>438,242</u>
Noncurrent liabilities:				
Due in more than one year, net	-	-	34,600,000	34,600,000
Total non current liabilities	<u>76,262</u>	<u>-</u>	<u>34,961,980</u>	<u>35,038,242</u>
Total liabilities				
<u>NET POSITION</u>				
Net Invested in capital assets	15,470	-	(5,272,546)	(5,257,076)
Unrestricted	188,011	749,470	-	937,481
Total net position	<u>\$ 203,481</u>	<u>\$ 749,470</u>	<u>\$ (5,272,546)</u>	<u>\$ (4,319,595)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<u>Functions/Programs</u>		<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>	
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Component Unit</u>	
<u>Component Unit</u>	<u>Expenses</u>				
Police Athletic League	\$ 412,721	\$ 227,070	\$ 237,867	\$	52,216
Pharr Housing Finance Corporation	204,961	-	-		(204,961)
PHFC Jackson Place Apartments	629,763	-	-		(629,763)
Debt Interest and Issuance Cost	1,133,583	-	-		(1,133,583)
Total component unit	<u>2,381,028</u>	<u>227,070</u>	<u>237,867</u>		<u>(1,916,091)</u>
Total component unit	\$ <u>2,381,028</u>	\$ <u>227,070</u>	\$ <u>237,867</u>	\$	<u>(1,916,091)</u>
<u>General revenues:</u>					
Investment earnings					4,044
Other					30,350
Festivals					(97,061)
Total general revenues and transfers					<u>(62,667)</u>
Change in net position					(1,978,759)
Net position - beginning					(2,376,729)
Prior Period Adjustment					35,893
Net position - ending				\$	<u>(4,319,595)</u>

The notes to the financial statements are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Pharr, Texas (City) founded in 1909 and was incorporated as a general law city on February 22, 1916. The City charter was approved via election and adopted with an effective date of December 1, 1949. The charter established a City Manager form of government. The municipal government provided by the Charter of the City of Pharr shall be known as the Board of Commissioners. The Board of Commissioners shall consist of a Mayor and six (6) Commissioners and which shall enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City.

The general governmental functions include law enforcement, fire and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning and general administrative services. Enterprise funds are used to account for the operations of its utility, bridge, and golf operations.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United State of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (FASB), when applicable.

B. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government: City of Pharr

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the city appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Commission or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

The City has three blended component units, the Pharr Economic Development Corporation (PEDC) II, Inc., Pharr Public Facilities Corporation No. 1 and Tax Increment Reinvestment Zone No. 1. Information for these component units is stated below:

Pharr Economic Development Corporation II, Inc. – (PEDC) is a nonprofit industrial development corporation organized for the same purpose as the PEDC 4a but with the legal authority to use sales tax funds for a wider range of projects. Sales taxes are collected under Section 4B of the Development Corporation Act of 1979 for these purposes. Voted by the citizens of Pharr on November 4, 2008 and ratified by the City Commission on November 10, 2008 via ordinance O-2008-49, the PEDC 4a was dissolved and the PEDC was authorized to receive the sales tax revenue which is its main revenue source. The PEDC board is fully appointed by the City Board of Commissioners.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. Financial Reporting Entity - (continued)

The reason it is a blended component unit is because the City appoints all PEDC board members and can be removed them at will, therefore, the PEDC board is substantially the same as the City governing body. Separate financial statements issued by the PEDC can be obtained by request at the following address: *PEDC- 1215 South Cage Blvd. Pharr, TX 78577.*

Pharr Public Facilities Corporation No. 1.- On September 6, 2011, with Resolution # R-2011-53, the City Commissioners created the Pharr Public Facilities Corporation #1 (PPFC#1). PPFC#1 is a separate entity with its own EIN, whose board consists of the same members of the City Commission. PPFC#1 was used for funding and purchase of land for economic development activities via a loan from Frost Bank of \$15,000,000. On December 2016, the loan was paid off and refinanced by PEDC. The entity is now in process to be dissolved.

Tax Increment Reinvestment Zone No. 1- On March 2012, the City Commissioners created the Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1). TIRZ is a separate entity with its own EIN, whose three of its board members consists of the same members of the City Commission. TIRZ No. 1 was established to provide a financing mechanism to facilitate a high quality development in the Pharr area. Created by ordinance No. O-2011-46 in September 2011, TIRZ No. 1 is set to expire on January 1st, 2051 or the date when all project costs are paid and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 1 can be obtained by request at the following address: *TIRZ No. 1 P.O. Box 1729 Pharr, TX 78577.*

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component unit. The unit is reported in a separate column to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and is able to impose its will on the organization. This component unit subscribe to the accounting policies and procedures of the primary government.

Police Athletic League- On October 2012, the City of Pharr Police Athletic League (PAL) was created as a nonprofit organization for the purpose of youth crime prevention that relies on providing civic, athletic, recreational, and educational opportunities and resources to cement a bond and create trust and understanding between police officers and youth. The City's Finance Director acts as Treasurer of PAL and City's Chief of Police acts as Board President. In addition, City contributes to PAL; Salaries expense; a material amount considered for both entities. Separate financial statements issued by PAL can be obtained at the following address: *PAL- 413 East Clark, Pharr, Texas 78577.* PAL is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61.

Pharr Housing Finance Corporation- On November, 2015, the Pharr Housing Finance Corporation (PHFC) was created for the purpose of carrying out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, by providing a means of financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City of Pharr at prices they can afford. The Board of Directors is composed in its entirety of persons who are members of the governing body of the City, and whose terms of office shall be fixed by and run conterminous with their respective terms of office on such governing body of the City. PHFC is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61. PHFC uses same fiscal year as City of Pharr

PHFC Jackson Place Apartments- On November 2015, PHFC Jackson Place Apartments Corporation was created for the purpose of holding liability to construct an apartment complex located on the corner of Jackson and Sioux Rd. in Pharr, Texas to meet the purpose of the Texas Housing Finance Corporation Act mentioned above. The City Manager is the designated official to act as the Executive Director of the corporation.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary financial information for the City and its component units. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double-counting of internal activities. Individual funds are not displayed but the statements distinguish governmental activities (generally supported by taxes and City general revenue) from business-type activities (generally financed in whole or in part with fees charged to external customers). The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide reports on the financial condition and results of operations about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increase (revenues) and decrease (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are franchise fees, licenses, charges for service, and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

E. Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

- *General Fund* – reports the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.
- *General Capital Improvements Fund*- This fund is used to account for all construction projects not accounted in enterprise funds.
- *Pharr Economic Development Corporation, Inc.*– is a nonprofit industrial development corporation organized for the purpose of promoting, assisting and enhancing economic development activities for the City. Although this fund does not meet the size criteria for major fund categorization, the City is including it as a major fund because it is believed that this fund is particularly important to financial statement users due to of public interest.

Proprietary Funds

The City reports the following major enterprise funds:

- *Utility Fund* – accounts for the provision of water and sewer services to the residents of the City.
- *Event Center*-accounts for event venue to host concerts to attract tourism to the City of Pharr
- *Bridge Fund* – accounts for the operating function of the City's international bridge with Mexico.
- *Golf Fund*-accounts for the operating function of the golf course including golf event hall, greens, pro-shop and concessions.

Other Fund Types

Additionally, the City reports internal service funds which are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These services include fleet management. These are proprietary funds that are reported with governmental activities in the government-wide financial statements because the majority of activity is for governmental activities. Direct expenses are not eliminated from the various functional categories, whereas indirect expenses are. Reimbursements are treated as a reduction of expenses.

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity

1. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled cash are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity- (continued)

2. Property Taxes - (continued)

Taxable property includes real property and certain personal property situated in the City. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions in arriving at the total assessed valuation of taxable property.

The valuations are subject to County-wide revaluation every three years. The effective tax rate is based upon the previous year's total assessed valuation.

Allowances for uncollectible tax receivables within the General and Debt Service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and included as part of the allowance for uncollectible; except for tax receivables over 20 years, the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The City does not write off tax receivable greater than 20 years.

3. Inventories

The inventories are recorded at cost and are accounted for by the consumption method.

4. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The three main receivables that contain allowances are for property taxes, utility accounts, and warrants. For these categories the allowance was based on historical collection rates, the allowances are 2% for property taxes as well as for utility accounts, and 20% for warrants.

5. Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Infrastructure	30 Years
Improvements	20 Years
Water and Sewer System	30-50 Years
Machinery and Equipment	3-15 Years

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity- (continued)

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated annual and sick leave balances. The City's policy allows employees to accumulate unused sick leave and extra compensation time on an unlimited basis and vacation leave based on the number of years of full time employment with the City in accordance with the following chart:

Years of Employment	Pro-Rata Accrual Rate per Month
0-19 Years	10 hours (15 days per year)
20 & Over	13.33 hours (20 days per year)

Nonexempt employees may accumulate no more than a maximum of two years allotment of vacation leave as set above, except for civil service nonexempt employees, which can accumulate more than the maximum. Exempt employees can also accumulate more than the maximum. Sick leave may be accrued but will not be paid out to employees that leave before retirement.

8. Long-Term Obligations

In the government-wide, proprietary and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method as the amount is immaterial against the effective interest method. Gain or loss on refunding are not netted against the liability but recorded in as deferred outflow/inflow of resources. Issuance cost is recorded as an expense for the period incurred and is no longer amortized over the life of the bond after implementing GASB Statement No. 65 and Statement No. 63. In the fund financial statements, long-term liabilities are not recorded in the governmental funds as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing resources.

9. Restricted Assets

The proceeds and required reserves of debt issuances are recorded as restricted assets as they are restricted for debt service and/or capital projects, payments and/or purchases.

10. Net Position / Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

11. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. All estimates are made utilizing a conservative philosophy for both revenues and expenditures.

12. General Fund's Fund Balance Policy

The City has adopted GASB 54 through a resolution as part of its fiscal year ending September 30, 2011. Implementation of GASB 54 is required of all cities for the fiscal year ending in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances which are non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, non-current advances to other funds that not expected to be collected in the next fiscal year, and the principal (corpus) of an endowment fund. The City has inventories that are considered non-spendable, an encumbrance, and a non-current advance to the PEDC II. The City does not have any prepaid items or non-spendable funds related to an endowment.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity- (continued)

12. General Fund's Fund Balance Policy - (continued)

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

-Restricted: Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. All of the City's restricted funds are from Special Revenue Funds, whose funds are revenues legally restricted to expenditures for a particular purpose.

-Committed: Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the elected City Commissioners and Mayor through an approved resolution. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. The City formally approved the recording of its self-named "Contingency" fund balance as committed. The Contingency fund balance policy is as follows:

The City shall strive to maintain the General Fund (not the combined reporting General Fund which consists of the Payroll, Contingency, and the General funds) committed fund balance at 90 days (25%) of the current year's original budget appropriation for operations and maintenance, which is defined as the total budget less capital outlay purchase, debt service, annual economic incentives, and the annual transfer from the General Fund to the other funds (Charter mandated contingency funding will not take place so long as the contingency fund is fully funded). This amount changes slightly from year to year; for this fiscal year, the General Fund committed balance was over funded by approximately \$1.3 million since the requirement amount to be funded was \$10.6 million and the City's General fund balance was \$11.9 at September 30, 2017.

These funds shall be used only for emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year savings. The use of these funds will be approved by the City Commission. Use of these funds will be disclosed to the City Commission. If the required amount goes below the stated policy amount, the City will set aside a sufficient portion of the upcoming fiscal year's budget to meet the required reserve amount. Any surpluses realized at year end shall be used first to meet reserve policies, then capital replacement purposes, then retirement/extinguishing of debt.

-Assigned: Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the City Manager. The only funds assigned relate to the accumulation of funds for future capital projects.

-Unassigned: Fund balance of the general fund that is not constrained for any particular purpose. This is also where negative amounts from the other categories of fund balance are recognized.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned, then unassigned, and finally committed funds.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

1. Budget Policy and Practice

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Annual budgets are legally adopted for all City funds with revenue and expense/expenditure activity. The City Charter states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the City Manager is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

Dates for public hearings, the purpose of which are to obtain taxpayers' comments, are set by the Board of Commissioners at the time the budget is submitted to that body. The Board of Commissioners may add to, subtract from or change appropriations, but may not change the form of the proposed budget.

Any changes must be within the revenue and reserves estimated as available by the City Manager. Prior to September 25 of each year, the budget is legally enacted through the passage of an ordinance.

The appropriated budget is prepared by fund, function, and department. The City's department head's may make transfers of appropriations between/within a department in the same fund with the City Manager's approval. Transfers of appropriations between funds require the approval of the Board of Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

At any time during the fiscal year, the City Manager can reallocate expenditures within a fund without the approval of the Board of Commissioners. However, any revisions to the budget which increase the total budgeted expenditures/expenses within any fund must be approved by the Board of Commissioners.

The Board of Commissioners made amendments during the year which net effect was zero.

B. Excess of General Fund Expenditures over Appropriations

None

C. Budget Basis of Accounting

The City prepares its annual budget on a basis (budget basis), which slightly differs from generally accepted accounting principles (GAAP Basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are debt service transactions, capital outlay purchases, and the recording of bond/loan proceeds.

D. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation
None

Action Taken
Not applicable

E. Deficit Fund Equity/Net Position

The new added discretely component unit PHFC- Jackson Place Apartments shows a deficit in net position due to the nature of the project being in progress; this amount will eventually begin to capitalize and show a positive net position.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (continued)

F. Prior Period Adjustment

Prior period adjustments (PPA) were needed in several funds in order to properly state the correct financial position of the City. The PPA amounts and the reason are as follows:

<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Governmental Funds:		
<u>General Fund:</u>		
To adjust prior year Inventory	\$ 30,086	
To adjust prior year payables	2,125	
To adjust prior year payroll liabilities	11,169	
To correct prior year receivables	<u>(13,395)</u>	
		<u>29,985</u>
<u>General CIP:</u>		
To correct prior year receivables	<u>(298,539)</u>	
		<u>(298,539)</u>
<u>PEDC:</u>		
To correct prior year payables	<u>(229,000)</u>	
		<u>(229,000)</u>
Total Governmental Fund Adjustment		<u>\$ (497,554)</u>
<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Proprietary Funds:		
<u>Enterprise Fund: Event Center Fund:</u>		
To adjust prior year unearned revenue	<u>32,419</u>	
		<u>32,419</u>
Total Proprietary Fund Adjustment		<u>\$ 32,419</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

City's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2017, the carrying amount of all of the City's deposits was \$68,074,959 (Bank Balance). The City has one depository account: Lone Star National Bank (LSNB).

<u>LSNB Depository Account</u>	<u>September 30, 2017</u>
Insured	\$ 250,000
Security collateral issued by pledging bank's trust department in the City's name	68,828,784
(Over-insured)/over-collateralized	(1,003,825)
Total Deposits	<u>\$ 68,074,959</u>

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk. As of September 30, 2017, the City's bank balance was not exposed to custodial credit risk and was over-insured and over-collateralized.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- a. Depository: **LSNB**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was **\$86,162,163**
- c. The highest combined balances of cash accounts amounted to **\$83,428,302** and occurred during **March 2017**.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000 during September 2017

Restricted cash is defined as the cash balances restricted by the funder for a specific purpose. Cash with fiscal agents of **\$3,276,777** on September 30, 2017, was covered by collateral held in the fiscal agents' trust departments, but not in the City's name. The trust department pledges a pool of collateral against all trust deposits it holds. U.S. Bancorp is the fiscal agent for the City.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purposes financial statements disclosed that in the areas of investment practices, management reports and establish appropriate policies. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

Due to the extremely low interest rates, the City had not engaged in any investments other than savings accounts in LSNB before FY 2015-2017, however due the expiration of contract and change in rates, City started to diversify and invested a certain portion of its Contingency cash balance set aside into TexPool.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS- (continued)

2. Investments – (continued)

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk. The City's investment policy states that no investment shall exceed 24 months in maturity. By limiting the exposure of its investments, the City reduces its risk to the rising or decreasing interest rates.

b. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

c. Custodial Credit Risk

Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits and investments are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk. See Note III A.1 for more information on this risk.

d. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was exposed to concentration of credit risk, but highly collateralized. With the City's investment policy, diversification is stressed.

The City was in compliance with its diversification investment guidelines. At the beginning of year, all deposits were placed into LSNB due to previous depository agreement given a rate of return of 2%, now with a renewed agreement, rates are lower and diversification is even needed more. The City invested in TexPool a portion of its contingency fund as of May 2016 of last year and has accrued interest since then.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

The City of Pharr invested into Texpool and activity for this fiscal year is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Market Value
Texpool Investments	\$ 3,921,500	\$ -	\$ -	\$3,950,591	\$ 3,950,591
	<u>\$ 3,921,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,950,591</u>	<u>\$ 3,950,591</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS- (continued)

2. Investments – (continued)

GASB No. 79 requires additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Texpool revised its Investment Policy to comply with GASB No. 79 as of August 2017 which includes the use of amortized cost to value portfolio assets and the following guidelines to maintain the portfolio consistent with a stable net asset value per share:

- ✚ The maximum remaining maturity of any security of other investment acquired for the portfolio shall be 397 calendar days or less.
- ✚ The portfolio should maintain a weighted average maturity of 60 days or less
- ✚ The portfolio should maintain a weighted average life of 120 days or less

B. Receivables

Receivables for the City at September 30, 2017, were as follows:

	Governmental Activities			Business-Type Activities			
	General	Other	Total	Utility	Event Center	Bridge & Golf	Total
Property taxes	\$ 2,276,796	\$ 300,834	\$ 2,577,630	\$ -	\$ -	\$ -	\$ -
Warrants	12,178,264	-	12,178,264	-	-	-	-
Sales Tax	2,184,116	728,039	2,912,155	-	-	-	-
Notes	-	2,165,090	2,165,090	-	-	-	-
Accounts	887,964	244,502	1,132,466	2,864,978	-	78,951	2,943,929
Intergovernmental	-	584,065	584,065	-	-	-	-
Franchise taxes	451,428	-	451,428	-	-	-	-
Component Units	406,980	-	406,980	-	-	-	-
Other	272,439	140,150	412,589	1,276	84,166	47,982	133,424
Gross receivables	18,657,987	4,162,680	22,820,667	2,866,254	84,166	126,933	3,077,353
Less; allowance for uncollectible	(4,137,651)	(79,646)	(4,217,297)	(72,484)	-	-	(72,484)
Net total receivable	<u>\$ 14,520,336</u>	<u>\$ 4,083,034</u>	<u>\$ 18,603,370</u>	<u>\$ 2,793,770</u>	<u>\$ 84,166</u>	<u>\$ 126,933</u>	<u>\$ 3,004,869</u>

C. Payables

Payables for the City at September 30, 2017, were as follows:

	Governmental Activities	Business-Type Activities					Total
	Governmental	Utility	Event Center	Bridge	Golf	Business-Type Total	
Vendors	\$ 3,671,764	\$ 469,067	\$ 3,875	\$ 158,436	\$ 63,211	\$ 694,589	\$ 4,366,353
Salaries & benefits	625,898	-	-	-	-	-	625,898
Retainage fees	84,768	384,362	-	-	-	384,362	469,130
Accrued interest	127,081	256,280	-	24,601	-	280,881	407,962
Contingent Liability	300,000	-	-	-	-	-	300,000
Total payables	<u>\$ 4,809,511</u>	<u>\$ 1,109,709</u>	<u>\$ 3,875</u>	<u>\$ 183,037</u>	<u>\$ 63,211</u>	<u>\$ 1,359,832</u>	<u>\$ 6,169,343</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

D. Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the fund financial statements were as follows:

	Governmental Activities	Business-Type	Discrete Component Unit	Total
Unearned golf revenue	\$ -	\$ 48,216	\$ -	\$ 48,216
Customers	-	5,171	-	5,171
Event Center Revenue	-	18,913	-	18,913
Sports Programs	-	-	4,770	4,770
	<u>\$ -</u>	<u>\$ 72,300</u>	<u>\$ 4,770</u>	<u>\$ 77,070</u>

E. Interfund Balances

The City reports interfund balances between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheets for governmental and enterprise funds. The interfund balances are operational and short-term in nature. Interfund balances at September 30, 2017 consisted of the following:

General Fund		PURPOSE
DUE FROM:		
PEDC	\$ 1,408,589	To advance funds for Economic Development projects and payroll
Assets Sharing	85,466	To advance funds for expenditures
City Garage	21,909	To advance funds for expenditures
Grant Fund	200,916	To advance funds for expenditures
	<u>1,716,880</u>	
Enterprise Funds:		
Utility	23,112	To advance funds for payroll expenditures
Event Center	5,259	To advance funds for payroll expenditures
Bridge	15,438	To advance funds for payroll expenditures
Golf	7,997	To advance funds for payroll expenditures
	<u>51,806</u>	
Total GF	1,768,686	
General Capital Improvements		PURPOSE
Grants	251,009	To advance funds for capital expenditure
Total GCIP	251,009	
Grand Total	\$ 2,019,695	

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

F. Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Primary Government					
Governmental Activities:					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	\$ 7,714,534	\$ 242,915	\$ -	\$ -	\$ 7,957,449
Construction in Progress	6,336,957	13,026,928	2,661,040	-	16,702,845
Total capital assets, not being depreciated	14,051,491	13,269,843	2,661,040	-	24,660,294
<i>Capital assets, being depreciated:</i>					
Buildings	36,274,794	-	-	-	36,274,794
Machinery and equipment	24,545,892	1,259,737	79,537	6,000	25,732,092
Improvements other than buildings	8,993,273	2,372,520	-	-	11,365,793
Infrastructure	83,556,517	996,031	-	-	84,552,548
Total capital assets, being depreciated	153,370,476	4,628,288	79,537	6,000	157,925,227
Less accumulated depreciation for:					
Buildings	11,800,616	777,153	-	-	12,577,769
Machinery and equipment	16,475,170	2,108,805	59,729	(1,458)	18,522,788
Improvements other than buildings	3,496,366	383,774	-	-	3,880,140
Infrastructure	50,676,025	2,312,397	-	(3,448)	52,984,974
Total accumulated depreciation	82,448,177	5,582,129	59,729	(4,906)	87,965,671
Total capital assets, being depreciated, net	70,922,299	(953,841)	19,808	10,906	69,959,556
Governmental activities capital assets, net	\$ 84,973,790	\$ 12,316,002	\$ 2,680,848	10,906	\$ 94,619,850
Business-Type Activities:					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	\$ 3,441,248	\$ -	\$ -	-	\$ 3,441,248
Construction in Progress	6,032,045	6,659,109	-	-	12,691,154
Total capital assets, not being depreciated	9,473,293	6,659,109	-	-	16,132,402
<i>Capital assets, being depreciated:</i>					
Buildings	32,502,500	-	-	-	32,502,500
Machinery and equipment	15,306,866	193,632	-	-	15,500,498
Improvements other than buildings	5,969,952	90,252	-	-	6,060,204
Infrastructure	137,032,638	1,334,989	-	-	138,367,627
Total capital assets, being depreciated	190,811,956	1,618,873	-	-	192,430,829
Less accumulated depreciation for:					
Buildings	16,124,088	726,596	-	-	16,850,684
Machinery and equipment	12,638,864	525,837	-	(5,812)	13,158,889
Improvements other than buildings	2,635,089	309,315	-	(3,026)	2,941,378
Infrastructure	34,819,666	4,155,168	-	-	38,974,834
Total accumulated depreciation	66,217,707	5,716,916	-	(8,838)	71,925,785
Total capital assets, being depreciated, net	124,594,249	(4,098,043)	-	8,838	120,505,044
Business-Type activities capital assets, net	134,067,542	2,561,066	-	8,838	136,637,446
Total Primary Government	\$ 219,041,332	\$ 14,877,068	\$ 2,680,848	19,744	\$ 231,257,296

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

F. Capital Assets-(continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Component Unit-Blended PEDC					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	369,154	-	-	-	369,154
Total capital assets, not being depreciated	369,154	-	-	-	369,154
<i>Capital assets, being depreciated:</i>					
Buildings	747,170	-	-	-	747,170
Improvement other than buildings	801,596	30,117	-	-	831,713
Machinery and equipment	144,340	-	-	-	144,340
Total capital assets, being depreciated	1,693,106	30,117	-	-	1,723,223
Less Accumulated Depreciation					
Buildings	349,668	28,089	-	-	377,757
Improvement other than buildings	165,547	52,609	-	-	218,156
Machinery and equipment	97,035	10,283	-	7,052	114,370
Total Accumulated Depreciation	612,250	90,981	-	7,052	710,283
Total Capital assets, being depreciated, net	1,080,856	(60,864)	-	(7,052)	1,012,940
Component Unit-Blended PHFC					
<i>PHFC Capital assets, not being depreciated:</i>					
Land and right of way	1,500,000	-	-	-	1,500,000
Construction in progress	4,117,911	19,123,905	-	-	23,241,816
Total capital assets, not being depreciated	5,617,911	19,123,905	-	-	24,741,816
<i>PHFC Capital assets, being depreciated:</i>					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	-	136,732	-	-	136,732
Total capital assets, being depreciated	-	136,732	-	-	136,732
Less Accumulated Depreciation					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	-	-	-	-	-
Total Accumulated Depreciation	-	-	-	-	-
Total Capital assets, being depreciated, net	-	136,732	-	-	136,732
Component Unit-Blended capital assets, net	7,067,920	(60,864)	-	(7,052)	26,260,642
City-Wide capital assets, net	\$ 226,109,252	\$ 14,816,204	\$ 2,680,848	12,692	\$ 257,517,938

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities

General Government	\$ 379,932
Public Safety	1,600,795
Highway & Streets	2,150,197
Sanitation	716,733
Culture & Recreation	734,470
Economic Development	90,983
Total Governmental Activities	<u>\$ 5,673,110</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations

The following schedule summarizes the changes in long-term debt during the year ended September 30, 2017:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance	Due Within One Year
Governmental Activities						
Refunding Bonds Payable	\$ 7,440,000	\$ -	\$ 1,645,000	\$ -	\$ 5,795,000	\$ 1,710,000
Certificates of Obligation	20,705,000	-	1,360,000	-	19,345,000	510,000
Uamortized Premium/(Discount)	1,134,390	-	\$166,199	\$123,809	1,092,000	\$166,198
Capital Leases	6,603,828	1,150,500	1,246,117	36,713	6,544,924	1,254,891
Capital Leases-Garage	33,573	-	7,523	-	26,050	7,656
CDBG Section 108 Note Payable	4,424,000	-	294,000	-	4,130,000	295,000
LSNB Note Payable-City	2,566,034	10,230,006	2,785,957	-	10,010,083	825,878
LSNB Note Payable-PEDC	9,829,881	-	9,829,881	-	-	-
Other Post Employment Benefits	669,489	41,023	-	-	710,512	-
Accrued Compensated Absences-PEDC	58,839	67,643	54,232	-	72,250	18,063
Accrued Compensated Absences	5,522,032	2,476,182	2,649,494	15,814	5,364,534	1,341,133
Accrued Compensated Absences -Garage	53,411	19,886	11,036	(15,814)	46,447	11,612
Net Pension Liability-GASB 68	11,134,251	164,774	-	-	11,299,025	-
Total Governmental Activities	70,174,728	14,150,014	20,049,439	160,522	64,435,825	6,140,431
Deferred Outflow/Inflow of Resources						
Unamortized Gain/(loss) on Refunding	(243,900)	-	(48,780)	-	(195,120)	(48,780)
	<u>(243,900)</u>	<u>-</u>	<u>(48,780)</u>	<u>-</u>	<u>(195,120)</u>	<u>(48,780)</u>
Business-Type						
Revenue Bonds Payable	47,737,000	-	23,057,000	-	24,680,000	1,663,000
Refunding Revenue Bonds Payable	4,330,000	18,000,000	2,350,000	-	19,980,000	1,900,000
Uamortized Premium/(Discount)	204,696	3,964,049	430,520	-	3,738,225	430,521
Capital Leases	27,483	2,130,000	262,963	-	1,894,520	419,104
Accrued Compensated Absences	1,340,769	467,021	719,303	-	1,088,487	272,122
Total Business-Type Activities	\$ 53,639,948	\$ 24,561,070	\$ 26,819,786	\$ -	\$ 51,381,232	\$ 4,684,747
Deferred Outflow/Inflow of Resources						
Unamortized Gain/(loss) on Refunding	(75,783)	(325,810)	(65,863)	-	(335,730)	(65,863)
	<u>\$ (75,783)</u>	<u>\$ (325,810)</u>	<u>\$ (65,863)</u>	<u>\$ -</u>	<u>\$ (335,730)</u>	<u>\$ (65,863)</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

Long-term bonded and revenue supported obligations outstanding at September 30, 2017 is comprised of the following:

	Original Issuance	Series	Type	Name	Payment Installments	Installments		Interest Rates		Payment Through	Current Balance
						Lowest	Highest	Lowest	Highest		
Governmental Activities	\$ 9,120,000	2015B	Refunding Bonds	GO	Annual	\$ 1,295,000	\$ 1,710,000	3.75%	5.00%	8/15/2021	\$ 5,795,000
										Subtotal-Refunding Bonds	\$ 5,795,000
	\$ 7,625,000	2012	Certificate of Obligation	GO	Annual	\$ 295,000	\$ 535,000	0.60%	4.98%	8/15/2032	\$ 5,055,000
	\$ 14,290,000	2016	Certificate of Obligation	CT&IBR	Annual	\$ 190,000	\$ 1,135,000	1.13%	3.60%	2/15/2036	\$ 14,290,000
										Subtotal-Certificate of Obligation	\$ 19,345,000
										Governmental Total	<u><u>\$ 25,140,000</u></u>
Business-Type Activities	\$ 29,000,000	2007	Revenue Bonds-CWSRF	WW & SS	Annual	\$ 790,000	\$ 2,480,000	2.90%	3.50%	9/1/2027	\$ -
	\$ 13,310,000	2007A	Revenue Bonds-DWSRF	WW & SS	Annual	\$ 380,000	\$ 1,075,000	2.35%	3.50%	9/1/2027	\$ 9,500,000
	\$ 10,000,000	2007B	Revenue Bonds-NADBANK	WW & SS	Annual	\$ 385,000	\$ 685,000	3.75%	3.75%	9/1/2027	\$ 5,855,000
	\$ 8,725,000	2013	Revenue Bonds-DWSRF	WW & SS	Annual	\$ 255,000	\$ 400,000	0.00%	2.71%	9/1/2042	\$ 7,705,000
	\$ 1,762,000	2015	Revenue Bonds-DWSRF	WW & SS	Annual	\$ 70,000	\$ 117,000	0.59%	4.01%	9/1/2035	\$ 1,620,000
										Subtotal-Revenue Bonds	\$ 24,680,000
	\$ 18,000,000	2017	Refunding Bonds	WW & SS	Annual	\$ 1,220,000	\$ 2,160,000	3.29%	3.62%	8/15/2027	\$ 16,660,000
	\$ 3,835,000	2015A	Refunding Bonds	CT & IBR	Annual	\$ 510,000	\$ 740,000	3.63%	4.50%	8/15/2022	\$ 3,245,000
	\$ 6,430,000	2008	Refunding Bonds	WW & SS	Annual	\$ 75,000	\$ 815,000	3.60%	3.60%	9/1/2018	\$ 75,000
										Subtotal-Refunding Bonds	\$ 19,980,000
										Business-Type Total	<u><u>\$ 44,660,000</u></u>

CT&IBR=Combination Tax & International Bridge Revenue

CWSRF=Clean Water State Revolving Fund

DWSRF=Drinking Water State Revolving Fund

NADBank=North American Development Bank

WW&SS=Waterworks & Sewer System

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

1. Bonds Payable

Debt service requirements of bonds payable at September 30, 2017 are as follows:

Year Ended September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 2,220,000	\$ 833,944	\$ 3,053,944	\$ 3,563,000	\$ 1,473,439	\$ 5,036,439
2019	1,810,000	800,496	2,610,496	3,709,000	1,387,034	5,096,034
2020	1,895,000	765,153	2,660,153	3,805,000	1,301,070	5,106,070
2021	1,975,000	738,822	2,713,822	3,931,000	1,166,511	5,097,511
2022-2027	6,880,000	3,560,076	10,440,076	19,463,000	3,775,230	23,238,230
2028-2032	6,060,000	1,538,996	7,598,996	5,856,000	764,783	6,620,783
2033-2037	4,300,000	407,450	4,707,450	2,078,000	424,344	2,502,344
2037-2042	-	-	-	1,855,000	205,243	2,060,243
2043-2048	-	-	-	400,000	10,840	410,840
	<u>\$ 25,140,000</u>	<u>\$ 8,644,937</u>	<u>\$ 33,784,937</u>	<u>\$ 44,660,000</u>	<u>\$ 10,508,494</u>	<u>\$ 55,168,494</u>

2. Certificates of Obligation Payable

Debt service requirements of certificates of obligation payable at September 30, 2017 are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 510,000	\$ 743,061	\$ 1,253,061
2019	515,000	732,413	1,247,413
2020	535,000	718,653	1,253,653
2021	545,000	703,072	1,248,072
2022-2027	6,880,000	3,560,076	10,440,076
2028-2032	6,060,000	1,538,996	7,598,996
2033-2037	4,300,000	407,450	4,707,450
	<u>\$ 19,345,000</u>	<u>\$ 9,542,413</u>	<u>\$ 28,887,413</u>

3. Capital Leases Payable

Assets purchased with the lease funds are included in the City's capital assets and depreciation expense. Debt service requirements of capital leases obligations at September 30, 2017 are as follows:

Year Ended September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,262,547	\$ 162,601	\$ 1,425,148	\$ 419,104	\$ 33,161	\$ 452,265
2019	1,205,897	135,794	1,341,691	421,710	25,015	446,725
2020	1,049,600	109,747	1,159,347	430,007	16,718	446,725
2021	851,873	86,327	938,200	438,468	8,257	446,725
2022	551,957	67,441	619,398	185,231	904	186,135
2023-2026	1,649,101	134,293	1,783,393	-	-	-
	<u>\$ 6,570,974</u>	<u>\$ 696,204</u>	<u>\$ 7,267,178</u>	<u>\$ 1,894,520</u>	<u>\$ 84,055</u>	<u>\$ 1,978,575</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

3. Capital Leases Payable – (continued)

Capital Leases	Governmental	Business-Type	Total
\$480,000 lease payable; due in monthly installments of \$6,114, including interest, through May 12, 2022; interest at 1.93%. All funds used to purchase Machinery & Equipment.	\$ 327,143	\$ -	\$ 327,143
 \$832,120 lease payable, due in monthly installments of \$14,229.07 including interest, through December 31, 2017; interest at 1.01%. General and Golf Fund equipment purchased.	 37,084	 5,531	 42,615
\$2,097,840 lease payable, due in monthly installments of \$26,558 including interest, through January 2021; interest at 1.75% General Fund and City Garage equipment purchased.	1,031,111	-	1,031,111
\$335,860 lease payable, due in monthly installments of \$5,789 including interest, through January 2019 at 1.33% Police equipment purchased.	91,764	-	91,764
\$2,685,000 lease payable, due in annual installments of \$325,947 including interest, through January 2026 at 3.69% LED Lighting Project City-Wide	2,458,129	-	2,458,129
\$428,400 lease payable; due in semi-annual installments of \$73,514 including interest, through May 6, 2019; interest at 1.68%. All funds used to purchase Machinery & Equipment.	287,982	-	287,982
\$260,814 lease payable; due in semi-annual installments of \$27,412 including interest, through May 1, 2021; interest at 1.83%. All funds used to purchase Police Units	210,534	-	210,534
\$254,694 lease payable; due in semi-annual installments of \$19,622 including interest, through May 1, 2023; interest at 2.05%. All funds used to purchase Public Works Units	220,498	-	220,498
\$979,455 lease payable; due in semi-annual installments of \$55,045 including interest, through May 1, 2026; interest at 2.28%. All funds used to purchase Fire Truck and Equipment	891,196	-	891,196
\$3,219,500 lease payable; due in monthly installments of \$56,269 including interest, through February 15, 2022; interest at 2%. All funds used to purchase General, Bridge and Golf Fund equipment	966,222	1,888,989	2,855,211
\$61,000 lease payable; due in monthly installments of \$1,737 included interest, through February 15, 2020; interest 2% All funds used to purchase IT and HR equipment.	49,311	-	49,310
	<u>\$ 6,570,974</u>	<u>\$ 1,894,520</u>	<u>\$ 8,465,493</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

4. Notes Payable

Long-term notes payable outstanding at September 30, 2017 is comprised of the following:

Name	Payment Installments	Installments		Interest Rates		Payment Through	Current Balance
		Lowest	Highest	Lowest	Highest		
CDBG HUD Section 108	Annual	\$ 294,000	\$ 295,000	0.49%	1.73%	8/1/2031	\$ 4,130,000
						Subtotal-City of Pharr Governmental	\$ 4,130,000
Line of Credit	Annual	\$ -	\$ 5,000,000	3.50%	3.50%		\$ 717,000
Jackson Development	Annual	\$ 669,100	\$ 669,100	4.50%	4.50%	12/31/2020	\$ 9,293,083
						Subtotal-PEDC	\$ 10,010,083
						Governmental Total	\$ 14,140,083

Debt service requirements of notes payable at September 30, 2017 are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,837,878	\$ 509,157	\$ 2,347,035
2019	1,152,386	468,269	1,620,655
2020	1,185,097	424,118	1,609,215
2021	1,219,055	377,334	1,596,389
2022-2027	7,565,667	494,738	8,060,405
2028-2032	1,180,000	99,268	1,279,268
	\$ 14,140,083	\$ 2,372,884	\$ 16,512,967

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

G. Long-Term Obligations – (continued)

5. Debt Disclosure and Currently Defeased Debt

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Events Notices to the State Information Depository of Texas, which is the Municipal Advisory Commission. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City. In 2005, 2008 and 2011 the City defeased certain outstanding general obligation, certificates of obligation, and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts for the defeased bonds and are not included in the City's financial statements. At September 30, 2017, the following outstanding bonds are considered defeased:

General Obligation Bonds		
Interest rates:	5.00% - 5.53%	
Series	2003	\$ 6,295,000
Waterworks & Sewer System Revenue Bonds		
Interest rates:	4.15% - 6.74%	
Series	1996 through 1998a	1,073,000
Bonds legally defeased		<u><u>\$ 7,368,000</u></u>

6. Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are payable from the fund responsible for the employee's compensation. As of September 30, 2017, the owning fund of the liability is as follows:

<u>Owning Fund of Liability</u>	<u>Amount</u>
General	\$ 5,291,745
PEDC 4B	72,250
Community Development	72,788
Garage	46,447
Utility	646,156
Event Center	76,411
Bridge	250,495
Golf	115,426
	<u><u>\$ 6,571,718</u></u>

7. Arbitrage

The City has issued long-term debt for capital construction projects. These bonds are subject to the arbitrage regulations. Arbitrage regulations call for the return of the difference in interest revenue against interest expense. At September 30, 2017, there was no liability of arbitrage that would have been owed to the federal government.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

H. Interfund Transfers

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended September 30, 2017, consisted of the following:

	TRANSFER FROM Governmental Funds									
	General	PEDC 4B	PFC #1	TIRZ	Community Development	Hotel/ Motel	Grants	Parkland Dedication	Paving & Drainage	Total Governmental
General	\$ -	\$ 300,000	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ 41,000	\$ -	\$ 691,000
Capital Projects	3,134,100	33,417	-	-	357,943	-	527,561	-	974,875	5,027,896
PEDC 4B	869,327	-	504,701	-	-	51,200	-	-	-	1,425,228
PFC #1	522,616	9,900,000	-	-	-	-	-	-	-	10,422,616
Community Development	205,874	-	-	-	-	-	-	-	-	205,874
Seized Assets	115,000	-	-	-	-	-	-	-	-	115,000
Debt Service	776,000	1,738,944	-	-	-	-	-	-	-	2,514,944
Total governmental	5,622,917	11,972,361	504,701	350,000	357,943	51,200	527,561	41,000	974,875	20,402,558
Event Center	-	-	-	-	-	215,200	-	-	-	215,200
Golf	437,400	-	-	-	-	-	-	-	-	437,400
Total enterprise	437,400	-	-	-	-	215,200	-	-	-	652,600
PAL	277,866	45,000	-	-	-	40,000	-	-	-	362,866
PHFC	725	-	-	-	-	-	-	-	-	725
	278,591	45,000	-	-	-	40,000	-	-	-	363,591
Total	\$6,338,908	\$12,017,361	\$504,701	\$350,000	\$ 357,943	\$306,400	\$527,561	\$ 41,000	\$ 974,875	\$21,418,749

The reasons for the transfers vary from operational, to reimbursements, to debt service payment supplements. The following details state the exact purpose of the transfers.

The transfers on this page are related to Governmental transactions.

General Fund:

- ✚ The Transfer from general fund to capital projects is from excess cash from Bridge to be used for ongoing CIP projects
- ✚ The Transfer from general fund to PEDC is to pay debt service related to loan transferred from PFC#1 to PEDC associated with Jackson Development debt.
- ✚ The Transfer from General Fund to PFC#1 is to pay debt service up to December 2016 related to loan transferred from PFC#1 to PEDC associated with Jackson Development.
- ✚ The transfer from General Fund to Community Development is to cover administrative costs not covered by CDBG funds.
- ✚ The Transfer from General Fund to Seized Assets is to reimburse a purchase of equipment
- ✚ The Transfer from General Fund to debt service is to cover for debt service payment of associated with Envirolite city-wide project and to contribute a payment to Series 2012.

PEDC:

- ✚ The transfer from PEDC to general fund is to pay for the management administrative fee per inter-local agreement.
- ✚ The transfer from PEDC to capital projects is to contribute some excess cash to fund projects.
- ✚ The transfer from PEDC to PFC# 1 is to pay off the outstanding debt refinanced by PEDC as of December 2016.
- ✚ The transfer from PEDC to Debt Service is to cover for Certificates of Obligation 2012 and part of 2015B.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

H. Interfund Transfers - (continued)

Other:

-  The transfer from PFC# 1 to PEDC is to cover for a portion of the debt refinanced by PEDC that was already transferred to PFC# 1.
-  The transfer from TIRZ to General Fund is to contribute excess cash to pay towards Certificates of Obligations 2012.
-  The transfer from CDBG to capital projects is to reimburse expenses related to Jones Box Park.
-  The transfer from Hotel Funds to PEDC is to reimburse for tourism manager position
-  The transfer from grants to capital projects is to reimburse expenses for research and development center from EDA grant.
-  The transfer from parkland dedication fee to general is to reimburse purchase of park equipment
-  The transfer from paving and drainage to capital projects is to transfer paving fees to fund Repaving project Year 2

		TRANSFER FROM Enterprise Funds		
		Utility	Bridge	Total Enterprise
TRANSFER TO	General	\$ 423,600	\$ 9,559,500	\$ 9,983,100
	Capital Projects	655,576	1,000,000	1,655,576
	PEDC 4B	-	-	-
	PFC #1	-	-	-
	Community Development	-	-	-
	Seized Assets	-	-	-
	Debt Service	-	189,000	189,000
	Total governmental	1,079,176	10,748,500	11,827,676
	Event Center	-	-	-
	Golf	-	-	-
	Total enterprise	-	-	-
	PAL	-	-	-
	PHFC	-	-	-
Total		\$1,079,176	\$ 10,748,500	\$ 11,827,676
				\$ 32,882,834

Enterprise Funds:

-  The transfer from Utility to general fund is to pay annual service fees for administrative services
-  The transfer from Utility to capital projects is to allocate excess cash available for construction to the Owassa project water infrastructure.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

H. Interfund Transfers - (continued)

 The transfer from Bridge to the General Fund is for the following:

Purpose	FY 16/17
GF Operations	\$ 4,287,500
Golf Operations	\$ 397,400
Jackson Development Debt	\$ 1,000,000
Help Support Tax Debt	\$ 189,000
Incentives	\$ 1,190,000
General CIP	\$ 3,684,600
Total	\$ 10,748,500

I. Restricted Assets

The balances of restricted asset as of September 30, 2017 are as follows:

Governmental Funds

Capital Outlay	\$ 1,146,777
Capital Improvement Projects	11,536,045
Grant Receivables	584,064
Economic Development Loans	425,298
Total restricted assets-governmental funds	<u>13,692,184</u>

Business-Type Funds

Capital financing-Utility	7,697,703
Capital financing-Bridge	2,010,000
Capital financing-Golf	120,000
Customer deposits-Utility	2,242,400
Debt reserves-Utility	3,126,395
Debt reserves-Bridge	203,511
Total restricted assets-business-type funds	<u>\$ 15,400,009</u>

Total restricted assets **\$ 29,092,193**

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (workman's compensation), and natural disasters. During the fiscal year, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. A copy of TML's Comprehensive Annual Report may be obtained by request at the following address:

Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, TX 78754-5128

1. Health Care Coverage

As of January 2017, the City transitioned from fully funded to self/partially funded. Health provider is now United Health Care with Lone Star Insurance services as an agent of record. The City now funds its claims on a monthly basis through a separate bank account managed through the agent. The City pays for 100% of the employees insurance cost and 50% of the employee's dependent's insurance cost with the following plans:

Coverage Type	Monthly Cost to Employee	Monthly cost to City	Total Monthly Cost
Employee Only	\$ -	\$ 422.10	\$ 422.10
Employee and Spouse	\$ 206.08	\$ 628.17	\$ 834.25
Employee and Child(ren)	\$ 189.25	\$ 611.34	\$ 800.59
Employee and Family	\$ 408.28	\$ 830.36	\$ 1,238.64

For more detailed information about United HealthCare please contact:

United Healthcare
2000 West Loop South, Suite 900
Houston, TX 77027

2. Post-Retirement Health Care Benefits

The City provides certain health care and life insurance benefits, under City ordinance, for:

- A. A retired person and their dependents covered under the City of Pharr's health insurance plan, prior to January 1, 2009, shall be entitled to continued coverage at the municipality's expense not to exceed \$275 per month for the retiree, and fifty percent of the cost of coverage for the dependent or \$225 whichever is less. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's and dependent's health insurance. The municipality will only pay for the cost of the retiree's Medicare Advantage Plan coverage.
- B. Any person employed with the City of Pharr, prior to January 1, 2009, that has been employed for not less than twenty (20) years with any municipality in the State of Texas that participates in the Texas Municipal Retirement System, that was employed with the City of Pharr for not less than ten (10) years, and reaches the age of fifty (50), shall be eligible upon retirement to receive continued health coverage at the expense of the municipality not to exceed \$275 per month. A dependent of an eligible retired person under the subsection shall not receive continued coverage at the expense of the municipality. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's health coverage.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS - (continued)

IV. OTHER INFORMATION - (continued)

- C. A person that becomes employed with the City of Pharr, after January 1, 2009, shall not be eligible for any health insurance coverage at the expense of the municipality upon retirement. A dependent of an employee under this subsection shall not receive health insurance coverage at the expense of the municipality upon retirement.

Currently, approximately 46 retirees meet these eligibility requirements. The City pays 80% of the amount of validated claims for qualified medical and hospitalization costs incurred, after the retiree meets a deductible ranging from \$1,000 per individual to \$2,000 per family for In-Network coverage. The maximum out-of-pocket costs that can be incurred by a retiree in one year ranges from, \$1,500 per individual to \$3,000 per family.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the property of the beneficiary. General inflation is assumed to be 2.50% per year with an Investment return and assumption of 6.75% per year, compounded annually, composed on an assumed 2.5% inflation rate and a 4.25% net real rate of return.

C. Pension Plan

1. Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2016	Plan Year 2017
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (express as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

C. Pension Plan-(continued)

2. Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actually determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Pension Cost:			
Annual Required Contribution	\$ 4,381,490	\$ 3,180,585	\$ 3,390,208
Contributions Made	<u>4,381,490</u>	<u>3,180,585</u>	<u>3,390,208</u>
Net Pension Obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from January 1, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. IN conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to amortization policy. These assumptions apply to both the Pension Trust and the Supplemental Death Benefits Fund as applicable.

3. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2017, the City reported a liability of \$11,299,025.

The Net Pension Liability is based on an actuarial valuation performed as of December 31, 2016 and a measurement date of December 31, 2016; as such no roll-forward was required.

For the purpose of this valuation, a single discount rate of 7.00% was used to measure the total pension liability as of December 31, 2016. This single discount rate was based on the expected rate of return on pension plan investment of 7.00%. Based on the stated assumptions and the projection of cash flow, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

For the year ended September 30, 2017, the City recognized a pension expense of \$3,498,447.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

3. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions-(continued)

Schedule of Pension Expense

1 Total Service Cost	\$ 3,146,078
2 Interest on the Total Pension Liability	4,880,163
3 Current Period Benefit Changes	-
4 Employee Contributions (reduction of Expenses)	(1,800,699)
5 Projected Earnings on Plan Investments (Reduction of Expense)	(4,143,875)
6 Administrative Expense	46,857
7 Other Changes in Fiduciary Net Position	2,525
8 Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(42,239)
9 Recognition of Current Year Outflow (Inflow) of Resources-Assets	(859)
10 Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	420,359
11 Amortization of Prior Year Outflows (Inflows) of Resources-Assets	990,137
12 Total Pension Expense	<u><u>\$ 3,498,447</u></u>

At September 30, 2017, the City reported its deferred outflows and inflows of resources related to pensions from the following sources:

	Recognition Period (or amortization yrs.)	Total (Inflow) or Outflow or Resources	2016 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience actuarial (gains) or losses	6.6000	\$ (278,776)	\$ (42,239)	\$ (236,537)
Difference in assumption changes actuarial (gains) or losses	6.6000	\$ -	<u>\$ -</u>	<u>\$ -</u>
			<u>\$ (42,239)</u>	\$ (236,537)
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.0000	\$ (4,297)	\$ (859)	\$ (3,438)
			<u>\$ (859)</u>	<u>\$ (3,438)</u>
				<u><u>\$ (239,975)</u></u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

3. Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions-(continued)

The net amounts of the City's balances of deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

		Net deferred outflows (Inflows) of resources
2017	\$	1,367,398
2018		1,367,400
2019		1,219,973
2020		382,416
2021		142,722
Thereafter		(25,342)
Total	\$	<u>4,454,567</u>

D. Other Post Employment Benefit (OPEB) Programs

1. Supplemental Death Benefits Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January.

The death benefits for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

2. Supplemental Death Benefits (SDBF) Plan Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2017, 2016, and 2015 were \$2,601, \$2,204, and \$2,649 respectively, which equaled the required contributions each year.

Plan/ Calendar Year	Annual required Contribution (ARC) (Rate)	Supplemental Death Benefit (Rate)	Actual Contribution Made (Rate)	Percentage of ARC
2013	6.92%	0.13%	6.92%	100%
2014	7.10%	0.13%	7.10%	100%
2015	6.91%	0.13%	6.91%	100%
2016	6.52%	0.13%	6.52%	100%
2017	8.14%	0.13%	8.14%	100%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

3. Retiree Health Insurance Benefit Plan Description-(continued)

3. Retiree Health Insurance Benefit Plan Description

The City sponsors a post-retirement plan which covers health insurance benefits. Eligible City retirees and their dependents may continue health care coverage through the City's plan.

Retirement eligibility depends on when an employee was hired, their age, and their length of service with the City. Employees must be at least 50 years old and 10 years of service with the City. Employees hired on or after January 1, 2009 will not be eligible for retiree health benefits. Employees hired prior to January 1, 2009 will be eligible for the following City subsidy:

Current Pre-65 Retirees

City will pay 100% of single coverage rate not to exceed \$275 per month, and City will pay 50% of dependent coverage not to exceed \$225 per month. As actual premium costs increase in future years, retirees will pay the full difference between the above fixed subsidy amounts and the blended (pooled active and retiree) premium rate.

Current Post-65 Retirees

City will reimburse Medicare Advantage premium for self-coverage only. As premiums cost increase in the future, the City intends to reimburse the increased premium rate.

Current Employees Who Retire In The Future

Same as above, except no reimbursement for post-65 coverage, and no reimbursement for dependent coverage, for either pre-65 or post-65.

4. Retiree Health Insurance Benefit Plan Funding Policy

An irrevocable trust to fully fund this benefit plan has been created and is reflected in the Schedule of Funding Progress in the Required Supplementary Information Section as Value of Plan Assets that reduces the Actuarial Accrued Liability.

5. Retiree Health Insurance Benefit Plan Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The most current actuarial valuations were made as of January 1, 2014. The Actuarial Value of Plan Assets as of the latest appraisal is: \$778,922 with a funded ratio of 17.62% and covered payroll of \$26,122,943 or 13.94% ratio to Actuarial accrued liability.

The following tables shows the valuation results and the derivation of the Annual OPEB Cost for the fiscal year, it also contains the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

D. Other Post Employment Benefit (OPEB) Programs – (continued)

5. Retiree Health Insurance Benefit Plan Annual OPEB Cost and Net OPEB Obligation– (continued)

	<u>As of January 1, 2014</u>
	<u>Total Benefits</u>
Valuation Results	
1 Present Value of Future Benefits	\$ 6,550,034
2 Actuarial Accrued Liability	4,420,837
3 Unfunded Actuarial Liability	3,641,915
4 Normal Cost Beginning of Year	143,831
5 Net OPEB Obligation (NOO)	640,430
Amortization Cost	
6 Actuarial Accrued Liability	3,641,915
7 Amortization Factor (30 years)	16.29
8 Amortization cost (5/6)	223,568
Annual Required Contribution	
Using 30-Year Amortization	
9 Normal cost with 4.5% Inventory to EOY	150,303
10 Amortization Cost at end of year	<u>223,568</u>
11 Total	\$ 373,871
Assumptions	
Discount Rate	4.50%
Healthcare cost trend rate	
*2014-2015	5.20%
*Ultimate (2085)	4.20%
Future participation rate	100.00%
Future retirees covering an spouse	0.00%

Annual OPEB Cost, Contribution, and Change in OPEB-FYE 09/30/17

Annual required contribution prior to adjustments	\$ 373,871
Interest on net OPEB obligation at 4.5%	28,819
Adjustment to annual required contribution	<u>(39,314)</u>
Annual OPEB cost	363,376
Contributions made	<u>(322,353)</u>
Increase in net OPEB obligation	41,023
Net OPEB obligation beginning of year	<u>669,489</u>
Net OPEB obligation end of year	<u><u>\$ 710,512</u></u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

D. Other Post Employment Benefit (OPEB) Programs – (continued)

5. Retiree Health Insurance Benefit Plan Annual OPEB Cost and Net OPEB Obligation– (continued)

The City's annual OPEB cost and the percentage cost contributed to the plan for the year is as follows:

Year Ended September 30,	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contribution
2013	\$ 391,757	\$ 370,000	94.4%
2014	\$ 391,402	\$ 351,800	89.9%
2015	\$ 363,376	\$ 348,808	96.0%
2016	\$ 363,376	\$ 348,885	96.0%
2017	\$ 363,376	\$ 322,353	88.7%

The accounting standards requires employers to anticipate future health care costs by adjusting today's premiums with projected health trend rates. Health care costs have outpaced general inflation and the annual rate of change has fluctuated significantly over time. It is difficult to accurately predict health care costs increased even one or two years into the future, so to provide the City with an indication of the likely cost we have determined the liability using a best estimate set of health care trend rates. These rates anticipate an 8% increase in the near future, declining over time to an ultimate (long-term) rate of 4.5% per year.

Actuarial valuation Date	1/1/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Period	Level dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increases	N/A
Healthcare Inflation Rate	5.23% initial. 4.24% ultimate

In Fiscal year 2011-2012, the City entered into a contractual agreement with First Southwest Advisory Services, Inc. (FSWA). for the administration and maintenance of cash and other assets from the City's contributions for Other Post-Employment Benefits in the form of an irrevocable trust to fund for its long-term obligation to its participants and to comply with GASB Statement No. 45.

FSWA is registered as an investment advisor with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940 and acknowledges that it is a fiduciary with respect to the Trust. FSWA will notify Employer if at any time during the term of this Agreement if it is not registered or if its registration is suspended or restricted.

The balance of the trust at September 30, 2017 was \$1,631,069.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

E. Commitments-(continued)

1. Grant Programs

The City participates in several federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures which might be disallowed by the grantor agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

2. Litigation

The City is a defendant in various lawsuits. It is the opinion of the City's legal counsel and management there are no potential unasserted claim as of September 30, 2017.

3. Construction Commitments

The City has entered into various significant construction commitments that are currently underway. As of September 30, 2017, they are as follows:

Governmental:				
	Balance 10/1/2016	Additions	Completions	Balance 9/30/2017
<u>PARKS</u>				
Civic Center Renovation	\$ -	\$ 31,868	\$ -	\$ 31,868
Parks Designs and Improvements	-	498,449	-	498,449
Jones Box Pedestrian	-	9,846	-	9,846
Newcombe	-	8,437	-	8,437
Dr. Long Park	46,998	-	-	46,998
Jones Box Park	14,700	512,792	-	527,492
Total Parks	61,698	1,061,392	-	1,123,090
<u>STREETS</u>				
South Alondra	-	2,985	-	2,985
Anaya Road	-	41,639	-	41,639
Hi-Line	-	37,028	-	37,028
Ramp-Various Roads	-	203,303	203,303	-
Owassa Road	1,038,948	2,143,793	-	3,182,741
Bike Path Stripping	285,581	8,832	-	294,413
Traffic Sign Eldora	19,326	98,778	118,104	-
Traffic Sign Veterans & Kelly	15,500	7,793	23,293	-
Traffic Signal Veterans & Eldora	13,800	4,500	18,300	-
LED Project	2,103,422	-	-	2,103,422
Downtown Lighting	683,292	174,250	857,542	-
4 Year Repaving Program	1,326,511	5,374,866	-	6,701,377
Eldora Street Constructions	468,750	468,750	937,500	-
PSJA Tri-City Pedestrian	-	82,191	-	82,191
Moore Road	3,026	362,342	-	365,368
Total Streets	5,958,156	9,011,050	2,158,042	12,811,164
<u>DEVELOPMENT</u>				
South Research Center	281,327	2,487,264	-	2,768,591
Total Development	281,327	2,487,264	-	2,768,591
<u>PUBLIC SAFETY</u>				
Remodeling Fire Station	35,776	467,222	502,998	-
Total Public Safety	35,776	467,222	502,998	-
Total Governmental	\$ 6,336,957	\$ 13,026,928	\$ 2,661,040	\$ 16,702,845

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

E. Commitments-(continued)

Business-Type:				
	Balance 10/1/2016	Additions	Completions	Balance 9/30/2017
UTILITY				
Water Transmission	\$ 3,926,645	\$ 4,585,429	\$ -	\$ 8,512,074
Rehab LBJ Water Tower	-	78,570	-	78,570
Waste Water Treatment Clarifier	405,840	457,380	-	863,220
Lift Station N. 25	794,352	1,269,658	-	2,064,010
Relocation W & SW	358,371	84,034	-	442,405
Total Utility	5,485,208	6,475,071	-	11,960,279
BRIDGE				
Port of Entry Modernization	348,200	101,055	-	449,255
Northbound Lane Improvements	81,420	82,983	-	164,403
International Trade Center	117,218	-	-	117,218
Total Bridge	\$ 546,838	\$ 184,038	\$ -	\$ 730,876
Total Business-Type:	\$ 6,032,046	\$ 6,659,109	\$ -	\$ 12,691,155
Grand Total	\$ 12,369,003	\$ 19,686,037	\$ 2,661,040	\$ 29,394,000

4. Economic Development Commitments

The PEDC, TIRZ, and the City have the following outstanding commitments as of September 30, 2017:

Program				
Commitment to	Incentive	Obligator	Purpose	Length
Pharr Town Center-McAllen Levcal	25% of Sales Taxes	City of Pharr	Commercial Development	10 Years
City of Pharr	Varies	TIRZ	Infrastructure Development	20 Years

F. Land available for sale

During FY 2011-2012, the City and PEDC entered into an agreement to buy land for economic development purposes. As of September 30, 2015, the City has a market value of \$8,867,500 in land including demolitions and infrastructure. On February 2012, the City Commission approved to contribute all land that has been purchased to the PEDC, the transfer of all land titles were completed as of September 30, 2013. Per GASB standards, land available for sale should be recorded at the lower of cost or net realizable value (NRV). The City obtained appraisals for the land on January 2017 which indicated that the land was worth \$1,565,698 less than the previous recorded value, a loss of this amount was reported on the financial statements as a special item. The balance of land available for development is recorded as Land Available for Sale in the PEDC fund. Appraisal of land will be done every two years, which began in the September 30, 2013 fiscal year.

The summary land transactions are stated on the following table:

Project/Land	NRV Recorded 9.30.2016	Added/ Removed	Gain on Appraised Value	NRV Recorded 9.30.2017
Jackson Development Project	\$ 4,974,302	\$ -	\$ 1,565,698	\$ 6,540,000
Produce Park	6,478,500	(4,151,000)	-	2,327,500
Total	\$ 11,452,802	\$ (4,151,000)	\$ 1,565,698	\$ 8,867,500

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

G. Related Party

In March 2012, a company owned by a commissioner's family member entered into a 380 agreement with the City. Under the agreement, the company will petition annexation of 154.88 acres of land it owns into the City. The company will donate 8.8 acres of land to the City for development and will reimburse the City \$362,565 for development costs incurred by the City. As of September 30, 2017 the City has received \$247,682. As of September 30, 2017, there were no related party transactions to be disclosed.

H. New Accounting Principles

In fiscal year 2017, the City did not implement any new pronouncements; however, the following pronouncements were issued. Effective dates for these pronouncements are not part of the 2017 fiscal year, but early application is encouraged.

- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 85, Omnibus 2017
- GASB Statement No. 86, Certain Debt Extinguishment Issues
- GASB Statement No. 87, Leases

- a. Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

- b. Statement No. 84 objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

I. New Accounting Principles-(continued)

- c. Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (pension and other postemployment benefits [OPEB])).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

- d. Statement No. 86 objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

- e. Statement No. 87 objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statements are effective for reporting periods beginning after December 15, 2019.

J. Subsequent Events

For the purpose of reporting subsequent events, management has considered events occurring through February 28, 2018 the date the report was available to be issued, and the following are to be disclosed:

-  On November 14, 2017, the City of Pharr got rated by S & P Global Ratings for the purpose of issuance Certificates of Obligations. The City reaffirmed its General Obligation rating to A+/Stable and received a new Long-term rating of A+/Stable as well.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION - (continued)

J. Subsequent Events-(continued)

-  On November 20, 2017, the City of Pharr issued Certificates of Obligations with a par value of \$17,240,000 with a premium of \$2,297,189. The purpose of this issuance is to fund capital improvement projects approved during the budget 2017-2018 process. These projects are for infrastructure, streets and public safety.
-  On November 20, 2017 the City of Pharr issued Tax Notes of \$7,300,000 for the purpose of funding Year 3 of Repaving Program and a Nature Park approved during budget process for Fiscal Year 2017-2018.
-  On December 2017, the City of Pharr approved several 380 incentive agreements to improve economic development.
-  On January 15th, 2018, the City of Pharr approved ordinance O-2018-02 amending ordinance No. 0-94-11prescribing meter deposit amount and new criteria of reimbursement. The following is a summary of amount of deposits reimbursed:

Zones	No. of Accounts	Deposit Refunded
Zone 1-North	4,748	\$ 422,355
Zone 2-Downtown	7,118	\$ 781,790
Zone 3-South	5,170	\$ 542,215
Total	17,036	\$ 1,746,360



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PHARR, TEXAS
POST EMPLOYMENT BENEFIT PLAN
RETIREE HEALTH INSURANCE BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS (unaudited)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Excess of Assets Over/ (Unfunded) AAL (a-b)	Covered Payroll (c)	Unfunded AAL as Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ 41,686,353	\$ 46,768,782	89.1%	\$ 5,082,429	\$ 17,770,636	28.6%
12/31/11	\$ 45,864,221	\$ 49,965,141	91.8%	\$ 4,100,920	\$ 19,519,197	21.0%
12/31/12	\$ 49,962,459	\$ 53,717,387	93.0%	\$ 3,754,928	\$ 20,588,476	18.2%
12/31/13	\$ 54,346,139	\$ 61,820,357	87.9%	\$ 7,474,218	\$ 21,980,889	34.0%
12/31/14	\$ 58,982,997	\$ 65,909,395	89.5%	\$ 6,926,398	\$ 23,264,509	29.8%
12/31/15	\$ 62,699,607	\$ 72,524,993	86.5%	\$ 9,825,386	\$ 24,723,154	39.7%
12/31/16	\$ 66,621,323	\$ 76,673,830	86.9%	\$ 10,052,507	\$ 26,122,943	38.5%

CITY OF PHARR, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS

A Total Pension Liability	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Total Service Cost	\$ 2,377,944	\$ 2,746,650	\$ 3,146,078	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
2 Interest on the Total Pension Liability	4,321,502	4,587,828	4,880,163	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3 Current Period Benefit Changes	-	-	-	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4 Difference between expected and actual experience	(63,247)	435,455	(278,776)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5 Changes of Assumptions	-	2,330,292	-	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6 Benefit Payments, including refunds of employee contributions	(2,547,161)	(3,484,627)	(3,598,628)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7 Net change in total pension liability	\$ 4,089,038	\$ 6,615,598	\$ 4,148,837	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
8 Total pension liability-beginning	61,820,357	65,909,395	72,524,993	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9 Total pension liability-ending	<u>\$ 65,909,395</u>	<u>\$ 72,524,993</u>	<u>\$ 76,673,830</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>
B Plan fiduciary net position										
1 Contributions-employer	\$ 1,570,743	\$ 1,649,708	\$ 1,683,200	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
2 Contributions-employee	1,578,431	1,702,972	1,800,699	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3 Net Investment income	3,296,861	90,733	4,148,172	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4 Benefit payments, including refunds of employee contributions	(2,547,161)	(3,484,627)	(3,598,628)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5 Administrative Expense	(34,419)	(55,265)	(46,857)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6 Other	(2,830)	(2,730)	(2,525)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7 Net change in plan fiduciary net position	\$ 3,861,625	\$ (99,209)	\$ 3,984,061	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
8 Plan fiduciary net position-beginning	57,628,328	61,489,953	61,390,744	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9 Plan fiduciary net position-ending	<u>\$ 61,489,953</u>	<u>\$ 61,390,744</u>	<u>\$ 65,374,805</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>
C Net Pension Liability (A9-B9)	<u>\$ 4,419,442</u>	<u>\$ 11,134,249</u>	<u>\$ 11,299,025</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>	<u>\$XXX</u>
D Plan fiduciary net position as a percentage of the total pension liability (B9/A9)										
	93.29%	84.65%	85.26%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%
E Covered-employee Payroll	\$ 22,531,464	\$ 24,328,166	\$ 25,724,265	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
F Net Pension liability as a percentage of covered employee payroll (C/E)	19.61%	45.77%	43.92%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%

Note to City: GASB 68 requires 10 fiscal years of data to be provided in this schedule.
City will be required to build this schedule over the next 10-year period.

**CITY OF PHARR, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$XXX	\$ 1,980,325	\$ 2,092,448	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX	\$XXX
Contributions in relation to the actuarially determined contribution	<u>XXX</u>	<u>\$ 1,715,919</u>	<u>\$ 2,005,126</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Contribution deficiency (excess)	XXX	\$ 264,406	\$ 87,322	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Covered employee payroll	XXX	\$24,723,154	\$26,122,943	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Contributions as a percentage of covered employee payroll	XXX%	6.94%	7.68%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%	XXX%

Note to City: GASB 68 requires 10 fiscal years of data to be provided in this schedule.
City will be required to build this schedule over the next 10-year period.

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

			Actual		Final			
			Budget	Variance				
			Basis	Budget Basis				
REVENUES			Original	Final				
Taxes:								
Property	\$	15,840,000	\$	15,840,000	\$	15,828,878	\$	(11,122)
Sales		13,010,000		12,509,000		12,811,132		302,132
Franchise		2,395,000		2,395,000		2,593,502		198,502
Other		195,000		195,000		182,001		(12,999)
Licenses and permits		670,000		670,000		656,548		(13,452)
Intergovernmental		751,000		451,000		397,332		(53,668)
Fees and charges:								
Sanitation		2,800,000		2,800,000		2,848,415		48,415
Brush		1,071,000		1,071,000		1,178,376		107,376
Other		1,051,000		1,051,000		1,213,431		162,431
Fines		1,394,000		1,605,500		1,641,073		35,573
Interest income		30,000		30,000		135,992		105,992
Other		180,000		281,700		797,394		515,694
Total revenues		39,387,000		38,899,200		40,284,074		1,384,874
EXPENDITURES								
Current:								
General government		10,099,100		10,059,100		9,401,583		657,517
Public safety		21,768,500		21,871,700		21,292,634		579,066
Highways and streets		4,760,800		4,771,800		4,251,401		520,399
Health and welfare		2,803,200		2,856,200		2,396,753		459,447
Culture and recreation		4,506,400		4,517,400		4,073,983		443,417
Debt service:								
Principal		1,256,900		1,259,400		1,019,243		240,157
Interest		88,000		88,000		62,159		25,841
Total expenditures		45,282,900		45,423,600		42,497,756		2,925,844
Excess (deficiency) of revenues over (under) expenditures								
		(5,895,900)		(6,524,400)		(2,213,682)		(1,540,970)
OTHER FINANCING SOURCES (USES)								
Transfers in		9,295,600		10,833,100		10,874,100		41,000
Transfers (out)		(5,050,200)		(5,959,200)		(6,498,909)		(539,709)
Issuance of debt		1,150,500		1,150,500		1,150,500		-
Total other financing sources and uses								
		5,395,900		6,024,400		5,525,691		(498,709)
Net change in fund balance		(500,000)		(500,000)		3,312,009		(2,039,679)
Fund balance - beginning		19,412,608		19,412,608		19,412,608		-
Prior period adjustment		-		-		29,985		29,985
Fund balance - ending	\$	18,912,608	\$	18,912,608	\$	22,754,602	\$	(2,009,694)

CITY OF PHARR, TEXAS
PHARR ECONOMIC DEVELOPMENT CORPORATION, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
Sales	\$	4,336,700	\$ 4,336,700	\$ 4,270,377	\$ (66,323)
Interest income		10,000	10,000	87,138	77,138
Other		266,000	266,000	282,502	16,502
Total revenues		<u>4,612,700</u>	<u>4,612,700</u>	<u>4,640,017</u>	<u>27,317</u>
EXPENDITURES					
Current:					
Economic development		3,091,100	2,874,300	2,440,355	433,945
Debt service:					
Principal		771,400	2,000,000	2,785,957	(785,957)
Interest		210,900	1,210,900	334,780	876,120
Total expenditures		<u>4,073,400</u>	<u>6,085,200</u>	<u>5,561,092</u>	<u>524,108</u>
Excess (deficiency) of revenues over (under) expenditures		<u>539,300</u>	<u>(1,472,500)</u>	<u>(921,075)</u>	<u>(496,791)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		51,200	1,301,200	1,425,228	124,028
Transfers (out)		(1,590,500)	(11,140,500)	(12,017,360)	(876,860)
Issuance of debt		<u>1,000,000</u>	<u>10,983,200</u>	<u>10,230,006</u>	<u>(753,194)</u>
Total other financing sources and uses		<u>(539,300)</u>	<u>1,143,900</u>	<u>(362,126)</u>	<u>(1,506,026)</u>
SPECIAL ITEMS					
Loss on land available for sale valuation		<u>-</u>	<u>-</u>	<u>1,565,698</u>	<u>1,565,698</u>
Total special items		<u>-</u>	<u>-</u>	<u>1,565,698</u>	<u>1,565,698</u>
Net change in fund balance		-	(328,600)	282,497	(2,002,817)
Fund balance - beginning		12,815,643	12,815,643	12,815,643	-
Prior period adjustment		<u>-</u>	<u>-</u>	<u>(229,000)</u>	<u>-</u>
Fund balance - ending	\$	<u>12,815,643</u>	<u>\$ 12,487,043</u>	<u>\$ 12,869,140</u>	<u>\$ (2,002,817)</u>



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**COMBINING AND INDIVIDUAL FUND INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION**

Non-Major Governmental Funds Combining Financial Statements

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Asset Sharing – This fund accounts for forfeitures awarded to the City by the courts and drug enforcement expenditures.

Community Development – This fund accounts for revenue received from the Community Development Block Grant and the expenditures allowed by grant terms.

Hotel-Motel – This fund accounts for revenue from a seven percent tax levied upon the cost of City hotel and motel rooms with a daily rate over \$2. According to state civil statutes, this tax revenue can be used to promote tourism, maintain and repair convention facilities, promote the arts and humanities, or any other purpose directly related to these activities.

Parkland Dedication – This fund accounts for contributions developers are required to make when creating subdivisions for park improvements or development.

Paving & Drainage – This fund accounts for restricted funds that were billed and collected from every utility account to supplement the cost of street improvements.

Special Revenue – This fund accounts for miscellaneous revenues for various purposes that are restricted from general use. Seven departments use this fund: Police, Fire, Court, Streets, Library, Planning & Zoning, and Non-Departmental.

Grants – This fund accounts for general grant revenues awarded to the City. Three departments utilize this fund: Police, Fire, and Library.

Debt Service Funds are used to account for the accumulation of resources and payment of general long-term debt of the City.

Debt Service – This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.



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**CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Special Revenue Funds			
	Asset Sharing	Community Development	Hotel/Motel	Parkland Dedication
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	\$ 701,196	\$ 94,191	\$ 1,548,975	\$ 84,742
Receivables (net of allowance for uncollectible):				
Property taxes	-	-	-	-
Notes	-	54,219	-	-
Accounts	-	-	-	-
Other	-	-	147,903	-
Restricted assets:				
Intergovernmental receivable	-	-	-	-
Total assets	<u>\$ 701,196</u>	<u>\$ 148,410</u>	<u>\$ 1,696,878</u>	<u>\$ 84,742</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 36,538	\$ 60,240	\$ 4,275	\$ -
Due to other funds	85,466	-	-	-
Total liabilities	<u>122,004</u>	<u>60,240</u>	<u>4,275</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred property tax	-	-	-	-
Deferred accounts	-	-	-	-
Deferred notes	-	54,219	-	-
Total deferred inflows	<u>-</u>	<u>54,219</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
General Government	-	-	-	-
Debt service	-	-	-	-
Street paving and drainage	-	-	-	-
Tourism	-	-	1,692,603	-
Public safety	579,192	-	-	-
Parkland	-	-	-	84,742
Community development	-	33,951	-	-
Total fund balances	<u>579,192</u>	<u>33,951</u>	<u>1,692,603</u>	<u>84,742</u>
Total liabilities and fund balances	<u>\$ 701,196</u>	<u>\$ 148,410</u>	<u>\$ 1,696,878</u>	<u>\$ 84,742</u>

**CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017 - Continued**

Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
Paving & Drainage	Grants	PFC # 1	TIRZ	Total	Debt Service	
\$ 462,676	\$ 7,901	\$ 6	\$ 206,290	\$ 3,105,977	\$ 250,639	\$ 3,356,616
-	-	-	-	-	223,827	223,827
-	-	-	-	54,219	-	54,219
142,417	-	-	-	142,417	-	142,417
-	-	-	85,100	233,003	-	233,003
-	451,925	-	-	451,925	-	451,925
<u>\$ 605,093</u>	<u>\$ 459,826</u>	<u>\$ 6</u>	<u>\$ 291,390</u>	<u>\$ 3,987,541</u>	<u>\$ 474,466</u>	<u>\$ 4,462,007</u>
\$ -	\$ 7,901	\$ -	\$ -	\$ 108,954	\$ -	\$ 108,954
-	451,925	-	-	537,391	-	537,391
<u>-</u>	<u>459,826</u>	<u>-</u>	<u>-</u>	<u>646,345</u>	<u>-</u>	<u>646,345</u>
-	-	-	-	-	223,827	223,827
142,417	-	-	-	142,417	-	142,417
-	-	-	-	54,219	-	54,219
<u>142,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,636</u>	<u>223,827</u>	<u>420,463</u>
-	-	6	291,390	291,396	-	291,396
-	-	-	-	-	250,639	250,639
462,676	-	-	-	462,676	-	462,676
-	-	-	-	1,692,603	-	1,692,603
-	-	-	-	579,192	-	579,192
-	-	-	-	84,742	-	84,742
-	-	-	-	33,951	-	33,951
<u>462,676</u>	<u>-</u>	<u>6</u>	<u>291,390</u>	<u>3,144,560</u>	<u>250,639</u>	<u>3,395,199</u>
<u>\$ 605,093</u>	<u>\$ 459,826</u>	<u>\$ 6</u>	<u>\$ 291,390</u>	<u>\$ 3,987,541</u>	<u>\$ 474,466</u>	<u>\$ 4,462,007</u>

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Special Revenue Funds			
		Asset Sharing	Community Development	Hotel/Motel	Parkland Dedication
REVENUES					
Taxes:					
Property		\$ -	\$ -	\$ -	\$ -
Other		-	-	789,619	-
Intergovernmental		378,475	1,306,938	-	-
Fees and charges:					
Other		-	-	-	47,924
Interest income		3,456	177	3,635	799
Other		-	786	9,308	-
Total revenues		<u>381,931</u>	<u>1,307,901</u>	<u>802,562</u>	<u>48,723</u>
EXPENDITURES					
Current:					
General government		-	674,336	-	-
Public safety		664,050	-	-	-
Highways and streets		-	4,433	-	-
Health & Welfare		-	-	-	-
Culture and recreation		-	60,000	146,640	-
Debt service:					
Principal		-	294,000	-	-
Interest		-	122,203	-	-
Total expenditures		<u>664,050</u>	<u>1,154,972</u>	<u>146,640</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(282,119)</u>	<u>152,929</u>	<u>655,922</u>	<u>48,723</u>
OTHER FINANCING SOURCES (USES)					
Cost of Issuance		-	-	-	-
Transfers in		115,000	205,874	-	-
Transfers (out)		-	(357,943)	(306,400)	(41,000)
Total other financing sources and uses		<u>115,000</u>	<u>(152,069)</u>	<u>(306,400)</u>	<u>(41,000)</u>
Net change in fund balances		(167,119)	860	349,522	7,723
Fund balance - beginning		<u>746,311</u>	<u>33,091</u>	<u>1,343,081</u>	<u>77,019</u>
Fund balance - ending		<u>\$ 579,192</u>	<u>\$ 33,951</u>	<u>\$ 1,692,603</u>	<u>\$ 84,742</u>

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
Paving & Drainage	Grants	PFC # 1	TIRZ	Total	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,958,781	\$ 1,958,781
-	-	-	-	789,619	-	789,619
-	1,516,629	-	245,100	3,447,142	-	3,447,142
1,044,027	-	-	-	1,091,951	-	1,091,951
-	-	4	501	8,572	9,533	18,105
4,008	-	-	-	14,102	-	14,102
<u>1,048,035</u>	<u>1,516,629</u>	<u>4</u>	<u>245,601</u>	<u>5,351,386</u>	<u>1,968,314</u>	<u>7,319,700</u>
-	-	-	-	674,336	-	674,336
-	971,610	-	-	1,635,660	-	1,635,660
434	-	-	-	4,867	-	4,867
-	11,320	-	-	11,320	-	11,320
-	6,137	-	-	212,777	-	212,777
-	-	9,829,881	-	10,123,881	3,231,874	13,355,755
-	-	154,830	-	277,033	1,378,024	1,655,057
<u>434</u>	<u>989,067</u>	<u>9,984,711</u>	<u>-</u>	<u>12,939,874</u>	<u>4,609,898</u>	<u>17,549,772</u>
<u>1,047,601</u>	<u>527,562</u>	<u>(9,984,707)</u>	<u>245,601</u>	<u>(7,588,488)</u>	<u>(2,641,584)</u>	<u>(10,230,072)</u>
-	-	-	-	-	(15,000)	(15,000)
-	-	10,422,616	-	10,743,490	2,703,943	13,447,433
<u>(974,875)</u>	<u>(527,562)</u>	<u>(504,701)</u>	<u>(350,000)</u>	<u>(3,062,481)</u>	<u>-</u>	<u>(3,062,481)</u>
<u>(974,875)</u>	<u>(527,562)</u>	<u>9,917,915</u>	<u>(350,000)</u>	<u>7,681,009</u>	<u>2,688,943</u>	<u>10,369,952</u>
72,726	-	(66,792)	(104,399)	92,521	47,360	139,880
<u>389,950</u>	<u>-</u>	<u>66,798</u>	<u>395,789</u>	<u>3,052,039</u>	<u>203,279</u>	<u>3,255,318</u>
\$ <u>462,676</u>	\$ <u>-</u>	\$ <u>6</u>	\$ <u>291,390</u>	\$ <u>3,144,560</u>	\$ <u>250,639</u>	\$ <u>3,395,199</u>



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Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund (detailed): is used to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Asset Sharing – This fund accounts for forfeitures awarded to the City by the courts and drug enforcement expenditures.

Community Development – This fund accounts for revenue received from the Community Development Block Grant and the expenditures allowed by grant terms.

Hotel-Motel – This fund accounts for revenue from a seven percent tax levied upon the cost of City hotel and motel rooms with a daily rate over \$2. According to state civil statutes, this tax revenue can be used to promote tourism, maintain and repair convention facilities, promote the arts and humanities, or any other purpose directly related to these activities.

Parkland Dedication – This fund accounts for contributions developers are required to make when creating subdivisions for park improvements or development.

Paving & Drainage – This fund accounts for restricted funds that were billed and collected from every utility account to supplement the cost of street improvements.

Grants – This fund accounts for general grant revenues awarded to the City. Three departments utilize this fund: Police, Fire, and Library.

Debt Service Funds are used to account for the accumulation of resources and payment of general long-term debt of the City.

Debt Service – This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final			
		Original	Final	Budget	Variance			
REVENUES				Basis	Budget Basis			
Taxes:								
Property								
Current	\$	14,780,000	\$	14,834,577	\$	54,577		
Delinquent		600,000		569,300		(30,700)		
Penalty & interest		460,000		425,001		(34,999)		
Total property taxes		15,840,000		15,828,878		(11,122)		
Sales		13,010,000		12,811,132		302,132		
Franchise								
Telephone		275,000		312,157		37,157		
Electric		1,700,000		1,870,967		170,967		
Cable		330,000		308,922		(21,078)		
Gas		90,000		101,456		11,456		
Total franchise taxes		2,395,000		2,593,502		198,502		
Other		195,000		182,001		(12,999)		
Total taxes		31,440,000		31,415,513		476,513		
Licenses and permits								
Building		425,000		366,273		(58,727)		
Vocational		140,000		164,426		24,426		
Other		105,000		125,849		20,849		
Total licenses & permits		670,000		656,548		(13,452)		
Intergovernmental								
Local school districts		293,600		241,560		(52,040)		
Other		457,400		155,772		(1,628)		
Total intergovernmental		751,000		397,332		(53,668)		
Fees and charges:								
Sanitation		2,800,000		2,848,415		48,415		
Brush		1,071,000		1,178,376		107,376		
Other		1,051,000		1,213,431		162,431		
Total fees & charges		4,922,000		5,240,222		318,222		
Fines								
Court		1,375,000		1,621,537		35,037		
Other		19,000		19,536		536		
Total fines		1,394,000		1,641,073		35,573		
Interest income		30,000		135,992		105,992		
Other		180,000		797,394		515,694		
Total revenues	\$	39,387,000	\$	38,899,200	\$	40,284,074	\$	1,384,874

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis			
		Original	Final					
EXPENDITURES								
Current:								
General government								
City manager	\$	1,205,000	\$	1,237,500	\$	1,117,642	\$	119,858
Finance		733,200		688,200		663,917		24,283
IT		1,275,900		1,311,700		1,313,530		(1,830)
Media		256,800		256,800		243,515		13,285
Human Resources		460,500		471,000		427,780		43,220
Planning		1,306,200		1,287,400		1,274,955		12,445
Engineering		600,000		713,000		598,334		114,666
Non-departmental		4,261,500		4,093,500		3,761,910		331,590
Total general government		10,099,100		10,059,100		9,401,583		657,517
Public safety								
Police		14,492,000		14,771,200		14,737,753		33,447
Court		482,700		516,700		536,136		(19,436)
Fire		6,793,800		6,583,800		6,018,745		565,055
Total public safety		21,768,500		21,871,700		21,292,634		579,066
Highways and streets		4,760,800		4,771,800		4,251,401		520,399
Health and welfare								
Sanitation		1,910,000		1,910,000		1,565,471		344,529
Brush		673,200		673,200		561,064		112,136
Animal control		220,000		273,000		270,218		2,782
Total health and welfare		2,803,200		2,856,200		2,396,753		459,447
Culture and recreation								
Library		1,211,900		1,214,900		1,116,286		98,614
PAL		427,800		456,800		381,270		75,530
Parks		2,866,700		2,845,700		2,576,427		269,273
Total culture and recreation		4,506,400		4,517,400		4,073,983		443,417
Debt service:								
Principal		1,256,900		1,259,400		1,019,243		240,157
Interest		88,000		88,000		62,159		25,841
		1,344,900		1,347,400		1,081,402		265,998
Total expenditures		45,282,900		45,423,600		42,497,756		2,925,844
Excess (deficiency) of revenues over (under) expenditures								
	\$	(5,895,900)	\$	(6,524,400)	\$	(2,213,682)	\$	(1,540,970)

CITY OF PHARR, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final				
		Original	Final	Budget	Variance				
OTHER FINANCING SOURCES (USES)				Basis	Budget Basis				
Transfers in									
Parkland	\$	-	\$	-	\$	41,000	\$	41,000	
Utility		423,600		423,600		423,600		-	
Bridge		8,372,000		9,559,500		9,559,500		-	
Phaar PFC #1		200,000		-		350,000		350,000	
TIRZ		-		350,000		300,000		(50,000)	
PEDC		300,000		300,000		200,000		(100,000)	
PHFC		-		200,000		-		(200,000)	
Total transfers in		9,295,600		10,833,100		10,874,100		41,000	
Transfers (out)									
Seized Assets		-		-		(115,000)		(115,000)	
Community Development		(183,500)		(183,500)		(205,874)		(22,374)	
Capital Improvement Project		(2,684,600)		(3,134,100)		(3,134,100)		-	
Debt Service		(326,000)		(676,000)		(776,000)		(100,000)	
Golf		(397,400)		(437,400)		(437,400)		-	
Pharr PFC #1		(1,000,000)		(250,000)		(522,616)		(272,616)	
TIRZ		(160,000)		(160,000)		(160,000)		-	
PEDC		-		(819,500)		(869,327)		(49,827)	
PAL		(298,700)		(298,700)		(277,867)		20,833	
PHFC		-		-		(725)		(725)	
Total transfers (out)		(5,050,200)		(5,959,200)		(6,498,909)		(539,709)	
Issuance of debt									
Bond/loan proceeds		1,150,500		1,150,500		1,150,500		-	
Total Issuance of debt		1,150,500		1,150,500		1,150,500		-	
Total other financing sources and uses									
		5,395,900		6,024,400		5,525,691		(498,709)	
Net change in fund balance									
		(500,000)		(500,000)		3,312,009		(2,039,679)	
Fund balance - beginning									
		19,412,608		19,412,608		19,412,608		-	
Prior period adjustment									
		-		-		29,985		29,985	
Fund balance - ending									
	\$	18,912,608		\$	18,912,608	\$	22,754,602	\$	(2,009,694)

CITY OF PHARR, TEXAS
ASSET SHARING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
Intergovernmental		\$ 150,000	\$ 150,000	\$ 378,475	\$ 228,475
Interest income		2,000	2,000	3,455	1,455
	Total revenues	<u>152,000</u>	<u>152,000</u>	<u>381,930</u>	<u>229,930</u>
EXPENDITURES					
Current:					
Public safety		685,500	685,500	664,050	21,450
	Total expenditures	<u>685,500</u>	<u>685,500</u>	<u>664,050</u>	<u>21,450</u>
Excess (deficiency) of revenues					
over (under) expenditures		<u>(533,500)</u>	<u>(533,500)</u>	<u>(282,120)</u>	<u>208,480</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		-	-	115,000	115,000
	Total other financing sources				
	and uses	<u>-</u>	<u>-</u>	<u>115,000</u>	<u>115,000</u>
Net change in fund balance		<u>(533,500)</u>	<u>(533,500)</u>	<u>(167,120)</u>	<u>323,480</u>
Fund balance - beginning		<u>746,311</u>	<u>746,311</u>	<u>746,311</u>	<u>-</u>
Fund balance - ending		<u>\$ 212,811</u>	<u>\$ 212,811</u>	<u>\$ 579,191</u>	<u>\$ 323,480</u>

CITY OF PHARR, TEXAS
CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
REVENUES				
Intergovernmental	\$ 1,371,900	\$ 1,371,900	\$ 1,306,938	\$ (64,962)
Interest income	-	-	177	177
Other	-	-	786	786
Total revenues	<u>1,371,900</u>	<u>1,371,900</u>	<u>1,307,901</u>	<u>(63,999)</u>
EXPENDITURES				
Current:				
General government	839,100	839,100	674,336	164,764
Highways and streets	-	-	4,433	(4,433)
Culture and recreation	60,000	60,000	60,000	-
Debt service:				
Principal	294,000	294,000	294,000	-
Interest	122,300	122,300	122,203	97
Total expenditures	<u>1,315,400</u>	<u>1,315,400</u>	<u>1,154,972</u>	<u>160,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,500</u>	<u>56,500</u>	<u>152,929</u>	<u>(224,427)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	183,500	183,500	205,874	22,374
Transfers out	<u>(240,000)</u>	<u>(240,000)</u>	<u>(357,943)</u>	<u>(117,943)</u>
Total other financing sources and uses	<u>(56,500)</u>	<u>(56,500)</u>	<u>(152,069)</u>	<u>(95,569)</u>
Net change in fund balance	-	-	860	(319,996)
Fund balance - beginning	<u>333,091</u>	<u>33,091</u>	<u>33,091</u>	<u>-</u>
Fund balance - ending	<u>\$ 333,091</u>	<u>\$ 33,091</u>	<u>\$ 33,951</u>	<u>\$ (319,996)</u>

CITY OF PHARR, TEXAS
HOTEL/MOTEL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Variance</u>
			<u>Basis</u>	<u>Budget Basis</u>
REVENUES				
Taxes:				
Other	\$ 800,000	\$ 800,000	\$ 789,619	\$ (10,381)
Interest income	-	-	3,635	3,635
Other	-	-	9,308	
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>802,561</u>	<u>(6,746)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>493,600</u>	<u>493,600</u>	<u>146,640</u>	<u>346,960</u>
Total expenditures	<u>493,600</u>	<u>493,600</u>	<u>146,640</u>	<u>346,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306,400</u>	<u>306,400</u>	<u>655,922</u>	<u>(353,707)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(306,400)</u>	<u>(306,400)</u>	<u>(306,400)</u>	<u>-</u>
Total other financing sources and uses	<u>(306,400)</u>	<u>(306,400)</u>	<u>(306,400)</u>	<u>-</u>
Net change in fund balance	-	-	349,522	(353,706)
Fund balance - beginning	<u>1,343,081</u>	<u>1,343,081</u>	<u>1,343,081</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,343,081</u>	<u>\$ 1,343,081</u>	<u>\$ 1,692,603</u>	<u>\$ (353,706)</u>

CITY OF PHARR, TEXAS
PARKLAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Fees and charges:					
Other		\$ 5,000	\$ 5,000	\$ 47,924	\$ 42,924
Interest income		-	-	799	799
	Total revenues	<u>5,000</u>	<u>5,000</u>	<u>48,723</u>	<u>43,723</u>
EXPENDITURES					
Current:					
	Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues					
over (under) expenditures		<u>5,000</u>	<u>5,000</u>	<u>48,723</u>	<u>43,723</u>
OTHER FINANCING SOURCES (USES)					
Transfers out		-	-	(41,000)	(41,000)
	Total other financing sources				
and uses		<u>-</u>	<u>-</u>	<u>(41,000)</u>	<u>(41,000)</u>
Net change in fund balance		<u>5,000</u>	<u>5,000</u>	<u>7,723</u>	<u>2,723</u>
Fund balance - beginning		<u>77,019</u>	<u>77,019</u>	<u>77,019</u>	<u>-</u>
Fund balance - ending		<u>\$ 82,019</u>	<u>\$ 82,019</u>	<u>\$ 84,742</u>	<u>\$ 2,723</u>

**CITY OF PHARR, TEXAS
PAVING AND DRAINAGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
REVENUES				
Taxes:				
Other	\$ 950,000	\$ 950,000	\$ 1,044,027	\$ 94,027
Interest income	-	-	4,008	4,008
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>1,048,035</u>	<u>98,035</u>
EXPENDITURES				
Highways and streets	-	-	434	(434)
Total expenditures	<u>-</u>	<u>-</u>	<u>434</u>	<u>(434)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>950,000</u>	<u>950,000</u>	<u>1,047,601</u>	<u>98,469</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(950,000)</u>	<u>(950,000)</u>	<u>(974,875)</u>	<u>(24,875)</u>
Total other financing sources and uses	<u>(950,000)</u>	<u>(950,000)</u>	<u>(974,875)</u>	<u>(24,875)</u>
Net change in fund balance	-	-	72,726	73,594
Fund balance - beginning	<u>389,950</u>	<u>389,950</u>	<u>389,950</u>	<u>-</u>
Fund balance - ending	<u>\$ 389,950</u>	<u>\$ 389,950</u>	<u>\$ 462,676</u>	<u>\$ 73,594</u>

CITY OF PHARR, TEXAS
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
REVENUES				
Intergovernmental	\$ 2,934,150	\$ 2,934,150	\$ 1,516,629	(1,417,521)
Total revenues	<u>2,934,150</u>	<u>2,934,150</u>	<u>1,516,629</u>	<u>(1,417,521)</u>
EXPENDITURES				
Current:				
Public safety	1,404,150	1,404,150	971,611	432,539
Health and welfare	90,000	90,000	11,320	78,680
Culture and recreation	<u>1,440,000</u>	<u>1,440,000</u>	<u>6,137</u>	<u>1,433,863</u>
Total expenditures	<u>2,934,150</u>	<u>2,934,150</u>	<u>989,068</u>	<u>1,945,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>527,561</u>	<u>527,561</u>
OTHER FINANCING SOURCES (USES)				
(Transfers out)	<u>-</u>	<u>-</u>	<u>(527,561)</u>	<u>(527,561)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(527,561)</u>	<u>(527,561)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PHARR, TEXAS
GENERAL CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
Intergovernmental	\$	1,200,000	\$ 1,200,000	\$ -	\$ (1,200,000)
Total revenues		<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
EXPENDITURES					
Current:					
Public safety		264,300	264,300	704,289	(439,989)
Highways and streets		8,528,850	8,528,850	9,548,754	(1,019,904)
Culture and recreation		5,308,300	5,308,300	3,639,680	1,668,620
Total expenditures		<u>14,101,450</u>	<u>14,101,450</u>	<u>13,892,723</u>	<u>208,727</u>
Excess (deficiency) of revenues					
over (under) expenditures		<u>(12,901,450)</u>	<u>(12,901,450)</u>	<u>(13,892,723)</u>	<u>(1,408,727)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		3,835,100	5,284,600	6,683,472	1,398,872
Total other financing sources		<u>3,835,100</u>	<u>5,284,600</u>	<u>6,683,472</u>	<u>1,398,872</u>
and uses		<u>3,835,100</u>	<u>5,284,600</u>	<u>6,683,472</u>	<u>1,398,872</u>
Net change in fund balance		<u>(9,066,350)</u>	<u>(7,616,850)</u>	<u>(7,209,251)</u>	<u>(9,855)</u>
Fund balance - beginning		23,198,086	23,198,086	23,198,086	-
Prior period adjustment		<u>(298,538)</u>	<u>(298,538)</u>	<u>(298,538)</u>	<u>-</u>
Fund balance - ending	\$	<u>13,833,198</u>	<u>\$ 15,282,698</u>	<u>\$ 15,690,297</u>	<u>\$ (9,855)</u>

CITY OF PHARR, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final</u>			
		<u>Original</u>	<u>Final</u>	<u>Budget</u>	<u>Variance</u>			
				<u>Basis</u>	<u>Budget Basis</u>			
REVENUES								
Taxes:								
Property	\$	2,060,000	\$	2,060,000	\$	1,958,781	\$	(101,219)
Interest income		7,000		7,000		9,533		2,533
Total revenues		<u>2,067,000</u>		<u>2,067,000</u>		<u>1,968,314</u>		<u>(98,686)</u>
EXPENDITURES								
Debt service:								
Principal		1,960,000		1,960,000		3,231,874		(1,271,874)
Interest		1,395,100		1,395,100		1,378,024		17,076
Total expenditures		<u>3,355,100</u>		<u>3,355,100</u>		<u>4,609,898</u>		<u>(1,254,798)</u>
Excess (deficiency) of revenues								
over (under) expenditures		<u>(1,288,100)</u>		<u>(1,288,100)</u>		<u>(2,641,584)</u>		<u>1,156,112</u>
OTHER FINANCING SOURCES (USES)								
Transfers in		<u>1,515,000</u>		<u>1,515,000</u>		<u>2,703,943</u>		<u>1,188,943</u>
Total other financing sources								
and uses		<u>1,515,000</u>		<u>1,515,000</u>		<u>2,703,943</u>		<u>1,188,943</u>
Net change in fund balance		226,900		226,900		62,359		2,345,055
Fund balance - beginning		<u>203,279</u>		<u>203,279</u>		<u>203,279</u>		<u>-</u>
Fund balance - ending	\$	<u>430,179</u>	\$	<u>430,179</u>	\$	<u>265,638</u>	\$	<u>2,345,055</u>



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Proprietary Funds

Schedule of Revenues, Expenses and Changes in Net Position– Budget and Actual

Utility Fund: is used to account for the City's water and sewer/wastewater system operations.

Event Center: is used to account for the City's event center. The Event Center serves as a promotional tourism attraction to the City.

Bridge Fund: is used to account for the City's international bridge operations. The bridge enables traffic to flow to and from Mexico.

Golf Course Fund: is to account for the City owned Tierra Del Sol Golf Course operations.

CITY OF PHARR, TEXAS
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Water Sales	\$ 7,590,500	\$ 7,590,500	\$ 8,008,039	\$ 417,539
Sewer Fees	5,676,600	5,676,600	5,810,494	133,894
Tap Fees	375,000	375,000	522,356	147,356
Other	100,000	100,000	121,282	21,282
Total operating revenues	<u>13,742,100</u>	<u>13,742,100</u>	<u>14,462,171</u>	<u>720,071</u>
OPERATING EXPENSES				
Personnel services	3,433,300	3,431,700	3,101,571	330,129
Supplies and Materials	1,311,000	1,311,000	994,746	316,254
Contractual Services	13,014,300	12,989,300	3,320,423	9,668,877
Depreciation	-	-	4,526,791	(4,526,791)
Total operating expenses	<u>17,758,600</u>	<u>17,732,000</u>	<u>11,943,531</u>	<u>5,788,469</u>
Operating income (loss)	<u>(4,016,500)</u>	<u>(3,989,900)</u>	<u>2,518,640</u>	<u>(5,068,398)</u>
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	41,000	41,000	63,216	22,216
Interest expense	(4,730,200)	(4,730,200)	(1,280,449)	3,449,751
Amortization expense	-	-	365,428	365,428
Intergovernmental	572,300	572,300	965,243	392,943
Other	40,000	40,000	9,844	(30,156)
Issuance cost	-	-	(2,049,409)	(2,049,409)
Total nonoperating revenues/ (expenses)	<u>(4,076,900)</u>	<u>(4,076,900)</u>	<u>(1,926,127)</u>	<u>2,150,773</u>
Income before contributions and transfers	<u>(8,093,400)</u>	<u>(8,066,800)</u>	<u>592,513</u>	<u>(2,917,625)</u>
Transfers (out)	(423,600)	(423,600)	(1,079,176)	(655,576)
Capital Contributions	-	-	1,334,989	1,334,989
Changes in net position	<u>(8,517,000)</u>	<u>(8,490,400)</u>	<u>848,326</u>	<u>(2,238,212)</u>
Total net position - beginning	<u>87,042,265</u>	<u>87,042,265</u>	<u>87,042,265</u>	<u>-</u>
Total net position - ending	<u>\$ 78,525,265</u>	<u>\$ 78,551,865</u>	<u>\$ 87,890,591</u>	<u>\$ (2,238,212)</u>

CITY OF PHARR, TEXAS
EVENT CENTER
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Other	\$ 580,000	\$ 580,000	\$ 517,849	\$ (62,151)
Total operating revenues	<u>580,000</u>	<u>580,000</u>	<u>517,849</u>	<u>(62,151)</u>
OPERATING EXPENSES				
Personnel services	504,000	480,000	362,109	117,891
Supplies and Materials	128,000	128,000	124,201	3,799
Contractual Services	163,200	187,200	178,546	8,654
Depreciation	-	-	110,707	(110,707)
Total operating expenses	<u>795,200</u>	<u>795,200</u>	<u>775,563</u>	<u>19,637</u>
Operating income (loss)	<u>(215,200)</u>	<u>(215,200)</u>	<u>(257,714)</u>	<u>(81,788)</u>
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	-	-	960	960
Other	-	-	19,210	19,210
Total nonoperating revenues/ (expenses)	<u>-</u>	<u>-</u>	<u>20,170</u>	<u>20,170</u>
Income before contributions and transfers	<u>(215,200)</u>	<u>(215,200)</u>	<u>(237,544)</u>	<u>(61,618)</u>
Transfers in	<u>215,200</u>	<u>215,200</u>	<u>215,200</u>	<u>-</u>
Changes in net position	-	-	(22,344)	(61,618)
Total net position - beginning	3,720,909	3,720,909	3,720,909	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>32,419</u>	<u>32,419</u>
Total net position - ending	<u>\$ 3,720,909</u>	<u>\$ 3,720,909</u>	<u>\$ 3,730,984</u>	<u>\$ (29,199)</u>

CITY OF PHARR, TEXAS
BRIDGE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Toll fees	\$ 12,222,500	\$ 13,410,000	\$ 13,626,054	\$ 216,054
Other	262,600	272,600	278,721	6,121
Total operating revenues	<u>12,485,100</u>	<u>13,682,600</u>	<u>13,904,775</u>	<u>222,175</u>
OPERATING EXPENSES				
Personnel services	1,153,500	1,177,000	1,028,085	148,915
Supplies and Materials	115,000	138,500	121,981	16,519
Contractual Services	3,802,700	3,728,700	1,651,035	2,077,665
Depreciation	-	-	812,954	(812,954)
Total operating expenses	<u>5,071,200</u>	<u>5,044,200</u>	<u>3,614,055</u>	<u>1,430,145</u>
Operating income (loss)	<u>7,413,900</u>	<u>8,638,400</u>	<u>10,290,720</u>	<u>(1,207,970)</u>
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	23,000	23,000	45,061	22,061
Interest expense	(720,900)	(720,900)	(120,467)	600,433
Amortization expense	-	-	31,811	31,811
Other	-	-	284	284
Total nonoperating revenues/ (expenses)	<u>(697,900)</u>	<u>(697,900)</u>	<u>(43,311)</u>	<u>654,589</u>
Income before contributions and transfers	<u>6,716,000</u>	<u>7,940,500</u>	<u>10,247,409</u>	<u>(553,381)</u>
Transfers (out)	(8,626,000)	(10,813,500)	(10,813,500)	-
Debt Proceeds	<u>1,910,000</u>	<u>1,910,000</u>	<u>-</u>	<u>(1,910,000)</u>
Changes in net position	-	(963,000)	(566,091)	(2,463,381)
Total net position - beginning	<u>19,871,211</u>	<u>19,871,211</u>	<u>19,871,211</u>	<u>-</u>
Total net position - ending	<u>\$ 19,871,211</u>	<u>\$ 18,908,211</u>	<u>\$ 19,305,120</u>	<u>\$ (2,463,381)</u>

CITY OF PHARR, TEXAS
GOLF BUDGET
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Golf Services	\$ 758,300	\$ 758,300	\$ 750,150	\$ (8,150)
Other	102,000	102,000	126,269	24,269
Total operating revenues	<u>860,300</u>	<u>860,300</u>	<u>876,419</u>	<u>16,119</u>
OPERATING EXPENSES				
Personnel services	764,000	761,000	637,019	123,981
Supplies and Materials	189,000	198,000	204,667	(6,667)
Contractual Services	357,600	391,600	228,971	162,629
Depreciation	-	-	260,401	(260,401)
Total operating expenses	<u>1,310,600</u>	<u>1,350,600</u>	<u>1,331,058</u>	<u>19,542</u>
Operating income (loss)	<u>(450,300)</u>	<u>(490,300)</u>	<u>(454,639)</u>	<u>(3,423)</u>
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	1,000	1,000	3,016	(2,016)
Interest expense	(68,100)	(68,100)	(5,840)	(62,260)
Other	120,000	-	464	464
Total nonoperating revenues/ (expenses)	<u>52,900</u>	<u>(67,100)</u>	<u>(2,360)</u>	<u>(63,812)</u>
Income before contributions and transfers	<u>(397,400)</u>	<u>(557,400)</u>	<u>(456,999)</u>	<u>(67,235)</u>
Transfers in	<u>397,400</u>	<u>557,400</u>	<u>437,400</u>	<u>(120,000)</u>
Changes in net position	-	-	(19,599)	(187,235)
Total net position - beginning	<u>3,948,144</u>	<u>3,948,144</u>	<u>3,948,144</u>	<u>-</u>
Total net position - ending	<u>\$ 3,948,144</u>	<u>\$ 3,948,144</u>	<u>\$ 3,928,545</u>	<u>\$ (187,235)</u>

Combining Financial Statements

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis.

City Garage Fund – This fund is used to account for fleet maintenance and maintains an inventory of parts for the City-owned vehicles.

**CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	<u>City Garage</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 61,492
Inventories	37,114
Total current assets	<u>98,606</u>
Noncurrent assets:	
Capital assets (net of accumulated: depreciation):	
Buildings	379,483
Improvements other than buildings	11,046
Machinery and equipment	25,152
Total capital assets, net of accumulated depreciation	<u>415,681</u>
Total noncurrent assets	<u>415,681</u>
Total assets	<u>514,287</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	16,437
Due to other funds	21,910
Total current liabilities	<u>38,347</u>
Current liabilities payable from restricted assets:	
Matured accrued compensation	11,612
Matured capital lease	7,656
Total current liabilities payable from restricted assets	<u>19,268</u>
Noncurrent liabilities:	
Accrued compensation	34,835
Capital lease payable	18,394
Total noncurrent liabilities	<u>53,229</u>
Total liabilities	<u>110,844</u>
<u>NET POSITION</u>	
Net assets:	
Invested in capital assets, net of related debt	389,631
Unrestricted	13,812
Total net position	<u>\$ 403,443</u>

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>City Garage</u>
Operating revenues:	
Charges for sales and services:	
Other	\$ 654,716
Total operating revenues	<u>654,716</u>
Operating expenses:	
Personnel services	190,318
Supplies and Materials	5,464
Contractual Services	468,393
Depreciation	41,005
Total operating expenses	<u>705,180</u>
Operating income (loss)	<u>(50,464)</u>
Nonoperating revenues (expenses):	
Interest expense	(529)
Total nonoperating revenues (expenses)	<u>(529)</u>
Income before contributions and transfers	(50,993)
Changes in net position	(50,993)
Total net position- beginning	454,436
Total net position - ending	\$ <u><u>403,443</u></u>

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Other	\$ 748,500	\$ 748,500	\$ 654,716	\$ (93,784)
Total operating revenues	<u>748,500</u>	<u>748,500</u>	<u>654,716</u>	<u>(93,784)</u>
OPERATING EXPENSES				
Personnel services	223,200	223,200	190,318	32,882
Supplies and Materials	8,000	8,000	5,464	2,536
Contractual Services	509,100	509,100	468,393	40,707
Depreciation	-	-	41,005	(41,005)
Total operating expenses	<u>740,300</u>	<u>740,300</u>	<u>705,180</u>	<u>35,120</u>
Operating income (loss)	<u>8,200</u>	<u>8,200</u>	<u>(50,464)</u>	<u>(128,904)</u>
NON OPERATING REVENUES/(EXPENSES):				
Interest expense	<u>(8,200)</u>	<u>(8,200)</u>	<u>(529)</u>	<u>(7,671)</u>
Total nonoperating revenues/ (expenses)	<u>(8,200)</u>	<u>(8,200)</u>	<u>(529)</u>	<u>(7,671)</u>
Income before contributions and transfers	<u>-</u>	<u>-</u>	<u>(50,993)</u>	<u>(136,575)</u>
Changes in net position	<u>-</u>	<u>-</u>	<u>(50,993)</u>	<u>(136,575)</u>
Total net position - beginning	<u>454,436</u>	<u>454,436</u>	<u>454,436</u>	<u>-</u>
Total net position - ending	\$ <u>454,436</u>	\$ <u>454,436</u>	\$ <u>403,443</u>	\$ <u>(136,575)</u>

**CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	City Garage
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 654,715
Payments to suppliers	(5,464)
Payments to employees	(181,468)
Payments for contractual services	(475,643)
Net cash flow provided by operating activities	(7,860)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advance from other funds	5,995
Net cash provided (used) by noncapital and related financing activities	5,995
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(7,523)
Capital contributions	(529)
Net cash provided (used) by capital and related financing activities	(8,052)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash provided (used) by investing activities	-
Net increase/(decrease) in cash	(9,917)
Cash beginning of fiscal year	71,407
Cash end of fiscal year	\$ 61,490
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (50,463)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	41,005
(Increase) in Inventories	(1)
Increase in Accounts Payable	(7,251)
(Decrease) in Accrued Compensation	8,850
Total adjustments	\$ 42,603
Net cash provided (used) by operating activities	\$ (7,860)

STATISTICAL SECTION

This part of the City of Pharr's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Pharr's overall financial health.

Page

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. -101-

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. -106-

Debt Capacity

These schedules present information to help the reader assess the afford-ability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. -110-

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place -115-

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. -118-

City of Pharr, Texas
Net Position by Component
Last Ten Fiscal Years¹
(Accrual Basis of Accounting)
(amount expressed in thousands)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net Invested in capital assets	\$ 50,941	\$ 50,764	\$ 53,417	\$ 36,205	\$ 36,205	\$ 39,362	\$ 64,274	\$ 62,451	\$ 69,610	\$ 69,610
Restricted	8,115	7,904	5,234	7,159	23,652	35,796	15,012	18,454	23,585	23,585
Unrestricted	4,822	13,275	18,999	16,463	18,274	8,032	8,951	1,170	2,224	2,224
Total governmental activities net position	<u>\$ 63,878</u>	<u>\$ 71,943</u>	<u>\$ 77,650</u>	<u>\$ 59,827</u>	<u>\$ 78,131</u>	<u>\$ 83,190</u>	<u>\$ 88,237</u>	<u>\$ 82,075</u>	<u>\$ 95,420</u>	<u>\$ 95,420</u>
Business-type activities										
Net Invested in capital assets	\$ 59,224	\$ 78,359	\$ 82,609	\$ 82,300	\$ 82,757	\$ 86,011	\$ 85,304	\$ 88,401	\$ 91,942	\$ 91,942
Restricted	5,762	7,759	7,375	10,195	8,529	21,394	18,996	19,603	16,647	16,647
Unrestricted	2,568	2,572	9,691	12,435	15,940	6,013	10,276	10,280	5,994	5,994
Total business-type activities net position	<u>\$ 67,554</u>	<u>\$ 88,690</u>	<u>\$ 99,675</u>	<u>\$ 104,930</u>	<u>\$ 107,226</u>	<u>\$ 113,418</u>	<u>\$ 114,576</u>	<u>\$ 118,283</u>	<u>\$ 114,583</u>	<u>\$ 114,583</u>
Primary government										
Net Invested in capital assets	\$ 110,165	\$ 129,123	\$ 136,026	\$ 118,505	\$ 118,962	\$ 125,374	\$ 149,577	\$ 150,852	\$ 161,552	\$ 161,552
Restricted	13,877	15,663	12,609	17,354	32,181	57,191	34,008	38,056	40,232	40,232
Unrestricted	7,390	15,847	28,690	28,898	34,214	14,044	19,227	11,450	8,218	8,218
Total primary government net position	<u>\$ 131,432</u>	<u>\$ 160,633</u>	<u>\$ 177,325</u>	<u>\$ 164,757</u>	<u>\$ 185,357</u>	<u>\$ 196,609</u>	<u>\$ 202,813</u>	<u>\$ 200,358</u>	<u>\$ 210,002</u>	<u>\$ 210,002</u>

City of Pharr, Texas
Changes in Net Position
Last Ten Fiscal Years¹
(Accrual Basis of Accounting)
(amount expressed in thousands)

Expenses	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:										
General government	\$ 8,265	\$ 7,594	\$ 8,061	\$ 10,917	\$ 16,251	\$ 9,970	\$ 12,144	\$ 11,091	\$ 12,359	\$ 11,288
Public safety	18,495	19,177	19,775	21,546	22,427	22,700	21,355	20,581	20,175	25,321
Streets	2,114	2,268	3,102	3,757	4,490	5,330	4,903	7,826	7,834	8,708
Sanitation	4,537	2,312	2,008	2,749	2,699	1,880	2,867	2,636	1,518	648
Culture and recreation	3,831	3,563	3,890	3,239	4,133	4,306	6,155	5,530	5,790	5,358
Economic development	-	-	-	-	-	8,085	2,590	1,679	3,119	2,546
Debt service	1,122	1,041	885	736	1,293	1,926	1,800	1,629	1,182	1,810
Total governmental activities expenses	<u>38,364</u>	<u>35,955</u>	<u>37,721</u>	<u>42,944</u>	<u>51,293</u>	<u>54,196</u>	<u>51,814</u>	<u>50,973</u>	<u>51,978</u>	<u>55,679</u>
Business-type activities:										
Utility	9,291	9,125	9,140	10,382	11,829	12,241	13,619	14,069	13,981	12,388
Boggus Ford Event Center	-	-	-	-	-	-	-	727	808	776
Toll Bridge	3,300	2,975	3,428	3,082	3,137	3,413	4,822	3,905	3,725	3,703
Tierra Del Sol Golf Course	1,171	1,047	1,035	1,236	1,110	1,279	1,394	1,428	1,338	1,337
Total business-type activities expenses	<u>13,762</u>	<u>13,147</u>	<u>13,603</u>	<u>14,700</u>	<u>16,076</u>	<u>16,933</u>	<u>19,836</u>	<u>20,128</u>	<u>19,851</u>	<u>18,204</u>
Total primary government expenses	<u>\$ 52,126</u>	<u>\$ 49,102</u>	<u>\$ 51,324</u>	<u>\$ 57,644</u>	<u>\$ 67,369</u>	<u>\$ 71,128</u>	<u>\$ 71,650</u>	<u>\$ 71,101</u>	<u>\$ 71,829</u>	<u>\$ 73,883</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,375	\$ 1,970	\$ 1,734	\$ 1,962	\$ 2,014	\$ 1,980	\$ 1,646	\$ 1,431	\$ 2,074	\$ 1,989
Public Safety	1,662	3,841	999	1,184	1,180	1,210	1,355	1,607	2,953	2,576
Streets	67	3	1,093	782	807	878	859	1,008	1,026	1,048
Sanitation	4,969	3,256	3,347	3,560	3,585	3,658	3,825	3,924	4,018	4,079
Culture and recreation	372	131	128	257	665	579	1,629	582	409	436
Economic development	-	-	-	-	-	-	648	-	-	33
Debt service	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,465	2,448	4,227	3,451	6,221	9,493	3,132	2,568	3,289	3,844
Capital grants and contributions	1,481	256	508	25	59	1,111	1,435	1,477	222	58
Total governmental activities program revenues	<u>13,391</u>	<u>11,905</u>	<u>12,036</u>	<u>11,221</u>	<u>14,531</u>	<u>18,910</u>	<u>14,529</u>	<u>12,597</u>	<u>13,991</u>	<u>14,063</u>
Business-type activities:										
Charges for services:										
Utility	12,483	12,461	11,892	13,553	13,814	13,977	13,670	12,980	13,751	14,462
Boggus Ford Event Center	-	-	-	-	-	-	-	434	617	518
Toll Bridge	8,281	9,301	10,660	10,415	11,002	11,915	12,572	12,781	13,438	13,905
Tierra Del Sol Golf Course	766	856	805	812	776	597	786	781	810	876
Operating grants and contributions	-	-	-	-	17	314	-	-	1,812	965
Capital grants and contributions	6,940	13,899	2,512	548	316	1,686	919	3,339	842	1,335
Total business-type activities program revenues	<u>28,470</u>	<u>36,517</u>	<u>25,869</u>	<u>25,328</u>	<u>25,926</u>	<u>28,489</u>	<u>27,948</u>	<u>30,315</u>	<u>31,270</u>	<u>32,061</u>
Total primary government program revenues	<u>\$ 41,861</u>	<u>\$ 48,422</u>	<u>\$ 37,905</u>	<u>\$ 36,549</u>	<u>\$ 40,456</u>	<u>\$ 47,398</u>	<u>\$ 42,477</u>	<u>\$ 42,912</u>	<u>\$ 45,261</u>	<u>\$ 46,124</u>

Net (expense)/revenue										
Governmental activities	\$ (24,973)	\$ (24,050)	\$ (25,685)	\$ (31,723)	\$ (36,762)	\$ (35,286)	\$ (37,286)	\$ (38,375)	\$ (37,987)	\$ (41,616)
Business-type activities	14,708	23,370	12,266	10,628	9,850	11,556	8,112	10,186	11,419	13,857
Total primary government net expense	<u>\$ (10,265)</u>	<u>\$ (680)</u>	<u>\$ (13,419)</u>	<u>\$ (21,095)</u>	<u>\$ (26,913)</u>	<u>\$ (23,730)</u>	<u>\$ (29,174)</u>	<u>\$ (28,189)</u>	<u>\$ (26,568)</u>	<u>\$ (27,759)</u>
General Revenues and Other Changes in										
Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 13,082	\$ 14,900	\$ 15,265	\$ 14,984	\$ 15,221	\$ 15,186	\$ 15,812	\$ 16,728	\$ 17,186	\$ 17,875
Sales taxes	11,305	10,558	10,289	11,838	12,801	13,079	14,557	16,311	16,781	17,082
Other Taxes	3,087	2,807	3,152	2,844	2,232	3,129	3,129	3,605	3,457	3,565
Investment earnings	357	296	361	440	415	473	401	314	89	241
Grants, Donations, and Miscellaneous	365	458	105	763	1,048	421	198	-	1,763	1,531
Transfers	2,190	3,182	1,841	7,214	6,702	6,317	7,682	10,758	11,300	10,851
Total governmental activities	<u>30,386</u>	<u>32,201</u>	<u>31,013</u>	<u>38,083</u>	<u>38,420</u>	<u>38,605</u>	<u>41,780</u>	<u>47,717</u>	<u>50,576</u>	<u>51,145</u>
Business-type activities:										
Investment earnings	1,451	877	1,008	795	705	848	848	486	67	112
Grants, Donations, and Miscellaneous	218	107	131	135	22	21	21	65	7	(2,019)
Water Relief Program									(3,750)	-
Transfers	(2,190)	(3,182)	(1,841)	-	(6,702)	(6,466)	(7,849)	(11,020)	(11,683)	(11,240)
Total business-type activities	<u>(521)</u>	<u>(2,198)</u>	<u>(702)</u>	<u>930</u>	<u>(5,975)</u>	<u>(5,598)</u>	<u>(6,981)</u>	<u>(10,469)</u>	<u>(15,359)</u>	<u>(13,147)</u>
Total primary government	<u>\$ 29,865</u>	<u>\$ 30,003</u>	<u>\$ 30,311</u>	<u>\$ 39,013</u>	<u>\$ 32,445</u>	<u>\$ 33,008</u>	<u>\$ 34,799</u>	<u>\$ 37,248</u>	<u>\$ 35,217</u>	<u>\$ 37,998</u>
Change in Net Position										
Governmental activities	\$ 5,413	\$ 8,151	\$ 5,328	\$ 6,360	\$ 1,658	\$ 3,320	\$ 4,494	\$ 9,342	\$ 12,589	\$ 9,529
Business-type activities	14,187	21,172	11,564	4,344	3,875	5,958	1,131	(283)	(3,940)	710
Total primary government	<u>\$ 19,600</u>	<u>\$ 29,323</u>	<u>\$ 16,892</u>	<u>\$ 10,704</u>	<u>\$ 5,532</u>	<u>\$ 9,278</u>	<u>\$ 5,625</u>	<u>\$ 9,059</u>	<u>\$ 8,649</u>	<u>\$ 10,239</u>

City of Pharr, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amount expressed in thousands)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved, Nonspendable, Restricted	\$ 1,049	\$ 102	\$ 231	\$ 3,354	\$ 20,807	\$ 10,752	\$ 12,879	\$ 12,841	\$ 13,573	\$ 16,357
Unreserved, undesignated, unassigned	2,081	8,338	14,901	5,809	748	3,593	219	794	5,839	6,264
Designated, Committed, Assigned	756	-	-	8,054	9,046	-	-	-	-	-
Total general fund	<u>\$ 3,886</u>	<u>\$ 8,440</u>	<u>\$ 15,132</u>	<u>\$ 17,217</u>	<u>\$ 30,601</u>	<u>\$ 14,346</u>	<u>\$ 13,098</u>	<u>\$ 13,636</u>	<u>\$ 19,413</u>	<u>\$ 22,621</u>
 All other governmental funds										
Reserved, Nonspendable,	\$ 4,718	\$ 6,407	\$ 2,501	\$ -	\$ (1,611)	\$ 1,212	\$ 1,677	\$ 2,405	\$ 3,052	\$ 3,145
Restricted, reported in:							-			
Special revenue funds	-	-	-	387	1,339	-	-	-	-	-
Debt service fund	-	-	-	63	20	-	-	-	-	-
Economic Development fund	-	-	-	3,197	3,085	20,014	23,094	12,169	12,816	11,303
Unreserved, unassigned, reported in:										
Special revenue funds	3,238	1,333	1,086	(2,929)	-	-	-	-	-	-
Capital projects funds	-	-	1,251	-	-	11,747	8,349	10,459	23,198	15,565
Debt service funds	-	-	-	-	-	37	157	317	203	251
Assigned	-	-	-	1,943	17,392	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,956</u>	<u>\$ 7,740</u>	<u>\$ 4,838</u>	<u>\$ 2,661</u>	<u>\$ 20,224</u>	<u>\$ 33,009</u>	<u>\$ 33,278</u>	<u>\$ 25,350</u>	<u>\$ 39,269</u>	<u>\$ 30,263</u>
 Total governmental fund balances	<u>\$ 11,842</u>	<u>\$ 16,180</u>	<u>\$ 19,970</u>	<u>\$ 19,878</u>	<u>\$ 50,825</u>	<u>\$ 47,355</u>	<u>\$ 46,376</u>	<u>\$ 38,986</u>	<u>\$ 58,681</u>	<u>\$ 52,884</u>

City of Pharr, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amount expressed in thousands)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 27,370	\$ 28,215	\$ 28,707	\$ 29,814	\$ 31,391	\$ 31,504	\$ 33,978	\$ 36,550	\$ 37,335	\$ 38,446
Licenses and permits	685	682	550	762	664	818	762	681	734	657
Intergovernmental	2,455	2,448	4,579	3,451	6,221	9,521	4,468	2,964	3,289	3,659
Charges for services	6,382	4,468	5,226	5,010	5,525	5,778	6,326	5,933	6,048	6,332
Fines	880	1,122	1,107	914	977	936	1,086	1,178	1,309	1,641
Investment earnings	349	296	361	440	415	474	401	314	89	241
Miscellaneous	644	254	533	375	692	644	945	368	1,218	1,094
Total Revenues	<u>38,765</u>	<u>37,486</u>	<u>41,064</u>	<u>40,766</u>	<u>45,885</u>	<u>49,675</u>	<u>47,966</u>	<u>47,988</u>	<u>50,023</u>	<u>52,070</u>
Expenditures										
General government	6,034	6,220	6,609	14,398	13,336	10,337	11,933	10,784	11,498	10,104
Public safety	19,392	18,846	18,522	19,963	22,058	22,253	21,439	19,456	21,930	23,681
Highways and streets	4,443	2,499	4,012	4,404	7,401	7,056	5,012	8,412	11,107	13,814
Health and Welfare	4,306	2,318	2,423	2,555	2,654	2,371	2,758	2,808	2,694	2,408
Culture and recreation	5,661	3,472	3,664	6,010	5,524	12,999	6,346	4,867	5,439	7,886
Economic development	2,067	2,165	1,360	1,538	2,677	1,163	2,775	1,698	2,720	2,440
Debt service - Principal	3,371	3,335	1,781	1,635	2,588	9,339	7,811	7,994	15,162	17,161
Debt service - Interest	1,009	978	819	712	1,156	1,750	1,866	1,636	1,267	2,052
Total expenditures	<u>46,283</u>	<u>39,833</u>	<u>39,191</u>	<u>51,215</u>	<u>57,393</u>	<u>67,269</u>	<u>59,940</u>	<u>57,655</u>	<u>71,817</u>	<u>79,545</u>
Excess of revenues over (under) expenditures	(7,518)	(2,347)	1,872	(10,449)	(11,508)	(17,594)	(11,974)	(9,667)	(21,793)	(27,475)
Other financing sources (uses)										
Transfers in	16,941	6,066	9,951	11,615	42,210	34,633	19,662	21,849	35,719	32,264
Transfers out	(14,415)	(2,882)	(8,110)	(4,393)	(35,508)	(28,316)	(11,981)	(11,090)	(24,419)	(21,412)
Proceeds from sale of assets	2,877	-	-	805	120	551	198	(953)	642	-
Issuance of debt	<u>1,819</u>	<u>3,587</u>	<u>245</u>	<u>2,372</u>	<u>30,572</u>	<u>14,306</u>	<u>2,381</u>	<u>480</u>	<u>29,739</u>	<u>11,366</u>
Total other financing sources (uses)	<u>7,222</u>	<u>6,771</u>	<u>2,086</u>	<u>10,399</u>	<u>37,395</u>	<u>21,175</u>	<u>10,260</u>	<u>10,286</u>	<u>41,680</u>	<u>22,217</u>
Special Items										
Loss on land available for sale valuation	-	-	-	-	-	(6,371)	-	(7,629)	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,371)</u>	<u>-</u>	<u>(7,629)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (297)</u>	<u>\$ 4,424</u>	<u>\$ 3,959</u>	<u>\$ (50)</u>	<u>\$ 25,887</u>	<u>\$ (2,790)</u>	<u>\$ (1,714)</u>	<u>\$ (7,010)</u>	<u>\$ 19,887</u>	<u>\$ (5,258)</u>
Debt service as a percentage of noncapital expenditures	10.5%	12.1%	7.1%	4.8%	7.0%	19.7%	19.3%	20%	30%	32%

City of Pharr, Texas
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year Ended</u>	<u>Tax Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Minerals</u>	<u>Other</u>	<u>Total Assessed</u>	<u>Less: Ag Loss &Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value¹ as a Percentage of Actual Value</u>
2008	2007	\$ 1,549,417	\$ 397,886	\$ 14,537	\$ 51,312	\$ 195,896	\$ 2,209,035	\$ 412,202	\$ 1,796,833	\$ 0.68	\$ 1,796,833	122.94%
2009	2008	\$ 1,831,559	\$ 496,061	\$ 15,957	\$ 52,232	\$ 213,847	\$ 2,609,655	\$ 506,079	\$ 2,103,576	\$ 0.68	\$ 2,103,576	124.06%
2010	2009	\$ 1,852,609	\$ 528,963	\$ 16,672	\$ 49,303	\$ 242,187	\$ 2,689,735	\$ 527,968	\$ 2,161,766	\$ 0.68	\$ 2,161,766	124.42%
2011	2010	\$ 1,903,835	\$ 561,456	\$ 14,999	\$ 16,865	\$ 265,722	\$ 2,762,876	\$ 591,022	\$ 2,171,854	\$ 0.68	\$ 2,171,854	127.21%
2012	2011	\$ 1,913,524	\$ 574,336	\$ 13,337	\$ 11,027	\$ 256,980	\$ 2,769,204	\$ 604,760	\$ 2,164,444	\$ 0.68	\$ 2,164,444	127.94%
2013	2012	\$ 1,978,273	\$ 591,866	\$ 12,310	\$ 11,038	\$ 265,359	\$ 2,858,847	\$ 662,530	\$ 2,196,317	\$ 0.68	\$ 2,196,317	130.17%
2014	2013	\$ 1,989,015	\$ 623,074	\$ 12,350	\$ 9,132	\$ 320,085	\$ 2,953,655	\$ 687,001	\$ 2,266,654	\$ 0.68	\$ 2,266,654	130.31%
2015	2014	\$ 2,130,562	\$ 665,903	\$ 12,239	\$ 6,201	\$ 316,074	\$ 3,130,979	\$ 753,721	\$ 2,377,258	\$ 0.68	\$ 2,377,258	131.71%
2016	2015	\$ 2,255,602	\$ 734,905	\$ 11,444	\$ 4,972	\$ 377,209	\$ 3,384,132	\$ 812,816	\$ 2,571,316	\$ 0.65	\$ 2,571,316	131.61%
2017	2016	\$ 2,302,343	\$ 826,519	\$ 11,971	\$ 3,175	\$ 374,763	\$ 3,518,771	\$ 827,461	\$ 2,691,310	\$ 0.65	\$ 2,691,310	130.75%

Source: Hidalgo County Central Appraisal District

Note: Assessed values are determined as of August 1, and relate to taxes levied on the first day of the following fiscal year. Assessed value is equal to 100% of estimated value. All property is assessed the same rate regardless of real or personal property, commercial, residential, or industrial.

¹Includes tax-exempt property.

City of Pharr, Texas
Property Tax Rates¹ and Tax Levies
Direct and Overlapping² Governments
Last Ten Fiscal Years

Fiscal Year Ending	City of Pharr Tax Rate			Overlapping Tax Rates								
				Drainage District #1			Hidalgo County			P.S.J.A ISD		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2008	\$ 0.60	\$ 0.079	\$ 0.68	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.52	\$ 0.07	\$ 0.59	\$ 1.04	\$ 0.23	\$ 1.27
2009	\$ 0.60	\$ 0.078	\$ 0.68	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.51	\$ 0.08	\$ 0.59	\$ 1.04	\$ 0.26	\$ 1.30
2010	\$ 0.60	\$ 0.078	\$ 0.68	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.51	\$ 0.08	\$ 0.59	\$ 1.04	\$ 0.17	\$ 1.21
2011	\$ 0.60	\$ 0.078	\$ 0.68	\$ 0.04	\$ 0.03	\$ 0.07	\$ 0.52	\$ 0.07	\$ 0.59	\$ 1.17	\$ 0.19	\$ 1.36
2012	\$ 0.60	\$ 0.077	\$ 0.68	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.52	\$ 0.07	\$ 0.59	\$ 1.17	\$ 0.19	\$ 1.36
2013	\$ 0.60	\$ 0.077	\$ 0.68	\$ 0.06	\$ 0.04	\$ 0.10	\$ 0.52	\$ 0.07	\$ 0.59	\$ 1.17	\$ 0.19	\$ 1.36
2014	\$ 0.60	\$ 0.080	\$ 0.68	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.53	\$ 0.06	\$ 0.59	\$ 1.17	\$ 0.19	\$ 1.36
2015	\$ 0.58	\$ 0.072	\$ 0.65	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.53	\$ 0.06	\$ 0.59	\$ 1.17	\$ 0.19	\$ 1.36
2016	\$ 0.58	\$ 0.072	\$ 0.65	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.53	\$ 0.06	\$ 0.59	\$ 1.17	\$ 0.23	\$ 1.40
2017	\$ 0.58	\$ 0.070	\$ 0.65	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.53	\$ 0.06	\$ 0.59	\$ 1.17	\$ 0.23	\$ 1.40

Fiscal Year Ending	Overlapping Tax Rates						Total Direct & Overlapping Rates
	South Texas ISD			South Texas College			
	Operating	Debt Service	Total	Operating	Debt Service	Total	
2008	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.81
2009	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.84
2010	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.76
2011	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.90
2012	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.90
2013	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.92
2014	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 2.93
2015	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 2.93
2016	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 2.97
2017	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 2.97

Source: City of Pharr Tax Assessor/Collector, Hidalgo County Tax Office, Pharr-San Juan-Alamo Independent School District, TEA
Financial Audit Reports

¹Tax rate is per \$100 of taxable assessed value

²Overlapping rates are those of local and county governments that apply to property owners within the City of Pharr. Not all overlapping rates apply to all City of Pharr property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.

City of Pharr, Texas
Principal Property Taxpayers
Fiscal Year End 2017 and 2008
(amounts expressed in thousands)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
McAllen LEVCAL, LLC	\$ 58,275	1	2.17%	\$ 13,679	1	0.76%
HEB Grocery Company LP	\$ 26,754	2	0.99%	\$ -		
Wilder Corporation of Delaware	\$ 20,005	3	0.74%	\$ 12,514	3	0.70%
AEP Texas Central CO	\$ 15,004	4	0.56%	\$ 11,226	4	0.62%
Capote ABCD Inc	\$ 14,115	5	0.52%	\$ -		0.00%
FJRS Investments LTD	\$ 12,825	6	0.48%	\$ -		0.00%
Toyota of Pharr Scion of Pharr	\$ 10,941	7	0.41%	\$ -		0.00%
Costco Wholesale Corp	\$ 10,269	8	0.38%	\$ -		0.00%
AEP Texas Central CO	\$ 9,759	9	0.36%	\$ -		0.00%
Costco Wholesale Corp	\$ 9,659	10	0.36%	\$ -		0.00%
Capota Building E LLC	\$ 8,482		0.32%	\$ -		0.00%
Shell Western E&P (Total E&P)	\$ -		-	\$ 13,029	2	0.73%
Southwestern Bell Tele	\$ -		-	\$ 9,673	5	0.54%
Central Power & Light	\$ -		-	\$ 9,594	6	0.53%
Home Depot	\$ -		-	\$ 6,733	7	0.37%
Royal Freight LP	\$ -		-	\$ 6,558	8	0.36%
Capote Farms LTD	\$ -		-	\$ 6,191	9	0.34%
Gold Star Warehousing LTD	\$ -		-	\$ 5,634	10	0.31%
Totals	\$ 293,250		10.9%	\$ 37,419		2.1%
Assessed Taxable Value	\$ 2,691,310			\$ 1,796,833		

City of Pharr, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended	Tax Year	Total Tax Levy* for Fiscal Year	Collections within the Fiscal Year of the Levy		Delinquent Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 12,275	\$ 11,231	91.5%	\$ 902	\$ 12,133	98.8%
2009	2008	\$ 14,567	\$ 13,391	91.9%	\$ 967	\$ 14,358	98.6%
2010	2009	\$ 14,824	\$ 13,673	92.2%	\$ 860	\$ 14,532	98.0%
2011	2010	\$ 14,674	\$ 13,559	92.4%	\$ 706	\$ 14,265	97.2%
2012	2011	\$ 14,576	\$ 13,771	94.5%	\$ (0.13)	\$ 13,771	94.5%
2013	2012	\$ 14,935	\$ 14,049	94.1%	\$ 178.69	\$ 14,228	95.3%
2014	2013	\$ 15,413	\$ 14,631	94.9%	\$ 96.26	\$ 14,727	95.6%
2015	2014	\$ 16,431	\$ 15,448	94.0%	\$ 242.87	\$ 15,691	95.5%
2016	2015	\$ 16,952	\$ 15,928	94.0%	\$ 297.72	\$ 16,226	95.7%
2017	2016	\$ 17,654	\$ 16,642	94.3%	\$ 293.29	\$ 16,935	95.9%

*Tax Levy including modifications throughout the year

Sources: City of Pharr Tax Assessor/Collector
Hidalgo County Tax Assessor/Collector

City of Pharr, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Obligation	Notes	Capital Leases	Utility & Toll Bridge Bonds/Notes	Capital Leases	Notes					
2008	\$ 15,840	\$ 3,885	\$ 2,801	\$ 3,550	\$ 66,975	\$ 337	\$ 4,590	\$ 97,978	0.04%	\$ 1,483		
2009	\$ 15,130	\$ 3,330	\$ 731	\$ 2,503	\$ 64,510	\$ 1,016	\$ 3,125	\$ 90,345	0.04%	\$ 1,351		
2010	\$ 14,395	\$ 2,745	\$ 270	\$ 1,621	\$ 61,345	\$ 713	\$ 1,595	\$ 82,684	0.03%	\$ 1,230		
2011	\$ 15,750	\$ -	\$ -	\$ 2,738	\$ 58,415	\$ 952	\$ -	\$ 77,855	0.04%	\$ 1,106		
2012	\$ 14,300	\$ 7,600	\$ 21,500	\$ 3,405	\$ 55,385	\$ 537	\$ -	\$ 102,726	0.03%	\$ 1,417		
2013	\$ 12,800	\$ 7,300	\$ 28,500	\$ 3,200	\$ 61,000	\$ 463	\$ -	\$ 113,263	0.03%	\$ 1,562		
2014	\$ 11,295	\$ 7,025	\$ 24,064	\$ 4,101	\$ 58,442	\$ 389	\$ -	\$ 105,317	0.03%	\$ 1,452		
2015	\$ 9,710	\$ 6,720	\$ 20,242	\$ 3,413	\$ 55,917	\$ 218	\$ -	\$ 96,219	0.04%	\$ 1,327		
2016	\$ 7,440	\$ 20,705	\$ 14,254	\$ 8,541	\$ 52,092	\$ 27	\$ -	\$ 103,059	0.03%	\$ 1,347		
2017	\$ 6,305	\$ 18,835	\$ 112	\$ 6,516	\$ 44,268	\$ 1,783	\$ -	\$ 77,818	0.05%	\$ 1,006		

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Pharr, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2008	\$ 15,840	0.86%	\$ 239.7
2009	\$ 15,130	0.70%	\$ 226.2
2010	\$ 14,395	0.54%	\$ 214.2
2011	\$ 15,750	0.57%	\$ 223.7
2012	\$ 14,300	0.52%	\$ 197.2
2013	\$ 12,800	0.46%	\$ 176.5
2014	\$ 11,295	0.38%	\$ 154.4
2015	\$ 9,710	0.31%	\$ 132.8
2016	\$ 7,440	0.22%	\$ 97.2
2017	\$ 6,305	0.19%	\$ 81.5

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics

City of Pharr, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hidalgo County	\$ 265,017	8.7%	\$ 23,044
Hidalgo Irrigation District #1	-	0.0%	-
South Texas College	\$ 161,905	85.8%	\$ 138,905
South Texas ISD	-	0.0%	-
Pharr, San Juan, Alamo Independent School District	\$ 485,000	14.3%	\$ 69,467
Overlapping debt			<u>\$ 231,416</u>
City of Pharr direct debt	\$ 42,887	100.0%	<u>\$ 42,887</u>
Total direct and overlapping debt			<u><u>\$ 274,303</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment.
Debt outstanding data provided by the county. Data as of 12/31/2010.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city of Pharr. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the governments boundaries and dividing it by the county's total taxable assessed value.

City of Pharr, Texas
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 184,767	\$ 260,966	\$ 268,973	\$ 276,288	\$ 276,920	\$ 285,885	\$ 295,366	\$ 313,098	\$ 338,412	\$ 400,700
Total net debt applicable to limit	<u>19,725</u>	<u>15,130</u>	<u>14,395</u>	<u>15,750</u>	<u>14,300</u>	<u>12,800</u>	<u>11,295</u>	<u>9,710</u>	<u>7,440</u>	<u>6,305</u>
Legal debt margin	<u>\$ 165,042</u>	<u>\$ 245,836</u>	<u>\$ 254,578</u>	<u>\$ 260,538</u>	<u>\$ 262,620</u>	<u>\$ 273,085</u>	<u>\$ 284,071</u>	<u>\$ 303,388</u>	<u>\$ 330,972</u>	<u>\$ 394,395</u>
Total net debt applicable to the limit as a percentage of debt limit	10.7%	5.8%	5.4%	5.70%	5.2%	4.5%	3.8%	3.1%	2.2%	1.6%
Assesed Value			\$ 3,349,156							
Add Back: exempt property			657,846							
Total Assessed Value			4,007,002							
Debt Limit (10% of total assessed value			400,700							
Debt applocable to limit:										
General obligation bonds			<u>6,305</u>							
Legal debt margin			<u>\$ 394,395</u>							

Note: Under state finance law, the City of Pharr's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Pharr, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Water & Sewer Revenue Bonds								
Fiscal Year	Utility Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service				Coverage
				Principal	Interest			
2008	\$ 13,820	\$ 5,910	\$ 7,910	\$ 2,265	\$ 1,872			1.91
2009	\$ 13,259	\$ 5,714	\$ 7,545	\$ 2,330	\$ 1,807			1.82
2010	\$ 12,473	\$ 5,750	\$ 6,723	\$ 2,385	\$ 1,749			1.63
2011	\$ 13,553	\$ 6,946	\$ 6,607	\$ 2,465	\$ 1,670			1.60
2012	\$ 13,814	\$ 7,465	\$ 6,349	\$ 2,540	\$ 1,598			1.53
2013	\$ 13,977	\$ 7,043	\$ 6,934	\$ 2,540	\$ 1,618			1.67
2014	\$ 13,728	\$ 7,862	\$ 5,866	\$ 2,870	\$ 1,675			1.29
2015	\$ 12,991	\$ 7,966	\$ 5,025	\$ 2,950	\$ 1,600			1.10
2016	\$ 13,745	\$ 6,315	\$ 7,430	\$ 3,035	\$ 1,675			1.58
2017	\$ 14,454	\$ 6,387	\$ 8,067	\$ 3,382	\$ 1,643			1.61

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Utility charges and other revenues include only utility service charges, investment earnings, and tap fees. Operating expenses do not include interest or depreciation. Historical information taken from prior financial reports.

**City of Pharr, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	<u>Population</u>¹	<u>Median Household Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>²	<u>School Enrollment</u>³	<u>Unemployment Rate</u>⁴
2008	66,078	38,967*	9,462*	27.8*	47.3%*	29,999	7.2%
2009	66,874	38,967*	9,462*	27.8*	47.3%*	30,618	11.2%
2010	67,217	28,000	11,421	27.1	58.1%	31,329	10.5%
2011	70,400	28,000	11,420	27.1	58.1%	31,508	10.7%
2012	72,513	30,486	12,328	27.3	59.7%	31,633	8.4%
2013	73,138	30,486	12,328	28.0	59.7%	32,050	9.3%
2014	73,138	32,087	12,964	28.3	61.3%	32,287	7.9%
2015	75,382	34,655	12,694	27.6	61.3%	32,519	7.1%
2016	76,538	34,708	13,713	27.6*	62.0%	33,501	6.7%
2017	77,320	36,501	13,724	31.1	62.8%	32,838	7.7%

Data Sources: U.S. Census, Texas Workforce Commission, U.S. Bureau of Labor Statistics, and PSJA ISD

¹Population data from 2004 to 2007 taken from Planning/Zoning department. 2010 population estimate based on percentage increase of US

Census Bureau totals for 2008 and 2009. 2011 population estimate based on percentage increase of US Census Bureau totals for 2009 and 2010.

2012 population estimate based on percentage increase of US Census Bureau totals for 2010 and 2011. 2013 population estimate based on percentage increase of US Census Bureau totals for 2011 and 2012.

²Represents population age 25 or greater that has graduated from high school.

³School Enrollment data for 2004 to 2013 includes enrollment for Pharr San Juan and Alamo School District. (As of December 2017)

⁴Unemployment rate as of September 2017. (Source: Workforce Solutions)

* Data Not Available

City of Pharr, Texas
Principal Employers
Fiscal Year Ending 2017 and 2008

2017			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>
Pharr-San Juan-Alamo ISD	4,298	1	18.87%
City of Pharr	733	2	3.22%
Ticketmaster	540	3	2.37%
Atento	490	4	2.15%
Maximus	400	5	1.76%
Walmart	376	6	1.65%
Lacks	300	7	1.32%
H.E.B	290	8	1.27%
VDP Healthcare	250	9	1.10%
Home Depot	150	10	0.66%
Total	<u>7,827</u>		<u>34.37%</u>

2008			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pharr-San Juan-Alamo ISD	4,972	-	22.17%
Convergys	1,638	-	7.30%
City of Pharr	720	-	3.21%
Ticketmaster	455	-	2.03%
Texas Department of Transportation	401	-	1.79%
Home Depot	369	-	1.65%
Lowe's	250	-	1.11%
HEB Food Stores	163	-	0.73%
D&F Industries	143	-	0.64%
Cris Equipment	130	-	0.58%
Total	<u>9,241</u>		<u>41.21%</u>

Source: EMSI September 2017, Workforce Solutions Lower RGV

* Information was not tracked to provide stated information.

City of Pharr, Texas
Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years										
Budgeted Full-time Equivalent Employees as of September 30, 2017										
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL FUND										
City Manager	9.0	9.0	8.0	7.5	9.5	8.5	15.0	9.0	7.0	8.0
Finance	14.0	5.5	9.0	9.0	14.0	14.0	14.0	12.0	10.0	8.0
Police Department	167.0	161.0	160.0	172.0	174.5	176.5	186.5	178.5	183.0	169.0
Traffic Safety	17.0	16.0	16.0	16.0	17.0	17.0	0.0	0.0	0.0	0.0
Purchasing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Municipal Court	6.0	5.0	6.5	7.5	7.5	8.0	7.0	8.0	9.0	10.0
Fire Protection	68.0	66.0	65.0	74.0	73.0	78.0	82.0	80.0	80.0	80.0
(PAL) Administrative Services	0.0	7.0	7.5	7.0	7.0	7.0	8.3	8.3	5.0	0.0
Street Maintenance	29.0	29.0	31.0	33.0	32.0	32.0	48.0	50.0	63.0	53.0
Information Technology	0.0	0.0	0.0	2.5	2.0	5.0	10.0	12.5	19.5	13.5
Media	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0
Municipal Library	26.0	26.0	22.5	22.5	22.5	23.5	25.0	23.5	27.5	27.5
Parks & Recreation	73.0	102.0	102.0	64.3	68.1	62.1	56.8	112.6	31.0	54.0
Communication	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	23.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	6.0	8.0
Planning & Community Dev	23.0	22.0	18.5	18.5	18.5	20.0	22.5	23.0	23.0	24.0
Engineer	0.0	0.0	0.0	0.0	4.0	5.5	4.5	6.5	7.5	8.5
Total General Fund	432.0	448.5	446.0	433.8	449.6	457.1	479.6	527.9	477.5	496.5
UTILITY FUND										
Administrative	11.0	12.5	9.5	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Water Production	10.0	10.0	10.0	10.0	10.0	13.0	15.0	15.0	15.0	15.0
Water Distribution	26.0	23.0	23.5	24.0	26.5	27.0	30.5	30.5	28.5	32.5
Water Treatment Plant	13.0	13.0	13.0	13.0	17.0	18.0	19.0	19.0	19.0	19.0
Lift Station	4.0	3.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Utility Fund	64.0	61.5	57.0	57.0	62.5	67.0	73.5	73.5	71.5	76.5
INTERNAL SERVICE FUND										
Chief Mechanic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Laborers	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Total Internal Svc Fund	5.0	5.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
 Director	 1.0	 1.0	 1.0	 1.0	 1.0	 1.0	 1.0	 1.0	 1.0	 1.0
Others	28.0	24.0	24.5	24.0	22.0	22.0	27.0	23.5	23.5	19.0
Total Int'l Bridge	29.0	25.0	25.5	25.0	23.0	23.0	28.0	24.5	24.5	20.0
OTHER										
CDBG	5.0	4.0	5.5	5.5	4.5	3.5	4.0	0.0	0.0	5.0
Grants Mngement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	5.0	5.0
Golf Course	17.0	15.5	15.0	15.5	15.5	17.0	23.5	20.5	22.0	24.0
Events Center	0.0	0.0	0.0	0.0	6.4	8.0	17.5	18.5	4.0	4.0
Total Other	22.0	19.5	20.5	21.0	26.4	28.5	45.0	45.0	40.5	38.0
 GRAND TOTAL	 552.0	 559.5	 553.0	 540.8	 565.5	 580.6	 631.1	 675.9	 619.0	 636.0

Source: City of Pharr Budget Reports

City of Pharr, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Physical arrests	2,944	4,839	15,660	3,395	3,477	2,197	3,573	2,423	1,805	2,150
Parking & Traffic Violations	15,194	25,689	12,556	10,742	9,654	12,607	12,893	19,628	13,684	12,543
Fire										
Number of calls answered	2,238	2,148	2,144	2,018	1,850	2,491	2,488	2,899	2,926	1,527
Inspections	1,344	1,325	1,160	1,842	2,620	2,263	2,942	2,184	2,675	2,197
Highways and streets										
Street resurfacing (miles)	2	7	9	9	7	6.44	7.31	1.41	10.00	8.00
Potholes repaired	137	825	775	4000	1500	545	1297	506	3089	3947
International Bridge										
Car Crossings	1,649,983	1,444,912	1,264,573	1,038,430	946,847	937,829	866,328	794,930	865,200	843,452
Truck Crossings	461,559	409,336	447,122	440,705	463,714	485,299	508,180	523,373	548,172	566,918
Culture and recreation										
Pharr Events Center	216	84	50	20	72	60	91	69	160	74
Other Community Center Events	597	414	378	329	703	442	unknown	unkown	382	41
Water										
New connections	324	220	278	428	304	372	256	303	447	425
Water mains breaks	578	445	711	768	~1365	~1625	~1642	~1726	1,410	1,107
Average daily consumption (millions of gallons)	6.5MGD	7.3 MGD	6.3 MGD	6.6 MGD	7.0 MGD	6.9 MGD	7.1 MGD	6.46 MGD	6.7 MGD	5.4 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	4.94 MGD	4.8 MGD	4.76MGD	4.9 MGD	4.9MGD	4.8 MGD	5.1 MGD	5.2 MGD	4.9 MGD	4.8 MGD

Sources: Various City Departments

City of Pharr, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	3
Patrol units	90	93	128	125	62	61	68	68	83	93
Fire stations	3	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets (miles)	213	214	214	214	214	214	214	214	214	214
Streetlights	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown
Traffic signals	51	55	56	58	61	68	72	75	77	77
Culture and recreation										
Parks Acreage (Developed)	57	57	57	57	79	46	57	57	57	57
Swimming pools	2	2	-	-	-	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community and Convention Centers	4	4	4	4	4	4	4	4	7	7
Water										
Water mains (miles)	~313.4	315	313	325	~304	~304	~303	~304	~350.84	~356
Fire hydrants	2,030	1,896	1,946	1,946	~2,214	~2,214	~2,213	~2,214	~2,563	~2219
Maximum daily capacity (thousands of gallons)	8.28 MGD	12.01 MGD	9.9 MGD	10 MGD	10 MGD	10 MGD	19 MGD	20 MGD	20 MGD	19MGD
Sewer										
Sanitary sewers (miles)	~265	265	266	269	267	~267	~266	~267	~273.55	~280
Storm sewers (miles)	57	82	94.43	97.2	Unknown	96.63	95.63	95.64	97.34	98
Maximum daily treatment capacity (thousands of gallons)	5.7 MGD	5.9 MGD	5.3 MGD	8 MGD	8 MGD	7.4 MGD	6.4 MGD	7.3 MGD	6.44 MGD	8 MGD

Sources: Various City Departments



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Single Audit Section



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Oscar R. González
Melissa González

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of City Council
City of Pharr, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the blended component units, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Pharr, Texas's basic financial statements and have issued our report thereon dated February 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pharr, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pharr, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2017-1.

Compliance and Other Matters

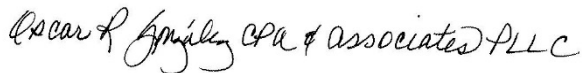
As part of obtaining reasonable assurance about whether the City of Pharr, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Pharr, Texas's Response to Findings

City of Pharr, Texas's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Pharr, Texas's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Oscar R. Gonzalez CPA & Associates PLLC".

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
February 28, 2018



208 W. Ferguson Unit #1 • Pharr, Texas 78577
Tel: (936) 787-9909 • Fax: (936) 787-3067
Email: org110n@aol.com

Oscar R. González
Melissa González

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Pharr, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Pharr, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Pharr, Texas's major federal programs for the year ended September 30, 2017. City of Pharr, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Pharr, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pharr, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Pharr, Texas's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Pharr, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

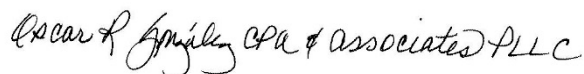
Management of the City of Pharr, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pharr, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness

of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Oscar R. Gonzalez in cursive script.

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
February 28, 2018

CITY OF PHARR, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Expenditures	Expenditures to Subrecipient
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed Through Governor's Division of Emergency Management:				
Operation Stonegarden	97.067	EMW-2012-SS-0018-01	\$ 190,757	\$ -
FEMA 2015 - Fire Prevention and Safety Grant	97.044	EMW-2015-FP-00181	\$ 4,575	\$ -
Total Passed Through Governor's Division of Emergency Management			195,332	-
Total U.S. DEPARTMENT OF HOMELAND SECURITY			195,332	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed Through Direct Programs:				
Community Development Block Grant	14.218	B-14-MC-48-0507	43,649	43,649
Community Development Block Grant	14.218	B-15-MC-48-0507	84,045	84,045
Community Development Block Grant	14.218	B-16-MC-48-0507	2,748	2,748
Community Development Block Grant	14.218	B-17-MC-48-0507	1,382,473	1,382,473
Total Passed Through Direct Programs			1,512,915	1,512,915
Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,512,915	1,512,915
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed Through Direct Programs:				
Human Trafficking Liaison Grant	16.575	VA-10-V30-24305-04	43,053	-
Victims of Crime Formula Grant	16.575	VA-10-V30-24305-05	35,925	-
Domestic Violence Coordinator Project	16.575	VA-GX-0009	32,879	-
Total Passed Through Governor's Division of Criminal Justice			111,857	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Cops Hiring Grant	16.71	2015UMWX0115	171,004	-
			171,004	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<u>EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG)</u>				
Passed Through Direct Programs				
JAG - FY 2016 Justice Assistance Grant Program	16.738	2016-DJ-BX-0155	16,109	-
Total Passed Through Edward Byrne Memorial Assistance Grant			16,109	-
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Passed Through Direct Programs:				
Operation Task Force	21.00	112SA1599	68,073	-
Total U.S. DEPARTMENT OF TREASURY			68,073	-
<u>U.S. DEPARTMENT OF COMMERCE</u>				
EDA Grant-Pharr Research & Development Center	11.31	09-79-05003	527,561	-
			527,561	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,602,851	\$ -

CITY OF PHARR, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Grantor/ Program Title	Grant Number	Grant Expenditures
<u>OFFICE OF THE ATTORNEY GENERAL</u>		
Victim Coordinator Liaison Grant	1332931	-
Total OFFICE OF THE ATTORNEY GENERAL		-
<u>STATE CRIMINAL JUSTICE PLANNING</u>		
STOP Failure to Attend School	SF-14-J20-2546802	19,444
First Offenders Grant Program	2903701	68,970
BC-Body Worn Camera Program	2016-BC-ST-0020	104,461
Total STATE CRIMINAL JUSTICE PLANNING		192,875
<u>TEXAS DEPARTMENT OF MOTOR VEHICLES</u>		
South Texas Auto Theft Enforcement Task Force	SA-T01-10041-13	80,835
STEP Comprehensive Grant	IDM-00005	10,136
Total TEXAS DEPARTMENT OF TRANSPORTATION		90,970
<u>TEXAS WATER DEVELOPMENT BOARD</u>		
Regional Water and Wastewater Facilities Planning	1004831080	7,392
Total TEXAS WATER DEVELOPMENT BOARD		7,392
<u>TEXAS DEPARTMEN OF PUBLIC SAFETY</u>		
Local Border Security Program	LBSP 2014-0058	125,390
Total TEXAS DEPARTMENT OF PUBLIC SAFETY		125,390
<u>LOWER RIO GRANDE VALLEY DEVELOPMENT COUNCIL</u>		
Regional Solid Waste Grant Program	12-21-G02	3,928
Total LOWER RIO GRANDE VALLEY DEVELOPMENT COUNCIL		3,928
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>		
Selective Traffic Enforcement Program	2015-PharrPD-IDM-00088	-
Total TEXAS DEPARTMENT OF TRANSPORTATION		-
TOTAL EXPENDITURES OF STATE AWARDS		\$ 420,555.60
TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS		\$ 3,023,407

City of Pharr, Texas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended September 30, 2017

1. General Statement

The accompanying Schedule of Expenditures of Federal/State Awards (Schedule) presents the activity of all the federal awards of the City of Pharr. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The City's reporting entity is defined in Note I.B to the City's basic financial statements. All federal awards received directly from Federal agencies and state and federal awards passed through state agencies are included on the Schedule. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City of Pharr.

2. Measurement Focus and Basis of Accounting

The federal and state grant funds were accounted for in the Grant Fund, a governmental fund type, and in an enterprise fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With the governmental fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measureable and available, and expenditures in the accounting period in which the fund liability is incurred, if measureable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal and state grant funds are generally considered earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received they are recorded as deferred revenues until earned.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION I - SUMMARY OF AUDITOR RESULTS - CURRENT FISCAL YEAR

A. Summary of Auditor's Results

1. Financial Statements

UNMODIFIED

Type of auditor's report issued

Internal control over financial reporting:

- One or more material weakness identified? YES X NO
- One or more significant deficiencies identified that are not considered to be material weaknesses? X YES NO

Noncompliance material to financial statements noted? YES X NO

2. Federal Awards

Internal control over major programs:

- One or more material weakness identified? YES X NO
- One or more significant deficiencies identified that are not considered to be material weaknesses? YES X NONE

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? YES X NO

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.307	EDA Grant - Pharr Research & Development Center
16.575	Human Trafficking Liaison Grant
16.575	Victims of Crime Formula Grant
16.575	Domestic Violence Coordinator Project
16.71	Community Oriented Policing Services (COPS) Hiring Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X YES NO

SECTION I - SUMMARY OF AUDITOR RESULTS - CURRENT FISCAL YEAR - Continued

A. Summary of Auditor's Results - Continued

3. State Awards

Internal control over major programs:

• Material weakness identified?	<u> </u> YES	<u> X </u> NO
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> YES	<u> X </u> NONE REPORTED

Type of auditor's report issued on compliance for major programs: UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? YES X NO

Identification of major programs:

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>
---------------------	---

NONE

Dollar threshold used to distinguish between type A and type B programs: \$ 500,000

Auditee qualified as low-risk auditee? X YES NO

City of Pharr, TX
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

B. Financial Statement Findings

Schedule Reference: (2017-1) Purchasing Policies

Criteria: The City purchasing will follow applicable procurement laws and approved City's internal purchasing procedures manual. Specifically, the purchase order process.

Condition: The purchasing procedures approved are not being followed or adhered to. Department heads responsible do not utilize purchase orders as specified in The City's purchasing policies nor do they follow approval procedures on a timely basis.

Cause: Auditor reviewed several invoices for procedures followed and found several purchase order forms being processed after the purchase was made, if processed at all. Auditor also observed that checks were disbursed based on the amount invoiced by the vendor and no purchase order was submitted nor approved by the Department Head.

Effect: Purchases were made that did not follow the proper approval procedures.

Recommendation: Purchasing policies should be followed and all purchase orders should be approved as specified in the purchasing manual.

Auditee's Response: We concur. Purchasing policies will be reviewed and updated to coincide with internal operations while continuing to maintain strong internal controls.

Questioned Costs: Unknown

Federal Awards Findings:

None

City of Pharr, TX
Corrective Action Plan
Year Ended September 30, 2017

B. Financial Statement Findings

Schedule Reference: (2017-1) Purchasing Policies

Type of Finding: Significant Deficiency

The Mayor and Commissioners were aware of the importance of establishing a brand new Purchasing Department with its own director and staff in order to centralize the purchasing process. The City created the Purchasing Department, which began operations on fiscal year 2017-2018. The Purchasing Department will help the City to strengthen its internal controls, and streamline the purchasing and bid process.

Contact Person responsible for corrective action:

Primary Government-City of Pharr, Texas

Juan G. Guerra - City Manager
118 S. Cage Blvd.
Pharr, Texas 78577
(956) 402-4100
juan.guerra@pharr-tx.gov

Karla Moya - Finance Director
118 S. Cage Blvd.
Pharr, Texas 78577
(956) 402-4150
karla.moya@pharr-tx.gov

Sandra Zamora – Purchasing Director
118 S. Cage Blvd.
Pharr, Texas 78577
(956) 402-4150
sandra.zamora@pharr-tx.gov

City of Pharr, TX
Schedule of Prior Year Findings
Year Ended September 30, 2017

SUMMARY OF AUDITOR RESULTS – PRIOR FISCAL YEAR

Schedule Reference: (2016-1) Payroll Processing

Type of Finding: Significant Deficiency

Criteria: The City procedures for the payroll function require hourly paid employees to be paid based on their time recorded on their time records (timecards) for each pay period and the total hours paid should be reconciled to the time records. Voluntary deductions authorized by employee for benefits paid by the employee should be reconciled on a monthly basis to the invoice for those benefits to check for accuracy of the deduction.

Condition: The procedures of the payroll function of the City are not being followed. Confirming the time to be paid to employees to the time records for that pay period prior to issuing the payment appears not to be done on a consistent basis. Voluntary deductions authorized by employees for benefits are not being reconciled to invoices of those benefits on a regular basis.

Cause: Auditor reviewed several pay periods of the audit year to a sample of employee's pay and traced to the time records. It was noted that a considerable amount of overpayments or underpayments of employee's pay occurred. On a consistent basis of the sampled employees, there were corrected pay checks made for those errors. Additionally, auditor reconciled the voluntary deductions authorized by those sampled employees and found that some of the deductions were not for the correct amount.

Effect: Employees were paid incorrectly resulting in overpayment or underpayment of wages which resulted in additional payments needing to be processed through payroll or deductions for the overpayments being done in the following pay period. Deductions for employee voluntary benefits were not for the correct amounts.

Recommendation: Procedures for the payroll function should be developed to insure that the hours paid to employees are confirmed to the time cards prior to completing the payroll processing. Voluntary deductions authorized by employees should be reconciled on a monthly basis to the invoice paid by the City for those benefits.

Auditee's Response: We concur. Payroll Department already addressed issue.

Status: Corrected

Schedule Reference: (2016-2) Documentation for grant expenditures

Type of Finding: Significant Deficiency

Criteria: Grant expenditures are required to have proper documentation reflecting the proper period.

Condition: Allowable grant expenditure at end of year was not documented properly and was classified in another fund.

Cause: Lack of proper documenting allowable expenditure resulted in the expenditure being processed through general fund.

Effect: Incorrectly classified allowable grant expenditure to general fund expenditure.

Recommendations: Grant management should insure documenting all allowable expenditures properly and accurately so they are reflected in the proper period and in the correct grant fund.

Auditee's Response: We concur. A corrective plan of action is about to take place to prevent any future discrepancies.

Status: Corrected

Schedule Reference: (2016-3) Schedule of Federal Awards Preparation

Criteria: The schedule of expenditures of federal awards (SEFA) should comply with the criteria from the Uniform Guidance.

Condition: The City should provide reasonable assurance regarding the reliability of financial information and compliance with laws and regulations.

Cause: The schedule of expenditures of federal awards (SEFA) provided for audit did not comply with Uniform Guidance. The total amount provided to subrecipients for each federal program was not presented on the schedule.

Effect: The schedule of expenditures of federal awards did not comply with Uniform Guidance presentation.

Recommendation: The City should establish policies and procedures to ensure that the federal funds are identified and reported accurately on the SEFA in accordance with the Uniform Guidance.

Auditee's Response: We concur. SEFA is reflected already on this report under new criteria and management will make sure that staff is properly trained in the compliance criteria under the Uniform Guidance.

Status: Corrected.

Federal Awards Findings:

None



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AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 6.B.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Omar Anzaldua, City Engineer

DEPARTMENT: Engineering

DIRECTOR: Omar Anzaldua

Agenda Item: Consideration and action, if any, on Change Order No. 2 for the Lift Station 25 and 16" Force Main Improvements (Bid No. 1516-02-582-0028).

Classification: Consent

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: Change Order Number 2 is for the Lift Station No. 25 Control System Investigation and Corrections, and additional unforeseen work at Lift Station 50.

Change Order Number 2 will add approximately 1.82% (\$ 50,100) of the original contract amount and will increase the contract amount from \$ 2,711,364.00 to \$ 2,761,464.00

Financial Consideration: Original Contract: \$ 2,483,114

Change Order No. 1 \$ 228,250

Change Order No. 2 \$ 50,100

Total: **\$2,761,464**

Staff Recommendation: Staff recommends approval of Change Order Number 2 to add \$50,100.00 to the Lift Station 25 and 16" Force Main Improvements contract.

Alternatives: N/A

ROUTING:

Omar Anzaldua

Created/Initiated - 02/28/2018

Omar Anzaldua

Approved - 03/01/2018

Sandra Zamora

Approved - 03/01/2018

Karla Moya

Approved - 03/02/2018

City Management Office

Final Approval - 03/02/2018



Change Order No.: 2

Date: 03/01/2018

Change Order Amount: \$ 50,100.00

- Consolidation of additional working days due to rain/wet days.
- Correction on original Contract Amount (\$2,483,114.00) from Change Order #1 (\$2,482,114.00).
- Additional work at Lift Station #50.
- Control System Investigation and Corrections (See Attached)

- Unworkable Weather Conditions.
- Input Error.
- Repair of wet-well due to base crack inside well. Seepage from ground water elevation was encountered. Sump pumps were obtained due to this unforeseen issues.

Contract Price		Contract Time(Calendar Days)	
Original Contract:	\$ 2,483,114.00	Original Completion Date:	12/22/2017
Previous Change Order: (+/-)	\$ 228,250.00	Additional Days:	50
This Change Order: (+/-)	\$ 50,100.00	Revised Completion Date:	02/28/2018
Revised Contract Amount:	\$ 2,761,464.00		

It is agreed by the Contractor that this Change Order includes any and all costs associated with or resulting from change(s) ordered herein, including all impact, delays, and acceleration costs. Other than the dollar amount and time allowance listed above, there shall be no further time or dollar compensation as a result of this Change Order.

THIS DOCUMENT SHALL BECOME AN AMMENDMENT TO THE CONTRACT AND ALL STIPULATIONS AND COVENANTS OF THE CONTRACT SHALL APPLY HERETO.

Accepted:

Authorized Signature _____ Date _____

Recommended:

Authorized Signature _____ Date _____

Authorized Signature _____ Date _____

Authorized Signature _____ Date _____

Approved:

Authorized Signature _____ Date _____

City Manager

Saenz Brothers Construction, LLC

3226 North Victoria Road Donna, Texas 78537

(956) 464-3400 Fax (956) 464-3401

saenzbrothers@yahoo.com

fsaenz@saenzbrothers.com

Change Order 2

Project: Pharr LS 25 and 16" Force Main Improvements	Date: 1/24/2018
Owner: City of Pharr	Engineer:

We are pleased to submit these prices for your consideration.

ITEM NO.	DESCRIPTION	UNIT	QTY	UNIT COST	TOTAL COST
1	Control System Investigation and Corrections	LS	1	\$ 35,100.00	\$ 35,100.00
	City Personnel claimed that there was a seal fail on the pumps. SBC dispatched the electrical subcontractor and supplier to site to analyse the system and investigate issues. Our subcontractor identified that the system was working properly as designed. Below is a list of the items found from our investigation. A back up log report is attached for your convinance along with our supplier's invoice.				
	1. City Personnel withdrew and elevated the float system from the wet well to see if inducer was on line. Flyght represenatives had not yet come to site to get everything working properly. Extra hours and system checks were done to find unresponsive communication to system panel.				
	2. City Personnel was turning on and off the pumps manually without SBC presence and/or knowledge. Due to this actions this could have caused the pump system to fail to turn on as temporary set during constructed until Flyght came in to balance the system.				
	3. City Personnel claimed that the generator was not working properly. The generator was tested and ran on emergancy simulations a week prior, everything was working properly. SBC had not yet finished with construction of the system and was working on the electrical portion of the contract. City Personnel has requested numerous unneeded meeting to inform SBC of work that has not yet been finished or is being worked on.				
	4. City Personnel claimed that the hoist on the LS was not working and no power was available for the unit. Power to the system had already been routed and the unit was tested by SBC and was working properly. The sytem was decapitated from power for safety messures. The unit was not to be operated at any cost other than SBC staff until we felt that the unit was safe to operate.				

Total Change Order: \$ 35,100.00

AGUAWORKS

PICK TICKET

Phone #956 831 2500

PICK TICKET

DOCUMENT NUMBER

2066806

SALES ORDER

PAGE NO.

1 END OF ORDER

R
E
M
I
T
T
OAGUAWORKS PIPE & SUPPLY, LLC
2907 N CENTRAL AVENUE
BROWNSVILLE, TEXAS 78526**WAREHOUSE**AGUAWORKS PIPE & SUPPLY, LLC.
501 W FM 2812
EDINBURG, TEXAS 78539**SHIPPING BRANCH 002**

PAYMENT TYPE

CHARGE

DOCUMENT DATE

2/28/18

DOCUMENT TIME

13:28:43

SOLD TOSAENZ BROTHERS CONSTRUCTION
LLC
3226 N. VICTORIA RD.**SHIP TO**SAENZ BROTHERS CONSTRUCTION,
TOWER RD NORTH SIOUX RD
ALAMO TX
78516**SPECIAL INSTRUCTIONS**

CUSTOMER NO. 200456

CUSTOMER P.O. NUMBER

JOB NAME

JOB NO.

SALES ORDER DATE

SHIPPING METHOD

PHARR LIFT STATION 25

PHARR LIFT ST 25

Lift 25

FG

2/28/18

OUR TRUCK

LINE PRODUCT NUMBER

PRODUCT NO./ DESCRIPTION

QTY ORDERED

U/M

SHIPPED

B/O

UNIT PRICE

EXTENDED AMOUNT

001

/70000058119

**MULTIPLE TRIPS TO LIFT STATION
#25 PHARR, TX BY ELECTRICIAN**

1

EA

1

0

35100.00000

35100.00

NO. CTNS WEIGHT

SHIPPED VIA

SHIP DATE

FILLED BY

DRIVER

CHECKED BY

AMOUNT

TAX %

FREIGHT

TOTAL DUE

MERCHANDISE CANNOT BE RETURNED WITHOUT PRIOR AUTHORIZATION

Any shortages or discrepancies concerning this order must be reported within 24 hours. All Special ordered materials, including fabricated pipe are non-cancellable, non-returnable and credit will not be issued. Credit will be issued at management discretion. All returns subject to restocking fee.

RECEIVED BY

X

DATE RECEIVED

AGUAPICK

Saenz Brothers Construction, LLC

3226 North Victoria Road Donna, Texas 78537

(956) 464-3400 Fax (956) 464-3401

saenzbrothers@yahoo.com

fsaenz@saenzbrothers.com

Proposed Change Order for LS 50

Project: Pharr LS 25 and 16" Force Main Improvements	Date: 9/19/2016
Owner: City of Pharr	Engineer:

We are pleased to submit these prices for your consideration.

ITEM NO.	DESCRIPTION	UNIT	QTY	UNIT COST	TOTAL COST
1	Re-adjustment of pump base, Repaired leak to the bottom of the wet well and Rental of pump to clean the bottom of wet well	LS	1	\$ 15,500.00	\$ 15,500.00

Total Change Order: \$ 15,500.00

Saenz Brothers Construction, LLC

3226 North Victoria Road Donna, Texas 78537

Tel (956) 464-3400 Fax (956) 464-3401

saenzbrothers@yahoo.com

fsaenz@saenzbrothers.com

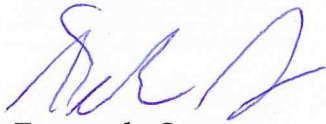
January 9, 2018

Ref: Pharr Lift Station 25 & 16" Forcemain Improvements

To whom it may concern,

Saenz Brothers Construction, LLC is requesting 41 additional rain and wet days.
If you have any questions or concerns please contact us at (956) 464-3400.

Thank you,



Fernando Saenz
Manager



GOOGLE HOME MINI

Get hands-free help in any room. Buy Google Home Mini now, just \$49.



McAllen, TX

McAllen Miller International

© 2:32 PM CST on January 09, 2018 (GMT -0600)

■ Today
 ■ Forecast

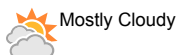
Weather History for KMFE - November, 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Actual: 91° 66° 0.00 in Average: 84° 63° 0.04 in	2 Actual: 93° 74° 0.00 in Average: 84° 63° 0.05 in	3 Actual: 92° 78° 0.00 in Average: 84° 63° 0.04 in	4 Actual: 94° 73° 0.00 in Average: 84° 62° 0.04 in
5 Actual: 95° 74° 0.00 in Average: 83° 62° 0.04 in	6 Actual: 93° 71° 0.00 in Average: 83° 62° 0.04 in	7 Actual: 93° 70° 0.00 in Average: 83° 61° 0.04 in	8 Actual: 86° 58° 0.02 in Average: 82° 61° 0.03 in	9 Actual: 62° 55° T in Average: 82° 61° 0.03 in	10 Actual: 65° 58° 0.07 in Average: 82° 61° 0.03 in	11 Actual: 78° 63° 0.21 in Average: 81° 60° 0.03 in
12 Actual: 86° 69° 0.50 in Average: 81° 60° 0.02 in	13 Actual: 83° 71° 2.19 in Average: 81° 60° 0.03 in	14 Actual: 84° 67° 0.00 in Average: 80° 59° 0.02 in	15 Actual: 86° 66° 0.00 in Average: 80° 59° 0.03 in	16 Actual: 87° 71° 0.00 in Average: 80° 59° 0.02 in	17 Actual: 88° 70° 0.00 in Average: 80° 59° 0.02 in	18 Actual: 90° 71° 0.00 in Average: 79° 58° 0.03 in
19 Actual: 72° 57° 0.00 in Average: 79° 58° 0.02 in	20 Actual: 67° 54° 0.15 in Average: 79° 58° 0.03 in	21 Actual: 85° 55° 0.00 in Average: 78° 57° 0.03 in	22 Actual: 72° 56° 0.00 in Average: 78° 57° 0.02 in	23 Actual: 76° 46° 0.00 in Average: 78° 57° 0.03 in	24 Actual: 81° 47° 0.00 in Average: 77° 56° 0.02 in	25 Actual: 86° 55° 0.00 in Average: 77° 56° 0.03 in
26 Actual: 85° 63° T in Average: 77° 56° 0.03 in	27 Actual: 83° 58° 0.00 in Average: 76° 56° 0.02 in	28 Actual: 85° 60° 0.00 in Average: 76° 55° 0.03 in	29 Actual: 86° 67° 0.01 in Average: 76° 55° 0.02 in	30 Actual: 85° 63° 0.00 in Average: 75° 55° 0.03 in	RAIN DAYS = 8 WET DAYS = 7	

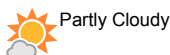
Calendar Legend



Sunny Clear



Mostly Cloudy



Partly Cloudy



Cloudy



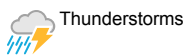
Rain



Snow



Hail Flurries



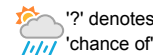
Thunderstorms



Hazy Fog



Sleet



?' denotes 'chance of'



Unknown



McAllen, TX

McAllen Miller International

© 2:33 PM CST on January 09, 2018 (GMT -0600)

Today Forecast

Weather History for KMFE December, 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Actual: 82° 60° Average: 75° 55° 0.03 in	2 Actual: 86° 60° Average: 75° 54° 0.03 in
3 Actual: 86° 66° Average: 75° 54° 0.03 in	4 Actual: 89° 70° Average: 74° 54° 0.03 in	5 RAIN DAY Actual: 87° 57° Average: 74° 54° 0.01 in 0.04 in	6 RAIN DAY Actual: 56° 47° Average: 74° 53° 0.03 in 0.03 in	7 RAIN DAY Actual: 47° 38° Average: 74° 53° 0.56 in 0.04 in	8 SNOW DAY Actual: 50° 34° Average: 73° 53° MM in 0.03 in	9 WET DAY Actual: 70° 38° Average: 73° 53° 0.00 in 0.04 in
10 WET DAY Actual: 73° 43° Average: 73° 53° 0.00 in 0.04 in	11 WET DAY Actual: 74° 42° Average: 73° 52° 0.00 in 0.04 in	12 WET DAY Actual: 76° 47° Average: 72° 52° 0.00 in 0.04 in	13 WET DAY Actual: 67° 41° Average: 72° 52° 0.00 in 0.04 in	14 RAIN DAY Actual: 67° 51° Average: 72° 52° T in 0.04 in	15 RAIN DAY Actual: 61° 49° Average: 72° 52° 0.19 in 0.04 in	16 RAIN DAY Actual: 52° 49° Average: 72° 52° 0.01 in 0.04 in
17 WET DAY Actual: 61° 51° Average: 72° 52° 0.00 in 0.04 in	18 RAIN DAY Actual: 67° 57° Average: 71° 51° 0.02 in 0.04 in	19 WET DAY Actual: 85° 63° Average: 71° 51° 0.00 in 0.04 in	20 WET DAY Actual: 84° 64° Average: 71° 51° 0.00 in 0.04 in	21 Actual: 87° 62° Average: 71° 51° 0.00 in 0.04 in	22 Actual: 89° 66° Average: 71° 51° 0.00 in 0.04 in	23 Actual: 69° 55° Average: 71° 51° 0.00 in 0.04 in
24 Actual: 78° 52° Average: 71° 51° 0.00 in 0.04 in	25 Actual: 60° 49° Average: 71° 51° 0.00 in 0.04 in	26 Actual: 68° 55° Average: 70° 51° 0.00 in 0.04 in	27 RAIN DAY Actual: 67° 45° Average: 70° 51° T in 0.04 in	28 WET DAY Actual: 49° 44° Average: 70° 50° T in 0.04 in	29 RAIN DAY Actual: 54° 48° Average: 70° 50° 0.06 in 0.05 in	30 WET DAY Actual: 64° 54° Average: 70° 50° 0.00 in 0.04 in
31 RAIN DAY Actual: 64° 45° Average: 70° 50° 0.12 in 0.04 in	RAIN DAYS = 10 SNOW DAYS = 1 WET DAYS = 10					

Calendar Legend



Sunny
Clear



Mostly Cloudy



Partly Cloudy



Cloudy



Rain



Snow



Hail Flurries



Thunderstorms



Hazy
Fog



Sleet



'?' denotes
'chance of'



Unknown



McAllen, TX

McAllen Miller International

© 2:55 PM CST on January 09, 2018 (GMT -0600)

 Today  Forecast

Weather History for KMFE January, 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1  RAIN DAY Actual: 45° 36° 0.05 in Average: 70° 50° 0.03 in	2  RAIN DAY Actual: 39° 34° 0.07 in Average: 70° 50° 0.03 in	3  WET DAY Actual: 55° 34° 0.00 in Average: 70° 50° 0.03 in	4  WET DAY Actual: 66° 33° 0.00 in Average: 70° 50° 0.03 in	5  WET DAY Actual: 69° 48° 0.00 in Average: 70° 50° 0.04 in	6  Actual: 77° 47° 0.00 in Average: 70° 50° 0.03 in
7  Actual: 79° 59° 0.00 in Average: 70° 50° 0.03 in	8  Actual: 77° 50° 0.00 in Average: 70° 50° 0.04 in	9  Forecast: 75° 49° 0.0 in Average: 69° 49° 0.02 in	10  Forecast: 80° 62° 0.0 in Average: 70° 50° 0.03 in	11  Forecast: 79° 45° 0.0 in Average: 70° 50° 0.04 in	12  Forecast: 70° 43° 0.0 in Average: 71° 50° 0.04 in	13  Forecast: 67° 40° 0.0 in Average: 71° 50° 0.03 in
14  Forecast: 64° 49° 0.0 in Average: 71° 50° 0.03 in	15  Forecast: 69° 55° 0.0 in Average: 71° 50° 0.04 in	16  Forecast: 70° 50° 0.11 in Average: 71° 51° 0.03 in	17  Forecast: 70° 54° 0.0 in Average: 71° 51° 0.03 in	18  Forecast: 76° 59° 0.0 in Average: 71° 51° 0.03 in	19  Record: 89° 29° 0.67 in Average: 71° 51° 0.03 in	20  Record: 88° 31° 0.80 in Average: 71° 51° 0.04 in
21  Record: 96° 26° 1.52 in Average: 71° 51° 0.03 in	22  Record: 91° 34° 0.87 in Average: 71° 51° 0.04 in	23  Record: 92° 29° 0.24 in Average: 72° 51° 0.04 in	24  Record: 91° 23° 1.51 in Average: 72° 51° 0.04 in	25  Record: 89° 36° 0.83 in Average: 72° 51° 0.03 in	26  Record: 91° 33° 0.87 in Average: 72° 51° 0.04 in	27  Record: 88° 30° 0.15 in Average: 72° 51° 0.04 in
28  Record: 86° 33° 0.20 in Average: 72° 52° 0.03 in	29  Record: 90° 28° 0.46 in Average: 72° 52° 0.03 in	30  Record: 93° 29° 0.16 in Average: 73° 52° 0.04 in	31  Record: 95° 36° 0.76 in Average: 73° 52° 0.03 in	RAIN DAYS = 2 WET DAYS = 3		

Calendar Legend



Sunny
Clear



Mostly Cloudy



Partly Cloudy



Cloudy



Rain



Snow



Hail Flurries



Thunderstorms



Hazy
Fog



Sleet



'?' denotes
'chance of'



Unknown

CHANGE ORDER

		BASE BID				FINAL	
ITEM NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE	QTY	TOTAL PRICE
1	1-IN RECYCLING (SINGLE-PASS METHOD AS PER SECTION 02616R)	201,516	SY	\$ 3.06	\$ 616,638.96	234,266.11	\$ 716,854.30
2	RECYCLING AGENT	40,303	GAL	\$ 3.65	\$ 147,105.95	32,052.75	\$ 116,992.54
3	CURB MILLING. INCLUDE REMOVAL AND HAULING OF MILLINGS TO PUBLIC WORKS SITE.	92,006	LF	\$ 2.10	\$ 193,212.60	139,216.52	\$ 292,354.69
4	MISC. MILLING (4"). INCLUDE REMOVAL AND HAULING OF MILLINGS TO PUBLIC WORKS SITE.	900	SY	\$ 8.50	\$ 7,650.00	2,601.13	\$ 22,109.61
5	MH ADJUSTMENT TO GRADE	97	EA	\$ 275.00	\$ 26,675.00	57.00	\$ 15,675.00
6	VALVE ADJUSTMENT TO GRADE	19	EA	\$ 175.00	\$ 3,325.00	21.00	\$ 3,675.00
7	HMAC TY D LIMESTONE AGGREGATE (DELIVERED)	201,516	SY	\$ 4.65	\$ 937,049.40	234,295.61	\$ 1,089,474.59
8	FULL DEPTH SCARIFICATION (8") W/ 3% LIME STABILIZED AND 1.5-IN OVERLAY	900	SY	\$ 52.00	\$ 46,800.00	3,529.86	\$ 183,552.72
9	REMOVE AND REPLACE VALLEY GUTTER AND APRON (4,000 PSI) (REINFORCED). ALL COMPLETE IN PLACE.	100	SY	\$ 105.00	\$ 10,500.00	0.00	\$ -
10	REMOVE AND REPLACE CURB & GUTTER (3,000 PSI) (REINFORCED). ALL COMPLETE IN PLACE	1,800	LF	\$ 27.00	\$ 48,600.00	1,540.00	\$ 41,580.00
11	REMOVE AND REPLACE DRIVEWAY APPROACH (4,000 PSI) (REINFORCED). ALL COMPLETE IN PLACE.	50	SY	\$ 120.00	\$ 6,000.00	90.00	\$ 10,800.00
12	REFL PAV MRK TY I (WHITE) 24" (SOLID) (100MIL) FOR STOP BAR. ALL COMPLETE IN PLACE.	1,360	LF	\$ 5.04	\$ 6,854.40	2,623.00	\$ 13,219.92
13	REFL PAV MARK TY I (WHITE) 12" (SOLID) (100MIL) FOR CROSSWALK. ALL COMPLETE IN PLACE	960	LF	\$ 3.36	\$ 3,225.60	972.00	\$ 3,265.92
14	REFL PAV MRK TY I (YELLOW) 4" (BROKEN) (100MIL). ALL COMPLETE IN PLACE.	500	LF	\$ 1.12	\$ 560.00	3,428.00	\$ 3,839.36
15	REFL PAV MRK TY I (YELLOW) 4" (SOLID) (100MIL). ALL COMPLETE IN PLACE.	790	LF	\$ 1.12	\$ 884.80	2,748.00	\$ 3,077.76
16	REFL PAV MRKR TY II-A-A. ALL COMPLETE IN PLACE.	65	EA	\$ 6.72	\$ 436.80	203.00	\$ 1,364.16
17	ALLOWANCE	1	LS	\$ 135,000.00	\$ 135,000.00	1.00	\$ -
				TOTAL	\$ 2,190,518.51	TOTAL	\$ 2,517,835.56

		ADDITIONAL MATERIAL - BASE BID				FINAL	
ITEM NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE	QTY	TOTAL PRICE
A	HMAC TY D LIMESTONE AGGREGATE (4") (INCLUDE DELIVERY AND PLACEMENT)	1,000.00	SY	\$ 21.60	\$ 21,600.00	3,893.05	\$ 84,089.88
B	CALICHE REMOVAL (2"-8") (INCLUDE HAULING OF CALICHE TO PUBLIC WORKS SITE)	1,000.00	SY	\$ 9.50	\$ 9,500.00	2,462.89	\$ 23,397.46
C	CALICHE (8") (TY F GR 3) (INCLUDE DELIVERY AND PLACEMENT)	1,000.00	SY	\$ 20.00	\$ 20,000.00	2,462.89	\$ 49,257.80
D	PRIME COAT (MC-30)	500.00	GAL	\$ 8.00	\$ 4,000.00	3,130.50	\$ 25,044.00
				TOTAL	\$ 55,100.00	TOTAL	\$ 181,789.14

		CHANGE DIRECTIVE #1				FROM ALLOWANCE	
ITEM NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE	QTY	TOTAL PRICE
1	4" Caliche under Curbs	1,800.00	LF	\$ 7.98	\$ 14,364.00	1,540.00	\$ 12,289.20
						TOTAL	\$ 12,289.20

		CHANGE DIRECTIVE #2				FROM ALLOWANCE	
ITEM NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE	QTY	TOTAL PRICE
1	REFL PAV MRK TY I (WHITE) 4" (SOLID) (100MIL). ALL COMPLETE IN PLACE	2,752.00	LF	\$ 1.10	\$ 3,027.20	2,752.00	\$ 3,027.20
2	PREFAB PAV MRK TY C (WHITE) (RR XING)	3.00	EA	\$ 715.00	\$ 2,145.00	3.00	\$ 2,145.00
						TOTAL	\$ 5,172.20

CHANGE ORDER #1	
25% Addition of Total Contract Price	\$ 561,404.63

GRAND TOTAL	\$ 2,807,023.14	GRAND TOTAL	\$ 2,717,086.09	BALANCE	\$ (89,937.05)
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AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 6.D.

DATE SUBMITTED: March 1, 2018

MEETING DATE: March 5, 2018

FROM: Elva Guajardo, Administrative Assistant

DEPARTMENT: Parks

DIRECTOR: Sergio Alanis

Agenda Item: Consideration and action, if any on authorizing City Manager to solicit statements of qualifications for a Skate Park Design/Build at Victor Garcia Municipal Park.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: City wishes to solicit SOQs for a skate park using a design/build concept at the site where the previous City Municipal Pool was located (Victor Garcia Municipal Park).

Financial Consideration: \$300,000 of C.I.P. funds has been budgeted for this project.

Staff Recommendation: Staff recommends approval authorizing the City Manager to solicit statements of qualifications for the Design/Build Skate Park at Victor Garcia Municipal Park.

Alternatives: N/A

ROUTING:

Elva Guajardo

Created/Initiated - 03/01/2018

Sergio Alanis

Approved - 03/01/2018

Omar Anzaldúa

Approved - 03/02/2018

Sandra Zamora

Approved - 03/02/2018

Karla Moya

Approved - 03/02/2018

City Management Office

Final Approval - 03/02/2018



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 6.E.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Angie Resio, Secretary

DEPARTMENT: Development Services

DIRECTOR: Melanie Cano

Agenda Item: Consultation on Ordinance No. O-82-13, Article IV, Minimum Off-Street Parking and Loading Requirements.

Classification: Closed Session

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: In the recent years, there has been an increase in code violations, specifically for parking on unimproved surfaces.

Article IV, Section 1.54 of the City of Pharr's zoning ordinance reads that, "no motor vehicle of any kind whether motor driven steam driven, electric driven or human power driven shall be parked in the front of any residentially zoned district unless such parking is paved and has received the city's approval via a building permit".

Financial Consideration: N/A

Staff Recommendation: TBD

Alternatives: N/A

ROUTING:

Angie Resio
Roland Gomez
Melanie Cano
City Management Office

Created/Initiated - 02/28/2018
Approved - 03/01/2018
Approved - 03/02/2018
New -



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 7.A.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Sandra Zamora, Purchasing Director

DEPARTMENT: Purchasing

DIRECTOR: Sandra Zamora

Agenda Item: Consideration and action, if any, awarding multiple purchase contracts to various vendors for the Purchase of Thirty-one (31) 2018 Vehicles. Project #1718-60-583-P002-70.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: Purchasing, in conjunction with various departments, requests your authorization to award multiple Purchase Contracts to the lowest responsive and responsible bidders meeting the requirements of the specifications and bid solicitation documents for Item No. 2A, 2C, 2D, 3, & Item No. 4-Base Bid. For all other item(s), it is our recommendation to award multiple Purchase Contracts to the low bidders on a per line item basis. Recommend Rejection of Item No. 2E & 4-Alt. Bid. (Bid Tabulation & budget allocations attached).

Staff recommends AOC to Caldwell Country Chevrolet from Caldwell, TX for Item No. 1, 2A, 2B-Base Bid, and 2B-Alternate Bid for a contract amount of \$333,300.00. Grapevine DCJ from Grapevine, TX through the Tarrant County/Buy Board Cooperative Contract for Item No. 4-Base Bid for the contract amount of \$147,476.00. Randall Reeds Prestige Ford from Garland, TX through the Tarrant County/Buy Board Cooperative Contract for Item No. 2C for a contract amount of \$102,800. Silsbee Fleet Group from Silsbee, TX for Item No. 2D, & 3 for a contract amount of \$191,627. Grand Total \$775,203. (Awards may be subject to a budget re-allocation of funds within each respective funding source, thereby not increasing the net fiscal budget amounts) Recommend Rejection of Item No. 2E & 4-Alternate Bid..

Financial

Consideration:

FUND	DEPT	BUDGET	QTY	N- NEW R- RPL	ITEM#	PURCHASE DESCRIPTION	TOTAL COST	BUDGET OVER/ UNDER
VEHICLES								
Bridge Administra		\$ 24,000	1	N	2C E	ITEM NO. 2C - FOUR (4) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 2WD, GAS) (3-P&R, 1-Dev.Serv.-Code Enf.; + 1-Bridge)	\$ 25,700.00	\$ (1,700.00)
General	Code En	\$ 24,000	1	R	1	ITEM NO. 1 - ONE (1) 2018 MID-SIZE, 2WD, 4-DOOR SPORT UTILITY VEHICLE (1-Dev.Serv.-Code Enf.)	\$ 24,985.00	\$ (985.00)
General	Code En	\$ 189,000	9	R	2B- ALT	ITEM NO. 2B -ALT. BID (V-6) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 10-Dev.Serv.-Code Enf.)	\$ 188,415.00	\$ 585.00
General	Code En	\$ 24,000	1	R	2B- ALT G	ITEM NO. 2B -ALT. BID (V-6) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 10-Dev.Serv.-Code Enf.)	\$ 20,935.00	\$ 3,065.00
General	Engineer	\$ 24,000	1	R	2B- BASE	ITEM NO. 2B -BASE BID (V-8) TEN (10) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 9-Dev.Serv.-Code Enf.)	\$ 21,985.00	\$ 2,015.00
General	Fire	\$ 35,000	1	R	2D	ITEM NO. 2D - ONE (1) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 4WD, GAS) (1-FD)	\$ 29,987.00	\$ 5,013.00
General	Parks	\$ 75,000	3	N	2C	ITEM NO. 2C - FOUR (4) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 2WD, GAS) (3-P&R, 1-Dev.Serv.-Code Enf.; + 1-Bridge)	\$ 77,100.00	\$ (2,100.00)
PU	Water/Sewer		6	R	3	ITEM NO. 3 - SIX (6) 2018 ¾ TON CREW CAB PICK-UP (LONG BED, 2WD, GAS) (6-PU)	\$ 161,640.00	
PU	Water/Se	\$ 399,700	4	N-1	4	ITEM NO. 4 - BASE BID: FOUR (4) 2018 1-TON CREW CAB & CHASSIS (2WD, DIESEL, DRW) (4-PU)	\$ 147,476.00	
PU	Water/Sewer		4	R	2A	ITEM NO. 2A - FOUR (4) 2018 ½ TON, REGULAR CAB PICK-UP (SHORT BED, 2WD, GAS) (4-PU)	\$ 76,980.00	
Public Utilities totals:							\$ 386,096.00	\$ 16,405.58
		\$ 794,700	31			GRAND TOTALS	\$ 775,203.00	\$ 19,497.00

Staff Recommendation: Recommendation as noted above.

Alternatives:

ROUTING:

Sandra Zamora
Sandra Zamora
Patricia Rigney
Karla Moya
City Management Office

Created/Initiated - 02/28/2018
Approved - 02/28/2018
Approved - 02/28/2018
Approved - 02/28/2018
Final Approval - 03/01/2018



**CITY OF PHARR
PURCHASING DEPARTMENT
MEMORANDUM**

DATE: February 27, 2018

TO: Juan G. Guerra, CPA, MBA, City Manager

FROM: Sandra Zamora, CPM, Purchasing Director

SUBJECT: Project #1718-60-583-P002-70 Purchase of Thirty-one (31) 2018 Vehicles
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GOAL: Purchasing, in conjunction with various departments, requests your authorization to award multiple Purchase Contracts to the lowest responsive and responsible bidders meeting the requirements of the specifications and bid solicitation documents for Item No. 2A, 2C, 2D, 3, & Item No. 4-Base Bid. For all other item(s), it is our recommendation to award multiple Purchase Contracts to the low bidders on a per line item basis. Attached, for your review, is the Bid Tabulation. Page 2 reflects the current year's budget allocations expressed in table format.

BRIEF EXPLANATION: On January 18, 2018, the Purchasing Department solicited formal sealed bids for the purchase of Thirty-one (31) 2018 Vehicles for various city departments. Five (5) vendors responded to our solicitation providing their pricing structure, which reflects dealer and cooperative pricing.

Item No. 2A – Four (4) 2018 1/2T Regular Cab Pick-up (Short Bid, 2WD, Gas) 4-PU

On Item No. 2A the apparent low bidder Grapevine DCJ from Grapevine, TX did not meet the minimum GVWR of 6,400 lbs. vendor bid a unit with 6,025 lbs. In addition, vehicle bid indicates no rear seat. The Bed Length called out a minimum of 6'5" vehicle bid indicates 6'4".

Item No. 2C, 2D, & Item No. 3 staff is recommending award of purchase contract to the low bidder(s) with a shorter delivery time-frame. (75-90 Days as opposed to 120 Days, as indicated on the attached Bid Tabulation)

Item No. 4-Base Bid – Four (4) 2018 1-T Crew Cab & Chassis (2wd, Diesel, DRW) 4-PU

On Item No. 4-Base Bid the apparent low bidder Boggus Motor Sales from McAllen, TX did not meet the Engine requirements which called out 6.7L Cummins Diesel I-6 Engine, 370 HP, 800 lbs Torque, vendor indicated a 6.7L V8 Powerstroke. Literature reflects 330 HP at 2,600 rpm; 750 lbs-ft @ 1,600 rpm). Drive Train Warranty was listed as 5 years 60,000 miles. (2nd low bidder adds 40,000 miles to the drive train warranty.)

HISTORY: Historically, the City seeks to replace vehicles that have reached and/or surpassed their

life expectancy. This effort is coordinated with the end-user, the City's Service Center, and the Finance Department. Please note that all vehicles due for replacement have gone through the justification and budget approval process.

- OPTIONS:**
1. Award Purchase Contracts as outlined below.
 2. The City Commission may elect to direct staff to reject any or all bids received and to re-advertise this project.

RECOMMENDED VENDOR	ITEM NUMBER	TOTAL CONTRACT AMOUNT
Caldwell Country Chevrolet Caldwell, TX	1, 2A, 2B-Base, 2B-Alt	\$333,300.00
Grapevine DCJ, Grapevine, TX (Tarrant County/BuyBoard-CO-OP)	4-Base Bid	\$147,476.00
Randall Reeds Prestige Ford (Tarrant County/BuyBoard-CO-OP)	2C	\$102,800
Silsbee Fleet Group Silsbee, TX	2D & 3	\$191,627
Recommend Rejection	2E & 4-Alt. Bid	
GRAND TOTAL:		\$775,203

RECOMMENDATION: Staff recommends that the City Commission authorize the issuance of a Purchase Contract to Caldwell Country Chevrolet from Caldwell, TX for Item No. 1, 2A, 2B-Base Bid, and 2B-Alternate Bid for a contract amount of \$333,300.00. Grapevine DCJ from Grapevine, TX through the Tarrant County/Buy Board Cooperative Contract for Item No. 4-Base Bid for the contract amount of \$147,476.00. Randall Reeds Prestige Ford from Garland, TX through the Tarrant County/Buy Board Cooperative Contract for Item No. 2C for a contract amount of \$102,800. Silsbee Fleet Group from Silsbee, TX for Item No. 2D, & 3 for a contract amount of \$191,627. The award of contracts may be subject to a budget re-allocation of funds within each respective funding source, thereby not increasing the net fiscal budget amounts.

FUND	DEPT	BUDGET	QTY	N-NEW R-RPL	ITEM#	PURCHASE DESCRIPTION	TOTAL COST	BUDGET OVER/ UNDER
VEHICLES								
Bridge Administration		\$ 24,000	1	N	2C E	ITEM NO. 2C - FOUR (4) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 2WD, GAS) (3-P&R, 1-Dev.Serv.-Code Enf., + 1-Bridge)	\$ 25,700.00	\$ (1,700.00)
General Code En		\$ 24,000	1	R	1	ITEM NO. 1 - ONE (1) 2018 MID-SIZE, 2WD, 4-DOOR SPORT UTILITY VEHICLE (1-Dev.Serv.-Code Enf.)	\$ 24,985.00	\$ (985.00)
General Code En		\$ 189,000	9	R	2B-ALT	ITEM NO. 2B -ALT. BID (V-6) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 10-Dev.Serv.-Code Enf.)	\$ 188,415.00	\$ 585.00
General Code En		\$ 24,000	1	R	2B-ALT G	ITEM NO. 2B -ALT. BID (V-6) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 10-Dev.Serv.-Code Enf.)	\$ 20,935.00	\$ 3,065.00
General Engineer		\$ 24,000	1	R	2B-BASE	ITEM NO. 2B -BASE BID (V-8)-TEN (10) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 9-Dev.Serv.-Code Enf.)	\$ 21,985.00	\$ 2,015.00
General Fire		\$ 35,000	1	R	2D	ITEM NO. 2D - ONE (1) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 4WD, GAS) (1-FD)	\$ 29,987.00	\$ 5,013.00
General Parks		\$ 75,000	3	N	2C	ITEM NO. 2C - FOUR (4) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 2WD, GAS) (3-P&R, 4-Dev.Serv.-Code Enf., + 1-Bridge)	\$ 77,100.00	\$ (2,100.00)
PU Water/Sewer			6	R	3	ITEM NO. 3 - SIX (6) 2018 ¾ TON CREW CAB PICK-UP (LONG BED, 2WD, GAS) (6-PU)	\$ 161,640.00	
PU Water/Se		\$ 399,700	4	N-1	4	ITEM NO. 4 - BASE BID: FOUR (4) 2018 1-TON CREW CAB & CHASSIS (2WD, DIESEL, DRW) (4-PU)	\$ 147,476.00	
PU Water/Sewer			4	R	2A	ITEM NO. 2A - FOUR (4) 2018 ½ TON, REGULAR CAB PICK-UP (SHORT BED, 2WD, GAS) (4-PU)	\$ 76,980.00	
Public Utilities totals:							\$ 386,096.00	\$ 16,405.58
		\$ 794,700	31			GRAND TOTALS	\$ 775,203.00	\$ 19,497.00



BID OPENING: FEBRUARY 1, 2018 AT 3:00 P.M.
LOCATION: COMMISSION ROOM

PROJECT NO: 1718-60-583-P002-70 PURCHASE OF THIRTY-ONE (31) 2018 VEHICLE					TARRANT COUNTY/BUYBOARD		TARRANT COUNTY/BUYBOARD				CONDITIONED BID ON ITEM 3 & 4: MUST ORDER BEFORE 03-02-18		
BIDDERS:				★ CALDWELL COUNTRY CHEVROLET CALDWELL, TX		★ GRAPEVINE DCJ GRAPEVINE, TX		★ RANDALL REEDS PRESTIGE FORD GARLAND, TX		★ SILSBEE FLEET GROUP SILSBEE, TX		BOGGUS MOTOR SALES MCALLEN, TX	
NO.	DESCRIPTION	UOM	QTY	UN. PRICE	TOTAL	UN. PRICE	TOTAL	UN. PRICE	TOTAL	UN. PRICE	TOTAL	UN. PRICE	TOTAL
	MAKE & MODEL			2018 TRAVERSE		2018 DODGE DURANGO SXT		2018 FORD EXPLORER				2018 FORD EXPLORER	
1	ITEM NO. 1 - ONE (1) 2018 MID-SIZE, 2WD, 4-DOOR SPORT UTILITY VEHICLE (1-Dev.Serv.-Code Enf.)	EA	1	★ \$24,985.00		100-120 DAYS \$25,100.00		\$26,300.00		NO BID		\$25,584.83	
	MAKE & MODEL			2018 CC 15703		2018 DODGE RAM 1500		2018 FORD F150/ V6-V8		2018 FORD F150		2018 FORD F150 REG CAB	
2	ITEM NO. 2A - FOUR (4) 2018 ½ TON, REGULAR CAB PICK-UP (SHORT BED, 2WD, GAS) (4-PU)	EA	4	\$19,245.00	★ \$76,980.00	LB did not meet GVWR 6,400 #s Bid-6,025 Bid unit w/no rear seat, Bed Length 6'4"		\$20,650.00	UNSOLICITED V-6 QUOTE				
						\$18,621.00	\$74,484.00	\$22,600.00	\$90,400.00	\$21,286.00	\$85,144.00	\$20,400.91	\$81,603.64
	MAKE & MODEL			2018 CC 15753		2018 DODGE RAM 1500 QUAD CAB		2018 FORD F150		2018 FORD F150		2018 FORD F150 SUPER CAB	
3	ITEM NO. 2B -BASE BID (V-8) TEN (10) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 9-Dev.Serv.-Code Enf.)	EA	1	★ \$21,985.00		\$23,271.00	\$232,710.00	\$23,400.00	\$234,000.00	\$23,989.00	\$239,890.00	\$23,105.91	\$231,059.10
	MAKE & MODEL			2018 CC 15753		2018 DODGE RAM 1500 QUAD CAB		2018 FORD F150		2018 FORD F150		2018 FORD F150 SUPER CAB	
	ITEM NO. 2B -ALT. BID (V-6) ONE (1) 2018 ½ TON, EXTENDED CAB PICK-UP (SHORT BED, 2WD, GAS) (1-Eng, 10-Dev.Serv.-Code Enf.)	EA	10	\$20,935.00	★ \$209,350.00	\$21,779.00		\$21,950.00		\$22,290.00		\$21,401.91	
	MAKE & MODEL					2018 DODGE RAM 1500 CREW CAB		2018 FORD F150		2018 FORD F150		2018 FORD F150	
4	ITEM NO. 2C - FOUR (4) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 2WD, GAS) (3-P&R, 1-Dev.Serv.-Code Enf.; + 1-Bridge)	EA	4	NO BID		\$26,575.00	\$106,300.00	\$25,700.00	★ \$102,800.00	\$25,731.00	\$102,924.00	\$25,271.91	\$101,087.64
	MAKE & MODEL					2018 DODGE RAM 1500 CREW CAB 4		2018 FORD F150		2018 FORD F150		2018 FORD F150	
5	ITEM NO. 2D - ONE (1) 2018 ½ TON, CREWCAB PICK-UP (SHORT BED, 4WD, GAS) (1-FD)	EA	1	NO BID		\$30,977.00		\$30,360.00		DELV. 90-120 DAYS ★ \$29,987.00		DELV. 120 DAYS \$29,149.91	
	MAKE & MODEL					2018 DODGE RAM 1500 CREW CAB 4		2018 FORD F150		2018 FORD F150		2018 FORD F150	

6	ITEM NO. 2E - ONE (1) 2018 ½ TON, CREWCAB PICK-UP (LONG BED, 4WD, GAS) (1-Bridge)	EA	1	Recommend Rejection of Item No. 2E; Order Item No. 2C					
				NO BID	\$29,653.00	\$30,950.00	\$30,673.00	\$30,247.91	
	MAKE & MODEL				2018 DODGE RAM 2500 CREW CAB	2018 FORD F250	2018 FORD F250	2018 FORD F250	
7	ITEM NO. 3 - SIX (6) 2018 ¾ TON CREW CAB PICK-UP (LONG BED, 2WD, GAS) (6-PU)	EA	6	NO BID	120-160 DAYS \$27,121.00	\$162,726.00	\$27,000.00	\$162,000.00	DELV. 90-120 DAYS \$26,940.00★\$161,640.00
	MAKE & MODEL				2018 DODGE RAM 3500	2018 FORD F350			DELV. 120 DAYS MUST ORDER BY 03-02-18 \$26,473.07
8	ITEM NO. 4 - BASE BID: FOUR (4) 2018 1-TON CREW CAB & CHASSIS (2WD, DIESEL, DRW) (4-PU)	EA	4	NO BID	100-140 DAYS; Drive-Train Warranty 5-Y/100K Miles \$36,869.00★\$147,476.00	\$41,200.00	\$164,800.00	NO BID	Low Bidder did not bid 6.7L, Cummins I-6 Diesel Engine; Drive-Train Warranty 5-Y/60K Miles \$36,323.95
	MAKE & MODEL				2018 DODGE RAM 3500	2018 FORD 350			2018 FORD F350
9	ITEM NO. 4 - ALT. BID:FOUR (4) 2018 1-TON CREW CAB & CHASSIS WITH UTILITY SERVICE BODY (2WD, DIESEL, DRW) (4-PU)	EA	4	NO BID	120-160 DAYS \$44,248.00	\$176,992.00	\$44,200.00	\$176,800.00	NO BID
	GRAND TOTAL ITEMS TO BE AWARDED:			★	\$333,300.00	★	\$147,476.00	★	\$102,800.00
	FORM 1295:				SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED
	NUMBER OF DAYS TO COMPLETE DELIVERY:				90 DAYS	75-110 DAYS	75-90 DAYS	90-120 DAYS	120 DAYS
	ADDENDUM 1:				SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED
	HARDCOPY OF BID SUBMITTED:				SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED

*VERSALIFT SOUTHWEST SUBMITTED A "NO BID"

FEDERAL FUNDED PROJECTS ONLY: UPON RECEIVING RECOMMENDATION FROM DEPT., BUYER WILL VERIFY THAT RECOMMENDED CONTRACTOR IS NOT ON THE DEBARRMENT LIST (EPLS)....



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 7.B.

DATE SUBMITTED: February 28, 2018

MEETING DATE: March 5, 2018

FROM: Omar Anzaldua, City Engineer

DEPARTMENT: Engineering

DIRECTOR:

Agenda Item: Consideration and action if any, on the purchase of permeable pavers and request to advertise for sealed bids for the associated gravel materials for the construction of a proposed joint use parking lot with St. Jude Thaddeus Church.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason: N/A

Issue: The City of Pharr and St. Jude Thaddeus Catholic Church have entered into an interlocal agreement to allow the City of Pharr construct a permeable pavement parking lot on the property located at the corner of Ironwood St. and Sam Houston Blvd. for joint use.

The proposed permeable pavement manufacturer is TrueGrid. This is a sole source item as there is currently no other manufacturer with the same material properties, strength & longevity.

Financial Consideration: Estimate cost is \$450,000 for an estimated 2.5 acre parking lot

Cost Breakdown

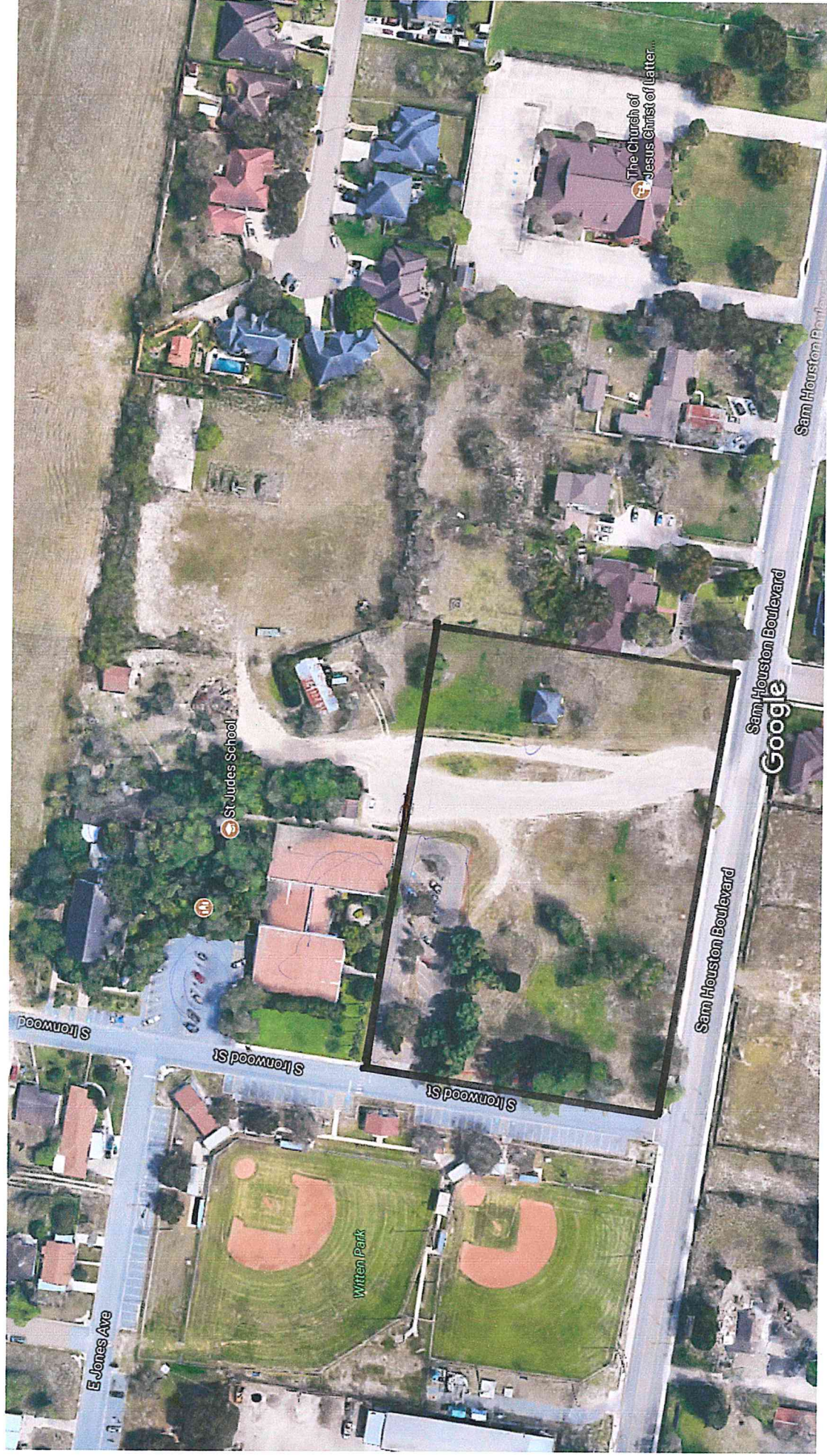
TrueGrid	\$220,000
Gravel Base	\$120,000
Site Preparation	\$110,000
Total	\$450,000

Staff Recommendation: Staff recommends approval of the purchase of permeable pavers and request to advertise for sealed bids for the associated gravel materials for the construction of a joint use parking lot with St. Jude Thaddeus Church.

Alternatives: N/A

ROUTING:

Omar Anzaldua	Created/Initiated - 02/28/2018
Omar Anzaldua	Approved - 03/01/2018
Sandra Zamora	Approved - 03/02/2018
Karla Moya	Approved - 03/02/2018
Patricia Rigney	Approved - 03/02/2018
City Management Office	New -



Imagery ©2017 Google, Map data ©2017 Google United States 100 ft



Imagery ©2017 Google, Map data ©2017 Google United States 50 ft



TRUEGRID Pavers were developed for commercial applications and to be a permeable, eco-friendly alternative to conventional impermeable paving. Permeability, traffic, strength, and longevity are the qualities TRUEGRID Pavers were developed for. No substitutions are acceptable for commercial applications if similar performance qualities as TRUEGRID products are expected. See section 1.1 below for design and performance features for TRUEGRID PRO PLUS.

1.1 Materials

- A. Permeable Pavers, TRUEGRID PRO PLUS for stone infill or gravel infill applications...other infill materials are acceptable since TRUEGRID was designed for H-20 and HS-20 load bearing.
 - 1. Manufactured in the USA / TEXAS
 - 2. High density polyethylene (HDPE): 100% post-consumer recycled materials
 - 3. Recycled and recyclable content: 100%
 - 4. Color: black- carbon black additive for long term UV stabilization
 - 5. Paver size: 24"x 24" x 1.8";
 - 6. Pre-assembled: 4'x 4' sections for quick installation
 - 7. Cylindrical cell design for column strength
 - 8. Cell size: 3.30" inside diameter
 - 9. Co-joined cells at forty eight (48) places for strength
 - 10. Wall thickness: 0.150"/.250" nominal
 - 11. A minimum of two (2) co-joined common walls per cell for structural integrity
 - 12. Connections:
 - a. No clips or stakes necessary
 - b. No additional parts or tools needed
 - c. Integral male-female three-point locking system
 - d. Wall thickness at tabs: 0.290"
 - 13. Molded in X-anchors to stabilize pavers: no stakes necessary
 - 14. S-Flexural joints molded in for unstable soils and seasonal expansion and contraction
 - 15. Nominal Coverage per Paver : 4 square feet
 - 16. Weight per paver: 5.25 lbs
 - 17. Permeability of System: 100%
 - 18. Compressive Strength (filled)- 1,152,000 psf; 8000+ psi
 - 19. Material Safety: ground water neutral, 100% inert
 - 20. Chemical Resistant: Excellent: highly resistant to hydrocarbons, oils
 - 21. Compatible SuperSpot delineators 3" wide and domed for HIGH VISIBILITY.
 - 22. Life span of a TRUEGRID PRO PLUS is 25 – 60 years depending on application.
- B. Base Course: TRUEGRID products were developed to diverse and for multiple acceptable base materials. Locally sourced angular stone/clean for base material. Crushed granite, sandy gravel material, crushed concrete, limestone rock, and crushed lava are some of the acceptable materials. Variations in permeability of aggregate should be considered.



AGENDA MEMORANDUM

BOARD: City Commission

AGENDA ITEM #: 7.C.

DATE SUBMITTED: March 1, 2018

MEETING DATE: March 5, 2018

FROM: Jose Pena, IT Director

DEPARTMENT: Innovation & Technology

DIRECTOR: Jose Pena

Agenda Item: Consideration and action, if any, on the purchase of a hyper-converged server solution from SHI Government Solutions for the Police Department Tyler New World project.

Classification: Regular

(* If closed session, City Attorney must review and approve.)

Exclude Material from Public Packet? No

Reason:

Issue: The Police Department has been working with Tyler Technologies for the implementation of their New World record management system. This purchase is for the hardware required to run the software with high availability and offsite data retention. This hyper-converged solution will run all servers and storage for not only the New World project but also consolidate their existing 6 year old servers currently in their data center. (Project #1718-01-512-P009-003)

Purchase is subject to budget amendment approval.

Financial Consideration: IT CIP Funding: \$48,000, remaining pending budget amendment.

Staff Recommendation: Staff recommends approval of the SHI solution at a total cost of \$75,762.06.

Alternatives: Multiple solutions from different vendors were evaluated and priced, but are at a higher cost.

ROUTING:

Jose Pena
Jose Luengo
Sandra Zamora

Created/Initiated - 03/01/2018
Approved - 03/02/2018
Approved - 03/02/2018

Karla Moya
City Management Office

Approved - 03/02/2018
New -



City of Pharr

PROJECT #1718-01-512-P009-003 Police Department - Datacenter Upgrade Project

BIDDERS	SOLID IT HOUSTON, TX		★ SHI DALLAS, TX				FREE IT AUSTIN, TX		
CONTRACT TYPE	DIR CONTRACT PRICING		DIR CONTRACT PRICING	BUYBOARD CONTRACT PRICING			DIR CONTRACT PRICING		
System	VxRail	VxRail	HPE Simplivity	Scale Computing	Scale Computing	Scale Computing	Nutanix	Nutanix	Nutanix
Type	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged	Hyperconverged
Storage Type	Flash	Hybrid	Flash	Flash	Hybrid	Hybrid	Flash	Hybrid	Hybrid
Storage			14 Raw/8 Use	23 Raw/11.5 Use	36 Raw/18 Use	36 Raw/18 Use	17.3 Raw/8.6 Use	12 Raw/7 Use	24 Raw/12 Use
Processors			120	96	96	96	96	96	\$ 96.00
Memory			864	384	768	384	384	384	\$ 384.00
Hypervisor	VMware	VMware	VMware	Own	Own	Own	Own	Own	Own
Hardware			\$ 83,231.06	\$ 78,835.95	\$ 54,344.40	\$ 44,286.48	\$ 120,973.21	\$ 44,312.60	\$ 47,951.22
Licenses							\$ 9,083.58	\$ 9,128.01	\$ 9,083.58
Support			\$ 28,605.51	\$ 21,236.04	\$ 14,637.54	\$ 11,714.85	\$ 19,243.18	\$ 12,181.94	\$ 13,348.28
Installation				\$ 1,300.89	\$ 1,300.89	\$ 1,300.89	\$ 2,125.00	\$ 2,125.00	\$ 2,125.00
Server Cost	\$ 150,000.00	\$ 115,000.00	\$ 111,836.57	\$ 101,372.88	\$ 70,282.83	\$ 57,302.22	\$ 151,424.97	\$ 67,747.55	\$ 72,508.08
Backup	\$ 49,915.06	\$ 49,915.06	\$ -	\$ 18,459.84	\$ 18,459.84	\$ 18,459.84	\$ 26,893.73	\$ 26,893.73	\$ 26,893.73
Total Cost	\$ 199,915.06	\$ 164,915.06	\$ 111,836.57	\$ 119,832.72	\$ 88,742.67	\$★ 75,762.06	\$ 178,318.70	\$ 94,641.28	\$ 99,401.81



Pricing Proposal
Quotation #: 14918048
Created On: 2/26/2018
Valid Until: 3/30/2018

City of Pharr TX

Inside Account Executive

Jose Peña

Pharr, TX
United States
Phone: 956 -402 -4000
Fax:
Email: jose.pena@pharr-tx.gov

Jessica Vos

290 Davidson Ave
Somerset, NJ 08873
Phone: 800-477-6479
Fax: 800-477-6479
Email: Jessica_Vos@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Scale HC1150D - NAS server - 4 bays - 12.96 TB - rack-mountable - HDD 4 TB x 3 + SSD 960 GB x 1 - Gigabit Ethernet - 1U Scale Computing - Part#: HZ12.96T2-128 Contract Name: BuyBoard Contract #: 498-15	3	\$14,762.16	\$44,286.48
2 2Yr Sup Ext Hw And Sw Scalecare-Hz12.96T2-128 Scale Computing - Part#: QCARE2HZ12.96T2128 Contract Name: BuyBoard Contract #: 498-15	3	\$3,904.95	\$11,714.85
3 ScaleCare Support Premium Installation Service - Remote installation Scale Computing - Part#: QSPI Contract Name: BuyBoard Contract #: 498-15	1	\$1,300.89	\$1,300.89
Subtotal			\$57,302.22
Shipping			\$0.00
Total			\$57,302.22

Additional Comments

Thank you for choosing SHI-GS! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

SHI Government Solutions, Inc. is 100% Minority Owned, Woman Owned Business.
TAX ID# 22-3695478; DUNS# 14-724-3096

The Products offered under this proposal are subject to the SHI Return Policy posted at www.shi.com/returnpolicy, unless there is an existing agreement between SHI and the Customer.



Pricing Proposal
Quotation #: 14918050
Created On: 2/26/2018
Valid Until: 3/30/2018

City of Pharr TX

Jose Peña

Pharr, TX
United States
Phone: 956 -402 -4000
Fax:
Email: jose.pena@pharr-tx.gov

Inside Account Executive

Jessica Vos

290 Davidson Ave
Somerset, NJ 08873
Phone: 800-477-6479
Fax: 800-477-6479
Email: Jessica_Vos@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Scale HC1150 - NAS server - 4 bays - 32.48 TB - rack-mountable - HDD 3 + SSD 480 GB x 1 - RAM 128 GB - Gigabit Ethernet - 1U Scale Computing - Part#: HM32P-128 Contract Name: BuyBoard Contract #: 498-15	1	\$14,630.30	\$14,630.30
2 ScaleCare - Extended service agreement (extension) - replacement - 2 years (2nd/3rd year) - shipment - response time: NBD - for P/N: HM32P-128 Scale Computing - Part#: QCARE-2-HM32P-128 Contract Name: BuyBoard Contract #: 498-15	1	\$3,829.54	\$3,829.54
Subtotal			\$18,459.84
Shipping			\$0.00
Total			\$18,459.84

Additional Comments

Thank you for choosing SHI-GS! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

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TAX ID# 22-3695478; DUNS# 14-724-3096

The Products offered under this proposal are subject to the SHI Return Policy posted at www.shi.com/returnpolicy, unless there is an existing agreement between SHI and the Customer.

(<https://www.gartner.com/home>)

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DISTRIBUTION

Magic Quadrant for Hyperconverged Infrastructure

Published: 06 February 2018 **ID:** G00333051

Analyst(s): John McArthur, George J. Weiss, Kiyomi Yamada, Hiroko Aoyama, Philip Dawson, Arun Chandrasekaran, Julia Palmer

Summary

Hyperconvergence is making inroads in enterprises, as major system vendors acquire startups or bundle servers with HC software offerings. I&O leaders should focus on the capabilities and limitations of HCI software, which is offered by a wide range of server platform vendors via OEM partnerships.

Strategic Planning Assumption

By 2020, 20% of business-critical applications currently deployed on three-tier IT infrastructure will transition to hyperconverged infrastructure.

Market Definition/Description

Hyperconverged infrastructure (HCI) is a category of scale-out software-integrated infrastructure that applies a modular approach to compute, network and storage on standard hardware, leveraging distributed, horizontal building blocks under unified management. Hyperconverged infrastructure vendors either build their own appliances using common, off-the-shelf infrastructure (hardware, virtualization, operating system), or they engage with systems vendors that package the hyperconverged infrastructure vendor's software stack as an appliance. Alternatively, HCI vendors sell their software direct to end users, or through resellers and integrators for use as part of a reference architecture, or on an HCI-as-a-service basis, either on-premises or in a public cloud.

In prior years, Gartner's Magic Quadrant for Integrated Systems evaluated vendors within four classes of integrated systems: integrated infrastructure systems (IIS), integrated stack systems (ISS), hyperconverged integrated systems (HCIS) and integrated reference architectures (IRA). There are four important changes in this year's Magic Quadrant when compared to the "Magic Quadrant for Integrated Systems" published in 2016. This Magic Quadrant:

- Focuses exclusively on vendors and offerings in the hyperconverged software segment.

- Drops the system hardware requirement, which is part of the HCIS appliance model.

- Defines the market segment as hyperconverged infrastructure, allowing for software-only/bring-your-own-hardware, and as-a-service cloud delivery models.

- Limits the evaluation of integrated storage and data management capabilities to those technologies for which vendors have primary development responsibility and ownership.

We have made these changes because Gartner clients routinely compare hyperconverged integrated systems (appliances) to hyperconverged infrastructure software that is supported on a broad set of certified reference or OEM hardware partners' systems. Additionally, Gartner clients are placing increasing emphasis on public and private cloud capabilities and as-a-service procurement options.

Readers should note that HCIS forecasts and vendor market share data (see "Market Definitions and Methodology: Integrated Systems") will not correlate with this HCI Magic Quadrant and its companion Critical Capabilities document. The HCIS statistics and forecast are based upon a hardware appliance view of the market, irrespective of the developer of the underlying software-enabled capabilities. Thus, vendors with revenue and market share within the HCIS market have been excluded from this Magic Quadrant if they partner for the core technology. Likewise, vendors appearing within this report may not appear on the HCIS market share report, because they do not offer a hardware appliance under their own brand. Additionally, given the change in definition and focus for this year's Magic Quadrant, readers should make no direct comparisons to vendors or dot positions within the 2016 "Magic Quadrant for Integrated Systems."

Magic Quadrant

Figure 1. Magic Quadrant for Hyperconverged Infrastructure



Source: Gartner (February 2018)

Vendor Strengths and Cautions

Cisco

Cisco is a global provider of networking, security and other IT infrastructure. Cisco leverages Unified Computing System (UCS) as the platform for its HyperFlex-branded hyperconverged infrastructure appliance offerings. HyperFlex, introduced in April 2016, integrates UCS, UCS Manager and data and storage management software developed by Springpath, in which Cisco was an investor and the sole distribution channel. Cisco acquired Springpath in September 2017. Since March 2017, Cisco has added all-flash versions and 40 Gbps fabric networking, HyperFlex Connect (an HTML5-based web GUI), HyperFlex Edge for remote office/branch office (ROBO), and now supports up to 32

compute and converged compute/storage nodes. HyperFlex can be used for a broad range of applications, but is primarily used by enterprises for high-density, virtualized workloads; virtual desktop infrastructure (VDI); database and mission-critical applications; larger ROBO environments; and hybrid and multicloud installations with integrated CloudCenter, which supports multiple cloud offerings, including Amazon Web Services (AWS), Microsoft Azure, Google Cloud Platform and others. Cisco uses external lab validations and publishes performance benchmarks to generate leads and accelerate sales. Over the next year, Gartner expects Cisco to increase integration with a broader range of vertical-market-specific applications, increase its focus on ROBO and small or midsize business (SMB) opportunities, add support for additional hypervisors, and offer consumption-based pricing. Customers have described the quality of Cisco support as excellent.

STRENGTHS

Cisco is well-positioned to address internode networking challenges in hyperconverged infrastructure, which is one of the major performance constraints of HCI, especially in large-node deployments.

Cisco leverages its leadership position in network infrastructure and its large installed base of UCS servers to drive sales of HyperFlex. The majority of prospective HyperFlex customers already have an established supplier relationship with Cisco and familiarity with its customer support.

Cisco HyperFlex is supported by Cisco Intersight, a cloud-resident monitoring and management platform with embedded machine learning that provides predictive failure analysis, alerting and proactive problem resolution through a recommendation engine.

CAUTIONS

Most of Cisco's target customers will eventually have a multihypervisor infrastructure, but Cisco's current HyperFlex 2.6 release only supports VMware ESXi.

Cisco customers have identified backup and disaster recovery as areas for improvement.

While Cisco has designed ROBO editions of HyperFlex, the solution has been costly for smaller ROBO deployments.

DataCore

DataCore is a global provider of software-defined storage (SDS) infrastructure and storage virtualization with thousands of deployments predominantly in North America and Europe. DataCore's Hyper-converged Virtual SAN was launched in 2014, and is based on the mature, 10th-generation DataCore Virtual SAN SDS SANsymphony product. DataCore software provides a broad set of data services, including storage virtualization, data protection, synchronous and asynchronous replication, deduplication, and compression. DataCore is able to scale storage capacity independently, not only by changing the node capacity, but also by leveraging external shared block-storage arrays for both capacity expansion and data tiering. DataCore features adaptive parallel input/output (I/O) technology, which automates the use of available multicore processors to improve overall I/O throughput and response times based on workload demands. DataCore's technology is deployed and used to support a variety of workloads, including high-speed transaction workloads and databases. DataCore has a long track record of supporting latency-sensitive, business-critical enterprise applications. DataCore is a popular choice for distributed data

centers and SMBs, as it only requires two nodes for a high-availability, single-site or stretched-cluster configuration. DataCore offers software-only solutions either directly or via partners, and, until recently, only provided reference architectures to help customers identify the hardware specifications needed for the most common use cases. This year, DataCore also released DataCore Cloud Replication, which is available in the Microsoft Azure Marketplace, to complement Hyper-converged Virtual SAN deployments by enabling data replication to Microsoft Azure. The latest DataCore PSP7 software release enabled support for Windows Server 2016, expanding its REST enterprise management APIs and providing support for the PersistentVolume API for Kubernetes container solutions. DataCore Hyper-converged Virtual SAN is available via a one-time, perpetual license plus annual maintenance/support fees, and is priced by storage capacity per node.

STRENGTHS

DataCore offers a robust set of data services and high-availability solutions starting with two-node HCI deployments.

DataCore Hyper-converged Virtual SAN enables end users to leverage and centrally manage direct-attached storage (DAS), external storage area networks (SANs) and cloud storage.

DataCore offers a performance-optimized data layout in its SDS architecture and has validated its performance through SPC-1 performance benchmarks.

CAUTIONS

Although DataCore has been in existence for more than a decade, end users primarily evaluate it on the merits of the storage virtualization product, and are often unaware of DataCore's hyperconverged product and strategy beyond SDS.

DataCore offers a software-only HCI solution and does not provide a fully integrated appliance, which often requires end-user expertise to select and fine-tune hardware with the assistance of an integration partner.

Some end users complain that the high frequency of DataCore software enhancement releases is disruptive to operations.

Dell EMC

Dell EMC is the enterprise-focused brand that markets the products and services of the infrastructure solutions group within Dell Technologies. Dell EMC has an expansive product line marketed as hyperconverged systems in order to meet diverse customer needs. Dell EMC's products include a turnkey appliance, VxRail, and a rack-scale software-defined solution called VxRack SDDC, both of which are co-engineered with VMware. It has a rack-scale offering called VxRack FLEX, based on ScaleIO. Dell EMC also delivers Dell EMC ScaleIO Ready Nodes, a validated server and software bundle, for ScaleIO products. Through its HCI product lines, Dell EMC addresses a broad set of use cases across midsize businesses, global enterprises and service providers for VDI, virtual server infrastructure, ROBO environments, cloud IaaS/SaaS and mission-critical business applications. Dell's acquisition of EMC resulted in a broader portfolio and more choices for customers, but also resulted in more near-term challenges for Dell EMC in managing and rationalizing that portfolio. In the past 12 months, Dell has focused on integrating the HCI products to function more effectively with others products within the portfolio, such as Avamar, CloudArray,

Data Domain and RecoverPoint. VxRail is priced on a per-node basis, with base software features bundled into the appliance price. Additional capabilities such as RecoverPoint and CloudArray are priced separately beyond the base free license. For VxRail, customers have a choice of selecting an operating expenditure (opex)-based consumption model. The VxRail SDDC and VxRail Flex are priced on a rack basis. Our analysis of Dell EMC does not include vSAN Ready Nodes, which are included with other vSAN ReadyNode offerings under the evaluation of VMware, nor Dell EMC XC Series and XC Xpress, which are included under the evaluation of Nutanix.

STRENGTHS

Since its launch in early 2016, VxRail has seen solid market traction, with thousands of nodes deployed for a diverse set of use cases due to its turnkey appliance approach and fully integrated support model with VMware.

VxRail SDDC is a best-in-class rack-scale solution with integrated physical and virtual networking delivered through Cisco switches and VMware NSX software, along with vSphere, vSAN and SDDC Manager.

Since the acquisition of EMC by Dell, all the Dell EMC HCI products under the portfolio are now available on Dell EMC PowerEdge Servers, which is a mature, 14th-generation product certified across a broad set of independent software vendors (ISVs.)

CAUTIONS

Dell EMC has its own software release cycle for VxRail that lags VMware's software release cycle, so organizations do not get access to a new vSphere or vSAN software release immediately, but only when Dell EMC certifies and releases it.

The ScaleIO product line, which is the basis for the VxRail Flex, lacks key enterprise features such as replication, deduplication and native compression, instead depending on external software to deliver those features.

The VxRail Manager cannot be used to manage multiple clusters; it can only be used to manage the cluster on which it is deployed.

HPE

Hewlett Packard Enterprise's (HPE's) primary hyperconverged offering is HPE SimpliVity, which began shipping after the company's acquisition of SimpliVity in February 2017. Prior to the acquisition, SimpliVity was sold through reseller and OEM partners, not including HPE. Since completing the acquisition, HPE has doubled the number of worldwide SimpliVity customers to approximately 2,000 and released an all-flash ProLiant DL380 configuration. The SimpliVity offering is now driving 80% of HPE's HCI revenue. The HPE SimpliVity solution is managed through VMware vCenter, is based on a software-defined scale-out storage architecture and can scale from a single node to eight clustered nodes plus an additional 16 network-only nodes. It features always-on global in-line compression and deduplication data services leveraging the HPE OmniStack Accelerator Card to provide consistent performance for virtualized production workloads. The SimpliVity integrated backup solution is based on snapshot and cloning techniques leveraging independent local and remote copies of the data. Under its HyperGuarantee initiative, HPE guarantees that customers will achieve 10:1 data efficiency ratios in production systems and the ability to perform a

local backup or restore of a 1 TB virtual machine (VM) in 60 seconds or less as part of the standard warranty. More than half of SimpliVity customers that replaced their traditional enterprise backup with built-in data protection reported reduced recovery point objective (RPO) and recovery time objective (RTO) for their virtualization environment. HPE offers 25 preconfigured hardware SKUs for the SimpliVity 380 product, with prices starting at \$26,000. Today, HPE SimpliVity is deployed across a variety of use cases, including data center consolidation, disaster recovery and ROBO. HPE SimpliVity together with HPE Synergy and HPE OneSphere are components of HPE's hybrid IT strategy and vision.

STRENGTHS

HPE enhanced the perception of SimpliVity's supportability and stability by leveraging the global go-to-market reach and capabilities of HPE and its channel partners.

SimpliVity delivers robust data services, such as in-line global compression and deduplication combined with an integrated backup solution and rapid disaster recovery capabilities for operational simplicity and cost reduction.

The HPE ProLiant DL380 installed base and global market acceptance make SimpliVity one of the top choices as an HCI platform for existing HPE customers.

CAUTIONS

SimpliVity is competing for mind share and investment within a complex, overlapping portfolio of HPE hybrid IT, composable and other hyperconverged solutions. This leads to confusion among prospects and existing customers about HPE's commitment to and long-term vision for SimpliVity.

Despite competing in the hyperconverged market for a long time, HPE SimpliVity's hypervisor general availability support is limited to VMware ESXi.

HPE SimpliVity systems are only available as all-flash configurations, which may be less competitively priced when compared to the high-capacity hybrid solutions of HCI competitors.

HTBase

HTBase provides a composable infrastructure operating system that abstracts resources from disparate hardware and public cloud vendors, creating a homogeneous resource pool that can be centrally managed. The composable operating system and software layer enable IT organizations to run any workload on top of an intelligent infrastructure that adapts and allocates rightsized resources that bridge data centers and public clouds. This approach enables the migration of unmodified workloads to any cloud. The newly developed Composable Operating System (COS) is hardware-agnostic, and allows IT departments to build and deliver applications and packages on it. HTBase does not leverage widely recognized third-party tools, such as VMware vCenter, for virtualization management. All integration and functionality are built into COS for direct access to hosts using different hypervisors. It also includes bare metal support. The uber-hypervisor, OneCloud Hypervisor (OCH), abstracts compute and local hardware as well as public cloud servers, providing a thin common layer across all infrastructures. Maestro (part of COS) provides management and orchestration capabilities for hybrid HCIS and cloud deployments. HTBase has implemented a significant makeover of its former software-defined infrastructure, composed of three software pillars: HTVCenter, Fortis and Nephos. COS provides capacity management, storage

resilience, high availability, striping, deduplication, snapshot/replication (with disaster recovery), and automation tools through RESTful APIs. Marketing has been relatively low-profile, with limited global reach and low brand awareness. However, HTBase recently announced an OEM and go-to-market partnership with Dell EMC for the composable infrastructure solution on Dell EMC PowerEdge C Series servers.

STRENGTHS

HTBase delivers composable on-premises and cloud resource management that allows users to implement hybrid, multicloud deployments, and to scale out resources across private and public clouds.

If any part of the infrastructure, including cloud, suffers an outage, workloads keep running with no downtime, and automatically move back to private infrastructure or to another public cloud, if set up in advance of the outage.

HTBase allows storage to span across multiple clouds as part of the storage pool, as well as part of failover and disaster recovery, and its hardware-agnostic capabilities eliminate hardware vendor lock-in.

CAUTIONS

HTBase has a low level of senior management visibility, and limited market reach, market and brand recognition, global support, channel development and OEM partnerships.

HTBase has demonstrated inconsistent marketing and is overly dependent on a few strong references that can confirm a significant ROI.

Major software re-engineering efforts, such as HTBase's integration of HTVCenter, Fortis and Nephos into COS, increase a product's near-term risk for reliability, availability and serviceability, and will change the user experience for existing HTBase users.

Huawei

Huawei leverages its FusionCube server, which was an early integrated infrastructure system, and is now positioned as an HCI platform for its 2017 Boundless Computing initiative. The product includes storage, Huawei's own KVM-based and Xen-based FusionSphere hypervisors, as well as support for VMware and Hyper-V. This is managed by FusionCube Center. Since April 2017, Huawei added two- to four-socket, SSD all-flash versions; large-capacity big data versions; FusionCube ROBO solutions; VDI and cloud offerings; and support for up to 256 nodes in 128 clusters, to a maximum of 4,096 nodes in total. FusionCube can be used for a broad range of applications, but is primarily used by midsize enterprises for high-density, server-virtualized workloads; VDI, database and mission-critical applications, including Oracle and SAP Hana; ROBO environments; and hybrid cloud installations. It also integrates with AWS for backup, and has planned integration with Azure and Azure Stack. Huawei's presence is limited in the U.S. market, where security remains a concern. However, FusionCube's growth has been leveraged from the company's networking business in Asia, Europe, Africa and South America. Over the next year, Gartner expects Huawei to increase integration with a broader range of vertical-market-specific applications, increase focus on ROBO

opportunities, and add additional hypervisor support for Microsoft and open-source software with broader geographical support. Huawei will remain strong in China because SAP, Oracle and Microsoft are limited in investing in capacity to host the Chinese market.

STRENGTHS

FusionCube, while newly positioned as HCI, is now well-established and proven in Asia and EMEA across multiple verticals.

Huawei has built a strong foundation of ecosystem partners, including Oracle, SAP, VMware, Microsoft, Red Hat and SUSE, enabling the company to penetrate new markets.

FusionCube use cases for cloud ROBO and VDI leverage Huawei's installed base of network infrastructure.

CAUTIONS

Huawei has limited market presence, third-party support, and certification for Huawei's FusionCube and related products in North America, although through 2017 Huawei has extended its support to include Microsoft and VMware.

Huawei's presentations and roadmaps are not always consistent with the vendor's ability to deliver promised features and functions.

Some customers have described FusionCube as lacking in storage functions, such as deduplication, backup and recovery tool integration, and inconsistent management capabilities.

Microsoft

For HCI, Microsoft leverages its strong and growing Windows Server OS offering, particularly with the refresh to the Windows Server 2016 upgrade, which includes Storage Spaces, a storage virtualization tool positioned as Storage Spaces Direct for the HCI market. This large installed base gives Microsoft the potential to convert a small percentage of the relatively untapped installed base of the Windows Server market to Storage Spaces Direct. This conversion in turn gives Microsoft a larger percentage of the overall HCI market. Even with a low success rate, Microsoft could drive, dilute and encapsulate the HCI market by tens of thousands of units. Other Microsoft products integrating with this upgrade and direction include Hyper-V Hypervisor and virtualization plug-ins with containers, Systems Center for overall management, and Azure and Azure Stack for cloud delivery and integration. Microsoft is new to the HCI market, launching in October 2016. The monetization and separation of Microsoft's HCI is a challenge as, like OSS, its HCI platforms are offered free with the broader upgrade. But with such a large Windows Server base and Azure Cloud migration effort, Microsoft HCI cannot be ignored. Unlike OSS, support for the HCI offering is tied to Windows Server and Azure efforts. In its 2018 release, Microsoft will strengthen its data deduplication capabilities with Resilient File System (ReFS) and Mirror-accelerated parity volumes. This is tied to simplified HCI management with Systems Center and improved resilience, hyperscale and storage replicas, and an expanded ecosystem, including Linux container support. Microsoft should be considered for all general-purpose infrastructure tied to Windows Server and Azure, in particular for business-critical, cloud and ROBO use cases. In percentage terms, few Microsoft customers have deployed its HCI. Feedback is very nascent and dependent on the 2018 release. Our research indicates thousands of customers are engaged in its HCI initiative, so momentum is

building. Over the next year, Gartner expects Microsoft to increase its Windows Server and HCI migration with a broader range of integrated applications; an increased focus on cloud, mission-critical and ROBO opportunities; and additional Azure support and integration.

STRENGTHS

Microsoft's HCI success is built on the sheer size of the Windows Server installed base, where even a small addressable market adoption for Storage Spaces Direct represents significant success in the HCI on-premises market.

With Azure momentum, Microsoft can target HCI for on-premises and off-premises, spanning both. It can also transition clients from IaaS/PaaS/SaaS to unified management with Microsoft's System Center.

With HCI, Azure and Office 365, Microsoft has shifted from asset/license procurement to software rental models, allowing HCI/Storage Spaces to compete with OSS alternatives, tying support to Microsoft's Software Assurance licensing program.

CAUTIONS

Microsoft is migrating many existing Windows applications to Azure, but cloud-native applications, particularly those using a container-based architecture, have been slower to move to Azure. Docker, Kubernetes and Mesos drive that space, and limit Microsoft's development of new applications built on Windows Server and HCI.

Microsoft's decision to limit Storage Spaces Direct availability to Windows Server 2016 Datacenter Edition makes the offering too costly for scaled-down implementations. Clients should check their Windows Server 2016 upgrades and Software Assurance programs to determine the packaging of Storage Spaces Direct in the distribution.

Microsoft's biggest competitor on execution is its own installed base that has delayed Windows Server 2003, 2008 and 2012 upgrades to Server 2016, thus limiting HCI Storage Spaces Direct adoption.

Nutanix

Nutanix is among the leaders in hyperconvergence with over 7,800 customers. Nutanix has excelled in two important dimensions: (1) overcoming I&O leaders' initial fears of investing in a relatively new market player; and (2) raising confidence levels in the product's maturity and performance to continually add scale and diversify deployments. While the appliance segment of the market where Nutanix created its momentum is still a necessary and important offering, the hyperconverged infrastructure market has expanded to include hybrid cloud infrastructure with the presence of VMware and Microsoft engaged with large customer bases. Nutanix deployments are mostly in large, centralized data centers, rather than distributed, smaller sites, such as ROBOs, edge and SMBs. The vendor's "land and expand" strategy is still in an early phase, and management's focus is on large global accounts. Against the stiff competition of data center vendors such as Dell EMC, Cisco and HPE, which can underprice it, Nutanix has positioned itself as having a best-of-breed strategy with software-defined HCI that is intelligence-based, multihypervisor and multicloud with unified management. Nutanix has partnered with a set of system vendors as OEMs (Dell EMC, Fujitsu, IBM and Lenovo) and self-certified on others (Cisco and HPE) to reduce, although not

eliminate, friction. OEMs, however, are notoriously unreliable, and HPE and Cisco are aggressively promoting their own offerings. Nutanix must continue to maintain software differentiation to avoid competing in a low-margin business with heavyweights. To create differentiation from other hyperconvergence offerings, Nutanix has made cloud its management, consumption and deployment strategy, with an IaaS-friendly environment as an alternative to public clouds (called Xi Cloud Services). It has also launched a pay-per-use rental model (Go) that enables users to scale up and scale down nodes in a system with a six-month commitment. Meanwhile, Nutanix's native hypervisor has been gradually making gains, with over 25% of customer shipments using Acropolis hypervisor (AHV). Ultimately, the success of Nutanix will depend on its ability to transcend Mode 1 workloads and silos to deliver agile Mode 2 applications through its cloud framework (Calm) with improved network segmentation and security, interoperability and APIs. Balancing these continued investments, while striving to increase margins and ASPs to achieve profitability, remains a challenge.

STRENGTHS

Nutanix has proven user acceptance and high customer satisfaction, resulting in repeat sales and high node counts (100+) in large global enterprise accounts.

Nutanix delivers a robust management and self-service interface in Prism, AHV, Calm and a supporting cloud service through Xi Cloud Services (such as high availability/disaster recovery) with integrated automation and system intelligence.

Nutanix offers flexibility in hypervisor choice with growing adoption of AHV, based on KVM, as customers seek a lower-cost alternative to VMware ESXi.

CAUTIONS

Nutanix needs to demonstrate greater product breadth, particularly in the low end, to support its come-from-behind effort to broaden its appeal to ROBOs, departments, edge and SMBs.

Nutanix lacks the traditional infrastructure incumbency that enables competitors to fit seamlessly into many IT data center and distributed plans.

Nutanix lags in the perception of initial market price competitiveness, pressuring many users into exception-based discounts in contract negotiations.

Pivot3

Pivot3 offers the vSTAC and Acuity hyperconverged infrastructure IT solutions, as well as video surveillance infrastructure solutions based on vSTAC technology. Pivot3 began shipping hyperconverged infrastructure solutions in 2008 and reports 1,900 customers as of 30 April 2017. Pivot3 launched the Acuity solution in April 2017, leveraging storage technology from its NexGen acquisition. Acuity is designed to support mixed workloads in data centers and provides policy-based management controls to prioritize high-value applications. Pivot3 recently added data archiving and encryption for data at rest. Pivot3 has established itself as a leading supplier of infrastructure appliances for the video surveillance and VDI markets, sold both direct and through Tier-1 systems vendors and application-specific appliance suppliers. The company has also focused on ROBO and the Internet of Things (IoT). However, with the Acuity platform, it is targeting consolidation of virtualized workloads in data centers. Pivot3 has its greatest market penetration in

government (including defense), transportation, high tech and healthcare. Pivot3 has increased investment in marketing resources to support regional partner development and lead generation. The vendor makes extensive use of proofs of concept (POCs) as an effective tool to improve closure rates on sales. Pivot3 used a portion of the \$55 million investment round from March 2016 to enable the acquisition of NexGen and develop the Acuity offering. In addition, Pivot3 has stated that it will use the additional capital to increase marketing and lead generation activities across a broader range of geographies and vertical markets. It will also leverage the installed base of vSTAC customers to increase Acuity data center sales outside the historic vSTAC use cases of video surveillance and VDI. Pivot3 offers single-SKU appliance-based pricing, as well as software-only, enterprise license agreement (ELA), perpetual license and consumption-based pricing models.

STRENGTHS

Customers have praised Pivot3's pre- and post-sales support and ease of use.

The Acuity product line enables the vendor to support a broader range of customer workloads, and provides a common infrastructure for both throughput-sensitive and latency-sensitive workloads.

Pivot3's partnerships with global system vendors enable Pivot3 to sell, service and support solutions globally, and enables customers to utilize Pivot3 technology, while preserving relationships with several server vendors.

CAUTIONS

Customers should evaluate the depth of Pivot3 OEM partner relationships, as some Pivot3 partners offer multiple and sometimes competing offerings that could impact the long-term relationship.

While customers desire integration with public cloud providers to enable recovery and application portability to the cloud, Pivot3 is late to market with these capabilities.

Customers have identified API integration, logistics and reporting as areas for improvement.

Scale Computing

Scale Computing's hyperconverged infrastructure offering, HC3, is designed for midsize organizations with limited IT resources and expertise. Launched in 2012, HC3 has 2,500 customers spanning multiple verticals. Scale Computing's primary differentiator is its focus on organizations requiring a turnkey, full-featured, consolidated IT infrastructure platform on a tight budget. Scale Computing is now delivered on a broad range of HC3 hardware models, and allows customers to mix and match different nodes in a high-availability cluster that scales from three to eight HC3 nodes, with the ability to centrally manage up to 25 clusters using HC3's web-based user interface. The HC3 product is based on the HyperCore operating system, which includes a fully integrated, KVM-based hypervisor and scale-out single storage pool featuring snapshots, cloning, thin provisioning and automated tiering data services. Recently, HC3 added more hardware models for high-capacity and performance needs, introduced disaster recovery as a service (DRaaS) capabilities, and released a software-only HC3 product for OEM and global-channel-partner enablement. Scale Computing also announced a Nonvolatile Memory Express (NVMe)-based HC3 appliance to improve the performance of applications requiring super-low latencies. The vendor

opened a European headquarters and launched a new channel program focused on partnering with top value-added distributors throughout Europe, Africa and the Middle East. In addition, Scale Computing signed a number of partnerships with ISVs to provide turnkey solutions for specific use cases. Recently, the vendor signed a partnership agreement with Google Cloud Platform to enable a hybrid cloud experience for the HC3 product line. In 2017, Scale Computing signed a global partnership with Lenovo to provide HC3-enabled appliances on Lenovo hardware. Until 2017, Scale Computing was primarily deployed in midmarket environments, replacing entire stacks of servers, switches and SAN storage. Recently, it has also been gaining traction in distributed enterprises, ROBOs and retail, addressing requirements for integrated, all-in-one appliances with single-vendor support, where organizations desire a lower-cost alternative. Scale Computing-branded appliances are available as a one-time license with additional support that can be extended up to five years.

STRENGTHS

Scale Computing provides a built-in hypervisor, and allows mixing and matching of hardware configurations.

End users praise the product's ease of installation, management and support experience.

Scale Computing offers built-in and flexible DRaaS capabilities with continuous replication, robust failover and fail-back, as well as single-node disaster recovery site support.

CAUTIONS

HC3 hypervisor support is limited to its internally developed hypervisor, based on KVM, making it less attractive for customers that have chosen VMware or Microsoft hypervisors as part of their stack.

Since the majority of Scale Computing deployments are in North America, its support infrastructure in EMEA and Asia may be less mature and responsive.

Scale Computing's HCI lacks visibility among enterprises of all sizes, thus limiting adoption.

Stratoscale

Stratoscale offers a software-based, hyperconverged solution, providing customers with flexible hardware options. Its hyperconverged software, Symphony, bridges a service-driven hybrid cloud ecosystem, delivering on-premises platforms while maintaining compatibility with public cloud. The vendor shifted its focus to provide AWS-compatible services and APIs in 2016. Symphony delivers an AWS-compatible region, giving customers the ability to dynamically move workloads between on-premises Stratoscale infrastructures and AWS based on a predefined quota and policies. Symphony does not manage outside of the Symphony cluster, but it offers extensive APIs to manage nodes. Symphony supports migration of VMs from vSphere, Hyper-V or other KVM-based hypervisors. Symphony is available on an annual subscription per-node basis that includes 24/7 dedicated support, maintenance and product upgrades. Stratoscale markets reference architectures with system providers including Cisco, Dell EMC, HPE, Lenovo and Supermicro. Stratoscale primarily addresses midsize to large enterprises and service providers for data center modernization, building hybrid cloud platforms, container deployment and cloud migration (lift and shift). Stratoscale has been successful in the technology providers, pharmaceuticals, MSPs and media/entertainment markets and is expanding into other segments, including financial services and manufacturing.

Sales teams are supported by solution architects to ensure business and IT alignment, and to provide support, education and training. In 2018, Stratoscale plans to invest more in R&D, expand its sales teams geographically, add more services from AWS, and extend its partnership with Google Cloud and Microsoft Azure.

STRENGTHS

Stratoscale provides hardware-neutral solutions, enabling flexible and cost-optimized HCI platforms while avoiding system vendor lock-in.

Symphony embraces the vision of providing a multitenant hybrid cloud platform, partnering with the leading cloud provider, Amazon.

Stratoscale has extended its offerings to address Mode 2 workloads, scale-out microservice applications and DevOps by adding a container service (Kubernetes as a Service) and self-service consumption of cloud services.

CAUTIONS

Some organizations that have made significant investments in vSphere or Hyper-V licenses and training will resist migration to a KVM-based hypervisor.

Some IT leaders question Stratoscale's long-term viability given the competition with well-established public cloud options, such as VMware Cloud on AWS (VMC) or Azure Stack from Microsoft.

Stratoscale's sales and support capabilities vary geographically, while the vendor attempts to expand market reach.

VMware

VMware vSAN, which is integrated in the kernel of the vSphere hypervisor, is an SDS product that serves as the core foundation of VMware's hyperconverged infrastructure software strategy. VMware offers a comprehensive management suite, vCenter, and a network virtualization product, NSX, to round out its software-defined data center portfolio. VMware leverages its software assets to deliver hyperconverged products that can be deployed on certified hardware components, as vSAN ReadyNode, turnkey appliances or as a rack-scale solution. New capabilities in version 6.6 include support for Intel Optane NVMe SSDs, plug-ins for Docker and Kubernetes, software-based clusterwide data-at-rest encryption, and availability of vSAN under the new software-defined data center offering, VMware Cloud Foundation. VMware vSAN is deployed for a broad range of use cases across both midsize businesses and global enterprises for VDI, virtual server infrastructure, ROBO environments and Tier 1 applications. While VMware has made rapid strides in the hyperconverged market segment, it still faces challenges due to lukewarm go-to-market support from hardware OEMs beyond Dell. The announcement by VMware and EMC of the VxRail appliance family in 2016 as "jointly engineered hyperconverged infrastructure appliances (HCIA) for VMware environments" was a key move in creating a turnkey customer experience. VMware offers several licensing options for the vSAN product. VMware vSAN software is available in standard, advanced or enterprise editions, where the pricing is as a perpetual software on a per-CPU basis. VMware has

a bundled per-VM pricing model for ROBO environments that includes both the vSphere and vSAN licenses together, and a per-desktop pricing model for VDI environments on a concurrent-user basis for named users within organizations.

STRENGTHS

VMware offers the broadest set of hyperconverged solutions — either as a turnkey software appliance, as a rack-scale software-defined data center solution (VMware Cloud Foundation) or as HClaaS — to meet the diverse performance, scalability, security and total cost of ownership (TCO) needs of organizations.

VMware offers a set of well-integrated software products in vSphere, vSAN and vCenter, which makes management and support simple for virtualization administrators, obviating the need to learn new GUIs or complex storage abstracts.

VMware has kept the product competitive through an aggressive software release cycle to provide advanced data services and enhancements, such as software encryption that eliminates the need for expensive, self-encrypting drives, and stretched clusters that can tolerate site failures.

CAUTIONS

Data reduction features such as deduplication, compression and erasure coding are not available as part of the standard edition or the hybrid configuration. Organizations requiring data reduction capabilities must license advanced or enterprise editions and purchase all-flash hardware, raising the TCO of the solution.

Several customers have reported problems with stability and performance of vSAN, even when they have selected hardware components from its certified compatibility list, which indicates a lack of rigor in its validation and certification process. However, the problems have occurred with significantly less frequency with vSAN ReadyNodes.

The choice of VMware as a hyperconverged vendor limits the choice at every layer across compute, storage and management in the on-premises data center. While VMware enables consumption of its HCI product through multiple cloud providers such as IBM and OVH, VMware cloud on AWS is the only one that is fully operated, managed and supported as a hybrid cloud service by VMware.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

Not applicable.

Dropped

Not applicable.

Inclusion and Exclusion Criteria

To qualify for inclusion in the hyperconverged infrastructure Magic Quadrant, vendors need to meet the following criteria.

Functional Criteria

Included HCI vendors must:

Provide a software stack that includes software-defined compute, storage, and, optionally, networking with integrated software services and management.

Deliver the solution as a hardware appliance, as software-only for use on certified, reference-architecture, or use as-a-service in on-premises or public cloud infrastructure.

Provide a solution that utilizes local DAS storage, rather than shared storage, such as a SAN and/or network-attached storage (NAS). HCI products must provide a mechanism to pool DAS into logical, abstracted virtual storage.

Develop the storage and data management services integrated in the offering, not resell a white-label solution produced by another company in an OEM relationship.

Business Criteria

Eligible HCI vendors must:

Provide evidence of a minimum of 50 production customers brought to revenue in each of at least two of the major geographies (Americas, EMEA and Asia/Pacific).

Deliver complete Level 1 (call center/service desk) and Level 2 (escalation) support to facilitate quick and easy problem resolution. However, Level 3 (engineering) support can be delivered separately, based on vendors' engineering partnerships.

Have achieved \$10 million in bookings from HCI solutions for the 12 months preceding 30 April 2017.

Deliver solutions in at least three of the use cases identified in the Critical Capabilities research.

Integrated systems that fall into either the integrated infrastructure systems or integrated stack systems categories are no longer eligible for inclusion in this Magic Quadrant:

Integrated infrastructure systems are server, storage and network hardware integrated to provide shared compute infrastructure. Examples include Dell EMC VxBlock Systems and Hewlett Packard Enterprise (HPE) ConvergedSystem 700.

Integrated stack systems are server, storage and network hardware integrated with application software to provide appliance or appliance-like functionality. Examples include Oracle Exadata Database Machine and Teradata.

Honorable Mentions

Several vendors did not meet one or more of the inclusion criteria for this revised Magic Quadrant. However, they deserve honorable mentions and consideration by organizations seeking the benefits of hyperconverged infrastructure software.

Fujitsu

Fujitsu is a global server and storage provider offering hyperconverged integrated systems based upon HCI software from Microsoft, Nutanix and VMware.

Hitachi

Hitachi is a global server and storage provider offering hyperconverged integrated systems based upon HCI software from VMware.

Lenovo

Lenovo is a global server, storage and networking provider offering a broad portfolio of HCIS appliances based upon HCI software from Microsoft, Nutanix and VMware, and reference architectures with Maxta, Pivot3, Scale Computing, StorMagic, Stratoscale and others. Lenovo has become a partner of growing importance for many HCI software vendors, because it has global reach, supply chain and manufacturing capabilities, and no legacy HCI software investments to protect.

New H3C Group

New H3C Group is a China-headquartered supplier of IT solutions, including HCI, and the exclusive provider of HPE server and storage products in China. Its hyperconverged infrastructure products have been sold almost exclusively in the Asia/Pacific region.

Red Hat

Red Hat is a U.S.-headquartered, global open-source software developer and supplier of open-source software solutions and support. Red Hat offers hyperconverged infrastructure integrating Red Hat Virtualization and Red Hat Gluster Storage, targeting ROBO requirements, edge computing and microdata centers supporting IoT edge applications.

Sangfor

Sangfor is a China-headquartered provider of network security, network optimization and virtualization solutions. Although the company is expanding geographically, Sangfor's hyperconverged infrastructure products have been sold almost exclusively in the Asia/Pacific region.

StarWind Software

StarWind Software is a developer of storage virtualization software that delivers hyperconverged infrastructure solutions primarily targeted at remote and branch offices of medium and large enterprises.

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate technology providers on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, technology providers are judged on their ability and success in capitalizing on their vision.

Product or Service: Core goods and services offered by the technology provider that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue to invest in the product, continue offering the product and advancing the state of the art within the organization's portfolio of products. The growing proportion of startups in the industry requires validation of business models and investment risk.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness. The dynamics in the market require increasing flexibility.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the vendor's message in order to influence the market, promote the brand and business, increase awareness of the products and establish a positive identification with the product/brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on. Conservative buyers will consider references critical in this emerging market.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	
Product or Service	
Weighting	High

Overall Viability	
Weighting	High
Sales Execution/Pricing	
Weighting	Medium
Market Responsiveness/Record	
Weighting	High
Marketing Execution	
Weighting	Medium
Customer Experience	
Weighting	High
Operations	
Weighting	Low

Source: Gartner (February 2018)

Completeness of Vision

Gartner analysts evaluate technology providers on their ability to convincingly articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well they map to the Gartner position. Ultimately, technology providers are rated on their understanding of how market forces can be exploited to create opportunity for the provider.

Market Understanding: Ability of the vendor to understand buyers' needs and translate these needs into products and services. Vendors that show the highest degree of vision will listen and understand buyers' wants and needs, and can shape or enhance those wants with their added vision. This is a relatively new market and continues to evolve.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization, externalized through the website, advertising, customer programs and positioning statements. The constant stream of new entrants puts pressure on positioning and the ability to differentiate.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: A vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements. Strong strategy is required for product differentiation.

Business Model: The soundness and logic of a technology provider's underlying business proposition.

Vertical/Industry Strategy: The technology provider's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes. Emerging technologies must be addressed and integrated.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	
Market Understanding	
Weighting	High
Marketing Strategy	
Weighting	Medium
Sales Strategy	
Weighting	Medium
Offering (Product) Strategy	
Weighting	High
Business Model	
Weighting	Medium

Vertical/Industry Strategy	
Weighting	Medium
Innovation	
Weighting	High
Geographic Strategy	
Weighting	Medium

Source: Gartner (February 2018)

Quadrant Descriptions

Leaders

Market Leaders will typically be able to execute strongly across multiple geographies, verticals, use cases and deployment models. They will have a support and channel organization that ensures a high-quality customer experience regardless of whether the solution is purchased directly or through resellers, integration partners or OEMs.

Challengers

Challengers are typically vendors whose achievements, while significant, are based upon a narrower subset of the market, having gaps in geographic coverage, product portfolios and use cases. These vendors have the potential to establish themselves across the broader, global market, but have not yet done so.

Visionaries

Visionaries are typically vendors that are focusing on strong innovation and product differentiation, with the potential to significantly disrupt the market if execution improves. These may be smaller vendors with limited reach or achievement to date, or larger vendors with innovation programs that are still unproven.

Niche Players

Niche Players are typically vendors with market programs focused on a limited set of geographies, deployment models, customer segments or use cases. These vendors have met the inclusion criteria and may address their specific market category effectively.

Context

All hyperconverged integrated systems include hyperconverged infrastructure software, but HCI software is not limited to a systems (hardware appliance) deployment model. That said, for now, hardware-appliance deployments (HCIS) continue to outpace software-only/bring-your-own server,

reference architectures, cloud and as-a-service deployments. The advantages of software-only deployments, which include the avoidance of hardware vendor lock-in, are at least somewhat offset by the added complexity of the support model and the inability of software-only vendors to test and certify the myriad of configuration options that customers may choose. Hardware-vendor optionality can be achieved in some cases, as HCI software solutions (for example, from Nutanix, Pivot3 and VMware) are available as HCIS appliances through multiple vendors. However, the support model becomes more complicated if users choose multiple HCIS vendors for the same HCI software. Thus, we see many HCI customers elect to obtain the HCI product as an appliance based upon a prior relationship with a preferred server vendor.

One limitation of the typical HCIS appliance model is that compute, storage and networking do not scale in tandem for all workloads. To compete across the broadest range of workloads, some vendors are beginning to (or will soon) offer compute-only and storage-only nodes. Users should conduct a POC to carefully evaluate the compute, storage and networking requirements of their workloads running on HCI, and should also estimate the component growth requirements to determine the need for unbalanced scaling.

Although there are multiple 100-node+ deployments today, most HCI implementations can be measured in tens of nodes or fewer. As HCI becomes more broadly adopted across a broader range of nonhomogeneous workloads, requirements will increase for HCI to operate more autonomously, including the capability to automatically provision, rebalance, adapt to meet quality of services requirements, detect anomalies, and prevent failures and data loss. When HCI is deployed at large scale, these capabilities will be both increasingly necessary and key points of vendor differentiation.

One of the attractions of HCI is the potential to create a cloudlike provisioning model, while maintaining physical control of IT assets and data on-premises in the data center, remote site or branch office. Over the next few years, cloud deployment models will become increasingly important to meet both short-term scale-up/scale-down requirements and backup and disaster recovery requirements. An important question for users is whether HCI is a stepping stone to the cloud or a "foreseeable future" resting place for applications.

The adoption of HCI-based solutions continues to grow, but outside of smaller organizations, HCI is unlikely to become a full-service platform for IT services across all workloads. Customers should evaluate HCI solutions, and select vendors and products not because HCI or that vendor is rapidly growing, but because it fits with their particular use case, growth expectations and application-architecture direction. HCI is likely to become yet another silo to manage, so integration with higher-level management frameworks (including cloud management platforms) becomes key to supporting an already overtaxed operations staff.

Market Overview

HCI is a market that has significant overlap with the hyperconverged integrated systems submarket of integrated systems. The two, however, cannot be equated, as HCI includes flexible deployment and sourcing models that extend to cloud, on-premises-as-a-service, bring-your-own-hardware, reference architectures, and OEM or branded appliances. At one extreme, vendors that offer multiple

HCIS solutions may not develop any of their own HCI software. Conversely, HCI software vendors may partner with multiple hardware, software and cloud providers to deliver their solutions to market.

Within the market, Gartner has witnessed multiple acquisitions, including SimpliVity by HPE, Springpath by Cisco, and VMware and EMC by Dell. At the same time, HCI vendors have expanded their deployment options to include cloud providers Amazon and Google, while Microsoft, with its own cloud solution, has entered the HCI market with one deployment model for Windows Server 2016.

HCI's wide variety of delivery, deployment and pricing models (appliance-based, term-license, enterprise-license, as-a-service and cloud) leads to complexity in vendor revenue recognition. Therefore, sizing revenue, unit volume and market share for HCI is a near impossibility. Users evaluating vendor claims of HCI revenue or unit market share position should interpret those claims as HCIS, rather than HCI, regardless of how vendors have labeled the market in which they compete.

Evidence

This Magic Quadrant is based upon vendors' written responses to an extensive Gartner survey, vendor presentations, reference customer surveys, Gartner interviews with vendor partners and competitors, Gartner client inquiries, and independent validation of vendor claims through the assessment of third-party resources.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and

organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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