

**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, APRIL 15, 2024**

The City of Pharr has called this meeting as allowed pursuant to Texas law, city charter, and city ordinances. 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 board.
- B) Pledge of Allegiance/Invocation.

2. PROCLAMATIONS:

- A) Proclamation proclaiming National Public Safety Telecommunicators Week.
- B) Proclamation proclaiming National Animal Control Officer Appreciation Week.

3. PUBLIC TESTIMONY: (Ordinance No. O-2019-45). A person intending on addressing the governing body may speak at a scheduled meeting of the governing body following registration with the presiding clerk and prior to the scheduled meeting. A registered speaker may speak only on items on the agenda and may not exceed 1.5 minutes when addressing the board regarding an agenda item. A registered speaker may not donate time to another speaker. A sign-in form for public testimony shall be promulgated by the presiding clerk and be made available at the city clerk's office. A person may sign up for public testimony beginning at the time the agenda is posted for the meeting. A person may not sign up later than one hour before the posted meeting is scheduled to begin. No registered speaker may be allowed to speak regarding an item once the public testimony portion of the agenda has ended.

4. PUBLIC HEARINGS: (Ordinance No. O-2019-31). A registered speaker during the public hearing may not exceed 1.5 minutes when addressing the board. A sign-in form for participation in public a hearing shall be promulgated by the presiding 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.

AGENDA REGULAR MEETING
April 15, 2024

A) Public hearing on development services cases.

B) Solicitation of comments from the general public on the Voluntary Annexation of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, and a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being out of Lots 47 through 55, and a portion of a 40 ft. road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 inclusive of the San Juan Plantation Subdivision located at the northeast corner of South Veterans Boulevard and East Hi Line Road, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas. **This item supports EV - Economic Vitality. (DEVELOPMENT SERVICES)**

5. 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 Events of Interest.

1. Presentation of 2024 Excellence Award to the City of Pharr for TeamPharr.net project.

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

1. Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Heavy Commercial District (H-C). The property is legally described as being 0.52 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240208 **This item supports EV - Economic Vitality.**

2. Jorge Pena Architects, LLC., representing Luis Biasi, owner has filed with the Planning and Zoning Commission a request for a Change of Zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C). The property is legally described as being 0.17 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240209 **This item supports EV - Economic Vitality.**

3. Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.13 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8911 South Cage Boulevard. COZ#240210 **This item supports EV - Economic Vitality.**

AGENDA REGULAR MEETING
April 15, 2024

4. Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8907 South Cage Boulevard. COZ#240211 **This item supports EV - Economic Vitality.**

5. Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8915 South Cage Boulevard. COZ#240212 **This item supports EV - Economic Vitality.**

6. R.E.T.Y., LLC., representing Pharr Economic Development Corporation, owner, 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 Heavy Industrial District (H-I). The property is legally described as being 241.56 acres, more or less, out of Porcion 71, Pharr, Hidalgo County, Texas. The property's physical address is 2101 West Doffing Road. COZ#240313 **This item supports EV - Economic Vitality.**

7. Salinas Engineering & Associates, representing Maria Del Carmen Pacheco and Ruben Pacheco, owners, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Townhouse Residential District (R-TH). The property is legally described as being 0.27 acres, more or less, out of Lot 8, Block 9, A.J. McColl Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 2506 and 2508 South Salamanca Street. COZ#240314 **This item supports EV - Economic Vitality.**

8. CNMK Texas Properties, LLC, d/b/a Cinemark El Centro Mall 16, is requesting renewal of the Conditional Use Permit and Late Hours Permit to allow the sale of alcoholic beverages for on-premise consumption. The property is legally described as being Lot 3A, Re-plat of Vacated Car-Mel Subdivision, Vacated El Centro Mall No. 3 and 4 Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 600 North Jackson Road. CUP#131046 **This item supports EV - Economic Vitality.**

9. Olly's Drive Thru, is requesting renewal of the Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption. The property is legally described as being a 0.04 acre tract of land, more or less, out of Lots 27 and 28, La Quinta Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 5850 South Cage Boulevard. CUP#200836 **This item supports EV - Economic Vitality.**

REGULAR AGENDA - OPEN SESSION:

7. ORDINANCES AND RESOLUTIONS:

AGENDA REGULAR MEETING
April 15, 2024

A) Consideration and action, if any, on Ordinance extending the boundaries of the present corporate limits of the City of Pharr, Texas and annexing new territory into the City of Pharr consisting of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, and a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being out of Lots 47 through 55, and a portion of a 40 ft. road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 inclusive of the San Juan Plantation Subdivision located at the northeast corner of South Veterans Boulevard and East Hi Line Road, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas. (1st Reading) **This item supports EV - Economic Vitality.** (DEVELOPMENT SERVICES)

B) Consideration and action, if any, on Ordinance authorizing the issuance of the City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 and levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the obligations; setting certain parameters for the obligations; authorizing a pricing officer to approve the amount, the interest rates, price, redemption provisions and terms thereof and certain other procedures and provisions related thereto; and containing matters incident thereto. (Adoption on One Reading) **This item supports SG - Sound Governance and Fiscal Sustainability.** (ADMINISTRATION)

C) Consideration and action, if any, on Ordinance amending Ordinance No. O-2022-40 adopting Grants Management Policies and Procedures Manual (Adoption on One Reading). **This item supports SG - Sound Governance and Fiscal Sustainability.** (GMCD)

D) Consideration and action, if any, on Ordinance amending Ordinance No. O-2023-33 Municipal Fiber Optic Fee Schedule (1st Reading). **This item supports SG - Sound Governance and Fiscal Sustainability.** (IT)

E) Consideration and action, if any, on Resolution supporting the approval of the West Doffing Road segment to the designated Texas Department of Transportation Oversize Overweight Corridor. **This item supports IF - Infrastructure.** (ADMINISTRATION)

8. ADMINISTRATIVE:

A) Consideration and action, if any, accepting the City of Pharr Audited Financial Statements for the FY 2021-2022. **This item supports SG - Sound Governance and Fiscal Sustainability.** (FINANCE)

9. PURCHASING:

A) Consideration and action, if any, on the purchase of eighty (80) computers from Southern Computer Warehouse for an amount not to exceed \$71,756.80 (DIR-TSO 4159 Contract). **This item supports SG - Sound Governance and Fiscal Sustainability.** (IT)

10. CONTRACTS/AGREEMENTS:

A) Consideration and action, if any, authorizing City Manager to enter into fee negotiations and scope of services with Quantum Consultants from El Paso, Texas to develop the Comprehensive Plan Update for the City of Pharr. **This item supports QL - Quality of Life.** (PURCHASING)

11. 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 Board 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 Board 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 Board 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 Board 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 Board 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.

AGENDA REGULAR MEETING
April 15, 2024

Pursuant to Section 551.087, the Board 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.

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

13. ADJOURNMENT:

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. 1016 / 1007 or FAX 956-702-5313 or E-mail hilda.pedraza@pharr-tx.gov and imelda.perez@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 12th day of April 2024 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 12th day of April 2024

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: _____

Proclamation



WHEREAS, Daily, across the nation, public safety telecommunicators are on the front lines, communicating and coordinating public safety services in the face of critical need. From car accidents and medical emergencies to threats of any kind, these highly trained professionals answer calls for help and address emergent needs with skill and speed. Dispatchers, 9-1-1 operators, and crisis communications specialists remain poised during stressful situations, reassure callers, and establish swift responses to any calamity; and

WHEREAS, Public safety telecommunicators provide essential services to their fellow Texans and remain devoted to their communities. Their ability to operate telephones, radios, and computers supports law enforcement, emergency medical services, and firefighters. Their professionalism, empathy, and commitment inspire people throughout the Lone Star State. More than 4,000 public safety telecommunicators work in 600 emergency 911 call centers, providing critical communications in the face of difficult circumstances; and

WHEREAS, The Commission on State Emergency Communications works with telecommunicators and local and state governments to ensure that Texans have reliable access to emergency telecommunications services. Each year, the commission brings awareness to public safety telecommunicators and recognizes their importance to public safety; and

WHEREAS, The City of Pharr encourages all citizens to learn more about the impactful role these dedicated professionals play in our lives and to extend their appreciation to public safety telecommunicators. They ensure that help arrives swiftly to those in need.

NOW THEREFORE, I, Ambrosio Hernandez, Mayor of the City of Pharr, Texas by virtue of the authority vested in me and on behalf the City Commission, do hereby proclaim the week of April 14 – 20, 2024 as:

“National Public Safety Telecommunicators Week”

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Pharr to be affixed on this 15th day of April 2024.

CITY OF PHARR

Ambrosio Hernandez, Mayor

ATTEST:

Hilda Pedraza, City Clerk

Proclamation



WHEREAS, the National Animal Care and Control Association has designated the second week of April each year as National Animal Control Officer Appreciation Week; and

WHEREAS, Animal Control Officers are dedicated to helping pets and people in the community every day; and

WHEREAS, various federal, state, and local government officials throughout the country take this time to recognize, thank and commend all Animal Control Officers for the dedicated services they provide to the citizens, public safety and public service agencies across the nation; and

WHEREAS, every day, Animal Control Officers put themselves in potentially dangerous situations by protecting people from dangerous animals and seek justice in cases of abused, neglected, and abandoned animals by conducting humane investigations and protect the welfare of helpless animals and pets from injury, disease, and starvation; and

WHEREAS, Animal Control Officers provide the essential functions of enforcing State Laws pertaining to animal care along with city animal regulations, and protecting the public from diseases such as rabies, and educating the public on the proper care of our community's pets; and

WHEREAS; the City of Pharr recognizes the Animal Control Officers for the many dedicated and long hours of service they perform and encourages all citizens to join us in expressing their sincere appreciation for their service and dedication.

NOW THEREFORE, I, Ambrosio Hernandez, Mayor of the City of Pharr, Texas by virtue of the authority vested in me and on behalf of the City Commission, do hereby proclaim the week of April 14 – 20, 2024 as:

“National Animal Control Officer Appreciation Week”

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Pharr to be affixed on this 15th day of April 2024.

CITY OF PHARR

Ambrosio Hernandez, Mayor

ATTEST:

Hilda Pedraza, City Clerk



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 4.A.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

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.)

Issue:

Fiscal Consideration:

Staff Recommendation:

Alternatives:

Exclude Material from Public Packet? No

Reason:

ROUTING:

Hilda Pedraza

Created/Initiated - 4/11/2024



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 4.B.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Solicitation of comments from the general public on the Voluntary Annexation of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, and a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being out of Lots 47 through 55, and a portion of a 40 ft. road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 inclusive of the San Juan Plantation Subdivision located at the northeast corner of South Veterans Boulevard and East Hi Line Road, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas. **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: In accordance with Section 43.0673 of the Texas Local Government Code, the governing body must provide persons interested in the annexation the opportunity to be heard.

Fiscal Consideration: N/A

Staff Recommendation: Solicitation of comments only.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/10/2024
Final Approval - 4/10/2024

City of Pharr
Notice of Public Hearing

The City of Pharr intends to extend the present corporate limits by annexing land within the City's Extra Territorial Jurisdiction. The Department of Development Services will hold a public hearing regarding the proposed annexation. Any and all persons interested are encouraged to attend the public hearing and review the Service Plan for the area and voice their opinion. Said public hearing is scheduled as follows:

1. Monday, April 15, 2024, at 4:00 p.m. at the Pharr City Commission Room located at 118 S. Cage Boulevard, 2nd floor, Pharr, Texas.

The properties are legally described as follows:

- *A 79.022-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being out of Lots 47 through 55, and a portion of a 40-foot road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 Inclusive of the San Juan Plantation Subdivision located at the Northeast Corner of East Hi Line Road & South Veterans Boulevard, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.*
- *A 6.154-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.*

I, certify that the above notice of public hearing was posted on the bulletin board at City Hall on this the 2nd day of April 2024, at 12:00 p.m. and in the City of Pharr web site (www.pharr-tx.gov)




Hilda Pedraza, City Clerk



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 5.A.

DATE SUBMITTED:

MEETING DATE: April 15, 2024

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.)

Issue:

Fiscal Consideration:

Staff Recommendation:

Alternatives:

Exclude Material from Public Packet? No

Reason:

ROUTING:

Hilda Pedraza
Ricardo Rodriguez
Karla Saavedra
City Management Office

Created -



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 5.A.1.

DATE SUBMITTED: April 12, 2024

MEETING DATE: April 15, 2024

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR:

Agenda Item: Presentation of 2024 Excellence Award to the City of Pharr for [TeamPharr.net](https://www.teampharr.net) project.

Classification: Regular

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

Issue:

Fiscal Consideration:

Staff Recommendation:

Alternatives:

Exclude Material from Public Packet? No

Reason:

ROUTING:

Hilda Pedraza
City Management Office

Created/Initiated - 4/12/2024
Final Approval - 4/12/2024



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

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.)

Issue:

Fiscal Consideration:

Staff Recommendation:

Alternatives:

Exclude Material from Public Packet? No

Reason:

ROUTING:

Hilda Pedraza

Created/Initiated - 4/11/2024



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.1.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Heavy Commercial District (H-C). The property is legally described as being 0.52 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240208 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends disapproval of the rezoning request from General Business District (C) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from General Business District (C) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/9/2024
Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From General Business District (C) to Heavy Commercial District (H-C). The property is legally described as being 0.52 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240208

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:

Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

The subject site is located on the east side of South Cage Boulevard, approximately 260 ft. north of East Anaya Road and has a physical address of 8901 South Cage Boulevard. The property is legally described as being 0.52 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas.

The property fronts South Cage Boulevard, a 120 ft - 150 ft. principal arterial street which runs north and south with a posted speed limit of 40 – 55 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property was rezoned from Agricultural and/or Open Space District (A-O) to General Business District (C) and Single-Family Residential District (R-1) on August 16, 2005. The property to the north was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on December 19, 2006. The property to the south and east were zoned Agricultural and/or Open Space District (A-O) upon annexation on October 3, 1989. The property to the west was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on April 10, 2012. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for commercial use in the Land Use Plan.

The Heavy Commercial District (H-C) is established to provide adequate space and site diversification for commercial establishments which would involve influences that would be objectionable in the other commercial districts or adjacent to residential districts. Included in this district are commercial uses that involve large volumes of truck traffic, outside operations and storage of materials and equipment, either for sale or as part of the business, excessive noise from heavy service operations, or any other possibly blighting influences. This district is commercial in nature but has some aspects that are similar to industrial uses. The noise, traffic, litter, late-night hours, outside storage of materials and equipment, and other possibly blighting influences require adequate buffering.

Three (3) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 8, 2024, and a legal notice was published in the Advance News Journal on March 6, 2024. Staff received no response to the letters or the legal notice.

Development Services recommended **disapproval** of the request to re-zone from General Business District (C) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able to withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from General Business District (C) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Jorge Pena Architects, LLC.

APPLICANT

General Business District (C)

CURRENT ZONE

8901 South Cage Boulevard

ADDRESS

Heavy Commercial District (H-C)

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:

Denial

Development Services is recommending disapproval of the request to re-zone from General Business District (C) to Heavy Commercial District (H-C) as the property is not compatible with nearby uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

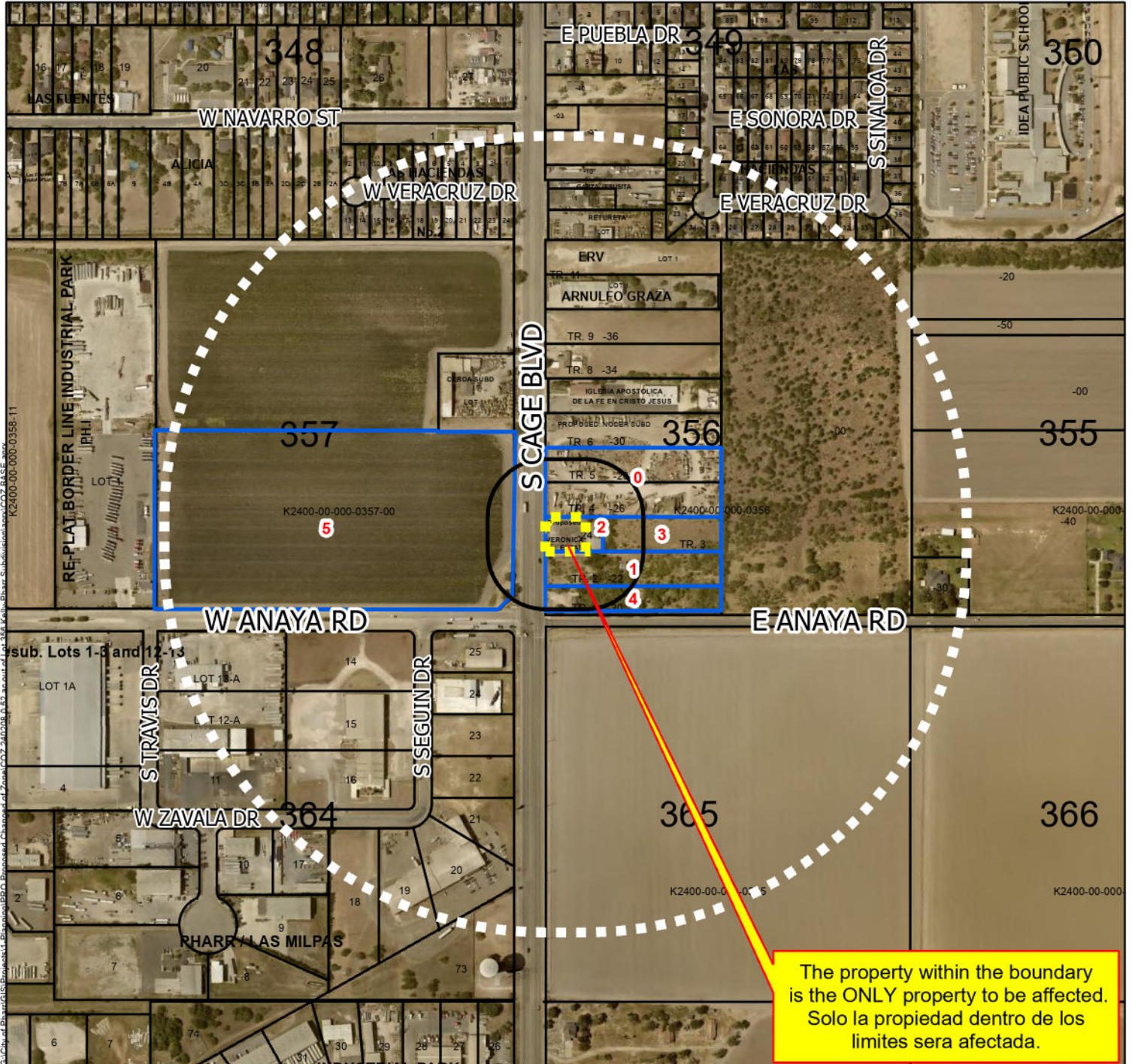
Laura Fonseca, Planner II

PREPARED BY

3.8.2024

DATE

AERIAL



- Zoning**
- ZONE**
- Agricultural Open Space
 - Single Family
 - Single Family Small Lot
 - Residential Multi-Family
 - Residential Multi-Family High Density
 - 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

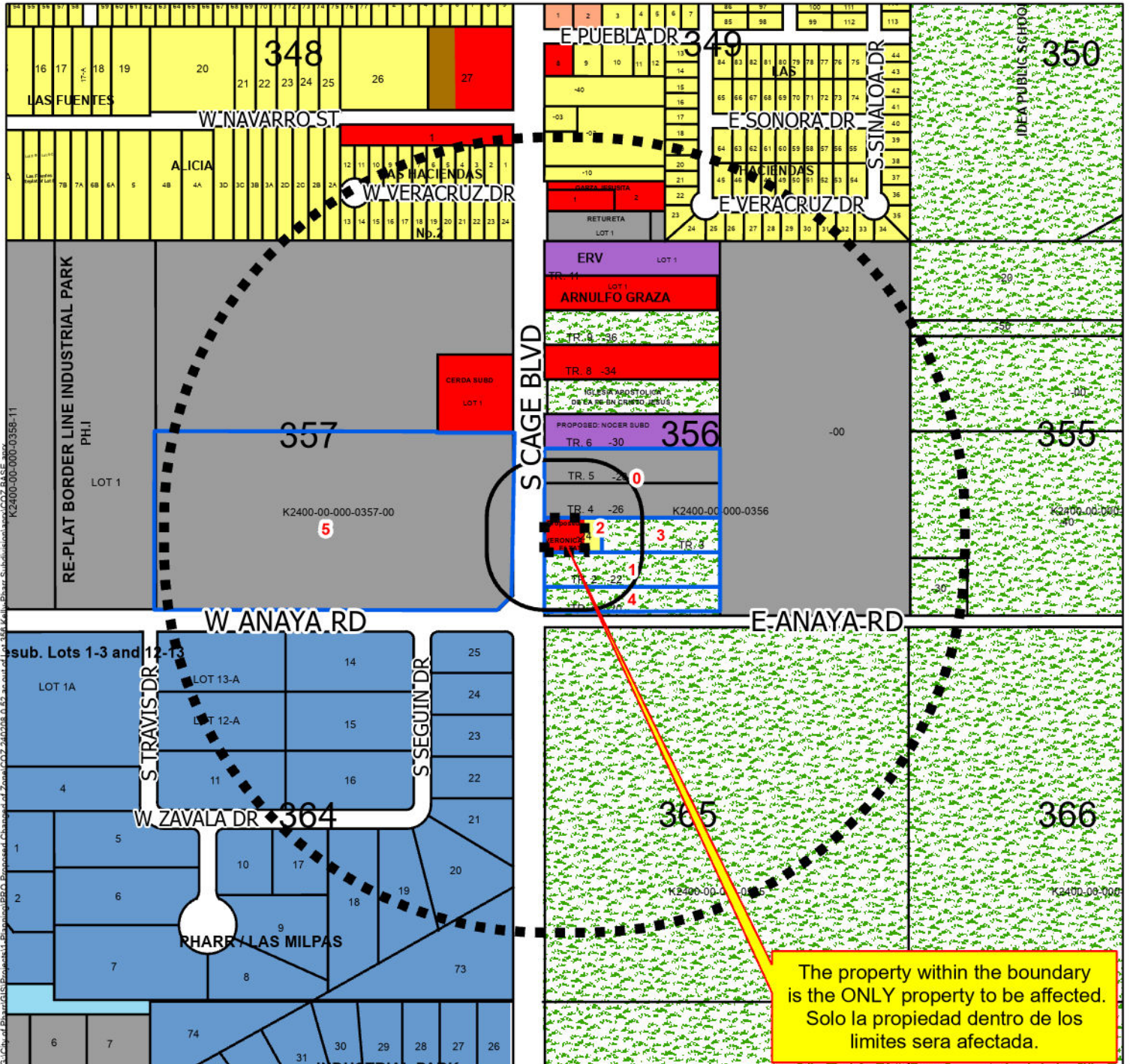
- Hidalgo ISD
 - Valley View ISD
 - Planned Unit Development
- Future Land Use**
- FUTURELAND**
- Irrigation
 - Agriculture
 - Single Family Res.
 - Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties

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.



ZONING

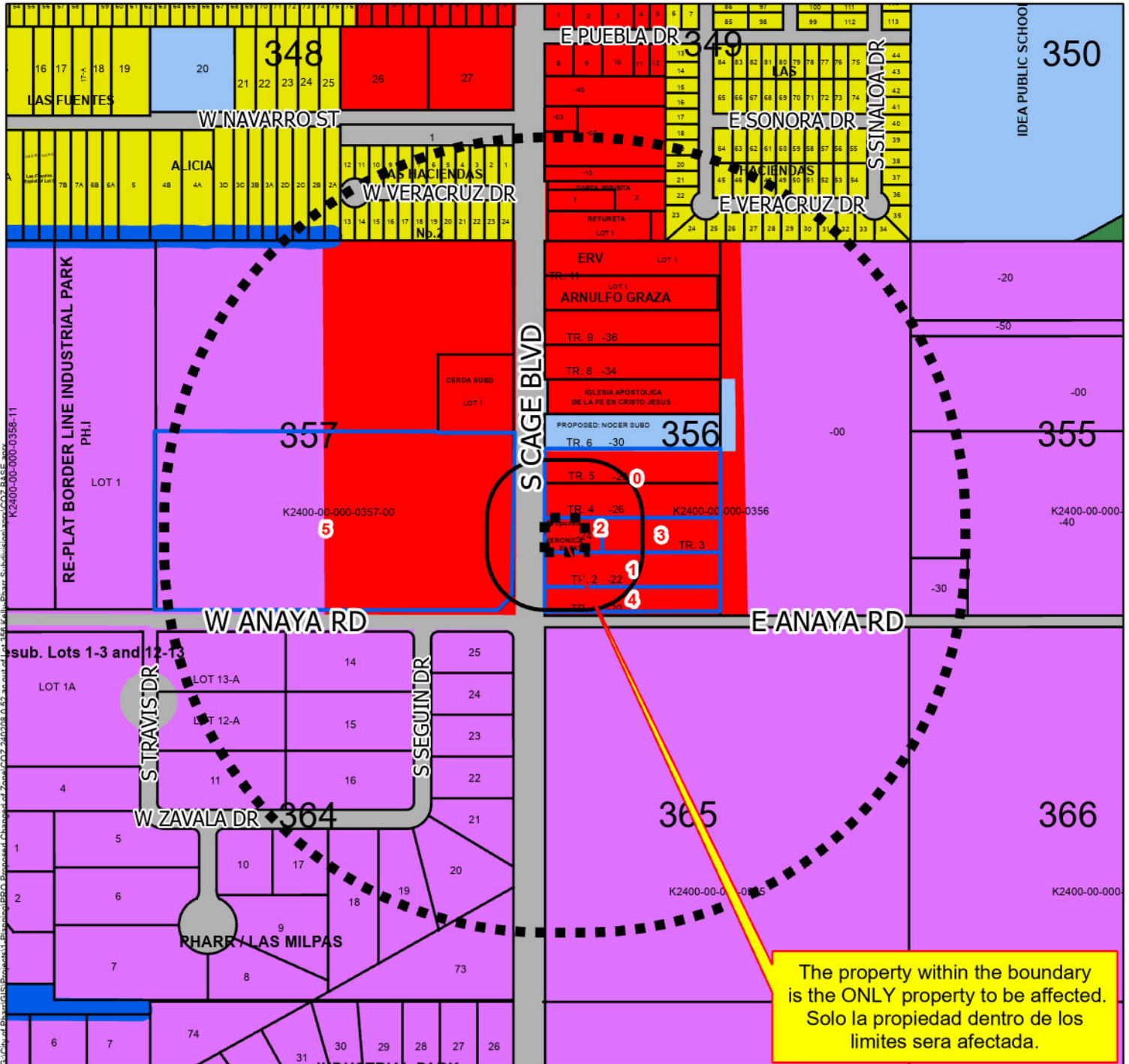


Zoning	Rail Road R.O.W	Hidalgo ISD	Manufactured Homes
ZONE	Government Owned	Valley View ISD	Industrial
Agricultural Open Space	General Business	Planned Unit Development	Commercial
Single Family	Business District	Future Land Use	Public/Semi Public
Single Family Small Lot	Heavy Commercial	FUTURELAND	Parks
Residential Multi-Family	Heavy Industrial	Irrigation	Subject Property
Residential Multi-Family High Density	Limited Industrial	Agriculture	Quarter Mile Radius
Mobile Home	Neighborhood Commercial	Single Family Res.	200 ft Radius
Townhouse	Office Professional	Multi-Family Res.	Notified Properties
HUD Code	PSJA ISD		





FUTURE LAND USE



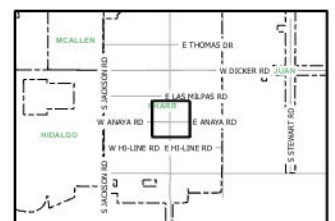
- Zoning**
- ZONE**
- Agricultural Open Space
 - Single Family
 - Single Family Small Lot
 - Residential Multi-Family
 - Residential Multi-Family High Density
 - Mobile Home
 - Townhouse
 - HUD Code

- Rail Road R.O.W
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- Heavy Commercial
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- PSJA ISD

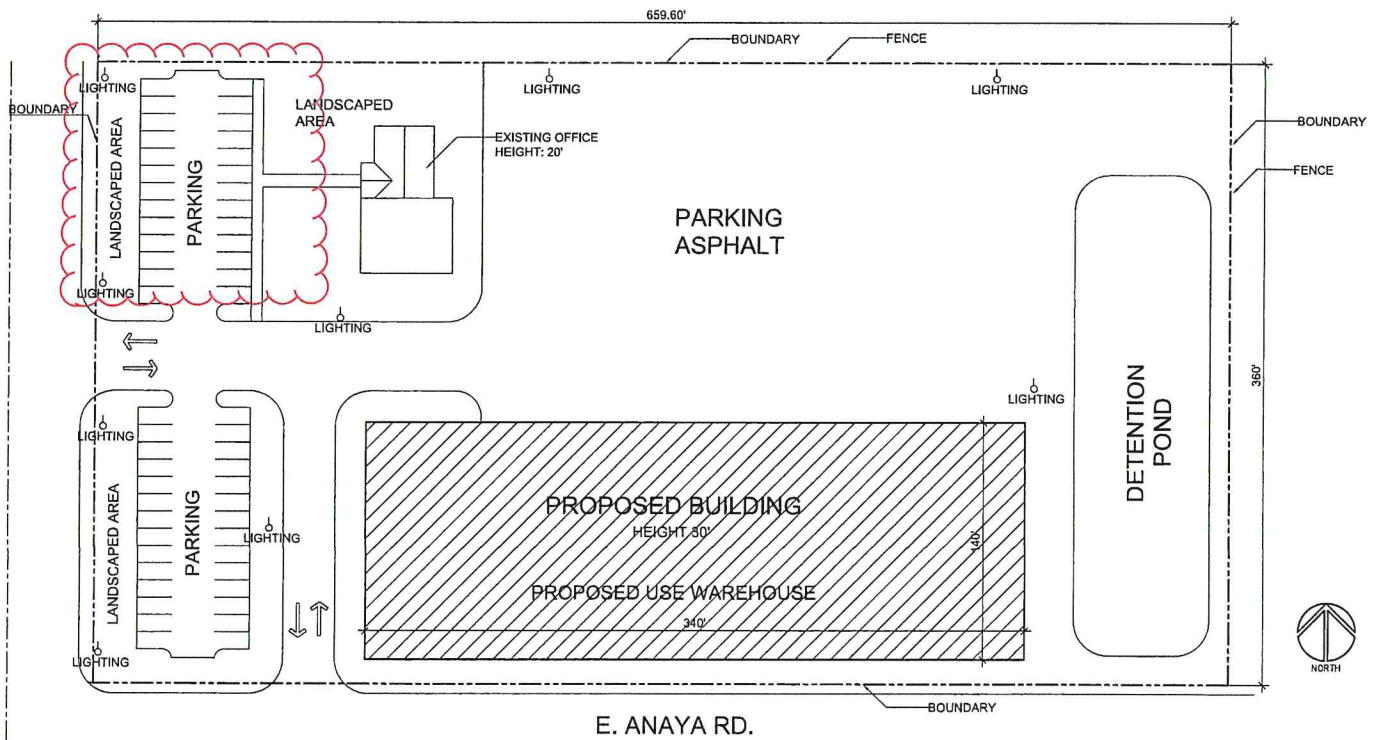
- Hidalgo ISD
 - Valley View ISD
 - Planned Unit Development
- Future Land Use**
- FUTURELAND**
- Irrigation
 - Agriculture
 - Single Family Res.
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- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties

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S. CAGE BLVD.



E. ANAYA RD.



Pharr
Development Services



Site Photo

8901 South Cage Boulevard





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.2.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Jorge Pena Architects, LLC., representing Luis Biasi, owner has filed with the Planning and Zoning Commission a request for a Change of Zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C). The property is legally described as being 0.17 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240209 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends disapproval of the rezoning request from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/9/2024
Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From Single-Family Residential District (R-1) to Heavy Commercial District (H-C). The property is legally described as being 0.17 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8901 South Cage Boulevard. COZ#240209

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:

Jorge Pena Architects, LLC., representing Luis Biasi, owner, has filed with the Planning and Zoning Commission a request for a Change of Zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

The subject site is located at the east side of South Cage Boulevard, approximately 260 ft. north of East Anaya Road and has a physical address of 8901 South Cage Boulevard. The property is legally described as being 0.17 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas.

The property fronts South Cage Boulevard, a 120 ft - 150 ft. principal arterial street which runs north and south with a posted speed limit of 40 – 55 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property was rezoned from Agricultural and/or Open Space District (A-O) to General Business District (C) and Single-Family Residential District (R-1) on August 16, 2005. The property to the north was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on December 19, 2006. The property to the south and east are zoned Agricultural and/or Open Space District (A-O) upon annexation on October 3, 1989. The property to the west was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on April 10, 2012. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for commercial use in the Land Use Plan.

The Heavy Commercial District (H-C) is established to provide adequate space and site diversification for commercial establishments which would involve influences that would be objectionable in the other commercial districts or adjacent to residential districts. Included in this district are commercial uses that involve large volumes of truck traffic, outside operations and storage of materials and equipment, either for sale or as part of the business, excessive noise from heavy service operations, or any other possibly blighting influences. This district is commercial in nature but has some aspects that are similar to industrial uses. The noise, traffic, litter, late-night hours, outside storage of materials and equipment, and other possibly blighting influences require adequate buffering.

Two (2) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 8, 2024, and a legal notice was published in the Advance News Journal on March 6, 2024. Staff received no response to the letters or the legal notice.

Development Services recommends **disapproval** of the request to re-zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and

would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Jorge Pena Architects, LLC.

APPLICANT

Single-Family Residential District (R-1)

CURRENT ZONE

8901 South Cage Boulevard

ADDRESS

Heavy Commercial District (H-C)

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:

Denial

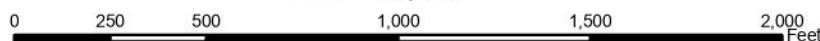
Development Services is recommending disapproval of the request to re-zone from Single-Family Residential District (R-1) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Laura Fonseca, Planner II

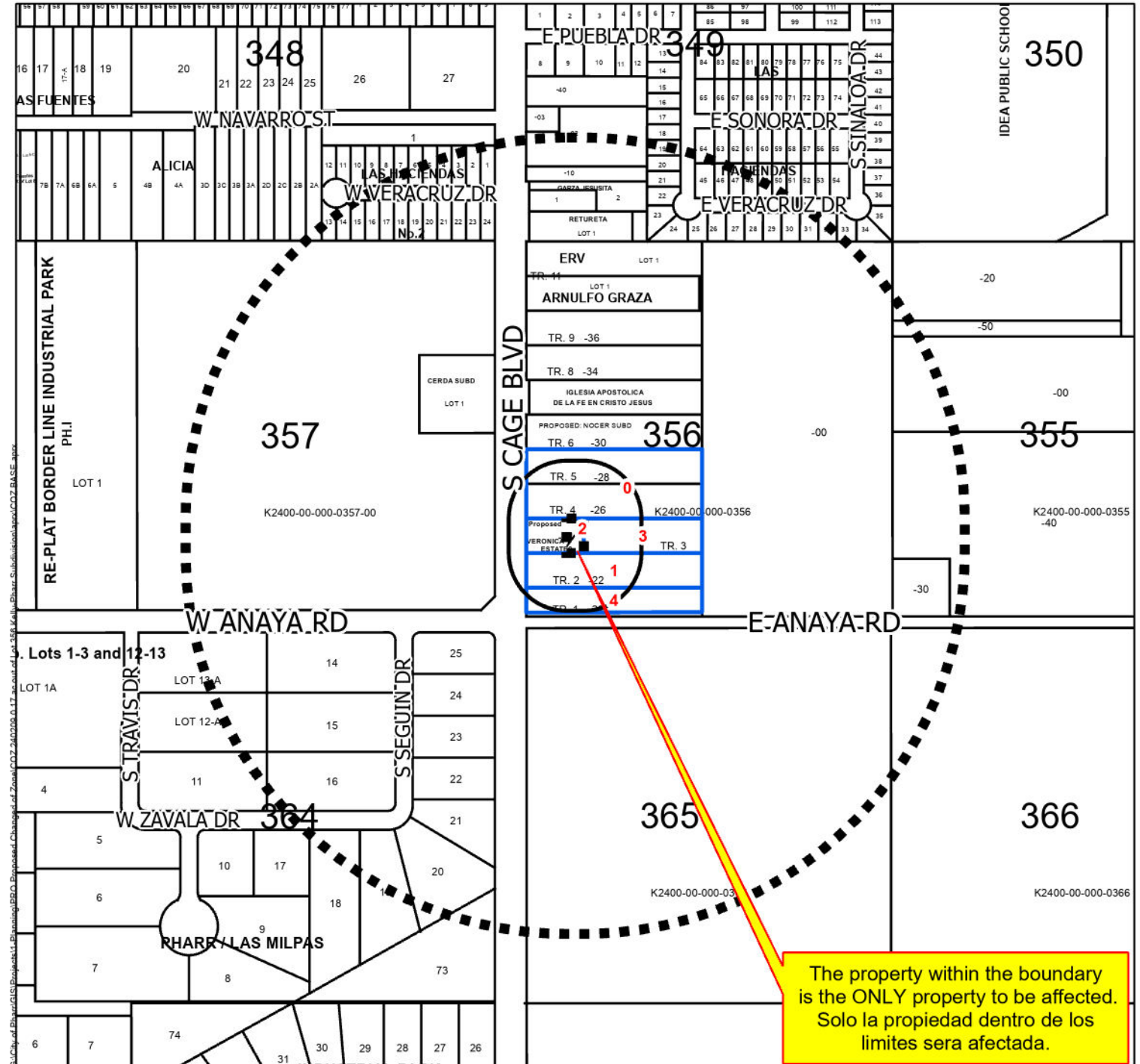
PREPARED BY

3.8.2024

DATE



RADIUS



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

Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

Future Land Use

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.

Multi-Family Res.

Manufactured Homes

Industrial

Commercial

Public/Semi Public

ROW

Parks

Quarter Mile Radius

200 ft Radius

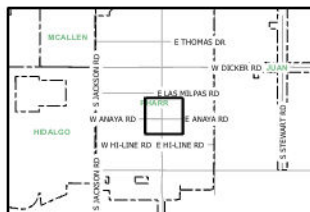
Notified Properties

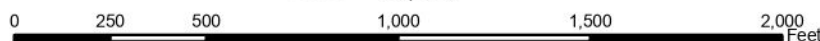
City of Pharr, Texas
Engineering Department
956.402.4242
Date: 2/29/2024

Scale: 1:6,000

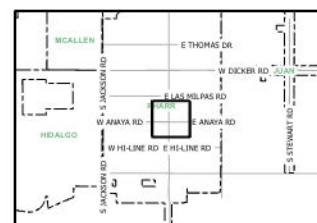
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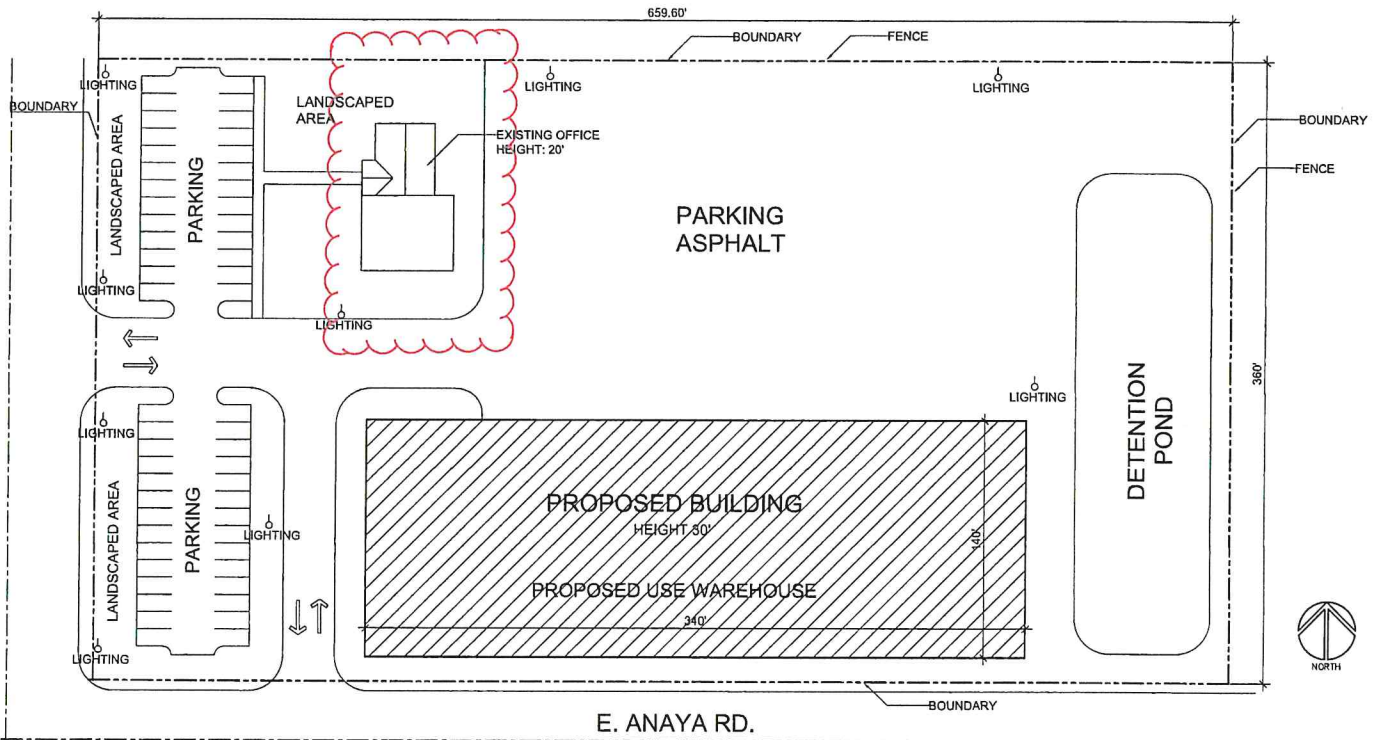




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S. CAGE BLVD.



E. ANAYA RD.



Pharr
Development Services



Site Photo

8901 South Cage Boulevard





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.3.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.13 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8911 South Cage Boulevard. COZ#240210 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/9/2024
Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C). The property is legally described as being 1.13 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8911 South Cage Boulevard. COZ#240210

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:

Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

The subject site is located at the east side of South Cage Boulevard, approximately 260 ft. north of East Anaya Road and has a physical address of 8911 South Cage Boulevard. The property is legally described as being 1.13 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas.

The property is located to the rear of 8901 South Cage Boulevard, a 120 ft - 150 ft. principal arterial street which runs north and south with a posted speed limit of 40 – 55 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property and the property to the south were zoned Agricultural and/or Open Space District (A-O) upon annexation on October 3, 1989. The property to the west was rezoned from Agricultural and/or Open Space District (A-O) to General Business District (C) and Single-Family Residential District (R-1) on August 16, 2005. The property to the north was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on December 19, 2006. The property to the east was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on October 6, 2015. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for commercial use in the Land Use Plan.

The Heavy Commercial District (H-C) is established to provide adequate space and site diversification for commercial establishments which would involve influences that would be objectionable in the other commercial districts or adjacent to residential districts. Included in this district are commercial uses that involve large volumes of truck traffic, outside operations and storage of materials and equipment, either for sale or as part of the business, excessive noise from heavy service operations, or any other possibly blighting influences. This district is commercial in nature but has some aspects that are similar to industrial uses. The noise, traffic, litter, late-night hours, outside storage of materials and equipment, and other possibly blighting influences require adequate buffering.

Three (3) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 8, 2024, and a legal notice was published in the Advance News Journal on March 6, 2024. Staff received no response to the letters or the legal notice.

Development Services recommends **disapproval** of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Jorge Pena Architects, LLC.

APPLICANT

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

CURRENT ZONE

8911 South Cage Boulevard

ADDRESS

Heavy Commercial District (H-C)

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:

Denial

Development Services is recommending disapproval of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able to withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

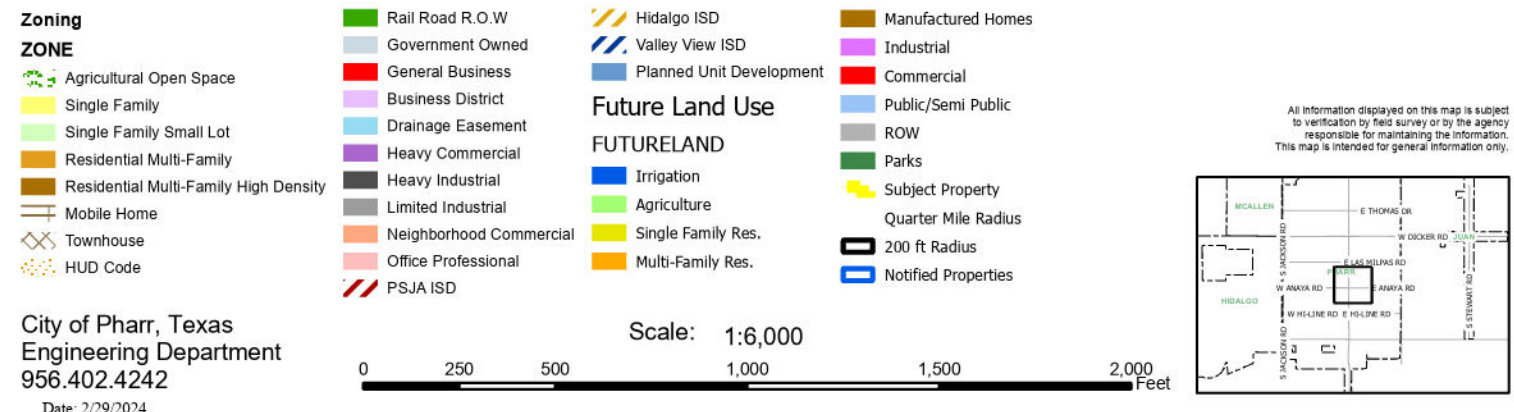
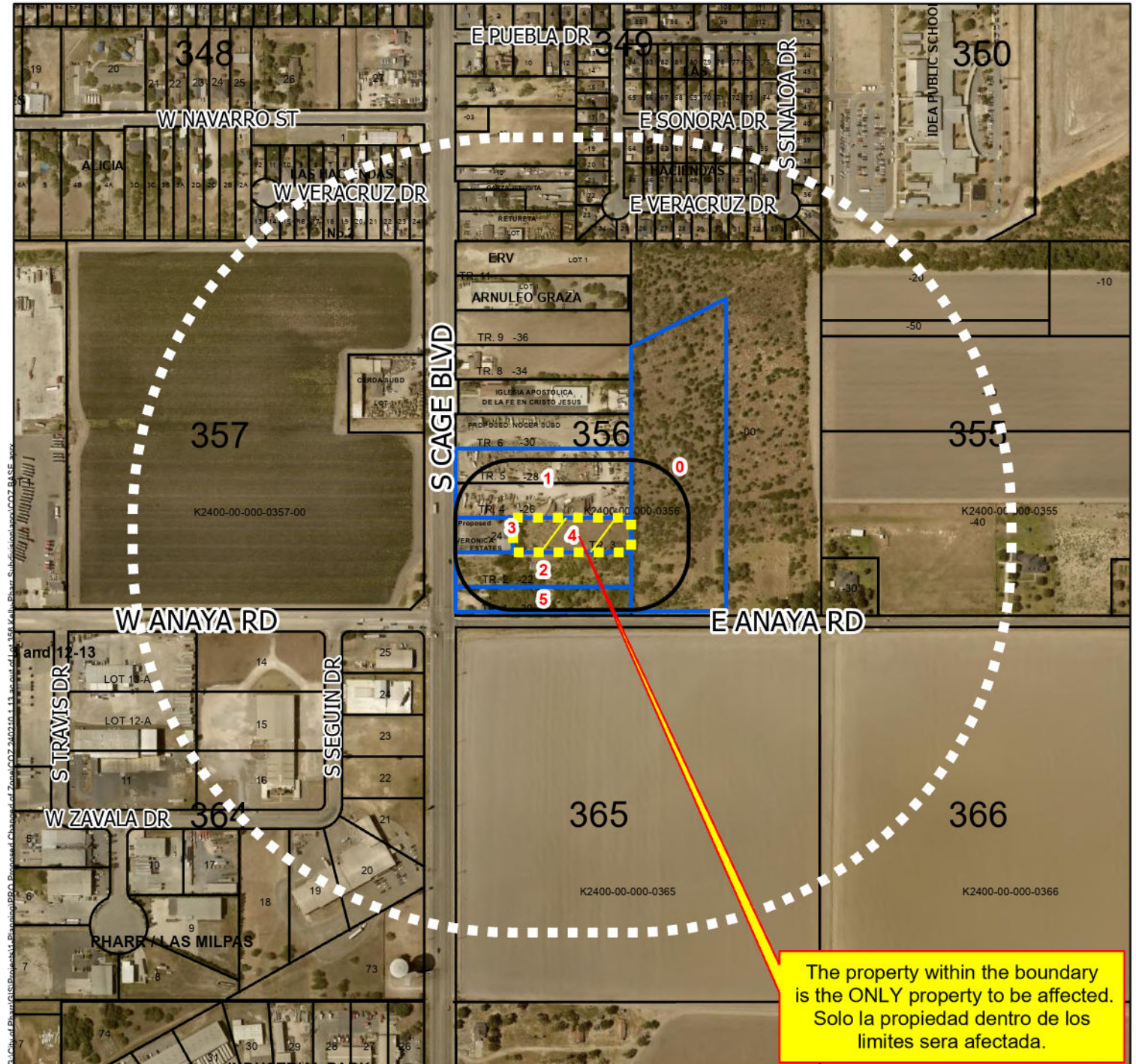
Laura Fonseca, Planner II

PREPARED BY

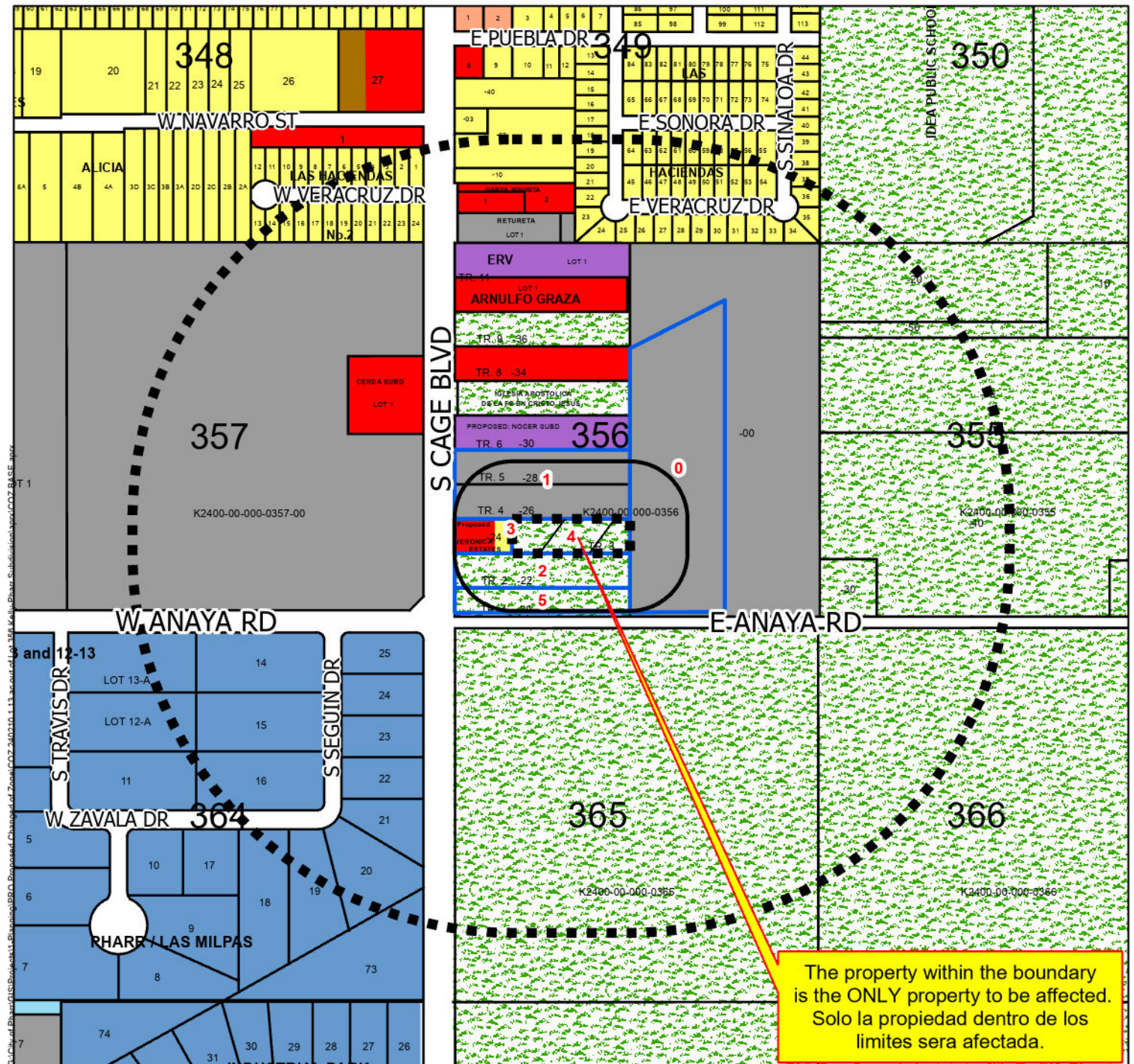
3.8.2024

DATE

AERIAL



ZONING



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

Future Land Use

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

Manufactured Homes

Industrial

Commercial

Public/Semi Public

ROW

Parks

Subject Property

Quarter Mile Radius

200 ft Radius

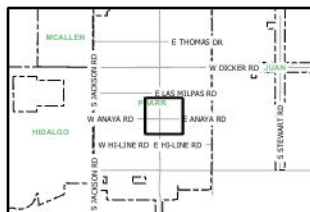
Notified Properties

City of Pharr, Texas
Engineering Department
956.402.4242
Date: 2/29/2024

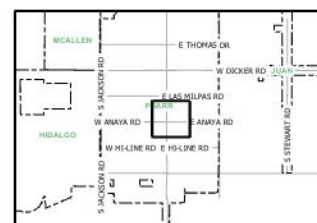
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0 250 500 1,000 1,500 2,000 Feet

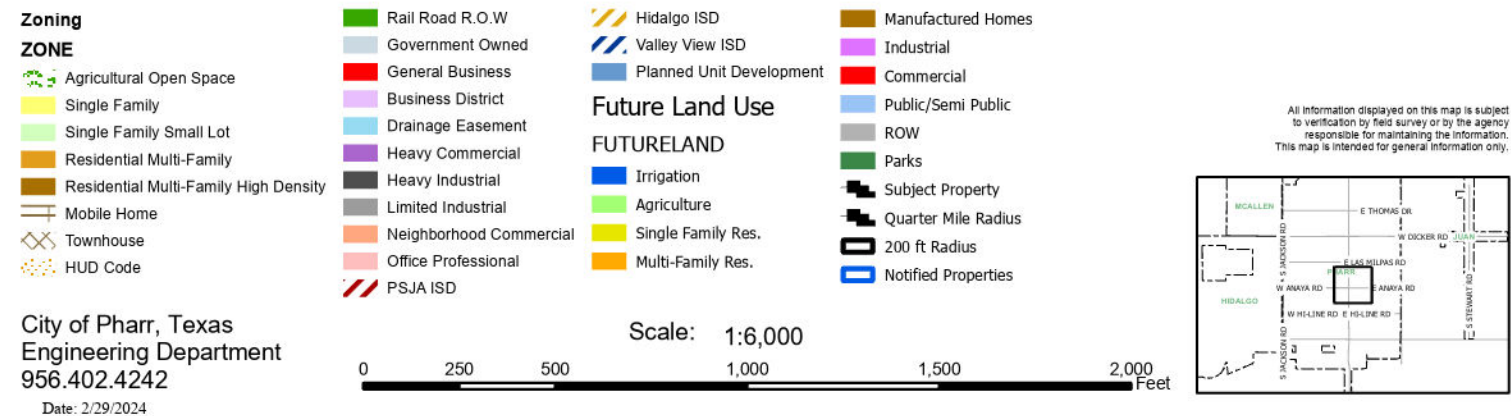
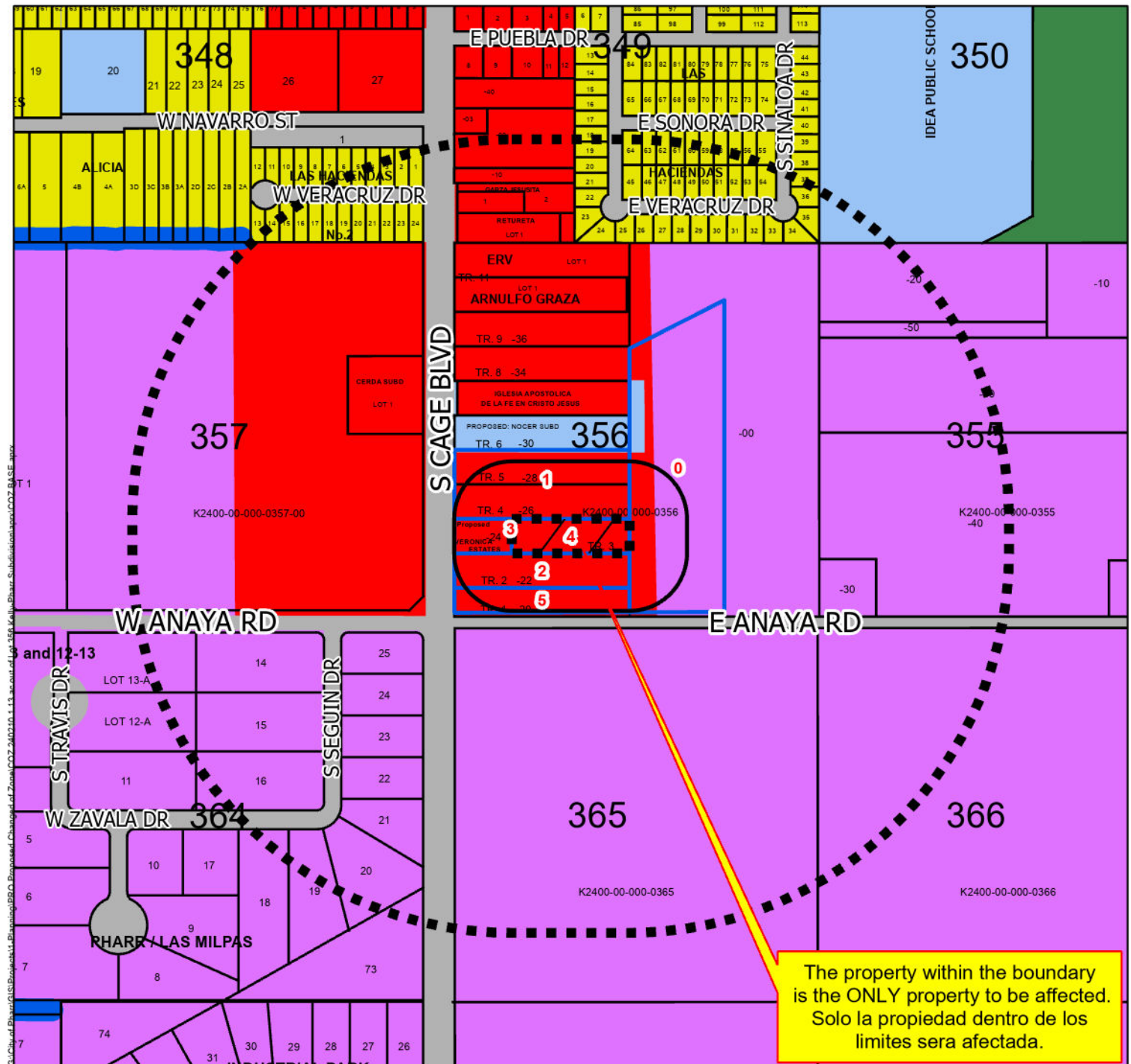
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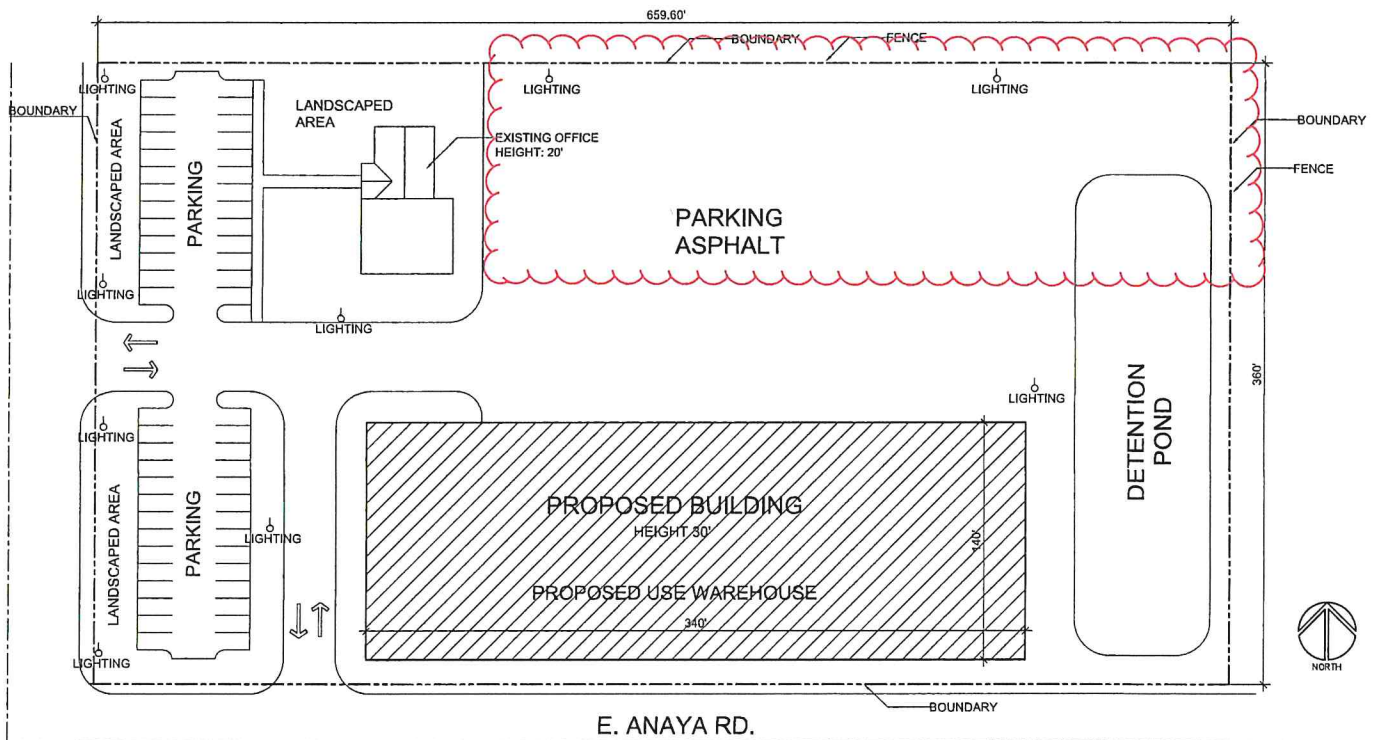
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FUTURE LAND USE



S. CAGE BLVD.



E. ANAYA RD.



Pharr
Development Services



Site Photo

8911 South Cage Boulevard





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.4.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8907 South Cage Boulevard. COZ#240211 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/9/2024
Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8907 South Cage Boulevard. COZ#240211

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:

Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

The subject site is located at the east side of South Cage Boulevard, approximately 135 ft. north of East Anaya Road and has a physical address of 8907 South Cage Boulevard. The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas.

The property fronts South Cage Boulevard, a 120 ft - 150 ft. principal arterial street which runs north and south with a posted speed limit of 40 – 55 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property, a portion of the northeast, and the property to the south were zoned Agricultural and/or Open Space District (A-O) upon annexation on October 3, 1989. The remaining portion of the property to the northwest was rezoned from Agricultural and/or Open Space District (A-O) to General Business District (C) and Single-Family Residential District (R-1) on August 16, 2005. The property to the west was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on April 10, 2012. The property to the east was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on October 6, 2015. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for commercial use in the Land Use Plan.

The Heavy Commercial District (H-C) is established to provide adequate space and site diversification for commercial establishments which would involve influences that would be objectionable in the other commercial districts or adjacent to residential districts. Included in this district are commercial uses that involve large volumes of truck traffic, outside operations and storage of materials and equipment, either for sale or as part of the business, excessive noise from heavy service operations, or any other possibly blighting influences. This district is commercial in nature but has some aspects that are similar to industrial uses. The noise, traffic, litter, late-night hours, outside storage of materials and equipment, and other possibly blighting influences require adequate buffering.

Five (5) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 8, 2024, and a legal notice was published in the Advance News Journal on March 6, 2024. Staff received no response to the letters or the legal notice.

Development Services recommends **disapproval** of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Jorge Pena Architects, LLC.

APPLICANT

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

CURRENT ZONE

8907 South Cage Boulevard

ADDRESS

Heavy Commercial District (H-C)

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:

Denial

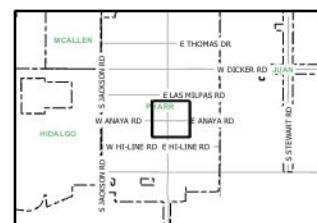
Development Services is recommending disapproval of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able to withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Laura Fonseca, Planner II

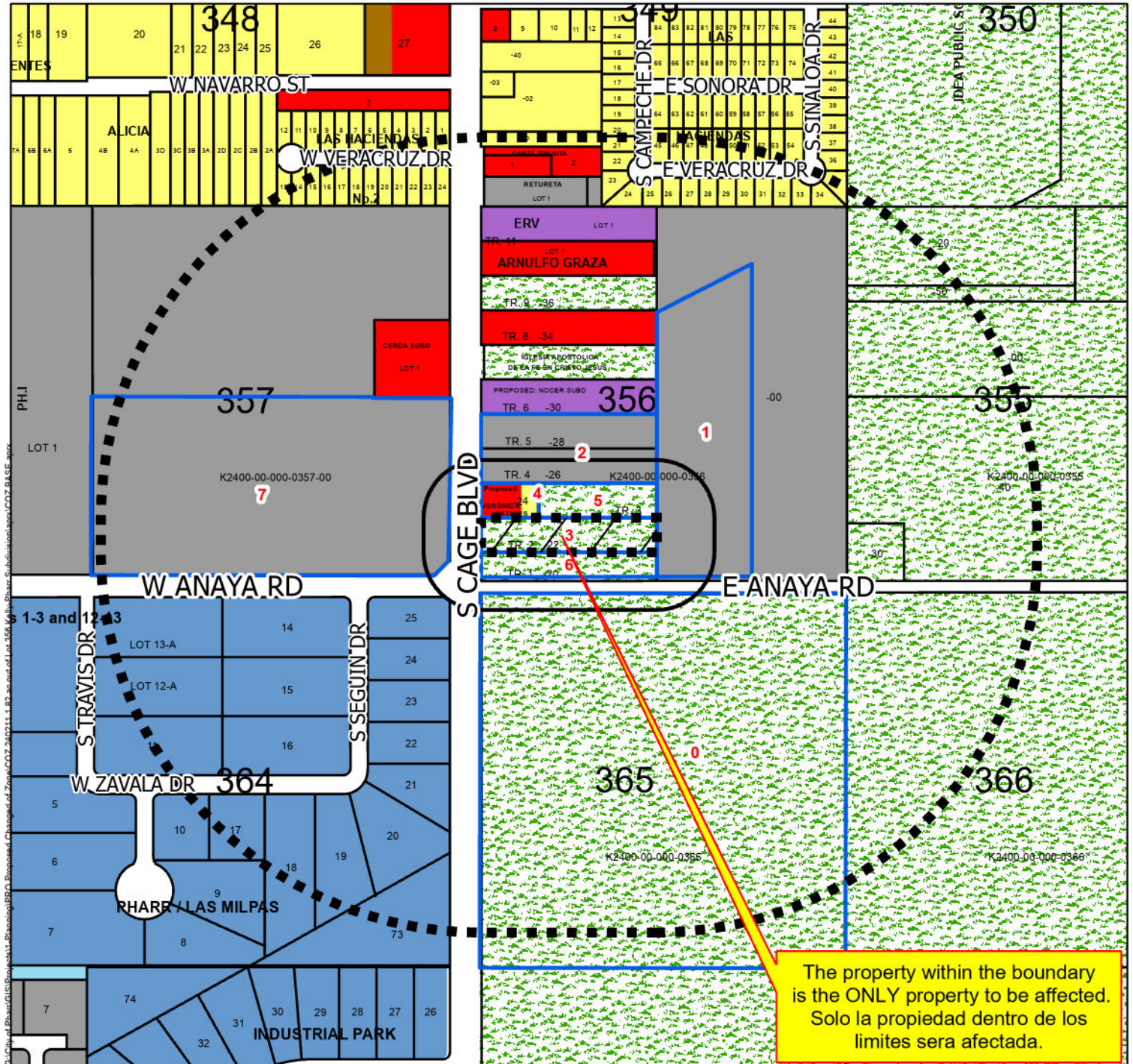
PREPARED BY

3.8.2024

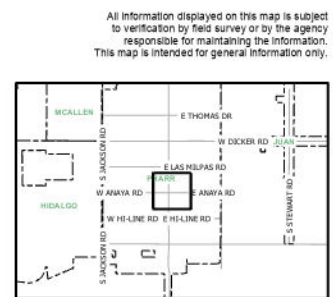
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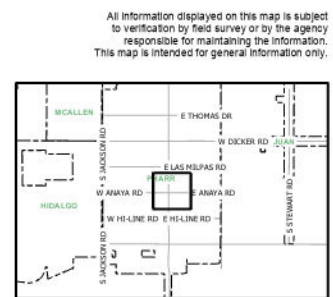
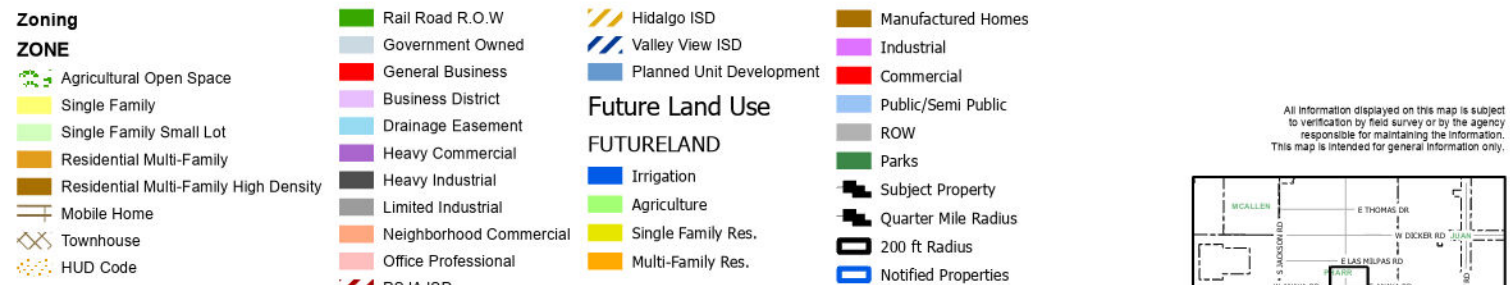
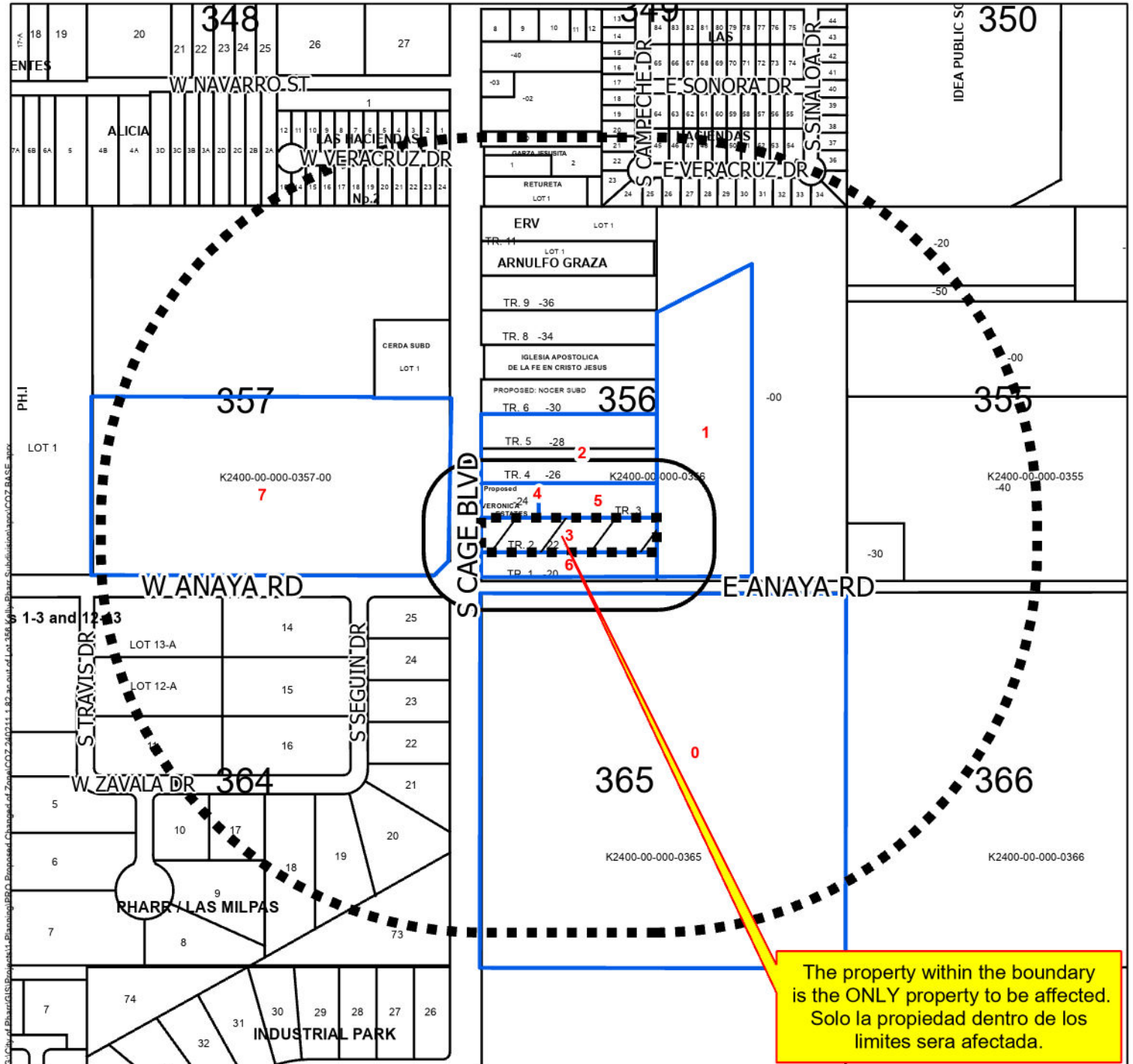
ZONING



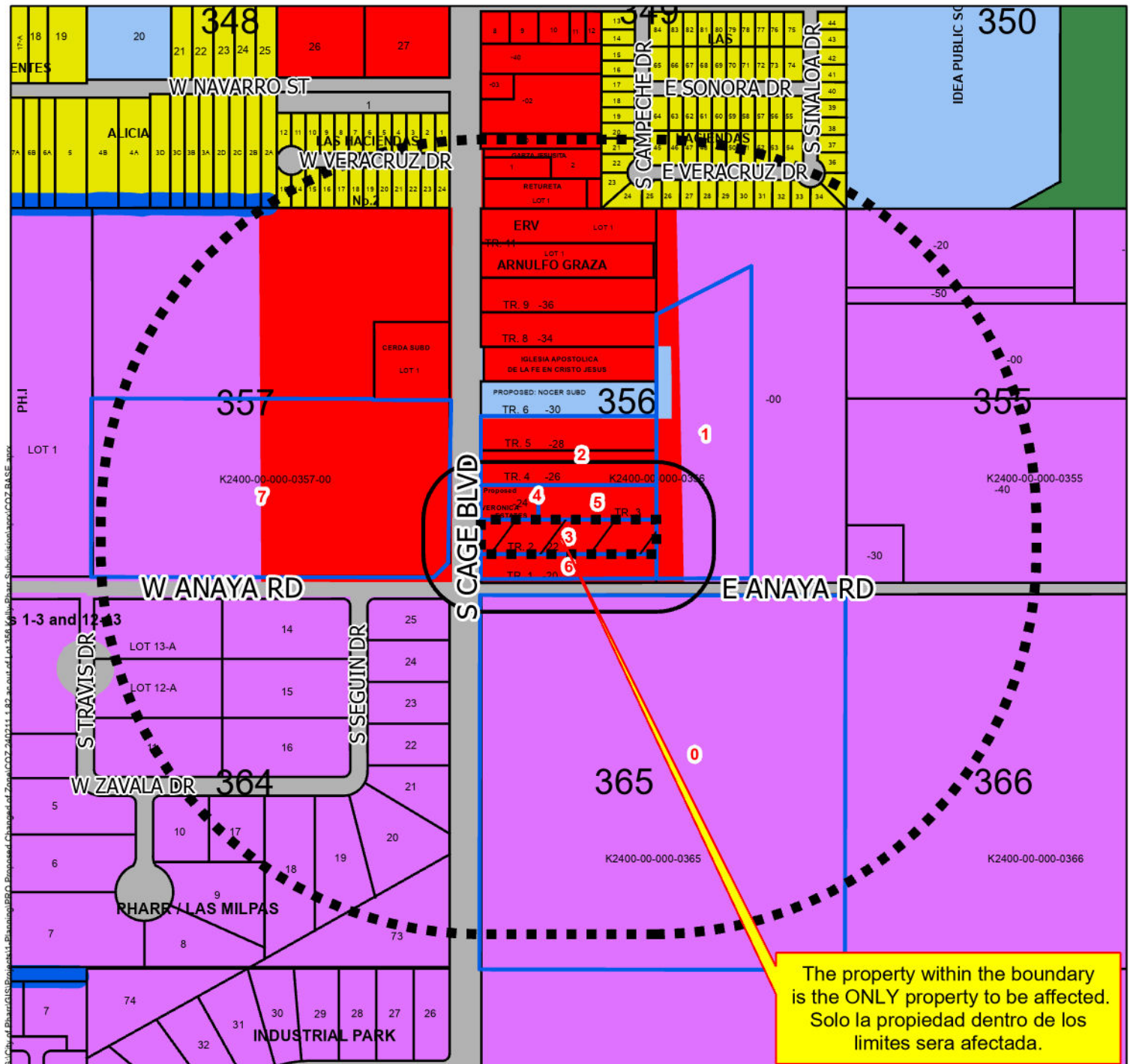
Zoning	 Rail Road R.O.W	 Hidalgo ISD	 Manufactured Homes
ZONE	 Government Owned	 Valley View ISD	 Industrial
 Agricultural Open Space	 General Business	 Planned Unit Development	 Commercial
 Single Family	 Business District	Future Land Use	 Public/Semi Public
 Single Family Small Lot	 Drainage Easement	FUTURELAND	 Parks
 Residential Multi-Family	 Heavy Commercial	 Irrigation	 Subject Property
 Residential Multi-Family High Density	 Heavy Industrial	 Agriculture	 Quarter Mile Radius
 Mobile Home	 Limited Industrial	 Single Family Res.	 200 ft Radius
 Townhouse	 Neighborhood Commercial	 Multi-Family Res.	 Notified Properties
 HUD Code	 Office Professional		
	 PSJA ISD		



RADIUS



FUTURE LAND USE

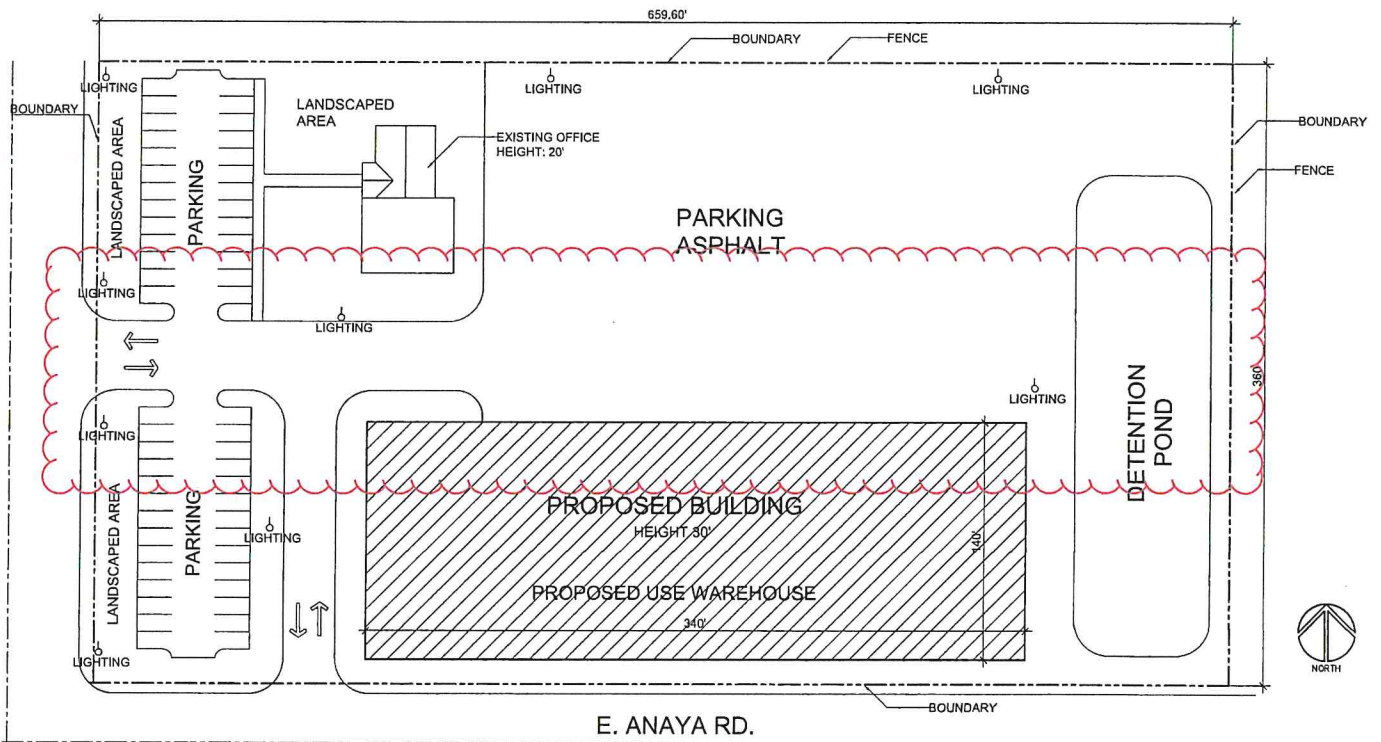


The property within the boundary is the ONLY property to be affected.
Solo la propiedad dentro de los limites sera afectada.

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. CAGE BLVD.





Pharr
Development Services



Site Photo

8911 South Cage Boulevard





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.5.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8915 South Cage Boulevard. COZ#240212 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/9/2024
Approved - 4/9/2024
Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C). The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 8915 South Cage Boulevard. COZ#240212

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:

Jorge Pena Architects, LLC., representing Luis Biasi, owner, 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 Heavy Commercial District (H-C) in order to develop and construct a warehouse with trailer parking.

The subject site is located at the southeast corner of South Cage Boulevard, and has a physical address of 8915 South Cage Boulevard. The property is legally described as being 1.82 acres, more or less, out of Lot 356, Kelly-Pharr Subdivision, Pharr, Hidalgo County, Texas.

The property fronts South Cage Boulevard, a 120 ft - 150 ft. principal arterial street which runs north and south with a posted speed limit of 40 – 55 miles per hour as identified in the City of Pharr's Thoroughfare Plan.

The property and the property to the south and north were zoned Agricultural and/or Open Space District (A-O) upon annexation on October 3, 1989. The property to the west was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on April 10, 2012. The property to the east was rezoned from Agricultural and/or Open Space District (A-O) to Limited Industrial District (L-I) on October 6, 2015. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for commercial use in the Land Use Plan.

The Heavy Commercial District (H-C) is established to provide adequate space and site diversification for commercial establishments which would involve influences that would be objectionable in the other commercial districts or adjacent to residential districts. Included in this district are commercial uses that involve large volumes of truck traffic, outside operations and storage of materials and equipment, either for sale or as part of the business, excessive noise from heavy service operations, or any other possibly blighting influences. This district is commercial in nature but has some aspects that are similar to industrial uses. The noise, traffic, litter, late-night hours, outside storage of materials and equipment, and other possibly blighting influences require adequate buffering.

Five (5) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 8, 2024, and a legal notice was published in the Advance News Journal on March 6, 2024. Staff received no response to the letters or the legal notice.

Development Services recommends **disapproval** of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

Following discussion of the item, the Planning and Zoning Commission voted unanimously to recommend disapproval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Jorge Pena Architects, LLC.

APPLICANT

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

CURRENT ZONE

8915 South Cage Boulevard

ADDRESS

Heavy Commercial District (H-C)

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:

Denial

Development Services is recommending disapproval of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Commercial District (H-C) as the property is not compatible with nearby commercial uses and may have detrimental impact to the area. East Anaya Road is currently a two-lane roadway which measures 25 feet in width and would not be able to withstand the heavy traffic which the development is proposing. If approved, the owner must comply with all City Ordinances and City Department requirements.

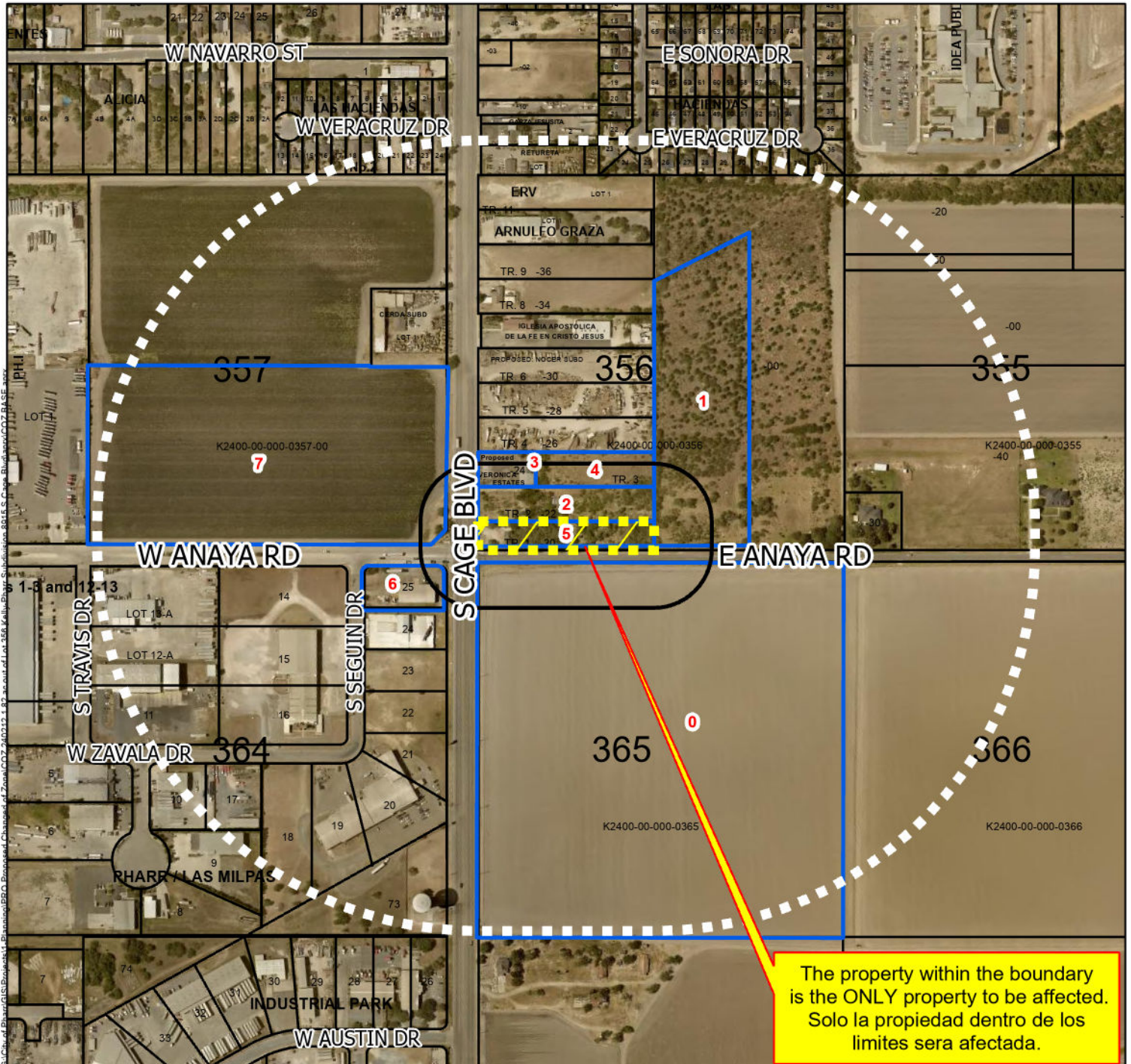
Laura Fonseca, Planner II

PREPARED BY

3.8.2024

DATE

AERIAL



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- Mobile Home
- Townhouse
- HUD Code
- General Business
- Business District
- Drainage Easement
- Heavy Commercial
- Heavy Industrial
- Limited Industrial
- Neighborhood Commercial
- Office Professional
- PSJA ISD

Hidalgo ISD

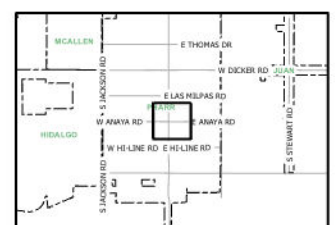
- Valley View ISD
- Planned Unit Development

Future Land Use

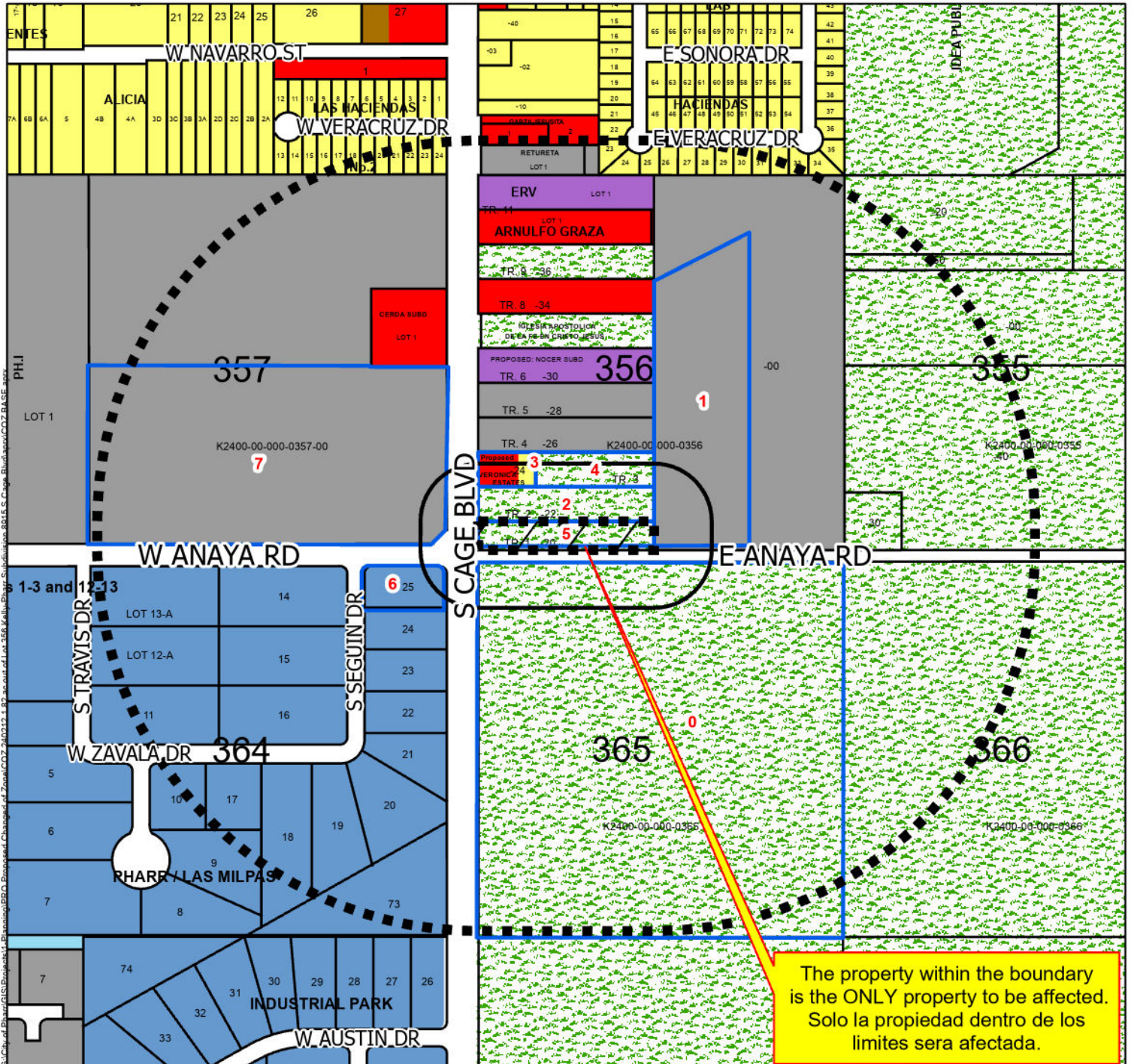
FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties



ZONING



Zoning

ZONE

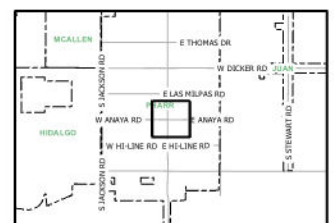
- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- Mobile Home
- Townhouse
- HUD Code

- 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

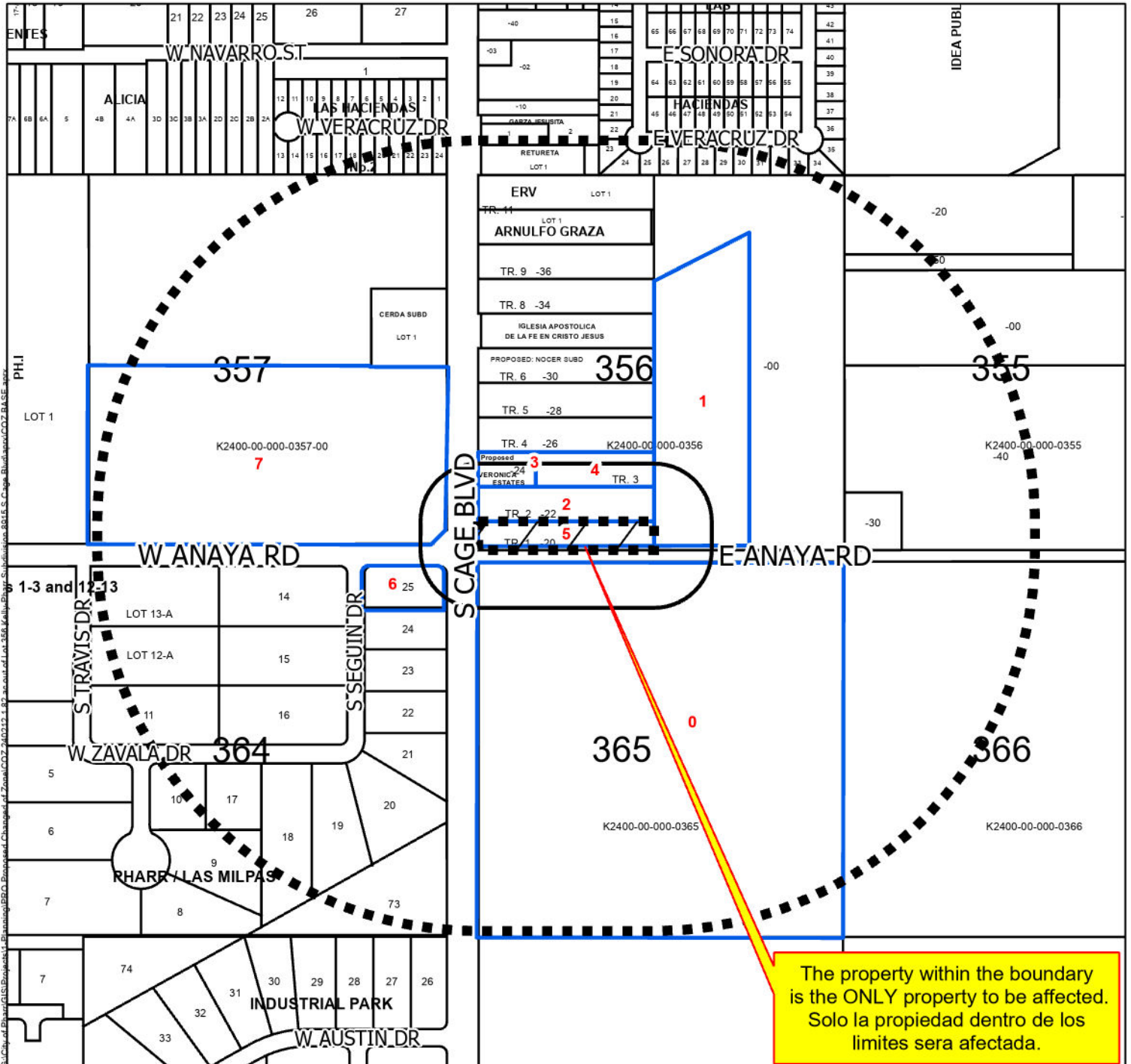
Future Land Use

- Hidalgo ISD
- Valley View ISD
- Planned Unit Development
- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties



RADIUS



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

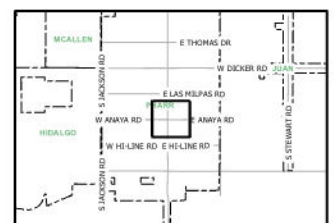
- Valley View ISD
- Planned Unit Development

Future Land Use

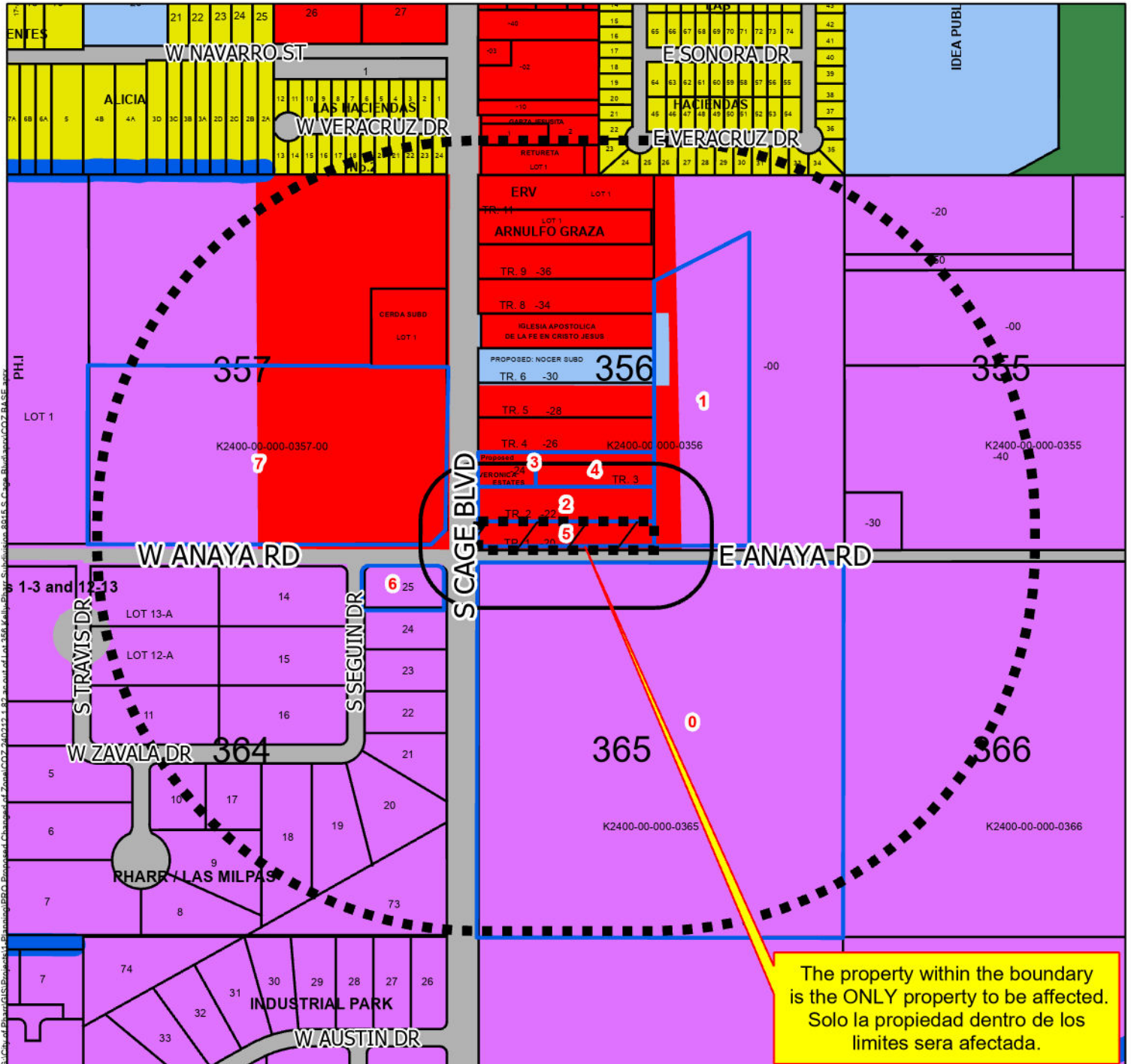
FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties



FUTURE LAND USE



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

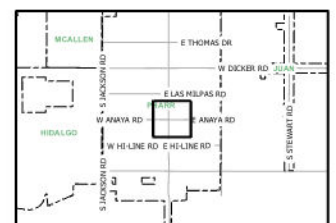
- Hidalgo ISD
- Valley View ISD
- Planned Unit Development

Future Land Use

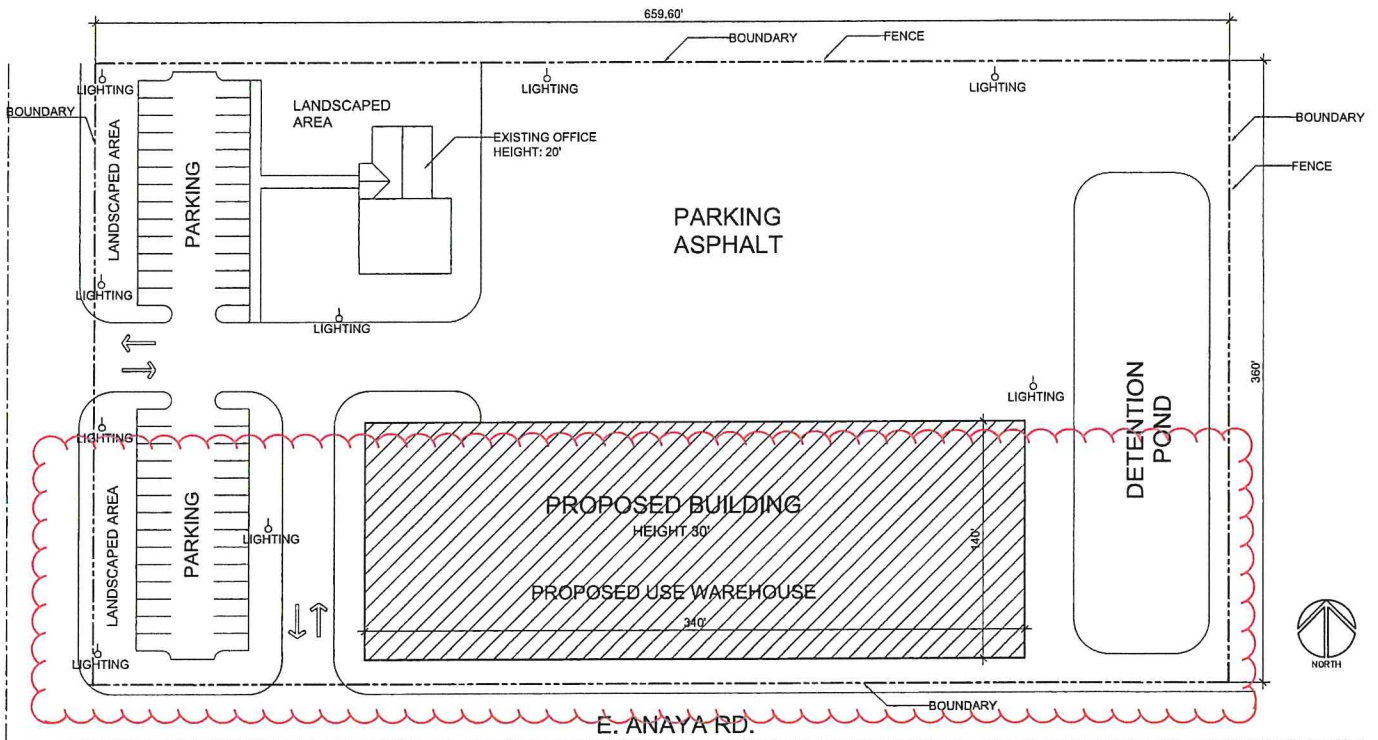
FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties



S. CAGE BLVD.



JPA
JORGE PEÑA ARCHITECTS, INC.
4217 WORTHINGTON AVE.
McALLEN, TX 78503
TEL. (210) 714-9877
WWW.JPA-ARCHITECTS.COM



Pharr
Development Services



Site Photo

8915 South Cage Boulevard





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.6.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: R.E.T.Y., LLC., representing Pharr Economic Development Corporation, owner, 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 Heavy Industrial District (H-I). The property is legally described as being 241.56 acres, more or less, out of Porcion 71, Pharr, Hidalgo County, Texas. The property's physical address is 2101 West Doffing Road. COZ#240313 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: R.E.T.Y., LLC., representing Pharr Economic Development Corporation, owner, 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 Heavy Industrial District (H-I) in order to develop and construct industrial uses.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends approval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I) as the property complies with the future land use plan, meets area requirements, and has adequate ingress and egress. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: The Planning and Zoning Commission voted unanimously to recommend approval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez

Created/Initiated - 4/9/2024
Approved - 4/9/2024

City Management Office

Final Approval - 4/10/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I). The property is legally described as being 241.56 acres, more or less, out of Porcion 71, Pharr, Hidalgo County, Texas. The property's physical address is 2101 West Doffing Road. COZ#240313

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:

R.E.T.Y., LLC., representing Pharr Economic Development Corporation, owner, 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 Heavy Industrial District (H-I) in order to develop and construct industrial uses.

The subject site is located on West Doffing Road, approximately 1,000 ft. east of South Veterans Boulevard and has a physical address of 2101 West Doffing Road. The property is legally described as being 241.56 acres, more or less, out of Porcion 71, Pharr, Hidalgo County, Texas.

The property has frontage on West Doffing Road and currently has a 40 ft. right-of way. Additional right-of-way and the necessary improvements will be required during the subdivision process.

The property was zoned Agricultural and/or Open Space District (A-O) upon annexation on September 18, 2023. The city limits lie to the north, east, west, and south. There have been no other zoning requests within the vicinity of the subject property since that time. The property is generally designated for industrial use in the Land Use Plan.

The Heavy Industrial District (H-I) is established to provide adequate space and site diversification. The area requirements in this district are minimal and will allow both large and small industrial uses either on separate small lots or as part of a park. Some screening is required, but because of the potential for hazardous or possibly blighting uses, this district should not be located close to residential areas of any type. Areas should not be zoned to this usage unless they are located on or close to arterials capable of carrying commercial and truck traffic.

No letters were mailed out as the city limits abuts the property. A legal notice was published in the Advance News Journal on March 20, 2024. Staff received no response to the legal notice.

Development Services recommended **approval** of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I) as the property complies with the future land use plan, meets area requirements, and has adequate ingress and egress. If approved, the owner must comply with all City Ordinances and City Department requirements.

The Planning and Zoning Commission voted unanimously to recommend approval of the rezoning request from Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

**R.E.T.Y., LLC., representing Pharr
Economic Development Corporation, owner**
APPLICANT

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

2101 West Doffing Road
ADDRESS

Heavy Industrial District (H-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:

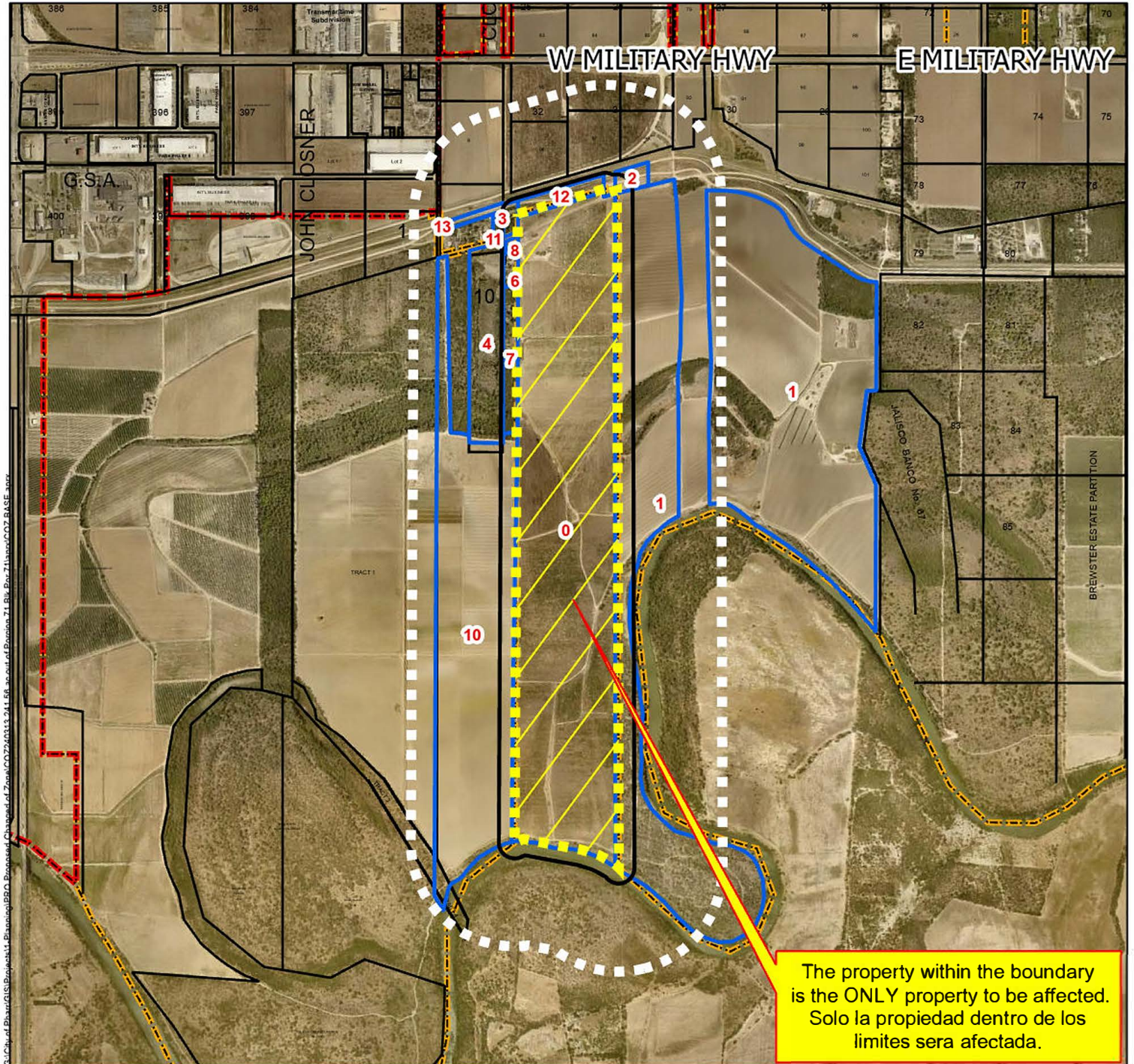
Approval

Development Services is recommending approval of the request to re-zone from Agricultural and/or Open Space District (A-O) to Heavy Industrial District (H-I) as the property complies with the future land use plan, meets area requirements, and has adequate ingress and egress. If approved, the owner must comply with all City Ordinances and City Department requirements.

Laura Fonseca, Planner II
PREPARED BY

04.1.2024
DATE

AERIAL



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

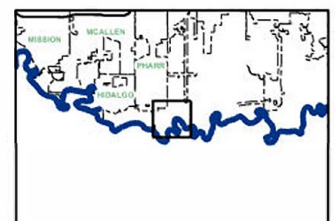
Future Land Use

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties

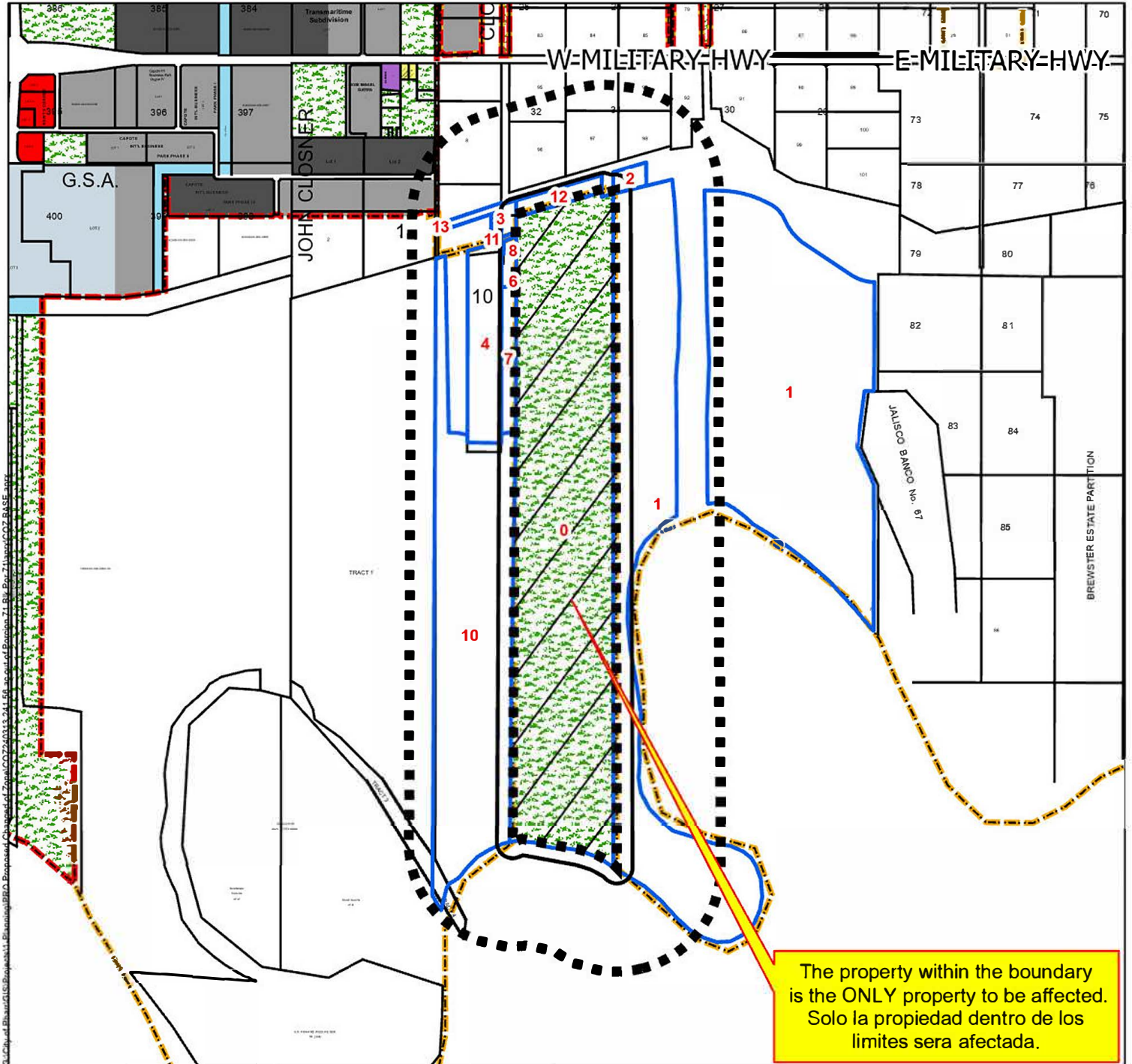
All Information displayed on this map is subject to verification by field survey or by the agency responsible for maintaining the information. This map is intended for general information only.



Proposed Change of Zone
241.56 acres, **T**ore or less, out of Porcion
71, Pharr, Hidalgo County, Texas



ZONING



Zoning

ZONE

-  Agricultural Open Space
-  Single Family
-  Single Family Small Lot
-  Residential Multi-Family
-  Residential Multi-Family High Density
-  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

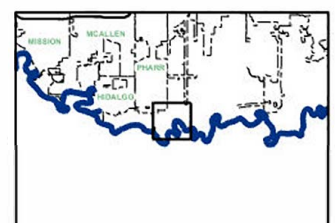
Future Land Use

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

-  Manufactured Homes
-  Industrial
-  Commercial
-  Public/Semi Public
-  ROW
-  Parks
-  Subject Property
-  QuarterMileRadius
-  200 ft Radius
-  Notified Properties

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City of Pharr, Texas
Engineering Department
956.402.4242

Date: 3/12/2024

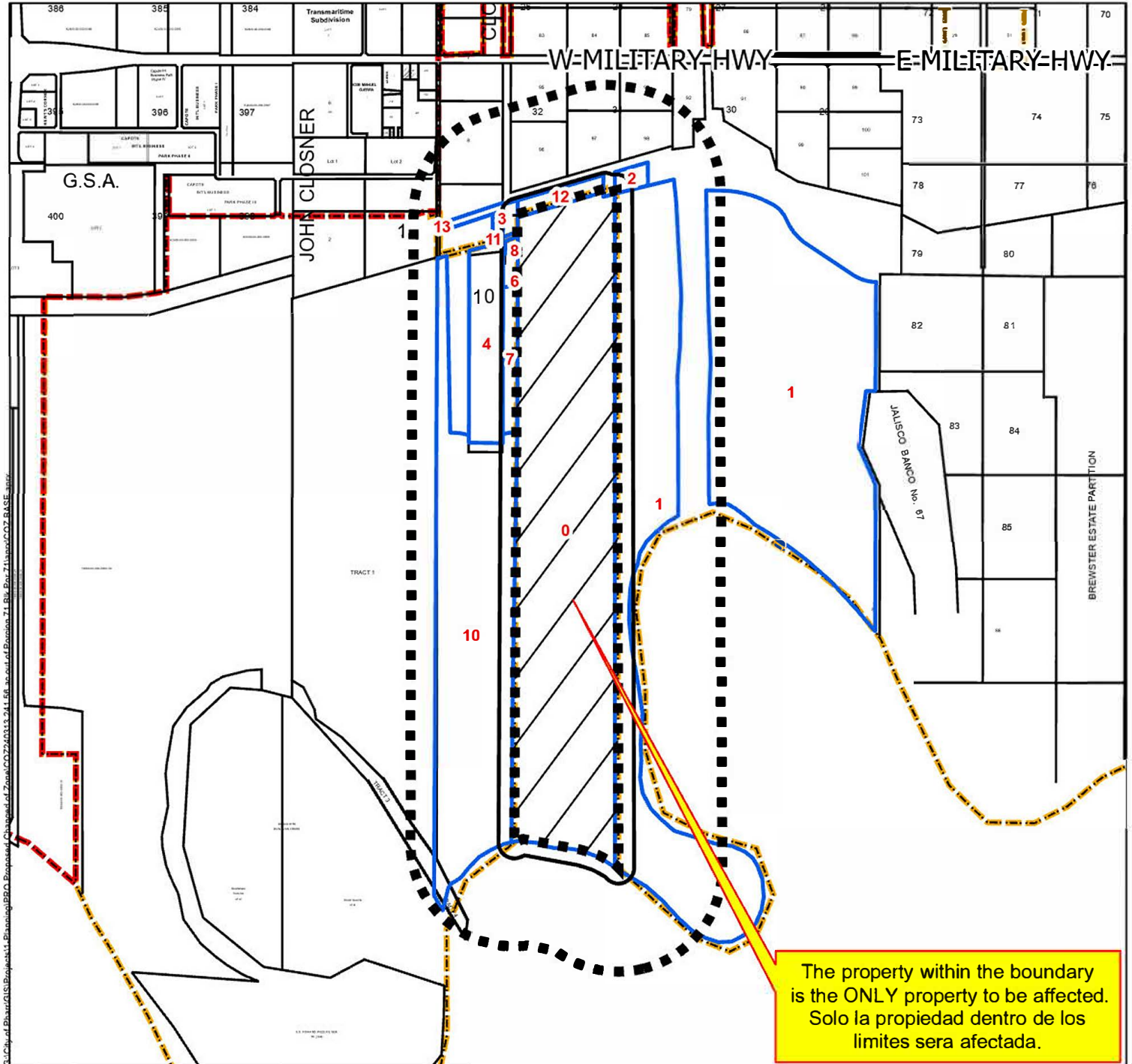
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Proposed Change of Zone
241.56 acres, More or less, out of
Porcion 71, Pharr, Hidalgo County,
Texas



RADIUS



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- Mobile Home
- Townhouse
- HUD Code

- Rail Road R.O.W
- Government Owned
- General Business
- Business District
- Drainage Easement
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- Heavy Industrial
- Limited Industrial
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- Valley View ISD
- Planned Unit Development

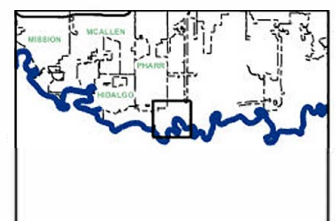
Future Land Use

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.

- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties

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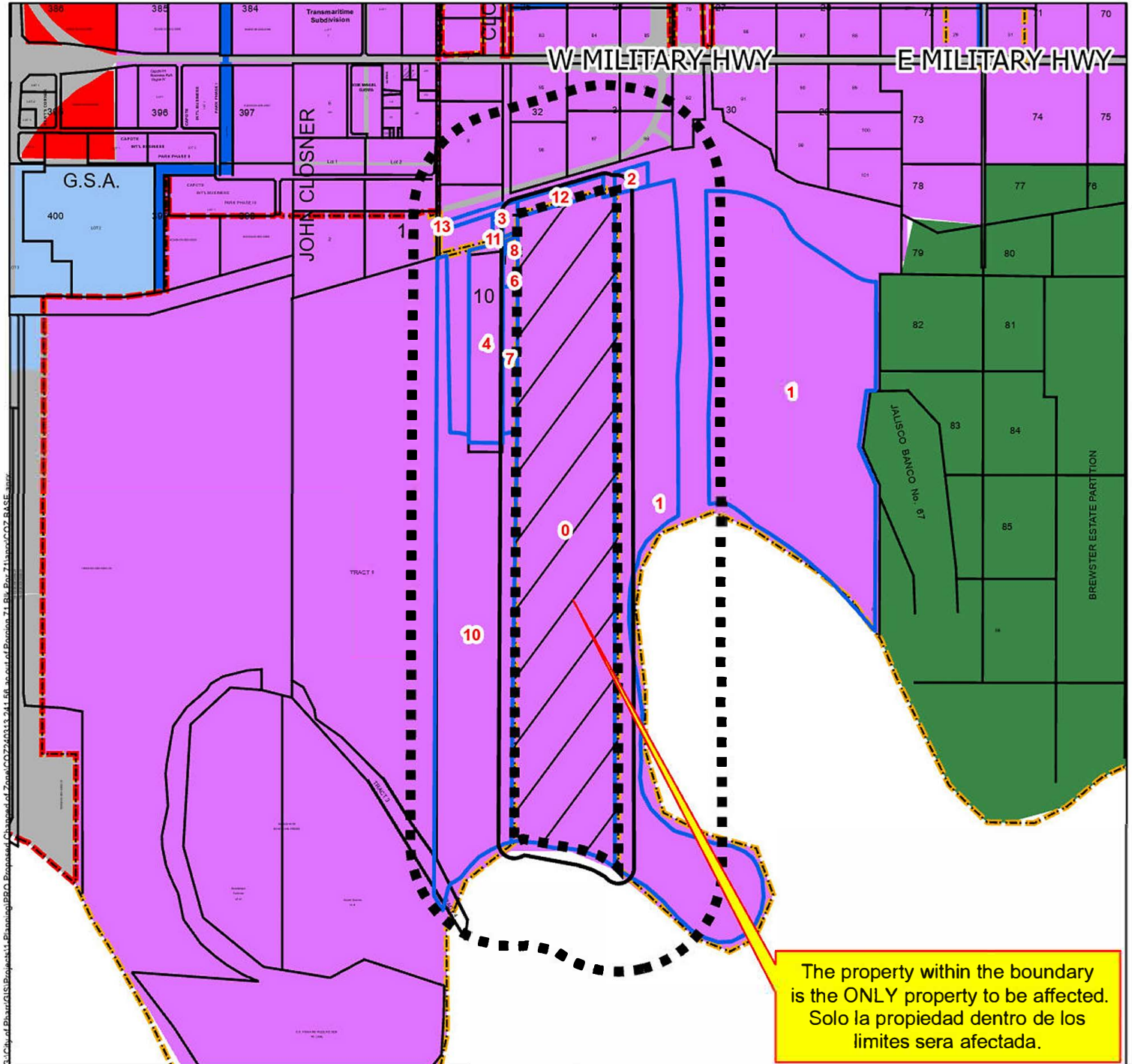
City of Pharr, Texas
Engineering Department
956.402.4242

Date: 3/12/2024

Scale: 1:22,000

0 500 1,000 2,000 3,000 4,000 Feet

FUTURE LAND USE



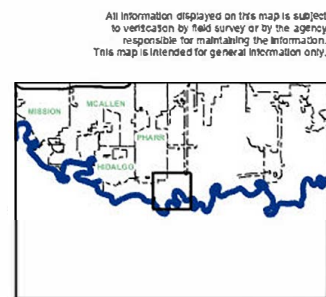
- Zoning**
- ZONE**
- Agricultural Open Space
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- Future Land Use**
- FUTURELAND**
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- Notified Properties

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





Pharr
Development Services



Site Photo

2101 West Doffin Road





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.7.

DATE SUBMITTED: April 9, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Salinas Engineering & Associates, representing Maria Del Carmen Pacheco and Ruben Pacheco, owners, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Townhouse Residential District (R-TH). The property is legally described as being 0.27 acres, more or less, out of Lot 8, Block 9, A.J. McColl Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 2506 and 2508 South Salamanca Street. COZ#240314 **This item supports EV - Economic Vitality.**

Classification: Public Hearing

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

Issue: Salinas Engineering & Associates, representing Maria Del Carmen Pacheco and Ruben Pacheco, owners, has filed with the Planning and Zoning Commission a request for a Change of Zone from General Business District (C) to Townhouse Residential District (R-TH) in order to develop and construct townhomes on each of the lots.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends approval of the rezoning request from General Business District (C) to Townhouse Residential District (R-TH) as the property meets area requirements and has adequate ingress and egress. The request is compatible with the development trends in the area. If approved, the owner must comply with all City Ordinances and City Department requirements.

Planning & Zoning Commission Recommendation: The Planning and Zoning Commission voted unanimously to recommend approval of the rezoning request from General Business District (C) to Townhouse Residential District (R-TH) at the meeting on April 8, 2024. There were four members present and voting.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza

Created/Initiated - 4/9/2024

Ricardo Rodriguez
City Management Office

Approved - 4/9/2024
Final Approval - 4/9/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN B. FLORES, CITY MANAGER

SUBJECT: Re-zoning Request: From General Business District (C) to Townhouse Residential District (R-TH). The property is legally described as being 0.27 acres, more or less, out of Lot 8, Block 9, A.J. McColl Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 2506 and 2508 South Salamanca Street. COZ#240314

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:

Salinas Engineering & Associates, representing Maria Del Carmen Pacheco and Ruben Pacheco, owners, has filed with the Planning and Zoning Commission a request for a

Change of Zone from General Business District (C) to Townhouse Residential District (R-TH) in order to develop and construct townhomes on each of the lots.

The subject site is located on the west side of South Salamanca Street and south of West Hall Acres Road, and has a physical address of 2506 and 2508 South Salamanca Street. The property is legally described as being 0.27 acres, more or less, out of Lot 8, Block 9, A.J. McColl Subdivision, Pharr, Hidalgo County, Texas.

The property fronts South Salamanca Street, a 50 ft. local street, that runs north and south with a posted speed limit of 20 to 30 miles per hour as identified in the City of Pharr's Thoroughfare Plan. The property also fronts West Hall Acres Road, an 80 ft. collector street that runs east and west with a posted speed limit of 30 to 40 miles per hour.

The property is currently zoned General Business District (C). The property to the south was rezoned from Agricultural and/or Open Space District (A-O) to Single-Family Residential District (R-1) on July 2, 2002. The property to the north was rezoned from Agricultural and/or Open Space District (A-O) to Townhouse Residential District (R-TH) on January 8, 1985. The property to the east was rezoned from General Business District (C) to Townhouse Residential District (R-TH) on October 17, 2022, and the property to the west was zoned from Agricultural and/or Open Space District (A-O) to General Business District (C) on February 21, 1995. The property is generally designated for commercial use in the Land Use Plan.

The Residential Townhouse District (R-TH) is established to provide adequate space and site diversification for medium-density residential development that is single-family, on separate lots, and typically owner occupied. Townhouse development is a low to medium-density use and before zoning to townhouse usage, the increased requirements for street, water and fire protection, wastewater, drainage, and adequate open space must be met. Townhouse developments must be properly buffered from nonresidential uses and protected from high volumes of non-single-family traffic, or from pollution and/or environmental hazards.

Twenty-nine (29) letters were mailed out to the surrounding property owners within a two hundred (200) foot radius on March 22, 2024, and a legal notice was published in the Advance News Journal on March 20, 2024. Staff received no response to the letters or the legal notice.

Development Services recommended **approval** of the request to re-zone from General Business District (C) to Townhouse Residential District (R-TH) as the property meets area requirements and has adequate ingress and egress. The request is compatible with the residential trends in the area. If approved, the owner must comply with all City Ordinances and City Department requirements.

The Planning and Zoning Commission voted unanimously to recommend approval of the rezoning request from General Business District (C) to Townhouse Residential District (R-TH) at the meeting on April 8, 2024. There were four members present and voting.

CITY COMMISSION OPTIONS:

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



REQUEST FOR CHANGE OF ZONE & AMENDMENT TO LAND USE PLAN

Salinas Engineering & Associates, representing Maria Del Carmen
Pacheco and Ruben Pacheco, owners

APPLICANT

General Business District (C)

CURRENT ZONE

2506 and 2508 South Salamanca Street

ADDRESS

Townhouse Residential District (R-TH)

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

Development Services is recommending approval of the request to re-zone General Business District (C)

to Townhouse Residential District (R-TH) as the property meets area requirements and has adequate

adequate ingress and egress. The request is compatible with the residential trends in the area. If approved,

the owner must comply with all City Ordinances and City Department requirements.

Laura Fonseca, Planner II

PREPARED BY

04.01.2024

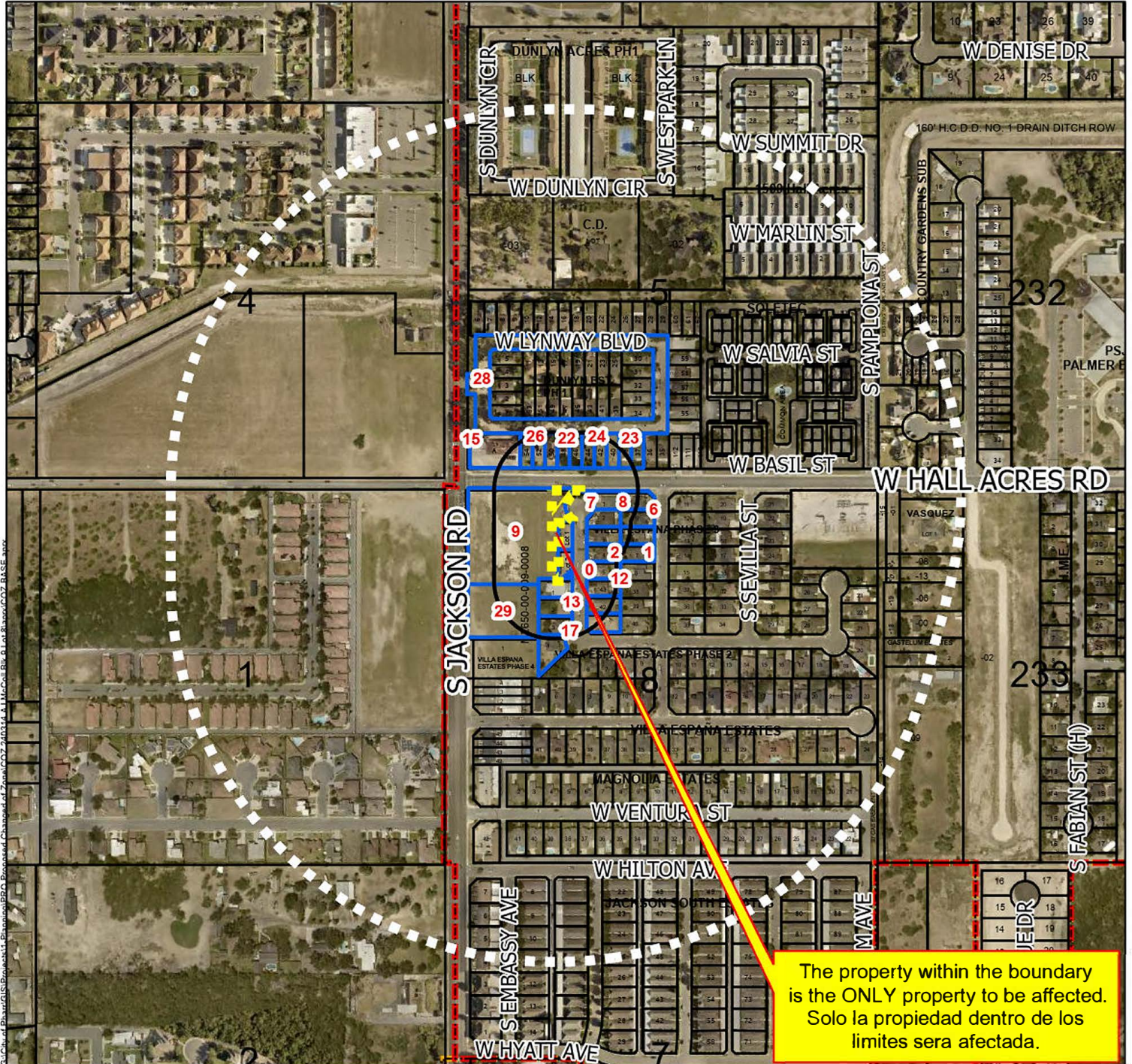
DATE

Proposed Change of Zone

0.27 acres, more or less, out of Lot 8,
Block 9, A.J. McColl Subdivision,
Pharr, Hidalgo County, Texas
Ruben Pacheco



AERIAL



Zoning

ZONE

- Agricultural Open Space
- Single Family
- Single Family Small Lot
- Residential Multi-Family
- Residential Multi-Family High Density
- 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

Future Land Use

- Hidalgo ISD
- Valley View ISD
- Planned Unit Development

FUTURELAND

- Irrigation
- Agriculture
- Single Family Res.
- Multi-Family Res.
- Manufactured Homes
- Industrial
- Commercial
- Public/Semi Public
- ROW
- Parks
- Subject Property
- Quarter Mile Radius
- 200 ft Radius
- Notified Properties

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City of Pharr, Texas
Engineering Department
956.402.4242

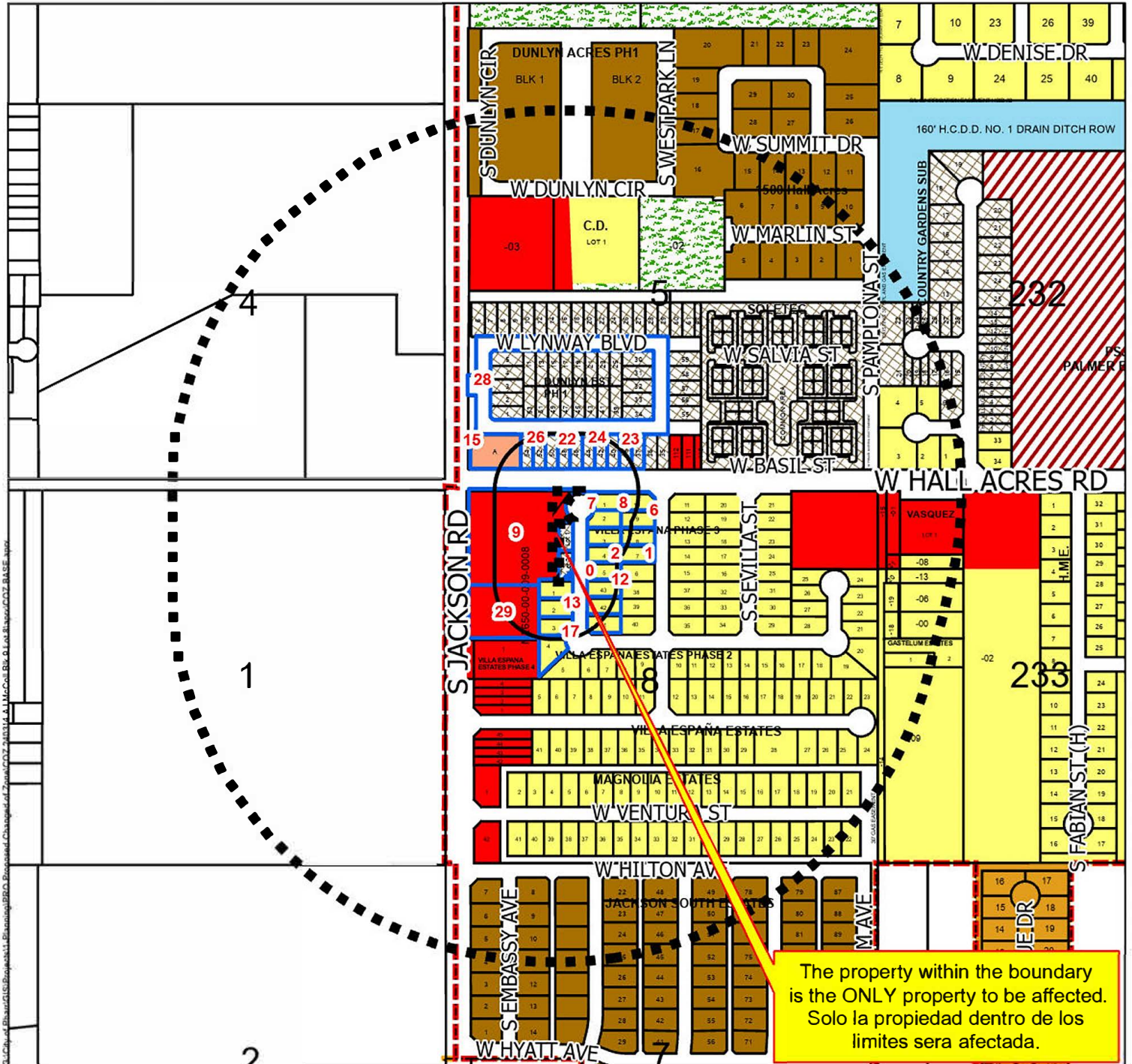
Date: 3/14/2024

Scale: 1:6,000



Proposed Change of Zone
0.27 acres, more or less, out of Lot 8,
Block 9, A.J. McColl Subdivision,
Pharr, Hidalgo County, Texas
Ruben Pacheco

ZONING



- Zoning**
- ZONE**
- Agricultural Open Space
 - Single Family
 - Single Family Small Lot
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 - Residential Multi-Family High Density
 - Mobile Home
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is the ONLY property to be affected.
Solo la propiedad dentro de los
limites sera afectada.

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956.402.4242
Date: 3/14/2024

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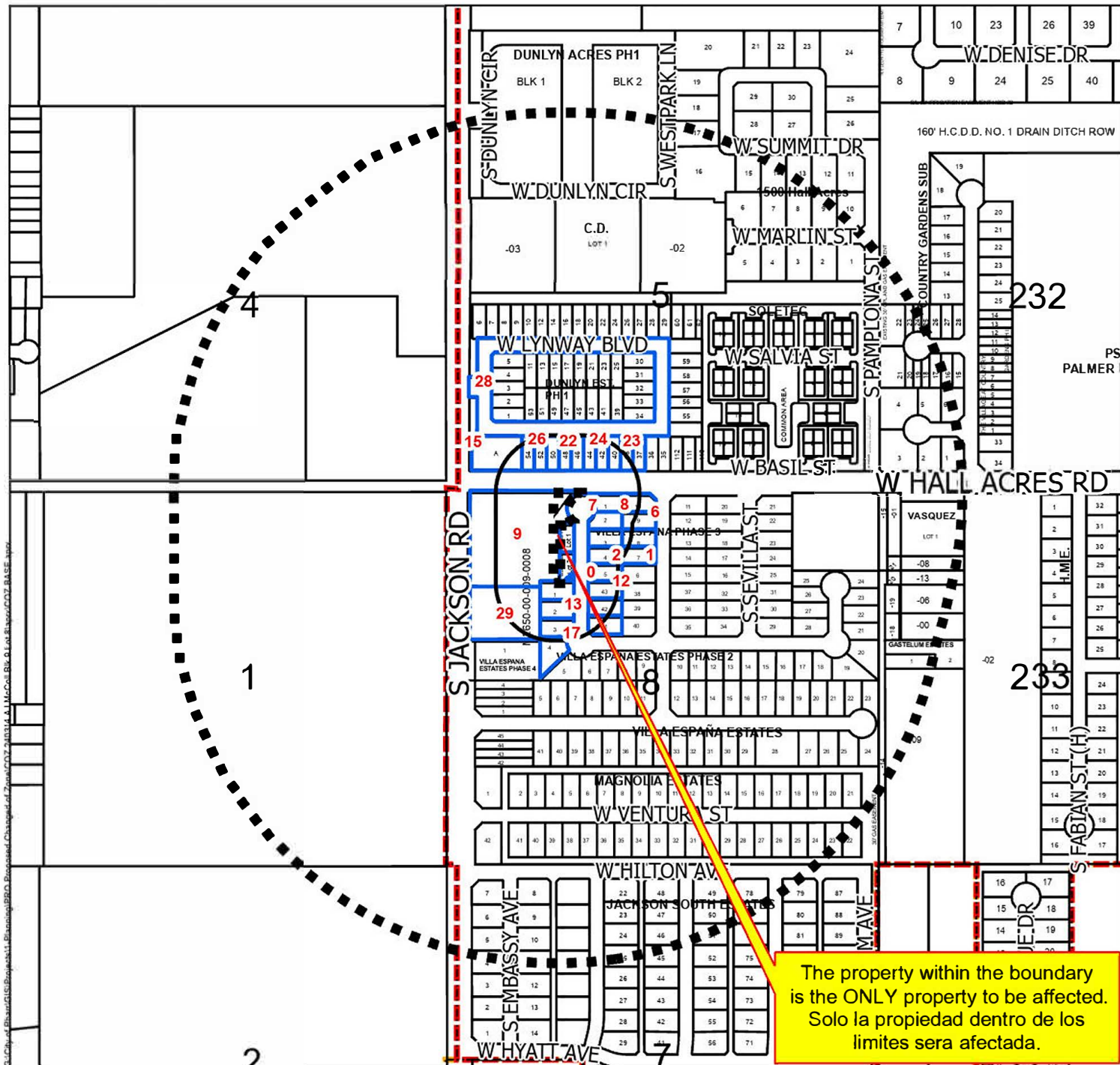


Proposed Change of Zone

0.27 acres, more or less, out of Lot
8, Block 9, A.J. McColl Subdivision,
Pharr, Hidalgo County, Texas
Ruben Pacheco



RADIUS



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Zoning

ZONE

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Hidalgo ISD

- Hidalgo ISD
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City of Pharr, Texas
Engineering Department
956.402.4242

Date: 3/14/2024

Scale: 1:6,000



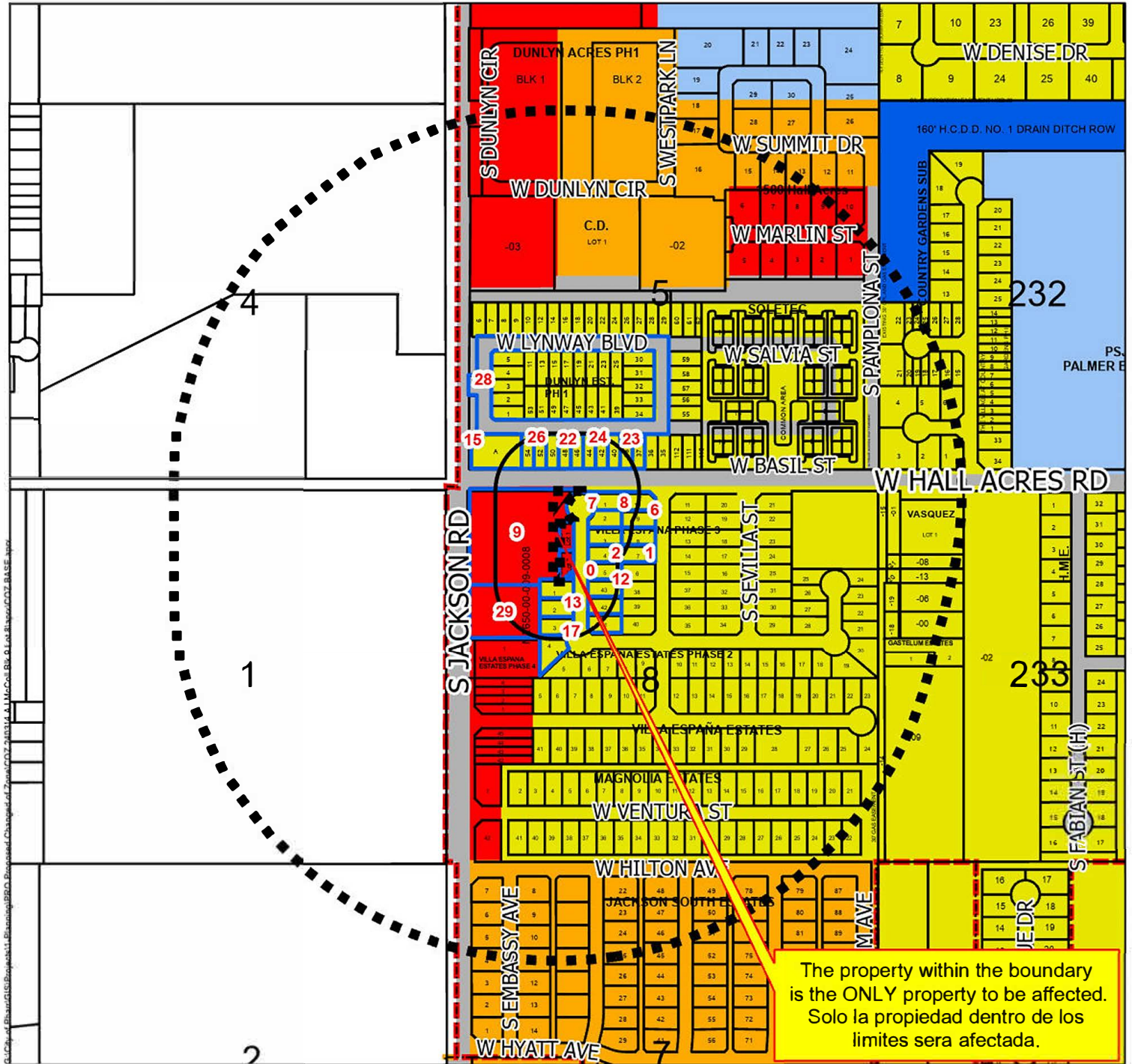
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Proposed Change of Zone
0.27 acres, more or less, out of Lot 8,
Block 9, A.J. McColl Subdivision,
Pharr, Hidalgo County, Texas
Ruben Pacheco



FUTURE LAND USE



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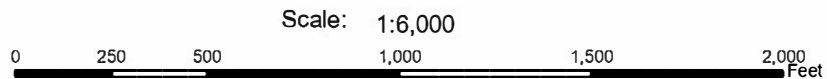
- Zoning**
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City of Pharr, Texas
Engineering Department
956.402.4242
Date: 3/14/2024



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SALINAS ENGINEERING & ASSOCIATES
CONSULTING ENGINEERS & SURVEYORS
2221 DAFFODIL AVE. - MCALLEN, TEXAS 78501
(956) 682-9081 (956) 686-1489 (FAX)
dsalinas@salinasengineering.com
TBPLS 12100 PARK 35 CIRCLE BLDG. A, SUITE 156, MC-230, AUSTIN, TEXAS 78573 (512) 239-5263

METES AND BOUNDS DESCRIPTION

BEING A 0.27 ACRE TRACT OF LAND, MORE OR LESS, OUT AND FORMING A PART OF LOT 8, BLOCK 9, A.J. MCCOLL SUBDIVISION, HIDALGO COUNTY, TEXAS, AS PER THE MAP OR PLAT THEREOF RECORDED IN VOLUME 21, PAGE 598, DEED RECORDS OF HIDALGO COUNTY, TEXAS; SAID 0.27 ACRE TRACT OF LAND IS MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 8 LOCATED AT THE INTERSECTION OF S. JACKSON ROAD (AKA F.M. 2061) AND W. HALL ACRES ROAD; THENCE, AS FOLLOWS:

SOUTH 81 DEGREES 28 MINUTES 16 SECONDS EAST, COINCIDENT WITH THE NORTH LINE OF SAID LOT 8, A DISTANCE OF 327.50 FEET, AND, THENCE, SOUTH 08 DEGREES 31 MINUTES 44 SECONDS WEST, ALONG A LINE PARALLEL TO THE WEST LINE OF SAID LOT 8, A DISTANCE OF 30.0 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON INTERSECTION WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID W. HALL ACRES ROAD FOR THE NORTHWEST CORNER AND POINT OF BEGINNING OF THIS HEREIN DESCRIBED TRACT;

(1) THENCE, SOUTH 81 DEGREES 28 MINUTES 16 SECONDS EAST, COINCIDENT WITH THE SOUTH RIGHT-OF-WAY LINE OF SAID W. HALL ACRES ROAD, A DISTANCE OF 98.70 FEET TO A ½ INCH DIAMETER IRON ROD FOUND FOR THE NORTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT;

(2) THENCE, SOUTH 08 DEGREES 31 MINUTES 44 SECONDS WEST, ALONG A LINE PARALLEL TO THE WEST LINE OF SAID LOT 8, A DISTANCE OF 10.0 FEET TO A ½ INCH DIAMETER IRON ROD WITH YELLOW CAP MARKED "SEA 5782" SET ON INTERSECTION WITH THE PROPOSED NORTH RIGHT-OF-WAY LINE OF W. HALL ACRES ROAD, AND, ALSO BEING THE NORTH RIGHT-OF-WAY OF S. SALAMANCA STREET, AND, BEING LOCATED ON THE BEGINNING OF A CURVE TO THE LEFT (C1) WHOSE RADIUS IS 50.0 FEET FOR AN OUTSIDE EASTERN CORNER OF THIS HEREIN DESCRIBED TRACT;

(3) THENCE, TO THE LEFT COINCIDENT WITH THE RIGHT-OF-WAY OF SAID S. SALAMANCA STREET, AN ARC LENGTH DISTANCE OF 130.90 FEET (DELTA ANGLE: 150 DEGREES 00 MINUTES 00 SECONDS; CHORD BEARING: SOUTH 23 DEGREES 31 MINUTES 44 SECONDS WEST, A CHORD LENGTH OF 96.60 FEET) TO A ½ INCH DIAMETER IRON ROD FOUND AT THE END OF SAID CURVE (C1) FOR AN OUTSIDE EASTERN CORNER OF THIS HEREIN DESCRIBED TRACT;

(4) THENCE, SOUTH 08 DEGREES 31 MINUTES 44 SECONDS WEST, CONTINUING COINCIDENT WITH THE WEST RIGHT-OF-WAY LINE OF SAID S. SALAMANCA STREET, A DISTANCE OF 10.0 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON THE NORTHEAST CORNER OF LOT 1, VILLA ESPANA, PHASE V, AN ADDITION TO THE CITY OF PHARR, HIDALGO COUNTY, TEXAS (VOL. 42, PAGE 03, H.C.M.R.) FOR AN OUTSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;

(5) THENCE, NORTH 81 DEGREES 28 MINUTES 16 SECONDS WEST, COINCIDENT WITH THE NORTH LINE OF SAID LOT 1, A DISTANCE OF 50.0 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON THE NORTHWEST CORNER OF SAID LOT 1 FOR AN INSIDE CORNER OF THIS HEREIN DESCRIBED TRACT;

(6) THENCE, SOUTH 08 DEGREES 31 MINUTES 44 SECONDS WEST, COINCIDENT WITH THE WEST LINE OF SAID LOT 1 AND LOT 2 OF SAID VILLA ESPANA, PHASE V, A DISTANCE OF 200.0 FEET TO A ½ INCH DIAMETER IRON ROD FOUND ON THE SOUTHWEST CORNER OF SAID LOT 2 FOR THE SOUTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT;

(7) THENCE, NORTH 81 DEGREES 28 MINUTES 16 SECONDS WEST, A DISTANCE OF 23.70 FEET TO A ½ INCH DIAMETER IRON ROD WITH YELLOW CAP MARKED "SEA 5782" SET FOR THE SOUTHWEST CORNER OF THIS HEREIN DESCRIBED TRACT;

(8) THENCE, NORTH 08 DEGREES 31 MINUTES 44 SECONDS EAST, ALONG A LINE PARALLEL TO THE WEST LINE OF SAID LOT 8, A DISTANCE OF 313.30 FEET TO THE POINT OF BEGINNING, CONTAINING 0.27 ACRES OF LAND, MORE OR LESS.

BAISIS OF BEARING: RECORDED PLAT OF SAID VILLA ESPANA, PHASE V, PHARR, H.C.T.
N:\SUBDIVISION\PLATS\VILLAESPANA.PHASEV\0.27.030524

GENERAL PLAT NOTES:

- Bearing Basis: RECORDED PLAT OF SAID VILLA ESPANA, PHASE V, PHARR, H.C.T.
- This survey was prepared without the benefit of a title policy. The research of any easements is not within the scope of this boundary/improvement survey. Any easement shown herein were taken directly from the plat of record. This survey is for the exclusive use of the client named hereon and may not be copied or transferred to another party without the express written consent of the surveyor.
- There are no discrepancies, conflicts, excesses or shortages in area, encroachments or any overlapping improvements, visible or apparent easements except as shown or noted hereon.
- The surveyor has made no attempt to locate or define wetlands, hazardous waste areas, habitats, endangered species or any other environmentally sensitive areas on the tract of land shown hereon; Nor does this survey make any representations of being an environmental assessment of the tract of land shown hereon.
- The surveyor has made no attempt to locate or define archeological sites, historical sites or undocumented cemeteries on the tract of land shown hereon; Nor does this survey make any representations of being an archeological or historical survey of the tract of land shown hereon.
- The surveyor has made no attempt to locate abandoned, or plugged oil and gas wells, or any other wells on the tract of land shown hereon; Nor has the surveyor made any attempt to research same with the Railroad Commission of Texas or any other State agency; Nor has the surveyor investigated any mineral or royalty interests in the tract of land shown hereon.
- This is a standard survey and does not include a subsurface utility or topographic investigation.
- If this survey does not bear an original seal and signature it is INVALID as per Section 661.46 and Section 663.19 of the "The Professional Land Surveying Practices Act" enacted under Article 5282c, Vernon's Texas Civil Statutes.

SCALE: 1" = 50'

LEGEND

- FOUND 1/2" IRON ROD
- R.O.W. RIGHT OF WAY
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- H.C.D.R. HIDALGO COUNTY DEED RECORDS
- H.C.O.R. HIDALGO COUNTY OFFICIAL RECORDS
- H.C.M.R. HIDALGO COUNTY MAP RECORDS

This is to certify that I have, this date, made a careful and accurate standard land survey on the ground of property which is located at _____ PHYSICAL ADDRESS _____ in _____ CITY OR HIDALGO COUNTY, _____ Texas, described as follows: A 0.27 AC, TRACT OR LAND, MORE OR LESS, OUT OF _____

(SEE METES AND BOUNDS DESCRIPTION)

Lot _____ 8 _____, Block _____ 9 _____, of _____ A.J. MCCOLL SUBDIVISION _____

HIDALGO CO.

Texas, according to the plat recorded in Volume _____ 21 _____, Page _____ 598 _____, of the _____ DEED _____ Records of Hidalgo County, Texas. I further certify that this property lies in Zone " _____ B _____ " as per FIRM (Flood Insurance Rate Map) dated _____ NOV. 16, 1982 _____ Community Panel No. _____ 48033 _____

H.C.
DRN. BY
3/08/24
DATE

SP-24-26123
JOB NO.



REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5782



Pharr
Development Services



Site Photo

2506 and 2508 South Salamanca Street





AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.8.

DATE SUBMITTED: April 8, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: CNMK Texas Properties, LLC, d/b/a Cinemark El Centro Mall 16, is requesting renewal of the Conditional Use Permit and Late Hours Permit to allow the sale of alcoholic beverages for on-premise consumption. The property is legally described as being Lot 3A, Re-plat of Vacated Car-Mel Subdivision, Vacated El Centro Mall No. 3 and 4 Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 600 North Jackson Road. CUP#131046 **This item supports EV - Economic Vitality.**

Classification: Regular

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

Issue: CNMK Texas Properties, LLC, d/b/a Cinemark El Centro Mall 16, is requesting 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). This request constitutes the 9th renewal for Cinemark El Centro Mall 16.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends approval of the renewal request for 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) subject to site and applicant being in compliance with all City Ordinances and City Department requirements.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/8/2024
Approved - 4/9/2024
Final Approval - 4/9/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DEVELOPMENT SERVICES DIRECTOR

THROUGH: JONATHAN FLORES, CITY MANAGER

SUBJECT: CONDITIONAL USE PERMIT & LATE HOURS PERMIT RENEWAL FOR ABC – FILE NO. CUP#131046 (CINEMARK EL CENTRO MALL 16)
--

GENERAL INFORMATION:

APPLICANT: CNMK Texas Properties, LLC, d/b/a Cinemark El Centro Mall 16, is requesting 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).

LEGAL DESCRIPTION: The property is legally described as being Lot 3A, Re-plat of Vacated Car-Mel Subdivision, Vacated El Centro Mall No. 3 and 4 Subdivision, Pharr, Hidalgo County, Texas.

LOCATION: The property's physical address is 600 North Jackson Road.

ZONING: The property is currently zoned General Business District (C). The surrounding area is zoned Heavy Commercial District (H-C) and General Business District (C) to the north, General Business District (C) to the south and east and the corporate city limits of McAllen to the west. The area is generally designated for commercial use in the Land Use Plan.

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

**FIRE
DEPARTMENT:** Recommends approval of
the Conditional Use Permit.

**CODE
COMPLIANCE:** Recommends approval of
the Conditional Use Permit.

HEALTH: Recommends approval of
the Conditional Use Permit.

**DEVELOPMENT
SERVICES:** Recommends approval of
the Conditional Use Permit.

**DEVELOPMENT
SERVICES
RECOMMENDATION:** Development Services recommends **approval** of the
renewal request for 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)
subject to site and applicant being in compliance with all City
Ordinances and City Department requirements.



Pharr



MAYOR Ambrosio Hernandez, MD

COMMISSIONERS Michael Pacheco | Roberto "Bobby" Carrillo | Ramiro Caballero, MD | Daniel Chavez | Ricardo Medina | Itza Flores

Executive Summary Letter

April 15, 2024

Conditional Use Permit **Renewal** for ABC –

CNMK Texas Properties, LLC,
d/b/a Cinemark El Centro Mall 16

Background:

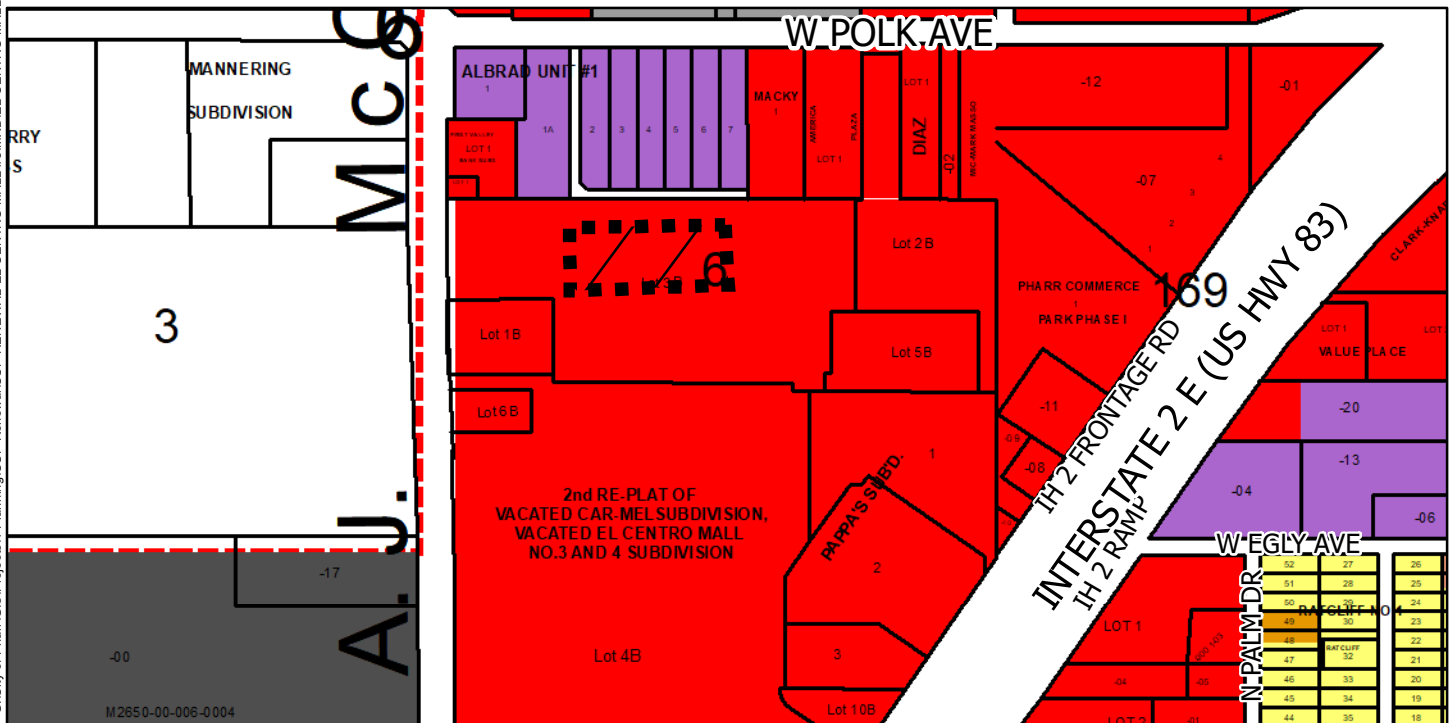
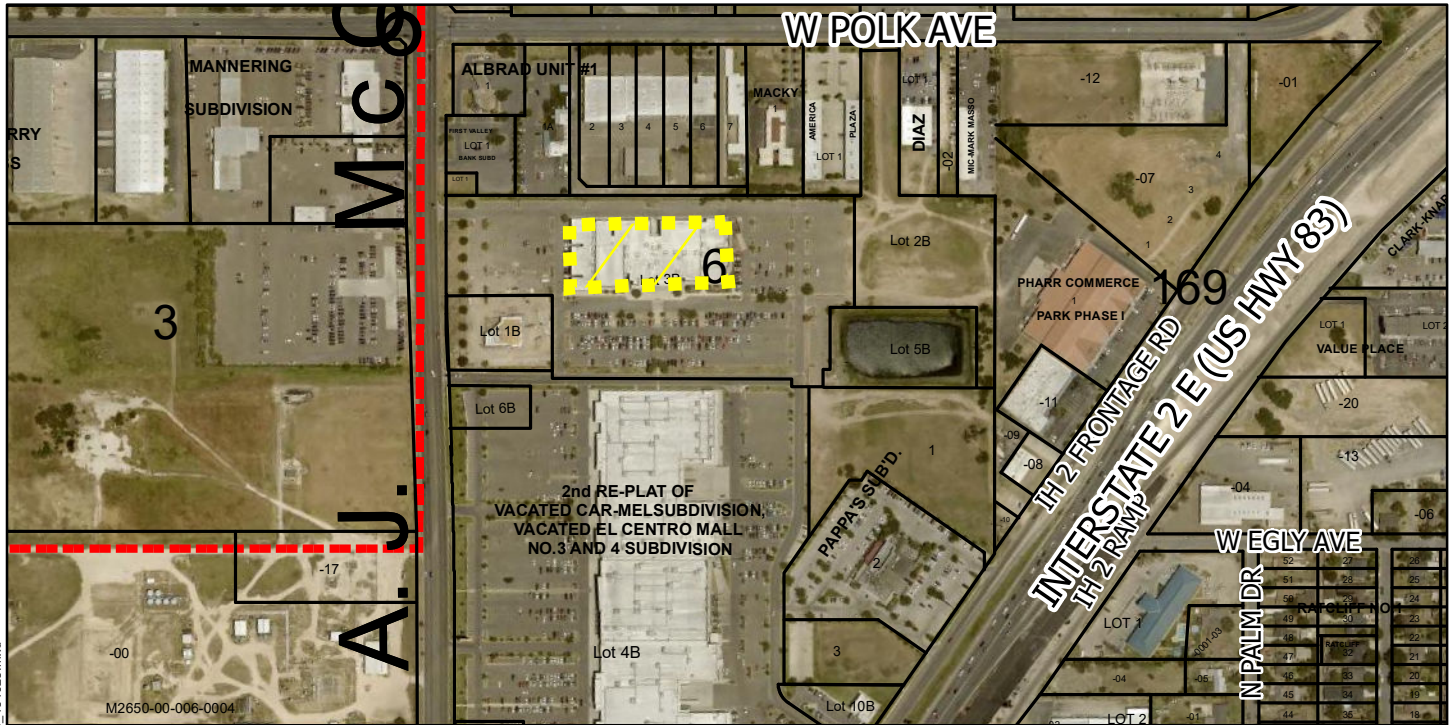
CNMK Texas Properties, LLC, d/b/a Cinemark El Centro Mall 16, is requesting renewal of the Conditional Use Permit to allow the sale of alcoholic beverages and Late Hours Permit for on-premise consumption. This request constitutes the 9th renewal for Cinemark El Centro Mall 16.

The property is located at 600 North Jackson Road. It is zoned General Business District (C) and is in conformance with the Future Land Use Plan. All required inspections have been conducted and have passed.

Recommendations:

Staff recommends **approval** of the renewal request for the Conditional Use Permit and Late Hours Permit to allow the sale of alcoholic beverages for on-premise consumption subject to the site and applicant being in compliance with all City Ordinances and City Department requirements.

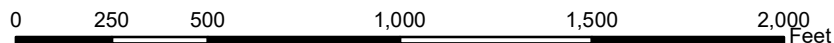
Conditional Use Permit Renewal
EL Centro Mall #3 Subdivision
Cinemark El Centro Mall 16



- | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------------|--------------------------|
| 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 = 500 feet



Date: 3/11/2024



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 6.A.9.

DATE SUBMITTED: April 8, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Olly's Drive Thru, is requesting renewal of the Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption. The property is legally described as being a 0.04 acre tract of land, more or less, out of Lots 27 and 28, La Quinta Subdivision, Pharr, Hidalgo County, Texas. The property's physical address is 5850 South Cage Boulevard. CUP#200836 **This item supports EV - Economic Vitality.**

Classification: Regular

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

Issue: Olly's Drive Thru, is requesting renewal of the Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption in a General Business District (C). This request constitutes the 4th renewal for Olly's Drive Thru.

Fiscal Consideration: N/A

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

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/8/2024
Approved - 4/9/2024
Final Approval - 4/9/2024



MEMORANDUM

DATE: MONDAY, APRIL 15, 2024

TO: MAYOR AND CITY COMMISSION

FROM: KIMBERLY MENDOZA, DIRECTOR OF DEVELOPMENT SERVICES

THROUGH: JONATHAN FLORES, CITY MANAGER

SUBJECT: CONDITIONAL USE PERMIT RENEWAL FOR ABC FILE NO. CUP#200836 (OLLY'S DRIVE THRU)

GENERAL INFORMATION:

APPLICANT: Olly's Drive Thru, is requesting renewal of the 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 a 0.04 acre tract of land, more or less, out of Lots 27 and 28, La Quinta Subdivision, Pharr, Hidalgo County, Texas.

LOCATION: The property's physical address is 5850 South Cage Boulevard.

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

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

	FIRE DEPARTMENT:	Recommends approval of the Conditional Use Permit.
--	-------------------------	--

	CODE COMPLIANCE:	Recommends approval of the Conditional Use Permit.
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HEALTH:

Recommends approval of the Conditional Use Permit.

DEVELOPMENT SERVICES:

Recommends approval of the Conditional Use Permit.

**DEVELOPMENT
SERVICES
RECOMMENDATIONS:**

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



Pharr



MAYOR Ambrosio Hernandez, MD

COMMISSIONERS Michael Pacheco | Roberto "Bobby" Carrillo | Ramiro Caballero, MD | Daniel Chavez | Ricardo Medina | Itza Flores

Executive Summary Letter

April 15, 2024

Conditional Use Permit **Renewal** for ABC -

Olly's Drive Thru

Background:

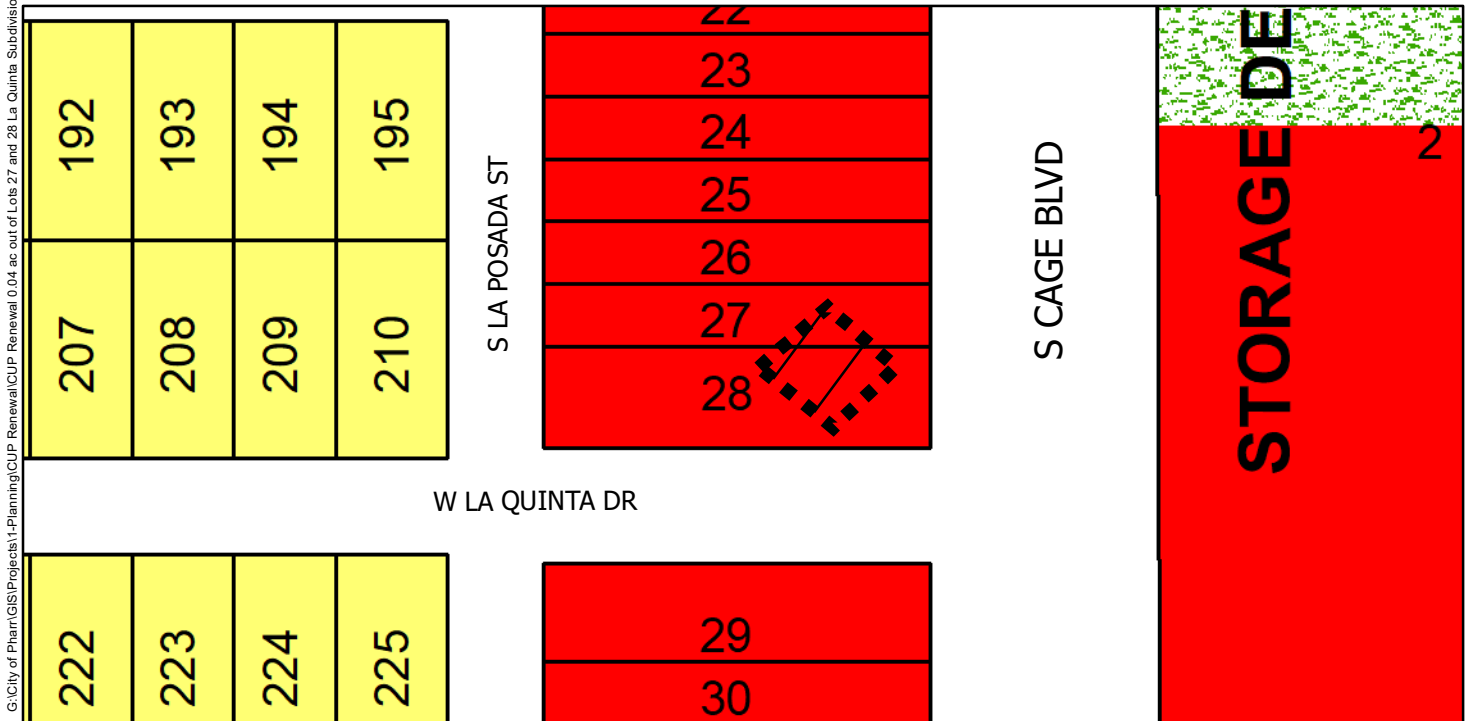
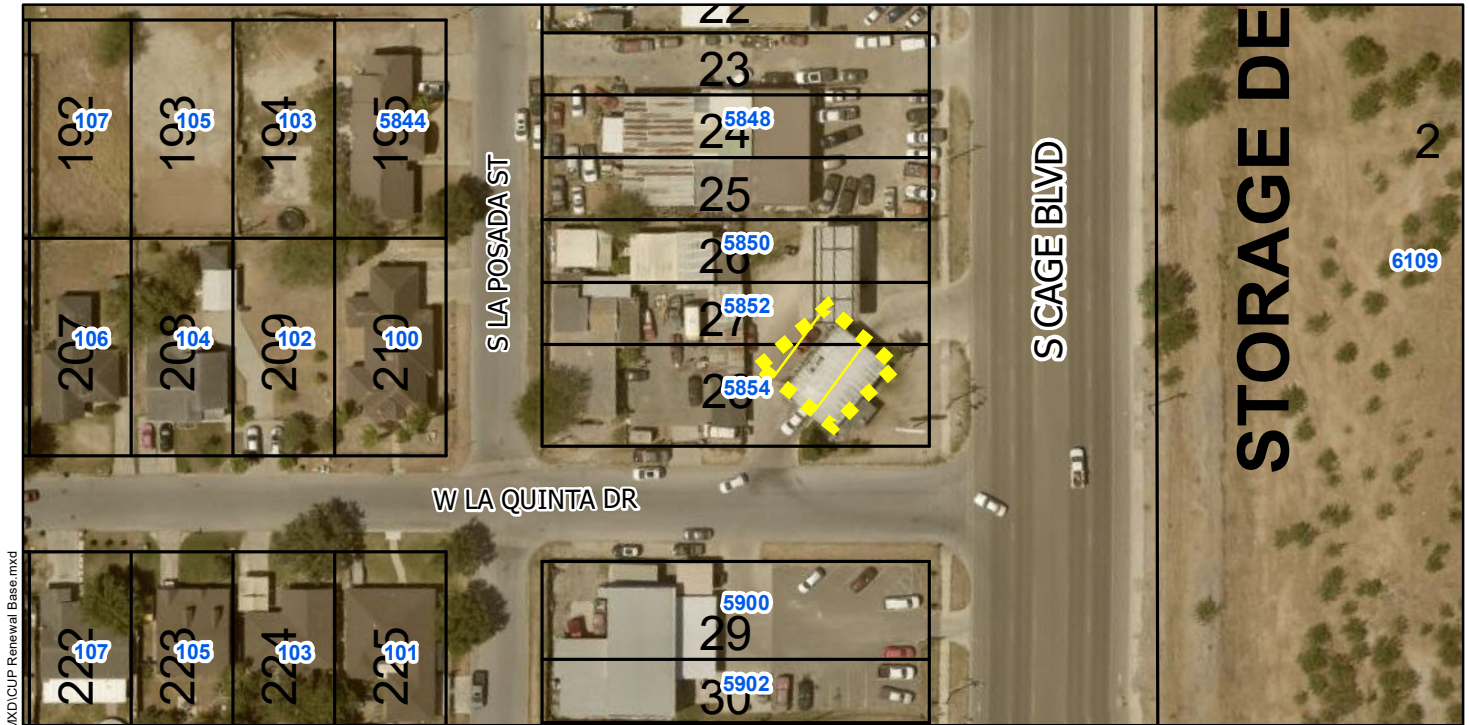
Olly's Drive Thru, is requesting renewal of the Conditional Use Permit to allow the sale of alcoholic beverages for on-premise consumption. This request constitutes the 4th renewal for Olly's Drive Thru.

The property is located at 5850 South Cage Boulevard. It is zoned General Business District (C) and is in conformance with the Future Land Use Plan. All required inspections have been conducted and have passed.

Recommendations:

Staff recommends **approval** of the renewal request for the Conditional Use Permit to allow the sale of alcoholic beverage for on-premise consumption subject to the site and applicant being in compliance with all City Ordinances and City Department requirements.

Conditional Use Permit Renewal
0.04 ac out of Lots 27 and 28, La Quinta Subdivision
Briselda C. Sehgal



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

Scale: 1 inch = 100 feet

City of Pharr, Texas
Engineering Department
956.702.5355



Date: 2/26/2024



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 7.A.

DATE SUBMITTED: April 10, 2024

MEETING DATE: April 15, 2024

FROM: Kimberly Mendoza, Development Services Director

DEPARTMENT: Development Services

DIRECTOR: Kimberly Mendoza

Agenda Item: Consideration and action, if any, on Ordinance extending the boundaries of the present corporate limits of the City of Pharr, Texas and annexing new territory into the City of Pharr consisting of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, and a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being out of Lots 47 through 55, and a portion of a 40 ft. road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 inclusive of the San Juan Plantation Subdivision located at the northeast corner of South Veterans Boulevard and East Hi Line Road, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas. (1st Reading) **This item supports EV - Economic Vitality.**

Classification: Regular

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

Issue: This item is the 1st reading on ordinance extending the boundaries of the present corporate limits of the City of Pharr, Texas and annexing new territory into the City of Pharr consisting of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, and a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, being out of Lots 47 through 55, and a portion of a 40 ft. road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 inclusive of the San Juan Plantation Subdivision located at the northeast corner of South Veterans Boulevard and East Hi Line Road, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.

Fiscal Consideration: N/A

Staff Recommendation: Development Services recommends approval.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Kimberly Mendoza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/10/2024
Approved - 4/10/2024
Final Approval - 4/10/2024

AN ORDINANCE OF THE CITY OF PHARR, TEXAS, EXTENDING THE BOUNDARIES OF THE PRESENT CORPORATE LIMITS AND ANNEXING TERRITORY CONSISTING OF 85.17 ACRES OF LAND AND RIGHT OF WAY, MORE OR LESS, GENERALLY LOCATED ON SOUTH VETERANS BOULEVARD AND EAST HI LINE ROAD, LYING ADJACENT TO AND BEING SITUATED WITHIN THE EXTRATERRITORIAL JURISDICTION OF THE CITY OF PHARR, TEXAS, INCLUDING THE ABUTTING STREETS AND ROADWAYS AND RIGHTS-OF-WAY INTO THE CORPORATE LIMITS OF THE CITY, AT THE REQUEST OF THE PROPERTY OWNERS AND EXTENDING THE BOUNDARY LIMITS OF SAID CITY; AND ADOPTING A SERVICE PLAN

WHEREAS, Chapter 43, Subchapter C-3 of the Texas Local Government Code and the City Charter of the City of Pharr, Texas, an incorporated city, authorizes the annexation of territory, subject to the laws of this state;

WHEREAS, the procedures prescribed by the Texas Local Government Code and/or Charter of the City of Pharr, Texas, and the laws of this state have been duly followed with respect to the following described territory, to wit:

SEE "EXHIBIT B"

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, TEXAS THAT:

Section 1: The Board of Commissioners of the City of Pharr has decided to extend the corporate limits of the City to include tracts of land adjacent to our present corporate limits; and

Section 2: The hereinafter described territory lies within the extraterritorial jurisdiction of the City of Pharr, Texas; and

Section 3: The territory hereinafter described contains approximately 85.17 acres; and

Section 4: The territorial limits of the City of Pharr, Texas contained approximately 15,682 acres (24.50 square miles) as of December 4, 2023; and

Section 5: The Director of Development Services held a public hearing on the proposed annexation, on Monday, April 15, 2024, at 4:00 p.m. in the City Commissioners' Room, 118 S. Cage Boulevard, 2nd floor, Pharr, Texas and was also published in the Advance News Journal; and

Section 6: A service plan as required by State Law is hereby adopted and attached as Exhibit A.

Section 7: The Board of Commissioners of the City of Pharr, Texas, finds that all prerequisites for annexation imposed by State Law and the City Charter have been met.

Section 8: That the corporate boundary limits of the City of Pharr, Texas, is hereby extended so as to annex certain territory lying adjacent to and adjoining the present City limits of said City and such territory as hereby annexed to said City as described in Exhibit B.

Section 9: That this ordinance be published, one time in its entirety, in the Advance News, a newspaper in Pharr, Texas.

Section 10: That the service plan attached to this ordinance is hereby approved by the Board of Commissioners of the City of Pharr, Texas provided that such service plan may be amended or repealed in accordance with Section 43.056 of the Texas Local Government Code, when in the opinion of the Board of Commissioners, changed conditions or subsequent occurrences make the plan unworkable or obsolete.

Section 11: That this ordinance shall not become effective until ten (10) days elapsed after the ordinance has been published in the local newspaper after which the territory herein noted and described in Section 1 hereof shall be a part of the City of Pharr and the citizens thereof shall be entitled to all rights and privileges of other citizens and shall be bound by the acts, ordinances, and resolution of the city.

Section 12: Upon annexation of the above described property, the acreage within the city limits of the City of Pharr, Texas will be increased by 85.17 acres for a total of approximately 15,767.17 acres.

The City Clerk is hereby directed to file with the County Clerk of Hidalgo, Texas, a certified copy of this ordinance.

PASSED AND APPROVED ON THE FIRST READING BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the 15th day of April 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ

MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK

PASSED AND APPROVED ON THE SECOND READING BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the 6th day of May 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ

MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK

PASSED AND APPROVED ON THE THIRD READING BY THE BOARD OF CITY COMMISSIONERS
OF THE CITY OF PHARR, TEXAS, on this the 20th day of May, 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ

MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK

City of Pharr
Notice of Public Hearing

The City of Pharr intends to extend the present corporate limits by annexing land within the City's Extra Territorial Jurisdiction. The Department of Development Services will hold a public hearing regarding the proposed annexation. Any and all persons interested are encouraged to attend the public hearing and review the Service Plan for the area and voice their opinion. Said public hearing is scheduled as follows:

1. Monday, April 15, 2024, at 4:00 p.m. at the Pharr City Commission Room located at 118 S. Cage Boulevard, 2nd floor, Pharr, Texas.

The properties are legally described as follows:

- *A 79.022-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being out of Lots 47 through 55, and a portion of a 40-foot road (not in use), as shown on the Re-subdivision of Lots 1 and 5 to 32 Inclusive of the San Juan Plantation Subdivision located at the Northeast Corner of East Hi Line Road & South Veterans Boulevard, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.*
- *A 6.154-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being a portion of South Veterans Boulevard and East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.*

I, certify that the above notice of public hearing was posted on the bulletin board at City Hall on this the 2nd day of April 2024, at 12:00 p.m. and in the City of Pharr web site (www.pharr-tx.gov)




Hilda Pedraza, City Clerk

Hidalgo County
Arturo Guajardo Jr.
County Clerk
Edinburg, Texas 78540

Document No: 3201939

Billable Pages: 29

Recorded On: March 12, 2021 03:07 PM

Number of Pages: 30

*****Examined and Charged as Follows*****

Total Recording: \$ 148.00

*****THIS PAGE IS PART OF THE DOCUMENT*****

Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

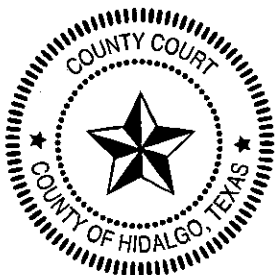
File Information:

Document No: 3201939
Receipt No: 20210312000332
Recorded On: March 12, 2021 03:07 PM
Deputy Clerk: Tania Rivera
Station: McAllen-cc-k23

Record and Return To:

eRecording Partners
1301 Washington Ave. Suite 350

Golden CO 78589



STATE OF TEXAS
COUNTY OF HIDALGO

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of Hidalgo County, Texas.

Arturo Guajardo Jr.
County Clerk
Hidalgo County, Texas

WARRANTY DEED

Date: March 1, 2021

Grantor: KVS Family Limited Partnership, a Texas limited partnership

Grantor's Mailing Address (including county): 2001 S. Cynthia St. Ste. C
McAllen, Texas 78503
Hidalgo County, Texas

Grantee: KVS Development, LLC, a Texas limited liability company

Grantee's Mailing Address (including county): 2001 S. Cynthia St. Ste. C
McAllen, Texas 78503
Hidalgo County, Texas

Consideration: Ten Dollars and other valuable consideration to the undersigned paid by the grantee herein named, the receipt of which is hereby acknowledged.

Property (including any improvements):

See Exhibit "A"

Reservations from and Exceptions to Conveyance and Warranty:

1. Taxes for the year 2021 and subsequent years.
2. Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the property.

Grantor, for the consideration and subject to the reservations from, and exceptions to conveyance and warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to warranty.

When the context requires, singular nouns and pronouns include the plural.

Signature on Following Page

KVS Family Limited Partnership

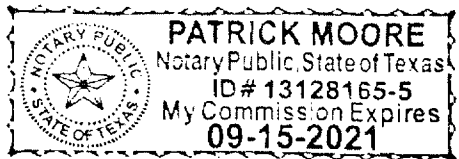
By: KVS Land Co., Inc., General Partner

By: KVS. Chowdary
K.V. Chowdary, President

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 1st day of March, 2021, by K.V. Chowdary, President of KVS Land Co., Inc., a Texas corporation, general partner of KVS Family Limited Partnership, a Texas limited partnership, on behalf of said corporation and limited partnership.



[Signature]
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

KVS Development, LLC
2001 S. Cynthia St. Ste. C
McAllen, TX 78503

PREPARED BY:

Law Office of Patrick Moore, PLLC
1801 S. 2nd St. Ste. 380
McAllen, TX 78503

EXHIBIT A

Legal Description of the Property

TRACT A – PARCEL 1

DESCRIPTION, of a 1,058,072 square foot (24.290 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 80, 81, and 83 through 85 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 24.290 acre tract being more particularly described as follows (Bearing system is based on the State Plane Coordinate System, North American Datum of 1983 (2011), Texas South Zone 4205. Distances shown have been adjusted to surface by applying the Hidalgo County TxDOT combination factor of 1.00004):

BEGINNING, at a point at the intersection of the west right-of-way line of State Highway 365 (SH 365), a 300-foot right-of-way at this point, and the north right-of-way line of US Highway 281 (US 281) for the southwest corner of a called 182,461.89 square foot tract of land described as Parcel 65 P-11 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660457, ORHCT, and the northernmost northwest corner of a called 201,799.60 square foot tract of land described as Parcel 8 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT, from which an aluminum disk stamped "HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY R.O.W. MARKER" found bears South 60 degrees, 42 minutes West, a distance of 0.73 feet;

THENCE, along the said north right-of-way line of US 281, the north line of the said State of Texas Parcel 8 tract, the north line of a called 26,492.73 square foot tract of land described as Parcel 6 in said Deed to the State of Texas, and the north line of a called 2,349.893 square foot tract of land described as Parcel 5 in said Deed to the State of Texas, over and across the said called 700.07 acre tract and said Lots 85, 84, and 83, the following four (4) calls:

South 53 degrees, 33 minutes, 30 seconds West, a distance of 141.27 feet to a point for corner, from which a 1/2-inch iron rod found bears South 77 degrees, 05 minutes West, a distance of 4.48 feet;

North 81 degrees, 26 minutes, 58 seconds West, a distance of 123.47 feet to a point for corner and the beginning of a non-tangent curve to the left, from which a 5/8-inch iron rod found disturbed bears South 84 degrees, 36 minutes West, a distance of 2.11 feet;

In a westerly direction, along said curve to the left, having a central angle of 08 degrees, 15 minutes, 21 seconds, a radius of 4,990.76 feet, an arc distance of 719.12 feet, and a chord bearing North 86 degrees, 35 minutes, 37 seconds West, a distance of 718.50 feet to the beginning of a reverse curve to the right;

In a westerly direction, along said curve to the right, having a central angle of 08 degrees, 04 minutes, 30 seconds, a radius of 5,970.50 feet, an arc distance of 841.45 feet, and a chord bearing North 85 degrees, 39 minutes, 11 seconds West, a distance of 840.76 feet to a point for corner in the west line of the said called 700.07 acre tract, the west line of said Lot 83, and the east line of the Hidalgo County Irrigation District No. 2 Canal, a 100-foot right-of-way;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north line of the State of Texas tracts and the said north right-of-way line of US 281, along the said west line of the said called 700.07 acre tract, the said west line of Lot 83, and the said east line of the Hidalgo County Irrigation District No. 2 Canal right-of-way, a distance of 499.80 feet to a point for the southwest corner of those certain tracts of land described in No Proration Agreement to the County of Hidalgo, from which a 1/2-inch iron rod found bears South 87 degrees, 54 minutes East, a distance of 4.15 feet;

THENCE, departing the said the west line of the called 700.07 acre tract, the said west line of Lot 83, and the said east line of the Hidalgo County Irrigation District No. 2 Canal right-of-way, along the said south line of the County of Hidalgo tracts, over and across said Lots 83 and 84, and over and into said Lot 85 and the said called 700.07 acre tract, the following five (5) calls:

South 85 degrees, 10 minutes, 42 seconds East, a distance of 634.54 feet to a point for the beginning of a tangent curve to the left;

In an easterly direction, along said curve to the left, having a central angle of 19 degrees, 38 minutes, 32 seconds, a radius of 240.00 feet, an arc distance of 82.28 feet, and a chord bearing North 85 degrees, 00 minutes, 02 seconds East, a distance of 81.87 feet to a point for the end of said curve;

North 75 degrees, 10 minutes, 46 seconds East, a distance of 562.87 feet to a point for the beginning of a tangent curve to the right;

In an easterly direction, along said curve to the right, having a central angle of 11 degrees, 30 minutes, 17 seconds, a radius of 75.00 feet, an arc distance of 15.06 feet, and a chord bearing North 80 degrees, 55 minutes, 55 seconds East, a distance of 15.03 feet to a point for the end of said curve;

North 86 degrees, 41 minutes, 03 seconds East, a distance of 545.52 feet to a point in the said west right-of-way line of SH 365 for the northwest corner of the said called 182,461.89 square foot State of Texas tract;

THENCE, South 08 degrees, 35 minutes, 03 seconds West, departing the said south line of the County of Hidalgo tracts, along the said west right-of-way line of SH 365, continuing over and into the said called 700.07 acre tract and said Lot 85, a distance of 674.33 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,058,072 square feet or 24.290 acres of land, more or less.

TRACT A - PARCEL 2

DESCRIPTION, of a 1,903,567 square foot (43.700 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being all of Lots 69 and 70 and part of Lots 71 and 80 through 82 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 43.700 acre tract being more particularly described as follows (Bearing system is based on the State Plane Coordinate System, North American Datum of 1983 (2011), Texas South Zone 4205. Distances shown have been adjusted to surface by applying the Hidalgo County TxDOT combination factor of 1.00004):

COMMENCING, at a point at the intersection of the west right-of-way line of State Highway 365 (SH 365), a 300-foot right-of-way at this point, and the north right-of-way line of US Highway 281 (US 281) for the southwest corner of a called 182,461.89 square foot tract of land described Parcel 65 P-11 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660457, ORHCT, and the northernmost northwest corner of a called 201,799.60 square foot tract of land described as Parcel 8 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT, from which an aluminum disk stamped "HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY R.O.W. MARKER" found bears South 60 degrees, 42 minutes West, a distance of 0.73 feet;

THENCE, North 08 degrees, 35 minutes, 03 seconds East, departing the said north right-of-way line of US 281, along the said west right-of-way line of SH 365 and the west line of the said called 182,461.89 square foot tract, over and across Lot 85 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, and over and into the said called 700.07 acre tract and said Lot 80, passing at a distance of 674.33 feet the south line of those certain tracts of land described in No Proration Agreement to the County of Hidalgo, and continuing over and across said tracts, in all a distance of 842.96 feet to the **POINT OF BEGINNING** in the north line of the said County of Hidalgo tracts for the southwest corner of a called 215,168.03 square foot tract of land described in Deed to Hidalgo County Regional Mobility Authority described as Parcel 65 P-10 recorded in Document No. 2015-2660458, ORHCT;

THENCE, departing the said west right-of-way line of SH 365, along the said north line the County of Hidalgo tracts, over and across the said called 700.07 acre tract and Lots 80, 81, and 82, the following five (5) calls:

South 86 degrees, 41 minutes, 03 seconds West, a distance of 580.29 feet to a point for the beginning of a tangent curve to the left;

In a westerly direction, along said curve to the left, having a central angle of 11 degrees, 30 minutes, 17 seconds, a radius of 240.00 feet, an arc distance of 48.19 feet, and a chord bearing South 80 degrees, 55 minutes, 55 seconds West, a distance of 48.11 feet to a point for the end of said curve;

South 75 degrees, 10 minutes, 46 seconds West, a distance of 562.87 feet to a point for the beginning of a tangent curve to the right;

In a westerly direction, along said curve to the right, having a central angle of 19 degrees, 38 minutes, 32 seconds, a radius of 75.00 feet, an arc distance of 25.71 feet, and a chord bearing South 85 degrees, 00 minutes, 02 seconds West, a distance of 25.59 feet to a point for the end of said curve;

North 85 degrees, 10 minutes, 42 seconds West, a distance of 606.15 feet to a point for a re-entrant corner of said County of Hidalgo tracts, from which a 1/2-inch iron rod with cap stamped "RGE" found bears North 48 degrees, 35 minutes West, a distance of 0.58 feet;

THENCE, along the westernmost east line of said County of Hidalgo tracts, over and across said Lot 82 and Lot 69, the following two (2) calls:

North 08 degrees, 26 minutes, 45 seconds East, a distance of 762.03 feet to a point for the beginning of a tangent curve to the left;

In a northerly direction, along said curve to the left, having a central angle of 25 degrees, 10 minutes, 14 seconds, a radius of 165.00 feet, an arc distance of 72.49 feet, and a chord bearing North 04 degrees, 08 minutes, 22 seconds West, a distance of 71.90 feet to a point for the northernmost corner of the said County of Hidalgo tracts in the west line of the said called 700.07 acre tract, the west line of said Lot 69, and the east line of the Hidalgo County Irrigation District No. 2 Canal, a 100-foot right-of-way;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, along the said west line of the called 700.07 acre tract, the said west line of Lot 69, and the said east line of the Hidalgo County Irrigation District No. 2 Canal right-of-way, a distance of 407.65 feet to a point for a re-entrant corner of the said Hidalgo County Irrigation District No. 2 Canal right-of-way and the northwest corner of said Lot 69;

THENCE, South 81 degrees, 58 minutes, 48 seconds East, departing the said west line of the called 700.07 acre tract, along the south line of the said Hidalgo County Irrigation District No. 2 Canal right-of-way and the north line of said Lots 69, 70, and 71, over and into the said called 700.07 acre tract, a distance of 1,777.78 feet to a point in the said west right-of-way line of SH 365 for the northwest corner of the said called 215,168.03 square foot tract;

THENCE, South 08 degrees, 35 minutes, 03 seconds West, departing the said south line of the Hidalgo County Irrigation District No. 2 Canal right-of-way and the said north line of Lot 71, along the said west right-of-way line of SH 365 and the west line of the said called 215,168.03 square foot tract, over and across said Lot 71, and over and into said Lot 80 and the said called 700.07 acre tract, a distance of 853.70 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,903,567 square feet or 43.700 acres of land, more or less.

TRACT A - PARCEL 3

DESCRIPTION, of a 991,752 square foot (22.767 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lot 67, all of Lot 68, and a portion of the abandoned Missouri Pacific Railroad Company (San Benito & Rio Grande Railway) right-of-way of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 22.767 acre tract being more particularly described as follows (Bearing system is based on the State Plane Coordinate System, North American Datum of 1983 (2011), Texas South Zone 4205. Distances shown have been adjusted to surface by applying the Hidalgo County TxDOT combination factor of 1.00004):

COMMENCING, at a point at the intersection of the west right-of-way line of State Highway 365 (SH 365), a 300-foot right-of-way at this point, and the north right-of-way line of US Highway 281 (US 281) for the southwest corner of a called 182,461.89 square foot tract of land described Parcel 65 P-11 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660457, ORHCT, and the northernmost northwest corner of a called 201,799.60 square foot tract of land described as Parcel 8 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT, from which an aluminum disk stamped "HIDALGO COUNTY REGIONAL MOBILITY AUTHORITY R.O.W. MARKER" found bears South 60 degrees, 42 minutes West, a distance of 0.73 feet;

THENCE, North 08 degrees, 35 minutes, 03 seconds East, departing the said north right-of-way line of US 281, along the said west right-of-way line of SH 365, the west line of the said called 182,461.89 square foot tract, and the west line of a called 215,168.03 square foot tract of land described as Parcel 65 P-10 in Deed recorded in Document No. 2015-2660458, ORHCT, over and across Lots 85, 80, 71, and the Hidalgo County Irrigation District No. 2 Canal right-of-way, a 100-foot right-of-way, of said Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, and over and into the said called 700.07 acre tract, passing at a distance of 674.33 feet the south line of those certain tracts of land described in No Proration Agreement to the County of Hidalgo, and passing at a distance of 842.96 feet the north line of said County of Hidalgo tracts, continuing in all a distance of 1,796.66 feet to the **POINT OF BEGINNING** in the north line of the said Hidalgo County Irrigation District No. 2 Canal right-of-way and the south line of said Lot 67; said point also being the southwest corner of a called 127,827.16 square foot tract of land described as Parcel 65 P-9 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660460, ORHCT;

THENCE, North 81 degrees, 58 minutes, 48 seconds West, departing the said west right-of-way line of SH 365, along the said north line of the Hidalgo County Irrigation District No. 2 Canal right-of-way, the said south line of Lot 67, and the south line of said Lot 68, over and across the said called 700.07 acre tract, a distance of 1,877.79 feet to a point in the east line of Lot 5 of the Re-Subdivision of Closner Subdivision and a Subdivision of 200.33 Acres in Porcion No. 71, an addition to Hidalgo County, Texas according to the plat recorded in Volume 1, Page 56-A, MRHCT, for the northernmost southwest corner of the said called 700.07 acre tract and the southwest corner of said Lot 68;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, along the west line of the said called 700.07 acre tract, the west line of said Lot 68, the said east line of Lot 5, and the east line of Lot

4 of said Re-Subdivision of Closner Subdivision, crossing the south right-of-way line of the said abandoned Missouri Pacific Railroad Company, and continuing in all a distance of 541.83 feet to a point for corner in the north right-of-way line of the said abandoned Missouri Pacific Railroad Company and the south right-of-way line of Hi-Line Road, a 40-foot right-of-way, from which a 5/8-inch iron rod found bears South 86 degrees, 19 minutes East, a distance of 10.09 feet;

THENCE, South 81 degrees, 24 minutes, 03 seconds East, departing the said west line of the called 700.07 acre tract and the said east line of Lot 4, along the said south right-of-way line of Hi-Line Road and the said north right-of-way line of the abandoned Missouri Pacific Railroad Company, over and across the said called 700.07 acre tract, a distance of 1,547.80 feet to a point in the west right-of-way line of SH 365, a variable width right-of-way at this point, for the north west corner of said called 127,827.16 square foot tract;

THENCE, departing the said south right-of-way line of Hi-Line Road, the said north right-of-way line of the abandoned Missouri Pacific Railroad Company, and the said north line of Lot 67, along the said west right-of-way line of SH 365 and the west line of the said called 127,827.16 square foot tract, over and across the said abandoned Missouri Pacific Railroad Company right-of-way and said Lot 67, over and into the said called 700.07 acre tract, the following four calls:

South 08 degrees, 35 minutes, 03 seconds West, a distance of 20.00 feet to a point for corner from which a 1/2-inch iron rod found bears South 34 degrees, 57 minutes East, a distance of 0.26 feet;

South 81 degrees, 24 minutes, 03 seconds East, a distance of 280.00 feet to a point for corner from which a 1/2-inch iron rod found bears North 60 degrees, 00 minutes West, a distance of 0.50 feet;

South 36 degrees, 24 minutes, 30 seconds East, a distance of 70.72 feet to a point for corner;

South 08 degrees, 35 minutes, 03 seconds West, a distance of 452.85 feet to the **POINT OF BEGINNING**;

CONTAINING: 991,752 square feet or 22.767 acres of land, more or less.

TRACT B – PARCEL 1

DESCRIPTION, of a 3,532,149 square foot (81.087 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 47 through 55 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT) and also being part of Lots 3 and 4 of the Re-Subdivision of Closner Subdivision according the Plat recorded in Volume 1, Page 56A, MRHCT; said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 81.087 acre tract being more particularly described as follows:

BEGINNING, at a point for corner at the intersection of the north right-of-way line of Hi-Line Road, a 40-foot right-of-way and the east line of Veterans Boulevard (South "I" Road), a variable width right-of-way;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north right-of-way line of Hi-Line Road, along the said east right-of-way line of Veterans Boulevard, over and across said Lots 3 and 4 of Closner Subdivision, a distance of 1,598.83 feet to a point for corner in the south right-of-way line of the Hidalgo County Irrigation District No. 2 drainage ditch, an 80-foot right-of-way;

THENCE, South 69 degrees, 42 minutes, 41 seconds East, departing the said east right-of-way line of Veterans Boulevard, along the said south right-of-way line of the Hidalgo County Irrigation District No. 2 drainage ditch, over and across said Lot 3 of the of Closner Subdivision and said Lots 47 through 50 of San Juan Plantation Subdivision, a distance of 2,735.37 feet to a point in the west right-of-way line of State Highway 365 (SH 365) for the northwest corner of a called 3,001.81 square foot tract of land described as Parcel 65 P-5 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660461, ORHCT;

THENCE, departing the said south right-of-way line of the Hidalgo County Irrigation District No. 2 drainage ditch, along the said west right-of-way line of SH 365, over and across said Lots 47, 54 and 55 of San Juan Plantation Subdivision the following four (4) calls:

South 08 degrees, 35 minutes, 03 seconds West, along the said easternmost west line of said Parcel 65 P-5, passing at a distance of 35.27 feet the southwest corner of the said Parcel 65 P-5 and passing at a distance of 75.27 feet the northwest corner of a called 258,976.46 square foot tract of land described as Parcel 65 P-6 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660462, ORHCT, and continuing along the said west line of the said called Parcel 65 P-6, a distance of 974.61 feet to a point for corner;

South 53 degrees, 35 minutes, 03 seconds West, along the southernmost north line of said Parcel 65 P-6, a distance of 70.71 feet to a point for corner;

North 81 degrees, 24 minutes, 03 seconds West, along the said southernmost north line of Parcel 65 P-6, a distance of 280.00 feet to a point for corner;

South 08 degrees, 35 minutes, 03 seconds West, along the westernmost west line of said Parcel 65 P-6, a distance of 20.00 feet to a point for corner in the said north right-of-way line of Hi-Line Road;

THENCE, North 81 degrees, 24 minutes, 03 seconds West, departing the said west right-of-way line of SH 365, along the said north right-of-way line of Hi-Line Drive, over and across said Lots 51 through 54, a distance of 2,348.21 feet to the **POINT OF BEGINNING**;

CONTAINING: 3,532,149 square feet or 81.087 acres of land, more or less.

TRACT B – PARCEL 2

DESCRIPTION, of a 1,258,411 square foot (28.889 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 47 through 50 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT) and also being part of Lot 3 of the Re-Subdivision of Closner Subdivision according the Plat recorded in Volume 1, Page 56A, MRHCT; said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 29.889 acre tract being more particularly described as follows:

COMMENCING, at a point for corner at the intersection of the north right-of-way line of Hi-Line Road, a 40-foot right-of-way and the east line of Veterans Boulevard (South "I" Road), a variable width right-of-way;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north right-of-way line of Hi-Line Road, along the said east right-of-way line of Veterans Boulevard, over and across Lots 3 and 4 of said Closner Subdivision, passing at a distance of 1598.83 feet the south right-of-way line of a Hidalgo County Irrigation District No. 2 drainage ditch, an 80-foot right-of-way, in all a distance of 1,681.00 feet to the **POINT OF BEGINNING** in the north right-of-way line of said Hidalgo County Irrigation District No. 2 drainage ditch;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north right-of-way line of the Hidalgo County Irrigation District No. 2 drainage ditch, along the said east right-of-way line of Veterans Boulevard, over and across said Lot 3 of Closner Subdivision, a distance of 365.73 feet to a point for corner in the south right-of-way line of a Hidalgo County Irrigation District No. 2 Canal;

THENCE, departing the said east right-of-way line of Veterans Boulevard, along the said south right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, over and across said Lot 3 of Closner Subdivision and said Lots 47 through 50 of San Juan Plantation Subdivision, the following two (2) calls:

South 81 degrees, 25 minutes, 34 seconds East, a distance of 800.41 feet to a point for corner;

South 66 degrees, 39 minutes, 19 seconds East, a distance of 1,942.26 feet to a point in the west right-of-way line of State Highway 365 (SH 365) for the northwest corner of a called 108,829.51 square foot tract of land described as Parcel 65 P-4 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660464, ORHCT;

THENCE, South 08 degrees, 35 minutes, 03 seconds West, departing the said south right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, along the said west right-of-way line of SH 365 and the said west line of Parcel 65 P-4, over and across said Lot 47 of San Juan Plantation Subdivision, a distance of 425.94 feet to a point in the north right-of-way line of the said Hidalgo County Irrigation District No. 2 drainage ditch for the southwest corner of said Parcel 65 P-4;

THENCE, North 69 degrees, 42 minutes, 41 seconds West, departing the said west right-of-way line of SH 365, along the said north right-of-way line of the Hidalgo County Irrigation District No. 2. drainage ditch, over and across said Lots 47 through 50 of San Juan Plantation Subdivision and Lot 3 of said Closner Subdivision, a distance of 2,735.39 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,258,411 square feet or 28.889 acres of land, more or less.

TRACT B ~ PARCEL 3

DESCRIPTION, of a 1,608,875 square foot (36.935 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 36 through 38 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT) and also being part of Lot 2 of the Re-Subdivision of Closner Subdivision according the Plat recorded in Volume 1, Page 56A, MRHCT; said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 36.935 acre tract being more particularly described as follows:

BEGINNING at point for corner at the intersection of the south right-of-way line of Anaya Road, a 40-foot right-of-way, and the east right-of-way line of Veterans Boulevard (South "I" Road), a variable width right-of-way;

THENCE, South 81 degrees, 24 minutes, 34 seconds East, departing the said east right-of-way line of Veterans Boulevard, along the said south right-of-way line of Anaya Road, over and across said Lot 2 of Closner Subdivision and Lots 36 through 38 of San Juan Plantation Subdivision, a distance of 2,348.67 feet to a point in the west right-of-way line of State Highway 365 (SH 365), a variable width right-of-way, for the northwest corner of a called 257,173.08 square foot tract of land described as Parcel 65 P-3 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660465, ORHCT;

THENCE, departing the said south right-of-way line of Anaya Road, along the said west right-of-way line of SH 365 and the west line of said Parcel 65 P-3, over and across said Lot 38 of San Juan Plantation Subdivision, the following four (4) calls:

South 08 degrees, 35 minutes, 03 seconds West, a distance of 20.00 feet to a point for corner;

South 81 degrees, 24 minutes, 34 seconds East, a distance of 280.00 feet to a point for corner;

South 36 degrees, 24 minutes, 45 seconds East, a distance of 70.71 feet to a point for corner;

South 08 degrees, 35 minutes, 03 seconds West, a distance of 854.67 feet to a point in the north right-of-way line of a Hidalgo County Drainage District No. 2 Canal and the south line of said Lot 38 of San Juan Plantation Subdivision for the southwest corner of said Parcel 65 P-3;

THENCE, North 66 degrees, 39 minutes, 19 seconds West, departing the said west right-of-way line of SH 365, along the said north right-of-way line of the said Hidalgo County Drainage District No. 2 Canal and along the south line of Lots 36 through 38 of San Juan Plantation Subdivision, a distance of 1,941.08 feet to a point for corner;

THENCE, North 81 degrees, 25 minutes, 34 seconds West, along the said north right-of-way line of the Hidalgo County Drainage District No. 2 Canal, over and across said Lot 2 of Closner

Subdivision, a distance of 801.57 feet to a point for corner in the said east right-of-way line of Veterans Boulevard;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north right-of-way line of line of the Hidalgo County Drainage District No. 2 Canal, along the said east right-of-way line of Veterans Boulevard, over and across said Lot 2 of Closner Subdivision, a distance of 430.56 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,608,875 square feet or 36.935 acres of land, more or less.

TRACT C – PARCEL 1

DESCRIPTION, of a 5,402,350 square foot (124.021 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being all of Lots 19 through 24 and part of Lots 25 and 33 through 35 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT) and also being part of Lots 1 and 2 of the Re-Subdivision of Closner Subdivision according the Plat recorded in Volume 1, Page 56A, MRHCT; said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 124.021 acre tract being more particularly described as follows:

BEGINNING at point for corner at the intersection of the north right-of-way line of Anaya Road, a 40-foot right-of-way, and the east right-of-way line of Veterans Boulevard (South "I" Road), a variable width right-of-way;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, departing the said north right-of-way line of Anaya Road, along the said east right-of-way line of Veterans Boulevard, over and across said Lots 1 and 2 of Closner Subdivision, a distance of 1,562.00 feet to a point in the north line of said Lot 1 of Closner Subdivision for the southwest corner of said Lot 22 of San Juan Plantation Subdivision and a reentrant corner of the said called 700.07 acre tract;

THENCE, North 08 degrees, 35 minutes, 26 seconds East, departing the said north line of Lot 1 of Closner Subdivision, along the said east right-of-way line of Veterans Boulevard, the west line of said Lot 22 of San Juan Plantation Subdivision, and the west line of said called 700.07 acre tract, a distance of 938.00 feet to a point in the south right-of-way line of a Hidalgo County Irrigation District No. 2 Canal for the southernmost northwest corner of the said called 700.07 acre tract and the northwest corner of said Lot 22 of San Juan Plantation Subdivision;

THENCE, departing the said east right-of-way line of Veterans Boulevard, along the north line of said Lot 22 of San Juan Plantation Subdivision, the meandering south right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, and the north line of the said called 700.07 acre tract, the following three (3) calls:

South 81 degrees, 24 minutes, 34 seconds East, a distance of 211.05 feet to a point for corner;

South 08 degrees, 35 minutes, 26 seconds West, a distance of 61.82 feet to a point for corner;

South 64 degrees, 09 minutes, 34 seconds East, a distance of 104.66 feet to a point for corner;

THENCE, departing the said north line of the called 700.07 acre tract, along the north line of said Lots 19 through 22 of San Juan Plantation Subdivision and the said south right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, over and across the said called 700.07 acre tract the following two (2) calls:

South 64 degrees, 09 minutes, 34 seconds East, a distance of 1,351.64 feet to a point for corner;

South 48 degrees, 55 minutes, 42 seconds East, a distance of 1,315.18 feet to a in the north line of said Lot 25 of San Juan Plantation Subdivision point for the southeast corner of said Lot 19 of San Juan Plantation Subdivision;

THENCE, North 81 degrees, 24 minutes, 34 seconds West, departing the said south right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, along the north line of said Lot 25 and the south line of said Lot 19 of the San Juan Plantation Subdivision, a distance of 63.71 feet to a point for corner;

THENCE, departing the said north line of Lot 25 and the said south line of Lot 19 of the San Juan Plantation Subdivision, along the west line of SH 365 and the west line of a called 328,396.69 square foot tract of land described as Parcel 65 P-2 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660466, ORHCT, the following four (4) calls:

South 08 degrees, 35 minutes, 03 seconds West, a distance of 1,210.05 feet to a point for corner;

South 53 degrees, 35 minutes, 14 seconds West, a distance of 70.71 feet to a point for corner;

North 81 degrees, 24 minutes, 34 seconds West, a distance of 280.00 feet to a point for corner;

South 08 degrees, 35 minutes, 03 seconds West, a distance of 20.00 feet to a point for corner in the north right-of-way line of Anaya Road;

THENCE, North 81 degrees, 24 minutes, 34 seconds West, departing the said west right-of-way line of SH 365 and the said west line of Parcel 65 P-2, along the north right-of-way line of Anaya Road, a distance of 2,348.68 feet to the **POINT OF BEGINNING**;

CONTAINING: 5,402,350 square feet or 124.021 acres of land, more or less.

TRACT C – PARCEL 2

DESCRIPTION, of a 1,577,120 square foot (36.206 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 7 through 9 and 18 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 36.206 acre tract being more particularly described as follows:

BEGINNING at point for corner at the intersection of the north right-of-way line of Las Milpas Road, a 40-foot right-of-way, and the west right-of-way line of San Juan Road, a 40-foot right-of-way;

THENCE, South 08 degrees, 35 minutes, 03 seconds West, departing the said south right-of-way line of Las Milpas Road, along the said west right-of-way line of San Juan Road, over and across said Lots 9 and 18 of San Juan Plantation Subdivision, a distance of 1,326.37 feet to a point for corner in the north right-of-way line of a Hidalgo County Irrigation District No. 2 Canal and the south line of said Lot 18 of San Juan Plantation Subdivision;

THENCE, departing the said west right-of-way line of San Juan Road, along the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the south lines of said Lots 18, 7, and 8 of San Juan Plantation Subdivision, the following two (2) calls:

North 48 degrees, 55 minutes, 42 seconds West, a distance of 1,534.82 feet to a point for corner;

North 64 degrees, 09 minutes, 34 seconds West, a distance of 1,396.06 feet to a point in the west line of the said called 700.07 acre tract for the southwest corner of said Lot 7 of San Juan Plantation Subdivision;

THENCE, North 08 degrees, 35 minutes, 26 seconds East, departing the said north right-of-way line of the Hidalgo County Irrigation District No. 2, along the said west line of Lot 7 of San Juan Plantation Subdivision and the west line of the said called 700.07 acre tract, a distance of 88.15 feet to a point for corner in the said south right-of-way line of Las Milpas Road;

THENCE, South 81 degrees, 24 minutes, 34 seconds East, departing the said west line of the called 700.07 acre tract and the said west line of Lot 7 of San Juan Plantation Subdivision, along the said south right-of-way line of Las Milpas Road, over and across said Lots 7, 8, and 9 of San Juan Plantation Subdivision, a distance of 2,627.84 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,577,120 square feet or 36.206 acres of land, more or less.

TRACT D – PARCEL 1

DESCRIPTION, of a 731,050 square foot (16.783 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lots 39 and 56 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 16.783 acre tract being more particularly described as follows:

BEGINNING at point in the east line of the said called 700.07 acre tract, the west right-of-way line of a Hidalgo County Irrigation District No. 2 Canal, a 150-foot right-of-way, and the east line of said Lot 39 of San Juan Plantation Subdivision for the southeast corner of a called 6,403.75 square foot tract of land described as Parcel 69 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2660654, ORHCT; said point bears South 07 degrees, 17 minutes, 46 seconds West, a distance of 20.01 feet from intersection of the east line of the said called 700.07 acre tract and the original south right-of-way line of Anaya Road;

THENCE, South 07 degrees, 17 minutes, 46 seconds West, along the said east line of the called 700.07 acre tract, the said east line of Lot 39 of San Juan Plantation Subdivision, and the said west right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, a distance of 1,280.33 feet to a point for the southeast corner of said Lot 39 and northeast corner of said Lot 56 of San Juan Plantation Subdivision and a re-entrant corner of the said called 700.07 acre tract;

THENCE, South 07 degrees, 16 minutes, 24 seconds West, along the east line of said Lot 56 of San Juan Plantation Subdivision and the said west right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, a distance of 1,280.36 feet to a point for the northeast corner of a called 7,568.71 square foot tract of land described as Parcel 65 P-7 recorded in Document No. 2015-2660652, ORHCT; said point being North 07 degrees, 16 minutes, 24 seconds East, a distance of 20.00 feet from the original north right-of-way line of Hi-Line Road and a reentrant corner of the said called 700.07 acre tract;

THENCE, departing the said east line of Lot 56 of San Juan Plantation Subdivision and the said west right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, along the north line of said Parcel 65 P-7, over and across said Lot 56, the following two (2) calls:

North 81 degrees, 24 minutes, 03 seconds West, a distance of 265.70 feet to a point for corner;

North 36 degrees, 24 minutes, 30 seconds West, a distance of 70.72 feet to a point for the northwest corner of said Parcel 65 P-7 in the east right-of-way line of State Highway 365 (SH 365), a 300-foot right-of-way at this point, and the east right-of-way line of San Juan Road;

THENCE, North 08 degrees, 35 minutes, 03 seconds East, along the said east right-of-way line of State Highway 365 (SH 365) and the said east right-of-way line of San Juan Road, over and across said Lots 56 and 39 of San Juan Plantation Subdivision, a distance of 2,459.98 feet to a point for the southwest corner of said Parcel 69;

THENCE, departing the said east right-of-way line of San Juan Road, along the north line of said Parcel 69, over and across said Lot 39 of San Juan Plantation Subdivision, the following two (2) calls:

North 53 degrees, 35 minutes, 15 seconds East, a distance of 70.71 feet to a point for corner;

South 81 degrees, 24 minutes, 34 seconds East, a distance of 207.64 feet to the **POINT OF BEGINNING**;

CONTAINING: 731,050 square feet or 16.783 acres of land, more or less.

TRACT D – PARCEL 2

DESCRIPTION, of a 1,103,420 square foot (25.331 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30 and Porcion 72, Jose Maria Balli Survey, Abstract No. 26, Hidalgo County, Texas; said tract being part of Lots 39 and 56 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 25.331 acre tract being more particularly described as follows:

BEGINNING at point in a south line of the said called 700.07 acre tract, the east right-of-way line of a Hidalgo County Irrigation District No. 2 Canal, a 150-foot right-of-way, and the north right-of-way line of Hi-Line Road, a 40-foot right-of-way, for the southwest corner of said Lot 58 of San Juan Plantation Subdivision;

THENCE, North 07 degrees, 16 minutes, 24 seconds East, departing the said south line of the said called 700.07 acre tract and the said north right-of-way line of Hi-Line Road, along the said east right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the west line of said Lots 58, 57 and 46 of San Juan Subdivision, a distance of 1,300.39 feet to a point in a north line of the said called 700.07 acre tract for a southwest corner of a called 302.18 acre tract of land described as Tract V in General Warranty Deed to Fortco Properties, Ltd. recorded in Document No. 2018-2895970, ORHCT;

THENCE, South 81 degrees, 24 minutes, 34 seconds East, departing the said east right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the said west line of said Lot 46 of San Juan Plantation Subdivision, along the said north line of the said 700.07 acre tract and a south line of the said called 302.18 acre tract, over and across said Lot 46 of San Juan Plantation Subdivision, a distance of 863.66 feet to a point in the east line of said Lot 46 of San Juan Plantation Subdivision for a reentrant corner of the said 302.18 acre tract and a northeast corner of the said called 700.07 acre tract;

THENCE, South 08 degrees, 35 minutes, 26 seconds West, along the said east line of Lots 46, 57, and 58 of San Juan Plantation Subdivision, the west line of Lots 60 and 59 of San Juan Plantation Subdivision, and the east line of the said 700.07 acre tract, a distance of 1,300.17 feet to a point in the north right-of-way line of Hi-Line Road for a southeast corner of the said 700.07 acre tract, the southeast corner of said Lot 58 of San Juan Plantation Subdivision, and the southwest corner of said Lot 59 of San Juan Plantation Subdivision;

THENCE, North 81 degrees, 24 minutes, 03 seconds West, along the north right-of-way line of Hi-Line Road and the south line of said Lot 58 of San Juan Plantation Subdivision, a distance of 833.77 feet to the **POINT OF BEGINNING**;

CONTAINING: 1,103,420 square feet or 25.331 acres of land, more or less.

TRACT E

DESCRIPTION, of a 2,212,005 square foot (50.781 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being all of Lot 96 and part of Lots 93 through 95 and 97 through 98 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 50.781 acre tract being more particularly described as follows:

BEGINNING, at a point in the east right-of-way line of a Hidalgo County Irrigation District No. 2 Canal, a 100-foot right-of-way, for the southwest corner of said Lot 96 of San Juan Plantation Subdivision and the southwest corner of the said called 700.07 acre tract;

THENCE, North 08 degrees, 34 minutes, 26 seconds East, along the said east right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, the west line of said Lots 95 and 96 of said San Juan Plantation Subdivision, and the west line of the said called 700.07 acre tract, a distance of 1,627.70 feet to a point in the south right-of-way line of US Highway 281 (US 281), a variable width right-of-way, for the southwest corner of a called 26,905.27 square foot tract of land described as Parcel 7 and the southeast corner of a called 1,306.24 square foot tract of land described as Parcel 4 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT; said point also being the beginning of a non-tangent curve to the right;

THENCE, departing the said east right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, the said west line of Lot 95 of San Juan Plantation Subdivision, and the said west line of the called 700.07 acre tract, along the said south right-of-way line of US 281, the south line of said Parcel 7, and the south line of a called 184,167.26 square foot tract of land described as Parcel 9 in said Special Warranty Deed to the State of Texas, over and across the said called 700.07 acre tract and said Lots 93 through 94 of the San Juan Plantation Subdivision, the following six (6) calls:

In an easterly direction, along said curve to the right, having a central angle of 06 degrees, 43 minutes, 43 seconds, a radius of 5,970.50 feet, an arc distance of 701.15 feet, and a chord bearing South 76 degrees, 18 minutes, 33 seconds East, a distance of 700.75 feet to the end of said curve;

South 72 degrees, 25 minutes, 18 seconds East, a distance of 40.50 feet to a point for the beginning of a non-tangent curve to the left;

In an easterly direction, along said curve to the left, having a central angle of 08 degrees, 28 minutes, 06 seconds, a radius of 5,036.17 feet, an arc distance of 744.36 feet, and a chord bearing South 76 degrees, 16 minutes, 27 seconds East, a distance of 743.68 feet to the end of said curve;

South 81 degrees, 04 minutes, 58 seconds East, a distance of 76.08 feet to a point for corner;

South 81 degrees, 25 minutes, 41 seconds East, a distance of 266.02 feet to a point for corner;

South 36 degrees, 25 minutes, 13 seconds East, a distance of 70.70 feet to a point in the west right-of-way line of State Highway 365 (SH 365), a variable width right-of-way, for the northernmost northwest corner of a called 173,970.15 square foot tract of land described as Parcel 18 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2583470, ORHCT;

THENCE, departing the said south right-of-way line of US 281 and the said south line of Parcel 9, along the west and northwest lines of said Parcel 18 and the west and northwest right-of-way lines of SH 365, over and across the said called 700.07 acre tract and said Lots 93, 97, and 98 of San Juan Plantation Subdivision, the following four (4) calls:

South 08 degrees, 35 minutes, 15 seconds West, a distance of 132.56 feet to a point for the beginning of a non-tangent curve to the right;

In a southwesterly direction, along said curve to the right, having a central angle of 72 degrees, 46 minutes, 24 seconds, a radius of 902.65 feet, an arc distance of 1,146.49 feet, and a chord bearing South 43 degrees, 54 minutes, 52 seconds West, a distance of 1,070.96 feet to the end of said curve;

South 82 degrees, 24 minutes, 05 seconds West, a distance of 533.15 feet to a point for corner;

South 08 degrees, 31 minutes, 13 seconds West, a distance of 72.66 feet to a point in the south line of the said called 700.07 acre tract, the south line of said Lot 97 of San Juan Plantation Subdivision, and the north right-of-way line of an Hidalgo County Irrigation District No. 2 Canal for the southwest corner of said Parcel 18;

THENCE, South 82 degrees, 24 minutes, 26 seconds West, along the said south line of the called 700.07 acre tract, the south lines of said Lots 93, 96, and 97 of San Juan Plantation Subdivision, and the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, a distance of 769.67 feet to the **POINT OF BEGINNING**;

CONTAINING: 2,212,005 square feet or 50.781 acres of land, more or less.

TRACT F – PARCEL 1

DESCRIPTION, of a 68,596 square foot (1.575 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lot 98 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 1.575 acre tract being more particularly described as follows:

BEGINNING, at a point in the north right-of-way line of a Hidalgo County Irrigation District No. 2 Canal, the south line of the said called 700.07 acre tract, and the south right-of-way line of State Highway 365 (SH 365) for the southwest corner of said Lot 98 of San Juan Plantation Subdivision, the southeast corner of Lot 97 of San Juan Plantation Subdivision, and the southernmost southeast corner of a called 173,970.15 square foot tract of land described as Parcel 18 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2583470, ORHCT;

THENCE, North 08 degrees, 31 minutes, 13 seconds East, departing the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the said south line of the called 700.07 acre tract, along the east line of said Lot 97 of San Juan Plantation Subdivision, the west line of said Lot 98 of San Juan Plantation Subdivision, the westernmost east line of said Parcel 18, and the westernmost east right-of-way line of SH 365, over and across the said called 700.07 acre tract, a distance of 9.70 feet to a point for a reentrant corner of said Parcel 18 and the beginning of a non-tangent curve to the left;

THENCE, departing the said east line of Lot 97 and the said west line of Lot 98 of San Juan Plantation Subdivision, along the south line of said Parcel 18 and the south right-of-way line of said SH 365, over and across the said called 700.07 acre tract and said Lot 98 of San Juan Plantation Subdivision, the following four (4) calls:

In a northeasterly direction, along said curve to the left, having a central angle of 30 degrees, 43 minutes, 21 seconds, a radius of 987.51 feet, an arc distance of 529.51 feet, and a chord bearing North 58 degrees, 56 minutes, 41 seconds East, a distance of 523.19 feet to a point for the end of said curve;

North 86 degrees, 16 minutes, 47 seconds East, a distance of 36.35 feet to a point for corner;

South 50 degrees, 15 minutes, 48 seconds East, a distance of 134.83 feet to a point for the beginning of a non-tangent curve to the right;

In a southeasterly direction, along said curve to the right, having a central angle of 41 degrees, 54 minutes, 30 seconds, a radius of 173.37 feet, an arc distance of 126.81 feet, and a chord bearing South 28 degrees, 14 minutes, 17 seconds East, a distance of 124.00 feet to a point in the said south line of the called 700.07 acre tract, the south line of said Lot 98 of San Juan Plantation Subdivision, and the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal for the northernmost southwest corner of said Parcel 18;

THENCE, South 82 degrees, 24 minutes, 26 seconds West, departing the said south line of SH 365, along the said south line of the called 700.07 acre tract, the said south line of Lot 98 of San Juan Plantation Subdivision, and the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, a distance of 654.00 feet to the **POINT OF BEGINNING**;

CONTAINING: 68,596 square feet or 1.575 acres of land, more or less.

TRACT F – PARCEL 2

DESCRIPTION, of a 421,691 square foot (9.681 acre) tract of land situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas; said tract being part of Lot 92, 93, and 98 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 9.681 acre tract being more particularly described as follows:

BEGINNING, at a point in the south right-of-way line of US Highway 281 (US 281), a variable width right-of-way, and the west right-of-way line of a Hidalgo County Irrigation District No. 2 Canal, a 100-foot right-of-way at this point, and the east line of said Lot 92 of San Juan Plantation Subdivision for the southeast corner of a called 56,158.27 square foot tract of land described as Parcel 10 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT and the southwest corner of a called 14,110.00 square foot tract of land described in Special Warranty Deed to the State of Texas recorded in Document No. 2015-2582667, ORHCT, and Special Warranty to the State of Texas recorded in Document No. 2019-3035998, ORHCT;

THENCE, South 07 degrees, 17 minutes, 33 seconds West, departing the said south right-of-way line of US 281, along the said west right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the said east line of Lot 92 of San Juan Plantation Subdivision, over and across the said called 700.07 acre tract, a distance of 431.99 feet to a point for corner in the north right-of-way line of another Hidalgo County Irrigation District No. 2 Canal, a variable width right-of-way, and the south line of the said called 700.07 acre tract;

THENCE, along the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the said south line of the called 700.07 acre tract, the following six (6) calls:

South 07 degrees, 17 minutes, 12 seconds West, along the said east line of Lot 92 of San Juan Plantation Subdivision, a distance of 146.56 feet to a point for the northernmost southeast corner of said Lot 92 of San Juan Plantation Subdivision;

North 82 degrees, 26 minutes, 34 seconds West, distance of 148.20 feet to a point for a reentrant corner of said Lot 92 of San Juan Plantation Subdivision;

South 08 degrees, 13 minutes, 42 seconds West, a distance of 340.00 feet to a point for the southernmost southeast corner of said Lot 92 of San Juan Plantation Subdivision;

North 88 degrees, 51 minutes, 34 seconds West, a distance of 270.06 feet to a point for the southwest corner of said Lot 92 of San Juan Plantation Subdivision;

North 08 degrees, 35 minutes, 26 seconds East, along the west line of said Lot 92 and the east line of said Lot 98 of San Juan Plantation Subdivision, a distance of 53.79 feet to a point for the southeast corner of said Lot 98 of San Juan Plantation Subdivision;

South 82 degrees, 24 minutes, 26 seconds West, departing the said west line of Lot 92 and the said east line of Lot 98 of San Juan Plantation Subdivision, along the said south line of said Lot 98 of San Juan Plantation Subdivision, a distance of 19.67 feet to a point

in the east right-of-way line of State Highway 365 (SH 365) for the northernmost southeast corner of a called 173,970.15 square foot tract of land described as Parcel 18 in Deed to Hidalgo County Regional Mobility Authority recorded in Document No. 2015-2583470, ORHCT;

THENCE, departing the said north right-of-way line of the Hidalgo County Irrigation District No. 2 Canal, the said south line of the called 700.07 acre tract, and the said south line of Lot 98 of San Juan Plantation Subdivision, along the said east right-of-way line of SH 365 and the east line of said Parcel 18, over and across Lots 98 and 93 of San Juan Plantation Subdivision and the said called 700.07 acre tract the following six (6) calls:

North 08 degrees, 31 minutes, 42 seconds East, a distance of 109.39 feet to a point for corner and the beginning of a non-tangent curve to the left;

In a northerly direction, along said curve to the left, having a central angle of 19 degrees, 02 minutes, 38 seconds, a radius of 233.46 feet, an arc distance of 77.60 feet, and a chord bearing North 44 degrees, 47 minutes, 15 seconds West, a distance of 77.24 feet to the end of said curve;

North 50 degrees, 22 minutes, 07 seconds West, a distance of 130.30 feet to a point for corner;

North 05 degrees, 22 minutes, 34 seconds West, a distance of 36.85 feet to a point for corner and the beginning of a non-tangent curve to the left;

In a northeasterly direction, along said curve to the left, having a central angle of 27 degrees, 46 minutes, 46 seconds, a radius of 987.51 feet, an arc distance of 478.79 feet, and a chord bearing North 22 degrees, 40 minutes, 14 seconds East, a distance of 474.11 feet to the end of said curve;

North 08 degrees, 35 minutes, 15 seconds East, a distance of 132.49 feet to a point in the south right-of-way line of said US 281 for the southernmost southeast corner of a called 184,167.26 square foot tract of land described as Parcel 9 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT, and the northeast corner of said Parcel 18;

THENCE, departing the said east right-of-way line of SH 365, along the said south right-of-way line of US 281, the south line of said Parcel 9 and the south line of said Parcel 10, over an across said Lots 93 and 92 of San Juan Plantation Subdivision and the said called 700.07 acre tract, the following three (3) calls:

North 53 degrees, 27 minutes, 44 seconds East, a distance of 71.48 feet to a point for corner;

South 81 degrees, 26 minutes, 03 seconds East, a distance of 259.62 feet to a point for the beginning of a non-tangent curve to the left;

In an easterly direction, along said curve to the left, having a central angle of 02 degrees, 00 minutes, 47 seconds, a radius of 5,036.49 feet, an arc distance of 176.96 feet, and a chord bearing South 83 degrees, 25 minutes, 35 seconds East, a distance of 176.95 feet to the **POINT OF BEGINNING**;

CONTAINING: 421,691 square feet or 9.681 acres of land, more or less.

TRACT F – PARCEL 3

DESCRIPTION, of a 2,704,426 square foot (62.085 acre) tract of land situated in Porcion 72, Jose Maria Balli Survey, Abstract No. 26, Hidalgo County, Texas; said tract being part of Lots 89 through 91 and Lots 100 through 101 and all of Lot 99 of the Re-Subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, an addition to Hidalgo County, Texas according to the Plat recorded in Volume 3, Page 52, Map Records of Hidalgo County, Texas (MRHCT); said tract also being part of a called 700.07 acre tract of land described in Warranty Deed with Vendor's Lien to KVS Family Limited Partnership recorded in Document No. 2002-1048589 of the Official Records of Hidalgo County, Texas (ORHCT); said 62.085 acre tract being more particularly described as follows:

BEGINNING at point in the south right-of-way line of US Highway 281 (US 281), a 100-foot right-of-way at this point, the east line of said Lot 89 of San Juan Plantation Subdivision, the east line of the said called 700.07 acre tract, and the west line of that certain tract of land described in Warranty Deed to Fortco Properties, Ltd. recorded in Document No. 2017-2826305, ORHCT, for the southeast corner of that certain tract of land described in Right-of-Way Easement to the State of Texas recorded in Volume 648, Page 212 of the Deed Records of Hidalgo County, Texas (DRHCT);

THENCE, South 08 degrees, 34 minutes, 26 seconds West, departing the said south right-of-way line of US 281, along the said east line of Lot 89 of San Juan Plantation Subdivision, the said east line of the called 700.07 acre tract, the west line of the Fortco Properties tract, passing a reentrant corner of said Lot 89 and the southwest corner of the said Fortco Properties tract and the northwest corner of that certain tract of land described in General Warranty Deed to Fortco Properties, Ltd. recorded in Document No. 2018-28955970, ORHCT, and continuing along the projection of the said east line of Lot 89 and the west line of the aforesaid Fortco Properties tract, over and across said Lots 100 and 101 of San Juan Plantation Subdivision, a distance of 1,750.77 feet to a point in the north line of a Hidalgo County Irrigation District No. 2 Canal and the south line of said Lot 101 of San Juan Plantation Subdivision for the southeast corner of the said called 700.07 acre tract;

THENCE, along the south line of the said called 700.07 acre tract, the said north line of the Hidalgo County Irrigation District No. Canal, and the south lines of Lots 101, 99, and 91 of San Juan Plantation Subdivision, the following six (6) calls:

North 67 degrees, 51 minutes, 34 seconds West, a distance of 1,081.39 feet to a point for corner;

North 51 degrees, 56 minutes, 34 seconds West, a distance of 311.99 feet to a point for corner;

North 08 degrees, 06 minutes, 34 seconds West, a distance of 270.00 feet to a point for corner;

North 50 degrees, 05 minutes, 34 seconds West, a distance of 690.00 feet to a point for corner;

North 00 degrees, 53 minutes, 26 seconds East, a distance of 150.00 feet to a point for corner;

North 78 degrees, 24 minutes, 34 seconds West, a distance of 122.65 feet to a point in the east line of another Hidalgo County Irrigation District No. 2 Canal, a 100-foot right-of-way, for the southwest corner of said Lot 91 of San Juan Plantation Subdivision;

THENCE, North 07 degrees, 17 minutes, 26 seconds East, departing the said south line of the called 700.07 acre tract, along the said east line of the Hidalgo County Irrigation District No. 2 Canal, and the west line of said Lot 91 of San Juan Plantation Subdivision, over and across the said called 700.07 acre tract, a distance of 433.16 feet to a point in the said south right-of-way line of US 281 for the southwest corner of a called 93,075.55 square foot tract of land described as Parcel 15 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT, and the southeast corner of a called 14,110.00 square foot tract of land described as Parcel 14 in Deed to the State of Texas recorded in Document No. 2015-2582667, ORHCT, and in Special Warranty Deed to the State of Texas recorded in Document No. 2019-3035998, ORHCT; said point also being the beginning of a non-tangent curve to the left;

THENCE, departing the said east right-of-way line of the Hidalgo County Irrigation District No. 2 Canal and the said west line of Lot 91 of San Juan Plantation Subdivision, along the said south right-of-way line of US 281, the south line of said Parcel 15, the south line of a called 9,082.02 square foot tract of land described as Parcel 17 in Special Warranty Deed to the State of Texas recorded in Document No. 2019-2035998, ORHCT, and the said State of Texas tract (Volume 648, Page 212), over and across the said called 700.07 acre tract and said Lots 91, 90, and 89 of San Juan Plantation Subdivision, the following five (5) calls:

In an easterly direction, along said curve to the left, having a central angle of 05 degrees, 06 minutes, 16 seconds, a radius of 5,036.49 feet, an arc distance of 448.70 feet, and a chord bearing South 88 degrees, 07 minutes, 22 seconds East, a distance of 448.56 feet to the beginning of a reverse curve to the right;

In an easterly direction, along said curve to the right, having a central angle of 08 degrees, 02 minutes, 39 seconds, a radius of 5,974.23 feet, an arc distance of 838.77 feet, and a chord bearing South 85 degrees, 39 minutes, 55 seconds East, a distance of 838.08 feet to the end of said curve;

South 81 degrees, 27 minutes, 03 seconds East, a distance of 381.04 feet to a point for corner;

South 84 degrees, 24 minutes, 21 seconds East, a distance of 452.26 feet to a point for corner;

South 81 degrees, 26 minutes, 04 seconds East, a distance of 27.95 feet to the **POINT OF BEGINNING**;

CONTAINING: 2,704,426 square feet or 62.085 acres of land, more or less.



M:\02\Drafting & Mapping\7-GIS\0-Map Reviews\11032023 - Annexation Map 79.acd\Engineering (AnsiB) Landscape.mxd
This map is intended for general information only.

 Pharr City Limit
 Pharr ETJ

City of Pharr Location Map

Scale: 1 inch = 200 feet



City of Pharr, Texas
Engineering Department
956.402.4221 Date: 11/3/2023

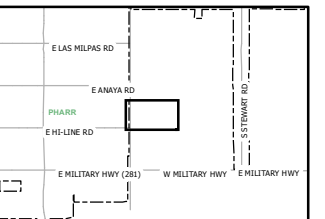


EXHIBIT A (2 OF 3)

PROPERTY DESCRIPTION

1) OWNER: KVS Development, LLC, a Texas limited liability company

A 79.022-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being out of Lots 47 through 55, and a portion of a 40-foot road (not in use), as shown on the Re-subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, Located at the Northeast Corner of East Hi Line Road & South Veterans Boulevard., in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.

COUNTY OF HIDALGO
STATE OF TEXAS

79.022 ACRE TRACT

PROJ. 46341.00
MITP Phase 2

FIELD NOTE DESCRIPTION of a 79.022 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being out of Lots 47 through 55, and a portion of a 40-foot road (not in use), as shown on the Re-subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, recorded in Volume 3, Page 52, Hidalgo County Map Records, and out of Lots 3 and 4, as shown on the Re-subdivision of Closner Subdivision, recorded in Volume 1, Page 56A, said Map Records, said 79.022 acre tract also being the remainder of a called 81.087 acre Tract "B" – Parcel 2, recorded in Document No. 2021-3201939, Hidalgo County Official Public Records; in all, said 79.022 acre tract being more particularly described as follows:

BEGINNING at a ½" iron rod with orange "WESTWOOD" cap set at the intersection of the south line of a Hidalgo County Irrigation District No. 2 canal right-of-way (80-foot wide) and the west line of State Highway 365, also known as San Juan Road, a variable-width right-of-way, for the northeast corner of said Tract "B" – Parcel 2 and the **POINT OF BEGINNING** of the herein described tract of land, coincident with the northwest corner of a called 3001.81 square foot parcel conveyed unto Hidalgo County Regional Mobility Authority, recorded in Document No. 2015-2660461, said Official Public Records;

THENCE, along west and north lines of said State Highway 365 right-of-way, the following courses:

S 08° 35' 22" W, 974.24 feet to a ½" iron rod with orange "WESTWOOD" cap set,

S 53° 35' 22" W, 70.71 feet to a ½" iron rod with orange "WESTWOOD" cap set,

N 81° 24' 38" W, 280.00 feet to a ½" iron rod with orange "WESTWOOD" cap set, and

S 08° 35' 22" W, 20.00 feet to a ½" iron rod with orange "WESTWOOD" cap set on the north right-of-way line of Hi-Line Road (40-feet wide) for a point of intersection of said Hi-Line Road right-of-way and State Highway 365 right-of-way, said point also being the southwest corner of a called 258,976.46 square foot parcel conveyed unto Hidalgo County Regional Mobility Authority, recorded in Document No. 2015-2660462, said Official Public Records;

THENCE, along the north line of said Hi-Line Road, N 81° 24' 37" W, 2243.16 feet to a ½" iron rod with orange "WESTWOOD" cap set at the intersection of said north line of Hi-Line Road and the east line of South Veterans Boulevard, also known as South "I" Road, for the southeast corner of a called 1.184 acre tract conveyed unto Hidalgo County, recorded in Document No. 2002-1138786, said Official Public Records, coincident with the southernmost southwest corner of the herein described tract of land;

THENCE, along the east right-of-way line of said South Veterans Boulevard, coincident with the east line of said 1.184 acre tract, the following courses:

N 08° 30' 37" E, 20.00 feet to a ½" iron rod with orange "WESTWOOD" cap set,

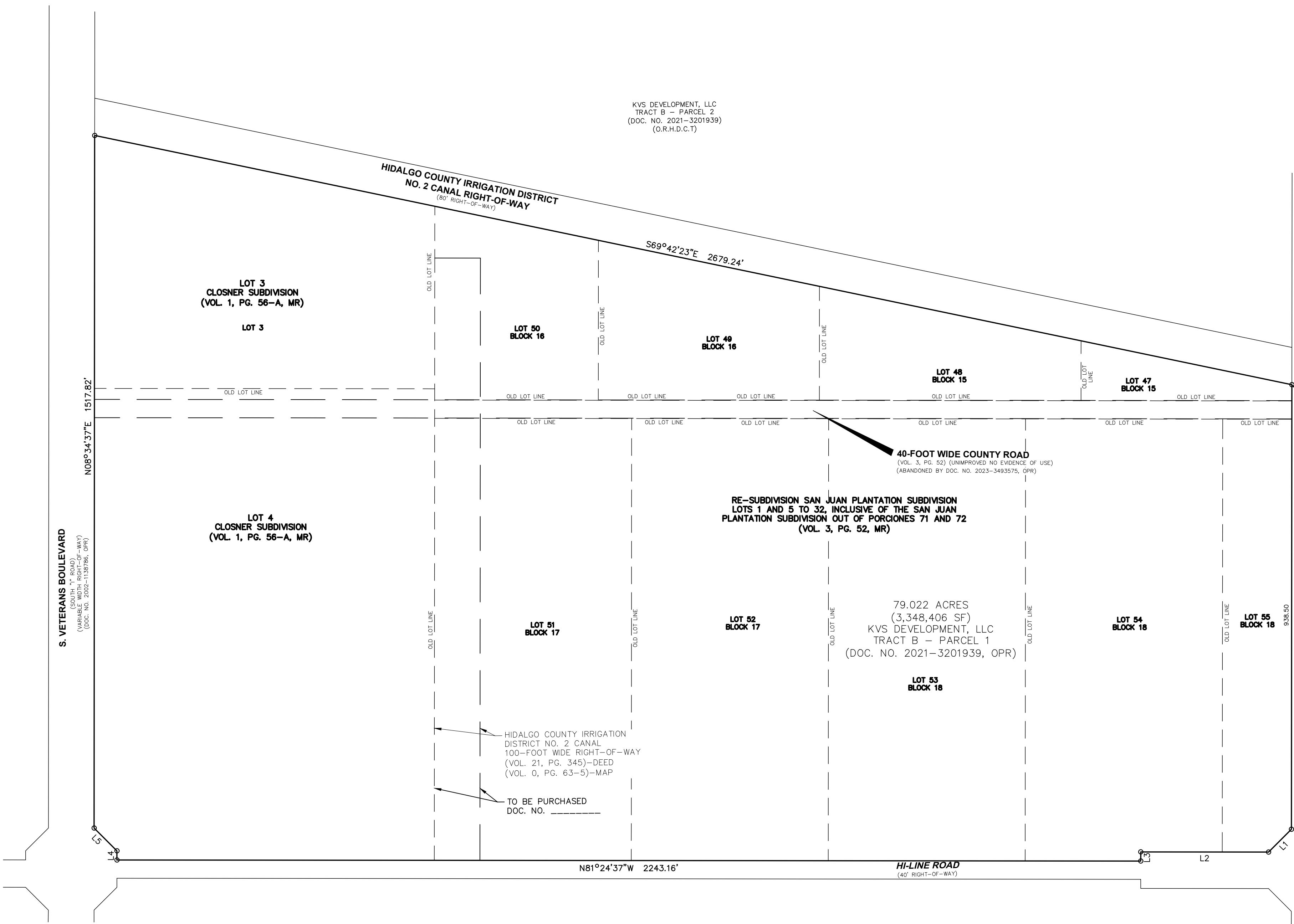
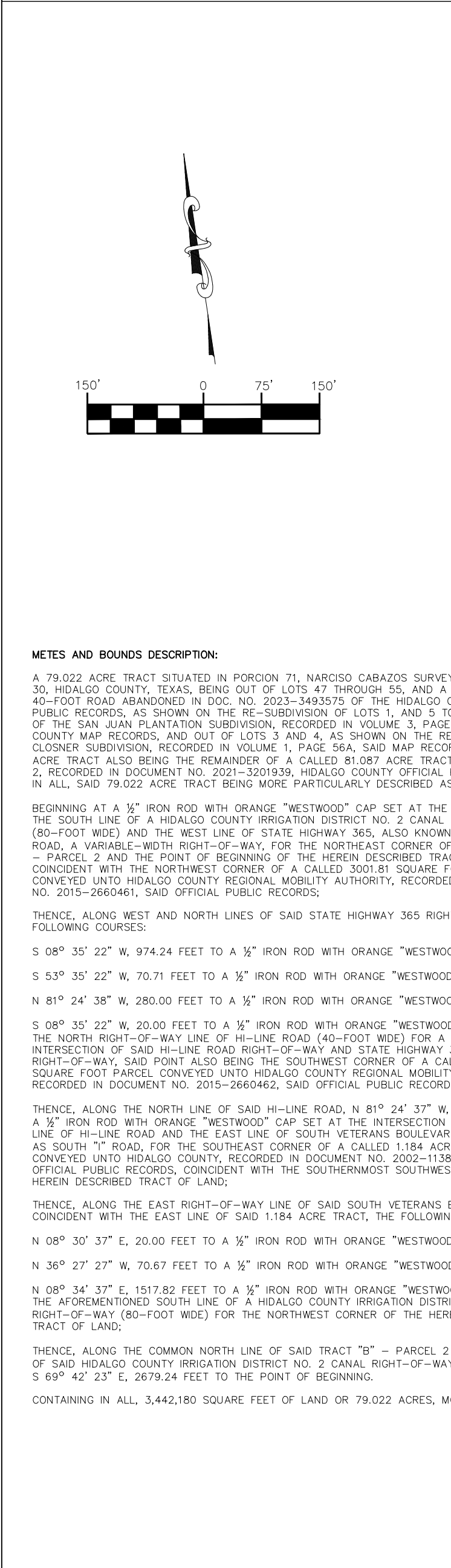
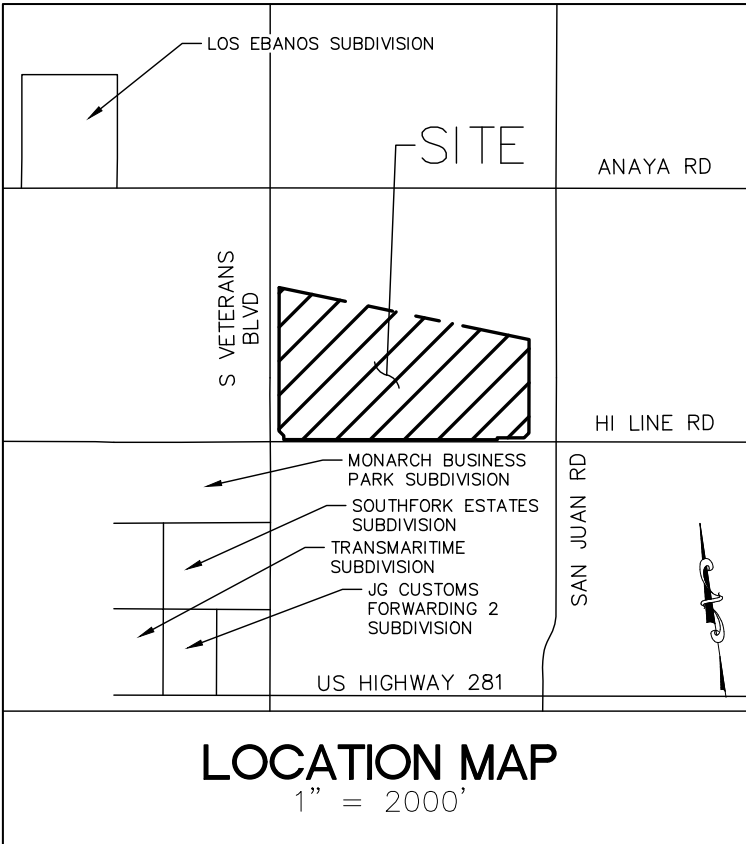
N 36° 27' 27" W, 70.67 feet to a ½" iron rod with orange "WESTWOOD" cap set, and

N 08° 34' 37" E, 1517.82 feet to a ½" iron rod with orange "WESTWOOD" cap set on the aforementioned south line of a Hidalgo County Irrigation District No. 2 canal right-of-way (80-foot wide) for the northwest corner of the herein described tract of land;

THENCE, along the common north line of said Tract "B" – Parcel 2 and south line of said Hidalgo County Irrigation District No. 2 canal right-of-way (80-foot wide), S 69° 42' 23" E, 2679.24 feet to the **POINT OF BEGINNING**.

Containing in all, 3,442,180 square feet of land or 79.022 acres, more or less. Bearings based on Texas State Plane Coordinate System for the South Zone, 4205 (NAD83, 2011 Adjustment).





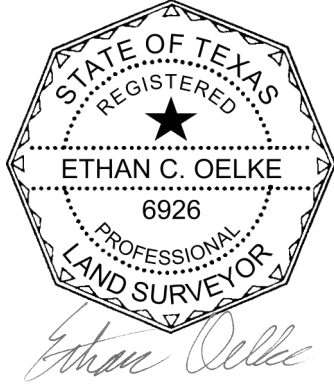
LINE TABLE		
LINE	LENGTH	DIRECTION
L1	70.71'	S53° 35' 22\"/>
L2	280.00'	N81° 24' 38\"/>
L3	20.00'	S8° 35' 22\"/>
L4	20.00'	N8° 30' 37\"/>
L5	70.67'	N36° 27' 27\"/>

- LEGEND:
- NTS NOT TO SCALE
 - OPR OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS
 - DR DEED RECORDS OF HIDALGO COUNTY, TEXAS
 - MR MAP RECORDS OF HIDALGO COUNTY, TEXAS
 - R.O.W. RIGHT-OF-WAY
 - S.F. SQUARE FEET
 - FOUND MONUMENT AS NOTED
 - SET 1/2" IRON RODS WITH ORANGE PLASTIC CAP STAMPED "WESTWOOD" UNLESS OTHERWISE NOTED

- GENERAL NOTES:
- THE BASIS OF BEARINGS IS THE TEXAS STATE PLANE COORDINATE SYSTEM FOR THE SOUTH ZONE (4205), NAD83 (2011 ADJUSTMENT). DISTANCES SHOWN HEREON ARE SURFACE.
 - ALL CORNERS DELINEATING THE BOUNDARY OF THE LAND SHOWN HEREIN AS BEING PLATTED HAVE BEEN MARKED WITH A 1/2" IRON ROD WITH AN ORANGE PLASTIC CAP STAMPED "WESTWOOD", UNLESS OTHERWISE STATED, OR LEFT AS FOUND THOSE MONUMENTS THAT REPRESENT OR REFERENCE THE BOUNDARY.
 - THIS EXHIBIT WAS COMPLETED WITH THE BENEFIT OF A TITLE COMMITMENT FROM FIRST NATIONAL TITLE INSURANCE COMPANY HAVING AN EFFECTIVE DATE OF JANUARY 20, 2023.

ANNEXATION EXHIBIT OF MAJESTIC INTERNATIONAL TRADE PORT: PHASE 2 SUBDIVISION

A 79.022 ACRE TRACT SITUATED IN PORCION 71, NARCISO CABAZOS SURVEY, ABSTRACT NO. 30, HIDALGO COUNTY, TEXAS, OUT OF LOTS 47 AND 48, BLOCK 15, LOTS 49 AND 50, BLOCK 16, LOTS 51 AND 52, BLOCK 17, LOTS 53 THROUGH 55, BLOCK 18, AND A PORTION OF A 40-FOOT ROAD ABANDONED IN DOC. NO. 2021-3493575 OF THE HIDALGO COUNTY OFFICIAL PUBLIC RECORDS, AS SHOWN ON THE RE-SUBDIVISION OF LOTS 1, AND 5 TO 32 INCLUSIVE OF THE SAN JUAN PLANTATION SUBDIVISION, RECORDED IN VOLUME 1, PAGE 52, HIDALGO COUNTY PLAT RECORDS, AND OUT OF LOTS 3 AND 4, AS SHOWN ON THE RE-SUBDIVISION OF CLOSNER SUBDIVISION, RECORDED IN VOLUME 1, PAGE 56A, HIDALGO COUNTY PLAT RECORDS, BEING THE REMAINDER OF A CALLED 81.087 ACRE TRACT 'B' - PARCEL 1, RECORDED IN DOCUMENT NO. 2021-3201939, HIDALGO COUNTY OFFICIAL PUBLIC RECORDS



Westwood

Phone (210) 265-8300 211 N Loop 1604 E, Suite 205
Toll Free (888) 937-5150 San Antonio, TX 78232
westwoodps.com

Westwood Professional Services, Inc.
TBPELS FIRM NO. 10074301 - TBPELS FIRM NO. F-11756
PROJECT NUMBER: R0046341.00
DATE OF PREPARATION: 10/25/2023

EXHIBIT A
SERVICE PLAN

I. ANNEXATION AREAS

The annexation areas are located on the Northeast Corner of Hi Line Road & South Veterans Blvd. The property is approximately **79.022 AC** and is illustrated in EXHIBIT A and further described below:

OWNER: KVS Development, LLC, a Texas limited liability company

A 79.022-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being out of Lots 47 through 55, and a portion of a 40-foot road (not in use), as shown on the Re-subdivision of Lots 1, and 5 to 32 Inclusive of the San Juan Plantation Subdivision, Located at the Northeast Corner of East Hi Line Road & South Veterans Boulevard., in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.

II. SERVICE COMPONENTS

This plan contains two service components: A) Municipal Service Plan B) Capital Improvement Program.

A. MUNICIPAL SERVICE PLAN

As required by TLGC 43.056 B), certain municipal services will be provided by the City of Pharr immediately upon the effective date of annexation. These services include:

- Police Protection
- Fire Protection
- Emergency medical services
- Solid waste collection, except as provided by Subsection 43.056 (o);
- Operation and maintenance of water and wastewater facilities in the annexed area that are not within the service area of another water or wastewater utility;
- Operation and maintenance of roads and streets, including road and street lighting; *
- Operation and maintenance of public parks, playgrounds, and swimming pools; and
- Operation and maintenance of any other publicly owned facility, building or service.

*Note: Street lighting will be maintained for fixtures located within the service territory of the City of Pharr.

1. POLICE

Existing Services: None

Services to be Provided: Currently, the area is under the jurisdiction of the Hidalgo County Sheriff's Office. However, upon annexation, the City of Pharr Police Department will extend regular and routine patrols to the area. It is anticipated that the implementation of police patrol activities can be effectively accommodated within the current budget and staff appropriation.

2. FIRE

Existing Services: Primary fire response is currently provided through rural fire agreement with Hidalgo County. Services will continue to be provided

Services to be Provided: Fire suppression will be available to the area upon annexation. Adequate fire suppression activities can be afforded to the annexed area within current budget appropriation. Fire prevention activities will be provided by the Fire Marshal's office as needed.

3. BUILDING INSPECTION

Existing Services: None

Services to be Provided: The Building Inspection Department will provide Code Enforcement Services upon annexation. This includes issuing building, electrical and plumbing permits for any new construction and remodeling and enforcing all other applicable codes which regulated building construction within the City of Pharr.

4. PLANNING AND ZONING

Existing Services: None

Services to be Provided: The Planning and Zoning Department's responsibility for regulating development and land use through the administration of the City of Pharr Zoning Ordinance will extend to this area on the effective date of the annexation. The property will also continue to be regulated under the requirements of the City of Pharr Subdivision Ordinance. These services can be provided within the department's current budget.

5. LIBRARY

Existing Services: None

Services to be Provided: Upon the effective date of annexation, free library use privileges will be available to anyone residing in this area. These privileges can be provided within the current budget appropriation.

6. HEALTH DEPARTMENT- HEALTH CODE ENFORCEMENT SERVICE

Existing Services: None

Services to be Provided: The Hidalgo County Health Department will implement the enforcement of the City of Pharr's health ordinances and regulations on the effective date of the annexation. Such services can be provided with current City of Pharr's Code Compliance and Health Division Personnel and within the current budget appropriation. In addition, animal control services will be provided to the area as needed.

7. STREET

Existing Services: County Street Maintenance

Services to be Provided: Maintenance to the street facilities will be provided by the City upon the effective date of the annexation. This service can be provided within the current budget appropriation.

8. STORM WATER MANAGEMENT

Existing Services: None

Services to be Provided: Developers will provide storm water drainage at their own expense and will be inspected by the City Engineers and/or Public Works Department at time of completions. The City will then maintain the drainage upon approval.

9. STREET LIGHTING

Existing Services: None

Services to be Provided: The City of Pharr will coordinate any request for improved street lighting with the local electric provider in accordance with standard policy.

10. TRAFFIC ENGINEERING

Existing Services: None

Services to be Provided: The Engineering Department will be able to provide, after the effective date of annexation, any additional traffic control devices.

11. WATER SERVICE

Existing Services: None

Services to be Provided: Water service to the area will be provided in accordance with the applicable codes and departmental policy. When other property develops in the adjacent area, water service shall be provided in accordance with extension ordinances. Extension of service shall comply with City codes and ordinances.

12. SANITARY SEWER SERVICE

Existing Services: None

Services to be Provided: Sanitary sewer service to the area of proposed annexation will be provided in accordance with applicable codes and departmental policy. When property develops in the adjacent areas, sanitary sewer service shall be provided in accordance with the present extension ordinance. Extension of service shall comply with applicable codes and ordinances.

13. SOLID WASTE SERVICES

Existing Services: None

Services to be Provided: Solid Waste Collection shall be provided to the area of annexation in accordance with the present ordinance. Service shall comply with existing City policies, beginning with occupancy of structures.

14. ADDITIONAL SERVICES

All other applicable municipal services will be provided to the area in accordance with the City of Pharr's established policies governing extension of municipal services to newly annexed areas.

B. CAPITAL IMPROVEMENTS

The City, from time to time, include construction of new, expanded or replacement facilities in its Capital Improvements Program (CIP). Facilities to be included in the CIP shall be determined on a City-wide basis. Priorities shall be established by the CIP plans of the City, projected growth trends, and the City Commission through its development plans and policies.

III. LEVEL OF SERVICES TO BE PROVIDED

It is the intent of the City of Pharr to provide the level of services required by State Law. The City Commission finds and determines that the services, infrastructure and infrastructure maintenance proposed by this plan are comparable to that provided to other parts of the City with topography, land use, and population density reasonably similar to the annexed area and will not reduce the level of services available to the territory prior to annexation.

Nothing in this plan shall require the City to provide a uniform level of full municipal services to each are of the City, including the annexed area, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

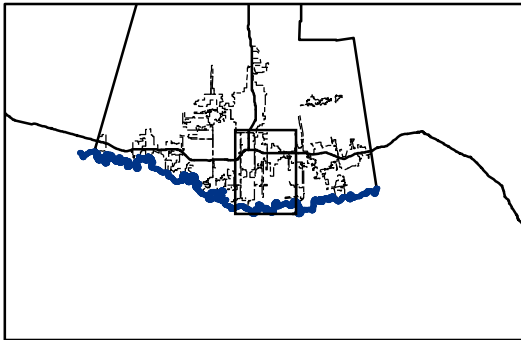
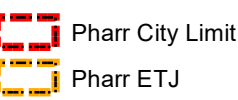
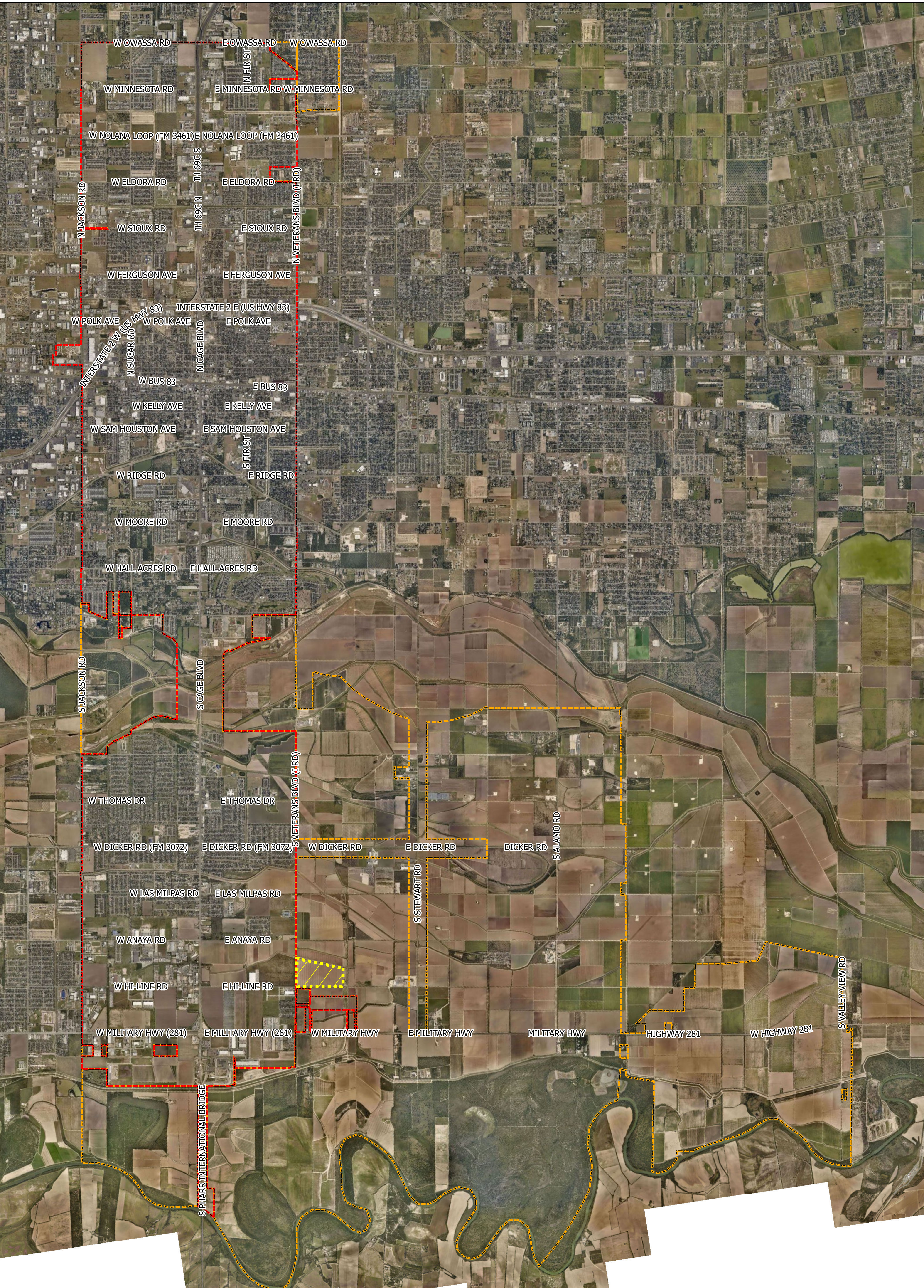
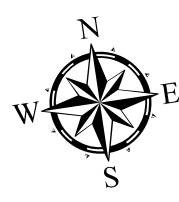
**EXHIBIT C - SCHEDULE FOR VOLUNTARY ANNEXATION
CITY OF PHARR, TEXAS**

DATE	ACTION/EVENT	LEGAL AUTHORITY
October 27, 2023	Submitted petition for annexation.	
November 20, 2023	Resolution to City Commission on accepting petition of annexation	
November 20, 2023	Acceptance of voluntary annexation petition request from landowners and initiation of annexation and City Commission sets a public hearing for December 4, 2023 (14 days)	TLGC 43.0671
November 20, 2023 Publish notice of public hearing AND Send notice to school district and to each public entity.	Send notice to Advance for publication on <u>November 21, 2023 for publication on November 22, 2023.</u> Post notice of public hearing on city's website and maintain until hearings are complete. School District notice. Notify each school district of possible impact w/in the period preserved for publishing the notice of the public hearing. Public Entity notices. Notify each public entity that is located in or provides services to the area proposed for annexation. Public entity includes: County, fire protection, emergency medical services provider, special district (MUD) or other district, of possible impact w/in the period prescribed for publishing the notice of public hearing.	TLGC 43.905 and 43.9051; send notice to school district and to each public entity not less than 10 days nor more than 20 days before public hearing.
November 22, 2023	Legal Notice for Public Hearing Published for the date of December 4, 2023 (12 days)	Not less than 10 days nor more than 20 days before the public hearing. TLGC 43.0673
December 4, 2023	Public Hearing – Regular CC Meeting	Governing body must provide persons in interested in the annexation the opportunity to be heard. TLGC 43.0673
December 4, 2023	First Reading of the Ordinance (after public hearing)	TLGC 43.0673
December 18, 2023 (Could also be at a special called meeting after the First Reading; OR within 90 days of First Reading)	Second Reading of the Ordinance	Second reading of annexation ordinance, City Charter, Article I, Section 5
January 15, 2024	Third and final reading of the ordinance	Third and final reading of the annexation ordinance, Article III, Section 6, City Charter
Within 30 days of Final Reading	City Sends copy of map showing boundary changes to county voter registrar in a format that is compatible with mapping format used by registrar.	Elec. Code 42.0615
Within 60 days of Final Reading of Ordinance	City provides a certified copy of ordinance and maps to: 1. County Clerk 2. County Appraisal District 3. County Tax Assessor Collector 4. 911 Addressing 5. Sheriff's office 6. City Department Heads 7. State Comptroller 8. Franchise Holders	



City of Pharr

City Limits





Pharr

Development Services



VOLUNTARY ANNEXATION PETITION APPLICATION AND CHECKLIST

Name of Applicant: K.V. Chowdary

Date of Submittal: _____

Proposed Acreage to be Annexed: 79.022

APPLICATION COMPLETENESS CERTIFICATION

REQUIRED DOCUMENTS	PROVIDED
Completed and Signed Application/Checklist	☐
Completed annexation petition with each owner's original signature. Must include all owners' signatures if there are multiple owners of record.	☐
A copy of the deed showing current ownership.	☐
A clear and legible copy of certified field notes (metes and bounds) describing the boundary of the property that is being petitioned for annexation with a graphic exhibit (map or plat) clearly showing the property. The boundary description and the graphic exhibit must each be contained on a 8 1/2" x 11" sheet of paper. If the property is a subdivided lot, please submit a copy of the recorded subdivision plat.	☐
If applicable, water and wastewater utilities agreement between City and applicant for extension of utilities.	☐

INSTRUCTIONS

Fill out and submit an electronic copy of the completed application package and all subsequent documentation and updates to planning@pharr-tx.gov and provide one (1) hard copy to Development Services, Planning and Zoning Division, 118 S Cage Blvd., Pharr, Texas 78577.

PROPERTY INFORMATION

Property Address: NEC Hi Line Rd & S Veterans Blvd
Total Number of: 70,000

Total Number of Acres: 79.022

Total Number of Tracts: 1

Subdivision Name: San Juan Plantation & Closner

Lot(s)	47-55, 1 &
--------	------------

Block(s):

Survey Name and Abstract No.: Narciso Cabazos Survey, Abstract No. 30 Lot(s) 5-32, 3 & 4
Current Land Use: Agriculture

Current Land Use: Agriculture

Proposed Land Use and Purpose of Annexation: Light Industrial. Proposed Class A1
1 million +/- SF warehouse/distribution building.

List all qualified voting age persons living on each tract of land:

Tract #

[illegible]

OWNER INFORMATION – Please fill out a separate sheet for each owner of record

Owner(s) Name: KVS Development, LLC (K.V. Chowdary)

If the property ownership is in the name of a partnership, corporation, joint venture, trust or other entity, please list the official name of the entity and the name of the managing partner.

Address: 2001 S. Cynthia St. Ste. C City: McAllen State: TX Zip Code: 78503

Phone No.: _____ Cell Phone No.: (956)655-0153 Email: kvschowdary@gmail.com

Owner's Signature: KVS Chowdary Date: 10-26-23

AGENT/APPLICATION AUTHORIZATION – Please check one of the following:

☐ I will represent my petition before the city staff and the Board of Commissioners of the City of Pharr

☒ I hereby authorize the person named below to act as my agent/applicant in representing this application before the city staff and the Board of Commissioners of the City of Pharr.

Note: The agent/applicant is the official contact person for this project and the single point of contact. All correspondence and communication will be conducted with the agent/applicant. If no agent is listed, the owner will be considered the agent.

Agent/Applicant's Name: Roxie De La Cruz

Company's Name (if applicable): Halff

Address: 5000 W Military Hwy #100 City: McAllen State: TX Zip Code: 78503

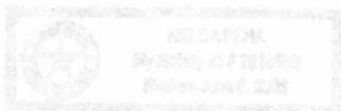
Phone No.: (956)445-5227 Cell Phone No.: _____ Email: rdelacruz@halff.com

If an agent/applicant is representing the owner of the property, please complete the following information:

I hereby authorize the person named above to act as my agent/applicant in processing the application before the Board of Commissioners of the City of Pharr:

Owner's Printed Name: K.V. CHOWDARY

Owner's Signature: KVS Chowdary Date: 10-26-23



NOTARY PUBLIC
STATE OF TEXAS

My commission expires 12-31-24



Pharr

Development Services



VOLUNTARY ANNEXATION PETITION (C-3)

I, K.V. Chowdary, owner of the land described below, hereby voluntary petition the Board of Commissioners of the City of Pharr, Texas to annex the property and extend the present city limits and extraterritorial jurisdiction so as to include as part of the City of Pharr, Texas, the Property, containing approximately 79.022 acres of land, described as follows:

(Legal description of Property, Exhibit A, attached hereto)

I desire to enter into a written agreement for municipal services with the City of Pharr, pursuant to Section 43.0672 of the Local Government Code. If any portion of the Property is appraised for ad valorem tax purposes as agricultural, wildlife management use or timber land under Chapter 23 of the Tax Code, I certify that I was offered a development agreement pursuant to Section 43.016 of the Local Government Code and still requested annexation.

I certify that the above-described Property is contiguous and adjacent to the City of Pharr, Texas and that this petition is signed and duly acknowledged by each and every person, corporation, or entity having an ownership interest in said Property.

OWNER(S): (add additional signature lines for each owner)

Print Name (Owner) K.V. Chowdary Signature (Owner) KVS. Chowdary
 Print Name (Owner) _____ Signature (Owner) _____

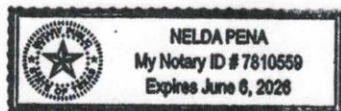
NOTARY ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF Hidalgo §

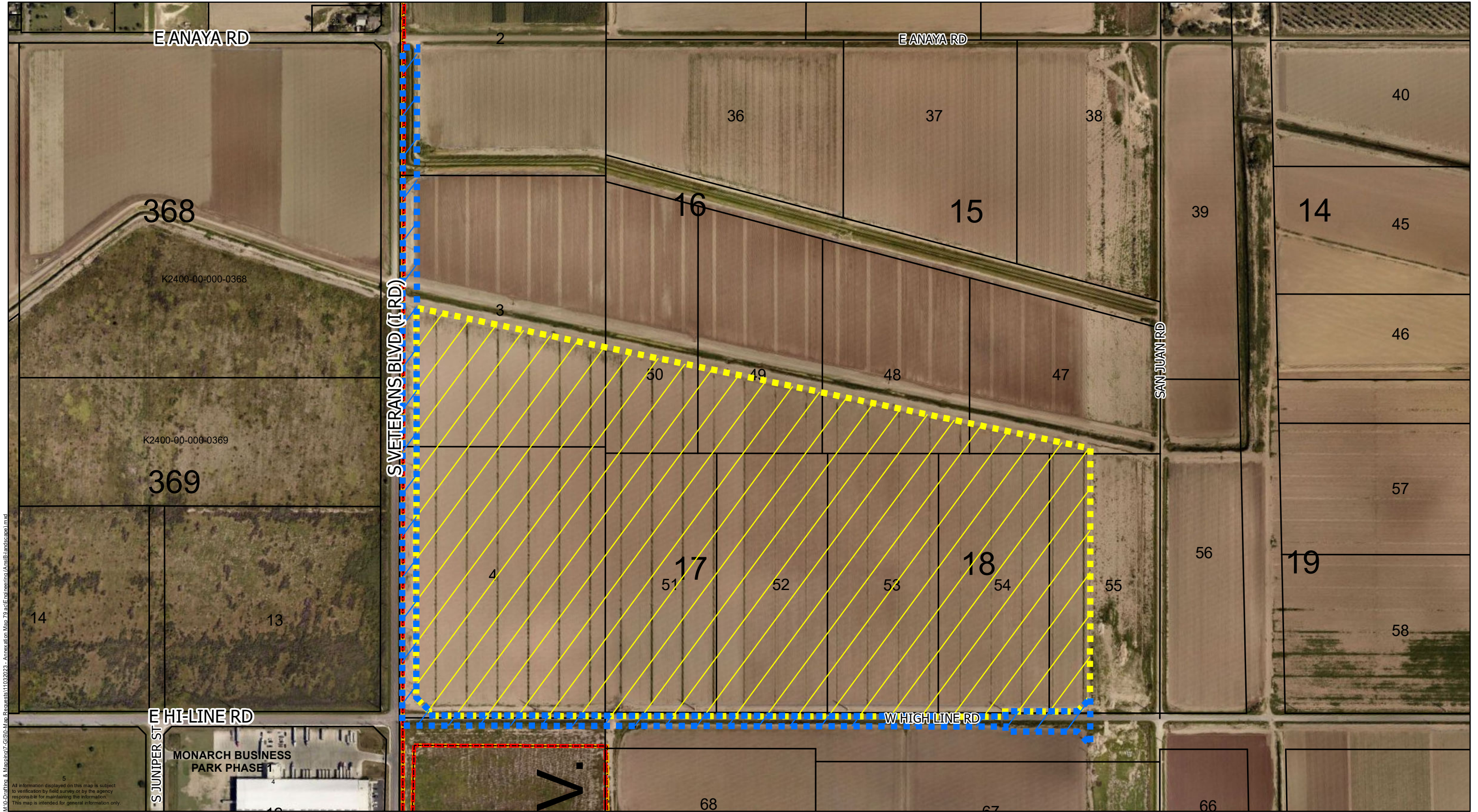
BEFORE ME, the undersigned authority, on this day personally appeared KVS Chowdary, known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of the Owner.

Given under my hand and seal office this 26 day of October, 2023



Nelda Pena
 NOTARY PUBLIC in and for the
 STATE OF TEXAS

NELDA PEÑA
 Printed Name
 My commission expires: 6-6-26



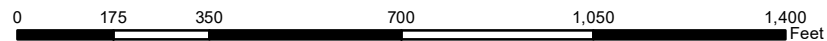
M:\0-Drafting & Mapping\7-GIS\0-Map Requests\11032023-Annexation Map 79.acd\Engineering (AnsiB)landscape.mxd

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.

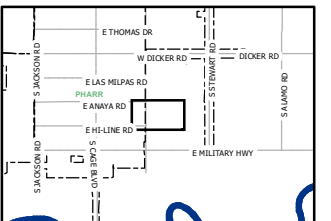
Pharr City Limit
Pharr ETJ

City of Pharr Location Map

Scale: 1 inch = 350 feet



City of Pharr, Texas
Engineering Department
956.402.4221 Date: 3/25/2024



PROPERTY DESCRIPTION

1) OWNER: Hidalgo County, Texas

A 6.154-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being a portion of South Veterans Boulevard AND East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.

COUNTY OF HIDALGO
STATE OF TEXAS

6.154 ACRE TRACT
ROW ANNEXATION

PROJ. 46341.00
MITP Phase 2

FIELD NOTE DESCRIPTION of a 6.154 acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being a portion of South Veterans Boulevard, also known as South "I" Road, said portion being out of Parcels 70B, 70C, and 70D, recorded in Document No. 2002-1138786, Hidalgo County Official Public Records, and also being a portion of Hi-Line Road, said portion being out of a 40-foot wide road as shown on the Re-Subdivision of Lots 1, and 5 to 32 inclusive of the San Juan Plantation Subdivision recorded in Vol. 3, Pg. 52, Hidalgo County Plat Records, Parcel 65 P-6 recorded in Document No. 2015-2660462, said Official Public Records, Parcel 65 P-9, recorded in Document No. 2015-2660460, said Official Public Records, and Tract One recorded in Document No. 2006-1688912, said Official Public Records; in all, said 6.154 acre tract being more particularly described as follows:

BEGINNING at a ½" iron rod set with orange cap stamped "WESTWOOD" at the intersection of the north line of Hi-Line Road and the west line of State Highway 365, also known as San Juan Road, a variable-width right-of-way, for an angle point of said Parcel 65 P-6 and that certain Tract B – Parcel 1 conveyed unto KVS Development, LLC, recorded in Document No. 2021-3201939, said Official Public Records, for the east corner of the herein described tract of land;

THENCE, along the west line of said State Highway 365 right-of-way, S 08° 35' 22" W, 180.00 feet to a point at the intersection of the south right-of-way line of Hi-Line Road and the west line of said State Highway 365 for an angle point of said Parcel 65 P-9 and that certain Tract A – Parcel 3 conveyed unto KVS Development, LLC, recorded in said Document No. 2021-3201939, for the south corner of the herein described tract of land;

THENCE, along the south line of said Hi-Line Road and the boundary of said Parcel 65 P-9, coincident with the north line of said Tract A – Parcel 3, the following courses:

N 36° 24' 36" W, 70.71 feet,

N 81° 24' 38" W, 280.00 feet, and

N 08° 35' 22" E, 20.00 feet to the northwest corner of said Parcel 65 P-9, same being an angle point of the herein described tract of land;

THENCE, continuing along the south line of said Hi-Line Road and north line of said Tract A - Parcel 3, N 81° 24' 37" W, passing the westerly terminus of the 40-foot wide road shown on said Re-Subdivision of Lots 1, and 5 to 32 inclusive of the San Juan Plantation Subdivision, and continuing in all a total distance of 2348.18 feet to a point for the southwest corner of said Tract One recorded in Document No. 2006-1688912, coincident with the northwest corner of that certain Parcel 26 conveyed unto Hidalgo County Drainage District Number One, recorded in Volume 982,

Page 205, Hidalgo County Deed Records, and the southwest corner of the herein described tract of land;

THENCE, across the right-of-way of said South Veterans Boulevard, along the west lines of said Tract One and said Parcels 70D, 70C, and 70B, respectively, N 08° 34' 37" E, 2640.17 feet to a point on the south right-of-way line of Anaya Road, a 40-foot-wide right-of-way, for the northwest corner of the herein described tract of land;

THENCE, along the south right-of-way line of said Anaya Road, S 81° 24' 37" E, 55.00 feet to a point at the intersection of the east right-of-way line of said South Veterans Boulevard and the south right-of-way line of said Anaya Road, said point also being on the east line of said Parcel 70B, for the northeast corner of the herein described tract of land;

THENCE, along the east right-of-way line of said South Veterans Boulevard and said Parcels 70B, 70C, and 70D, respectively, the following courses:

S 08° 34' 37" W, 2530.24 feet to a ½" iron rod set with orange cap stamped "WESTWOOD",

S 36° 27' 27" E, 70.67 feet to a ½" iron rod set with orange cap stamped "WESTWOOD",
and

S 08° 30' 37" W, 20.00 feet to a ½" iron rod set with orange cap stamped "WESTWOOD"
at the intersection of the east right-of-way line of said South Veterans Boulevard and north right-of-way line of said Hi-Line Road for a re-entrant corner of the herein described tract of land;

THENCE, along the north line of said Hi-Line Road, coincident with the south line of said Tract B – Parcel 1, S 81° 24' 37" E, passing the westerly terminus of the 40-foot wide road shown on said Re-Subdivision of Lots 1, and 5 to 32 inclusive of the San Juan Plantation Subdivision, and continuing in all a total distance of 2243.16 feet to a point for the west corner of said Parcel 65 P-6, same being an angle point of said Tract B – Parcel 1 and the herein described tract;

THENCE, continuing along the south line of said Hi-Line Road, coincident with the boundary of said Parcel 65 P-6 and the south line of said Tract B – Parcel 1, the following courses:

N 08° 35' 22" E, 20.00 feet,

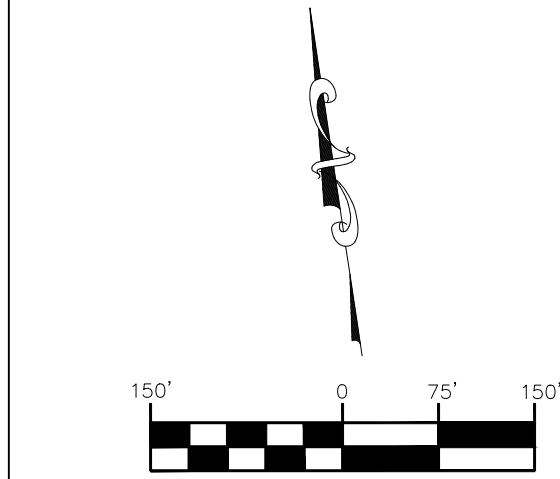
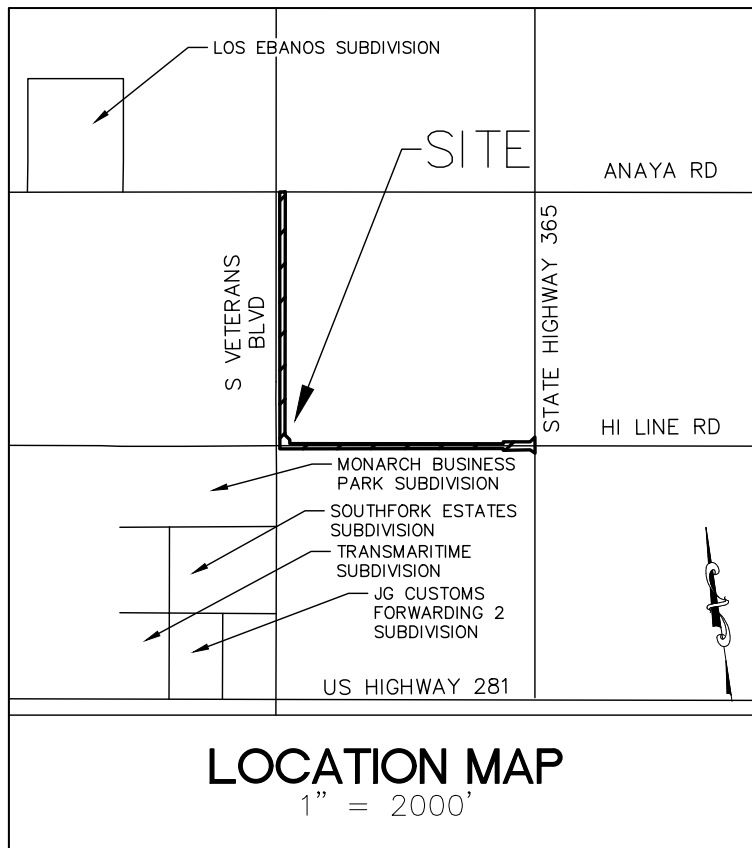
S 81° 24' 38" E, 280.00 feet, and

N 53° 35' 22" E, 70.71 feet to the **POINT OF BEGINNING**.

Containing in all, 268,088 square feet of land or 6.154 acres, more or less. Bearings based on Texas State Plane Coordinate System for the South Zone, 4205 (NAD83, 2011 Adjustment). This document was prepared under 22 TAC §138.95, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



File: N:\0046341\00\06 CAD\DWG\Survey C3D\0046341V-ROW-BNDY-Ext1.dwg



METES AND BOUNDS DESCRIPTION:

A 6.154 ACRE TRACT SITUATED IN PORCION 71, NARROSO CABAZOS SURVEY, ABSTRACT NO. 30, HIDALGO COUNTY, TEXAS, BEING A PORTION OF SOUTH VETERANS BOULEVARD, ALSO KNOWN AS SOUTH "I" ROAD, SAID PORTION BEING OUT OF PARCELS 70B, 70C, AND 70D, RECORDED IN DOCUMENT NO. 2002-1138786, HIDALGO COUNTY OFFICIAL PUBLIC RECORDS, AND ALSO BEING A PORTION OF HI-LINE ROAD, SAID PORTION BEING OUT OF A 40-FOOT WIDE ROAD AS SHOWN ON THE RE-SUBDIVISION OF LOTS 1, AND 5 TO 32 INCLUSIVE OF THE SAN JUAN PLANTATION SUBDIVISION RECORDED IN VOL. 3, PG. 52, HIDALGO COUNTY PLAT RECORDS, PARCEL 65 P-6 RECORDED IN DOCUMENT NO. 2015-2660460, SAID OFFICIAL PUBLIC RECORDS, PARCEL 65 P-9 RECORDED IN DOCUMENT NO. 2015-2660460, SAID OFFICIAL PUBLIC RECORDS, AND TRACT ONE RECORDED IN DOCUMENT NO. 2006-1688912, SAID OFFICIAL PUBLIC RECORDS, IN ALL, SAID 6.154 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD SET WITH ORANGE CAP STAMPED "WESTWOOD" AT THE INTERSECTION OF THE NORTH LINE OF HI-LINE ROAD AND THE WEST LINE OF STATE HIGHWAY 365, ALSO KNOWN AS SAN JUAN ROAD, A VARIABLE-WIDTH RIGHT-OF-WAY, FOR AN ANGLE POINT OF SAID PARCEL 65 P-6 AND THAT CERTAIN TRACT B - PARCEL 1 CONVEYED UNTO KVS DEVELOPMENT, LLC, RECORDED IN DOCUMENT NO. 2021-3201939, SAID OFFICIAL PUBLIC RECORDS, FOR THE EAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ALONG THE WEST LINE OF SAID STATE HIGHWAY 365 RIGHT-OF-WAY, S 08° 35' 22" W, 180.00 FEET TO A POINT AT THE INTERSECTION OF THE SOUTH RIGHT-OF-WAY LINE OF HI-LINE ROAD AND THE WEST LINE OF SAID STATE HIGHWAY 365 FOR AN ANGLE POINT OF SAID PARCEL 65 P-9, CONSIDERED WITH THE NORTH LINE OF SAID TRACT A - PARCEL 3, THE FOLLOWING COURSE:

RECORDED IN SAID DOCUMENT NO. 2021-3201939, FOR THE SOUTH CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ALONG THE SOUTH LINE OF SAID HI-LINE ROAD AND THE BOUNDARY OF SAID PARCEL 65 P-9, CONSIDERED WITH THE NORTH LINE OF SAID TRACT A - PARCEL 3, THE FOLLOWING COURSE:

N 36° 24' 36" W, 70.71 FEET,

N 81° 24' 38" W, 280.00 FEET, AND

N 08° 35' 22" E, 20.00 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 65 P-9, SAME BEING AN ANGLE POINT OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, CONTINUING ALONG THE SOUTH LINE OF SAID HI-LINE ROAD AND NORTH LINE OF SAID TRACT A - PARCEL 3, N 81° 24' 37" W, PASSING THE WESTERLY TERMINUS OF THE 40-FOOT WIDE ROAD SHOWN ON SAID RE-SUBDIVISION OF LOTS 1, AND 5 TO 32 INCLUSIVE OF THE SAN JUAN PLANTATION SUBDIVISION, AND CONTINUING IN ALL A TOTAL DISTANCE OF 2348.18 FEET TO A POINT FOR THE SOUTHWEST CORNER OF SAID TRACT ONE RECORDED IN DOCUMENT NO. 2006-1688912, COINCIDENT WITH THE NORTHWEST CORNER OF THAT CERTAIN PARCEL 26 CONVEYED UNTO HIDALGO COUNTY DRAINAGE DISTRICT NUMBER ONE, RECORDED IN VOLUME 982, PAGE 205, HIDALGO COUNTY DEED RECORDS, AND THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ACROSS THE RIGHT-OF-WAY OF SAID SOUTH VETERANS BOULEVARD, ALONG THE WEST LINES OF SAID TRACT ONE AND SAID PARCELS 70D, 70C, AND 70B, RESPECTIVELY, N 08° 34' 37" E, 2640.17 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF SAID ANAYA ROAD, SAID POINT ALSO BEING ON THE EAST LINE OF SAID PARCEL 70B, FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ALONG THE SOUTH RIGHT-OF-WAY LINE OF SAID ANAYA ROAD, S 81° 24' 37" E, 55.00 FEET TO A POINT AT THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF SAID SOUTH VETERANS BOULEVARD AND THE SOUTH RIGHT-OF-WAY LINE OF SAID ANAYA ROAD, SAID POINT ALSO BEING ON THE EAST LINE OF SAID PARCEL 70B, FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ALONG THE EAST RIGHT-OF-WAY LINE OF SAID SOUTH VETERANS BOULEVARD AND SAID PARCELS 70B, 70C, AND 70D, RESPECTIVELY, THE FOLLOWING COURSE:

S 08° 34' 37" W, 2530.24 FEET TO A 1/2" IRON ROD SET WITH ORANGE CAP STAMPED "WESTWOOD";

S 36° 27' 27" E, 70.67 FEET TO A 1/2" IRON ROD SET WITH ORANGE CAP STAMPED "WESTWOOD";

AND

S 08° 30' 37" W, 20.00 FEET TO A 1/2" IRON ROD SET WITH ORANGE CAP STAMPED "WESTWOOD" AT THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF SAID SOUTH VETERANS BOULEVARD AND NORTH RIGHT-OF-WAY LINE OF SAID HI-LINE ROAD FOR A RE-ENTRANT CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE, ALONG THE NORTH LINE OF SAID HI-LINE ROAD, COINCIDENT WITH THE SOUTH LINE OF SAID TRACT B - PARCEL 1, S 81° 24' 37" E, PASSING THE WESTERLY TERMINUS OF THE 40-FOOT WIDE ROAD SHOWN ON SAID RE-SUBDIVISION OF LOTS 1, AND 5 TO 32 INCLUSIVE OF THE SAN JUAN PLANTATION SUBDIVISION, AND CONTINUING IN ALL A TOTAL DISTANCE OF 2243.16 FEET TO A POINT FOR THE WEST CORNER OF SAID PARCEL 65 P-6, SAME BEING AN ANGLE POINT OF SAID TRACT B - PARCEL 1 AND THE HEREIN DESCRIBED TRACT;

THENCE, CONTINUING ALONG THE SOUTH LINE OF SAID HI-LINE ROAD, COINCIDENT WITH THE BOUNDARY OF SAID PARCEL 65 P-6 AND THE SOUTH LINE OF SAID TRACT B - PARCEL 1, THE FOLLOWING COURSE:

N 08° 35' 22" E, 20.00 FEET,

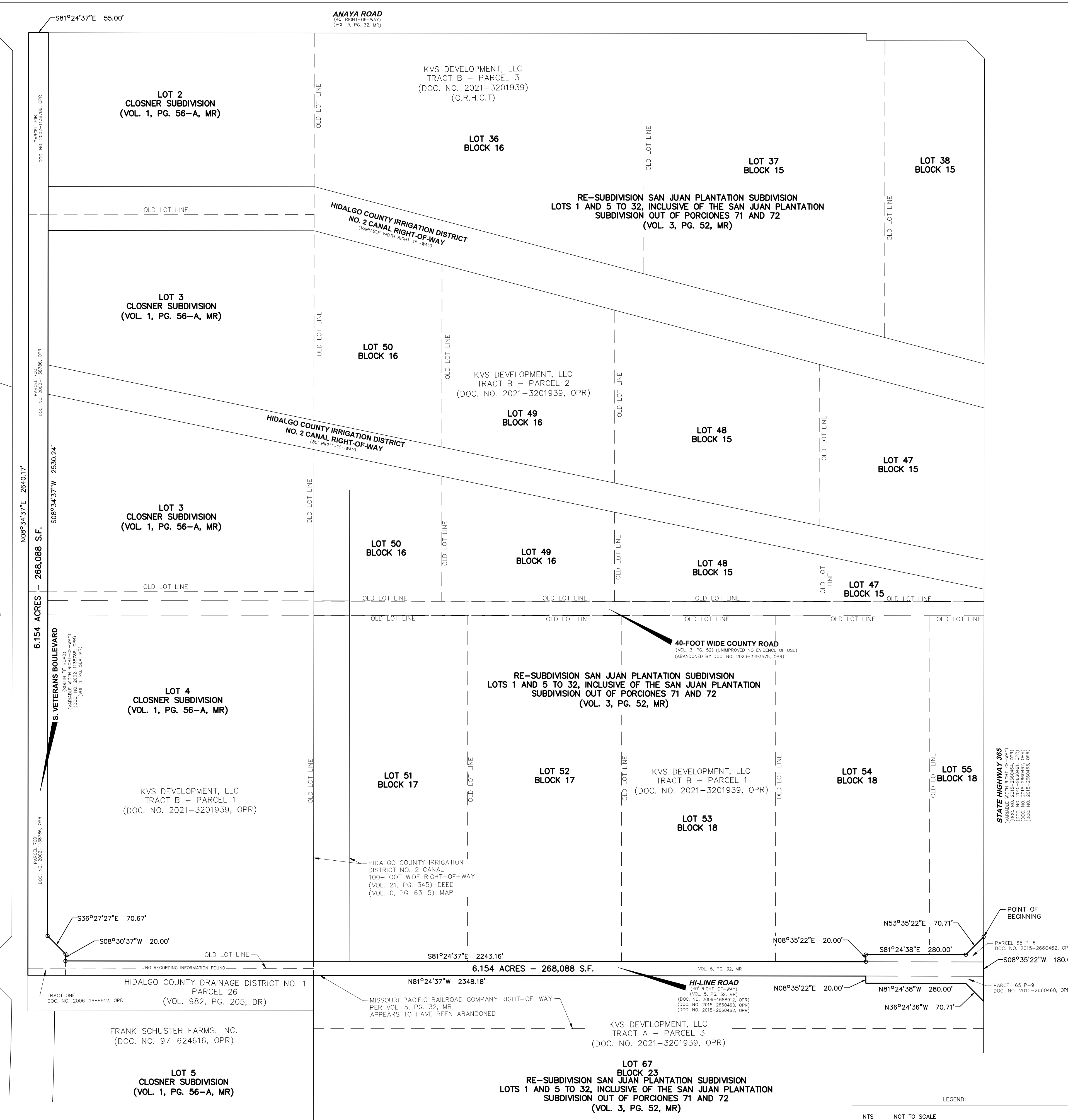
S 81° 24' 38" E, 280.00 FEET, AND

N 53° 35' 22" E, 70.71 FEET TO THE POINT OF BEGINNING.

CONTAINING IN ALL, 268,088 SQUARE FEET OF LAND OR 6.154 ACRES, MORE OR LESS, BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM FOR THE SOUTH ZONE, 4205 (NAD83, 2011 ADJUSTMENT).

FP US HOLDINGS, LLC
(DOC. NO. 2015-2584516, OPR)

ZUKO FAMILY LIMITED PARTNERSHIP
(DOC. NO. 2016-2728450, OPR)



GENERAL NOTES:

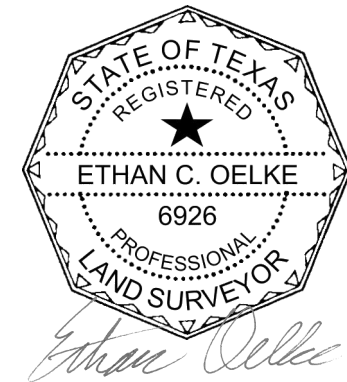
1. THE BASIS OF BEARINGS IS THE TEXAS STATE PLANE COORDINATE SYSTEM FOR THE SOUTH ZONE (4205), NAD83 (2011 ADJUSTMENT). DISTANCES SHOWN HEREON ARE SURFACE.
2. THIS DOCUMENT WAS PREPARED UNDER 22 TAC §138.95, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

LEGEND:

- | | |
|--------|--|
| NTS | NOT TO SCALE |
| OPR | OFFICIAL RECORDS OF HIDALGO COUNTY, TEXAS |
| DR | DEED RECORDS OF HIDALGO COUNTY, TEXAS |
| MR | MAP RECORDS OF HIDALGO COUNTY, TEXAS |
| R.O.W. | RIGHT-OF-WAY |
| S.F. | SQUARE FEET |
| | SET 1/2" IRON ROD WITH ORANGE PLASTIC CAP STAMPED "WESTWOOD" |

**ANNEXATION EXHIBIT OF
A PORTION OF
S. VETERANS BOULEVARD
AND HI-LINE ROAD**

A 6.154 ACRE TRACT SITUATED IN PORCION 71, NARROSO CABAZOS SURVEY, ABSTRACT NO. 30, HIDALGO COUNTY, TEXAS, BEING A PORTION OF SOUTH VETERANS BOULEVARD, ALSO KNOWN AS SOUTH "I" ROAD, SAID PORTION BEING OUT OF PARCELS 70B, 70C, AND 70D, RECORDED IN DOCUMENT NO. 2002-1138786, HIDALGO COUNTY OFFICIAL PUBLIC RECORDS, AND ALSO BEING A PORTION OF HI-LINE ROAD, SAID PORTION BEING OUT OF A 40-FOOT WIDE ROAD AS SHOWN ON THE RE-SUBDIVISION OF LOTS 1, AND 5 TO 32 INCLUSIVE OF THE SAN JUAN PLANTATION SUBDIVISION RECORDED IN VOL. 3, PG. 52, HIDALGO COUNTY PLAT RECORDS, PARCEL 65 P-6 RECORDED IN DOCUMENT NO. 2015-2660460, SAID OFFICIAL PUBLIC RECORDS, PARCEL 65 P-9 RECORDED IN DOCUMENT NO. 2015-2660460, SAID OFFICIAL PUBLIC RECORDS, AND TRACT ONE RECORDED IN DOCUMENT NO. 2006-1688912, SAID OFFICIAL PUBLIC RECORDS



Westwood

Phone (210) 265-8300 211 N Loop 1604 E, Suite 205
Toll Free (888) 937-5150 San Antonio, TX 78232
westwoodsps.com

Westwood Professional Services, Inc.
TBPCLS FIRM NO. 10074301 - TBPCLS FIRM NO. F-11756
PROJECT NUMBER: R0046341.00
DATE OF PREPARATION: 12/10/2023

EXHIBIT A
SERVICE PLAN

I. ANNEXATION AREAS

The annexation areas are located on the Northeast Corner of Hi Line Road & South Veterans Blvd. The property is approximately **6.154 AC** and is illustrated in EXHIBIT A and further described below:

OWNER: Hidalgo County, Texas

A 6.154-acre tract situated in Porcion 71, Narciso Cabazos Survey, Abstract No. 30, Hidalgo County, Texas, being a portion of South Veterans Boulevard AND East Hi Line Road, said portion being out of Parcels 70B, 70C, and 70D, in the City of Pharr's Extraterritorial Jurisdiction (ETJ), in Hidalgo County, Texas.

II. SERVICE COMPONENTS

This plan contains two service components: A) Municipal Service Plan B) Capital Improvement Program.

A. MUNICIPAL SERVICE PLAN

As required by TLGC 43.056 B), certain municipal services will be provided by the City of Pharr immediately upon the effective date of annexation. These services include:

- Police Protection
- Fire Protection
- Emergency medical services
- Solid waste collection, except as provided by Subsection 43.056 (o);
- Operation and maintenance of water and wastewater facilities in the annexed area that are not within the service area of another water or wastewater utility;
- Operation and maintenance of roads and streets, including road and street lighting; *
- Operation and maintenance of public parks, playgrounds, and swimming pools; and
- Operation and maintenance of any other publicly owned facility, building or service.

*Note: Street lighting will be maintained for fixtures located within the service territory of the City of Pharr.

1. POLICE

Existing Services: None

Services to be Provided: Currently, the area is under the jurisdiction of the Hidalgo County Sheriff's Office. However, upon annexation, the City of Pharr Police Department will extend regular and routine patrols to the area. It is anticipated that the implementation of police

patrol activities can be effectively accommodated within the current budget and staff appropriation.

2. FIRE

Existing Services: Primary fire response is currently provided through rural fire agreement with Hidalgo County. Services will continue to be provided

Services to be Provided: Fire suppression will be available to the area upon annexation. Adequate fire suppression activities can be afforded to the annexed area within current budget appropriation. Fire prevention activities will be provided by the Fire Marshal's office as needed.

3. BUILDING INSPECTION

Existing Services: None

Services to be Provided: The Building Inspection Department will provide Code Enforcement Services upon annexation. This includes issuing building, electrical and plumbing permits for any new construction and remodeling and enforcing all other applicable codes which regulated building construction within the City of Pharr.

4. PLANNING AND ZONING

Existing Services: None

Services to be Provided: The Planning and Zoning Department's responsibility for regulating development and land use through the administration of the City of Pharr Zoning Ordinance will extend to this area on the effective date of the annexation. The property will also continue to be regulated under the requirements of the City of Pharr Subdivision Ordinance. These services can be provided within the department's current budget.

5. LIBRARY

Existing Services: None

Services to be Provided: Upon the effective date of annexation, free library use privileges will be available to anyone residing in this area. These privileges can be provided within the current budget appropriation.

6. HEALTH DEPARTMENT- HEALTH CODE ENFORCEMENT SERVICE

Existing Services: None

Services to be Provided: The Hidalgo County Health Department will implement the enforcement of the City of Pharr's health ordinances and regulations on the effective date of

the annexation. Such services can be provided with current City of Pharr's Code Compliance and Health Division Personnel and within the current budget appropriation. In addition, animal control services will be provided to the area as needed.

7. STREET

Existing Services: County Street Maintenance

Services to be Provided: Maintenance to the street facilities will be provided by the City upon the effective date of the annexation. This service can be provided within the current budget appropriation.

8. STORM WATER MANAGEMENT

Existing Services: None

Services to be Provided: Developers will provide storm water drainage at their own expense and will be inspected by the City Engineers and/or Public Works Department at time of completions. The City will then maintain the drainage upon approval.

9. STREET LIGHTING

Existing Services: None

Services to be Provided: The City of Pharr will coordinate any request for improved street lighting with the local electric provider in accordance with standard policy.

10. TRAFFIC ENGINEERING

Existing Services: None

Services to be Provided: The Engineering Department will be able to provide, after the effective date of annexation, any additional traffic control devices.

11. WATER SERVICE

Existing Services: None

Services to be Provided: Water service to the area will be provided in accordance with the applicable codes and departmental policy. When other property develops in the adjacent area, water service shall be provided in accordance with extension ordinances. Extension of service shall comply with City codes and ordinances.

12. SANITARY SEWER SERVICE

Existing Services: None

Services to be Provided: Sanitary sewer service to the area of proposed annexation will be provided in accordance with applicable codes and departmental policy. When property develops in the adjacent areas, sanitary sewer service shall be provided in accordance with the present extension ordinance. Extension of service shall comply with applicable codes and ordinances.

13. SOLID WASTE SERVICES

Existing Services: None

Services to be Provided: Solid Waste Collection shall be provided to the area of annexation in accordance with the present ordinance. Service shall comply with existing City policies, beginning with occupancy of structures.

14. ADDITIONAL SERVICES

All other applicable municipal services will be provided to the area in accordance with the City of Pharr's established policies governing extension of municipal services to newly annexed areas.

B. CAPITAL IMPROVEMENTS

The City, from time to time, include construction of new, expanded or replacement facilities in its Capital Improvements Program (CIP). Facilities to be included in the CIP shall be determined on a City-wide basis. Priorities shall be established by the CIP plans of the City, projected growth trends, and the City Commission through its development plans and policies.

III.LEVEL OF SERVICES TO BE PROVIDED

It is the intent of the City of Pharr to provide the level of services required by State Law. The City Commission finds and determines that the services, infrastructure and infrastructure maintenance proposed by this plan are comparable to that provided to other parts of the City with topography, land use, and population density reasonably similar to the annexed area and will not reduce the level of services available to the territory prior to annexation.

Nothing in this plan shall require the City to provide a uniform level of full municipal services to each are of the City, including the annexed area, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

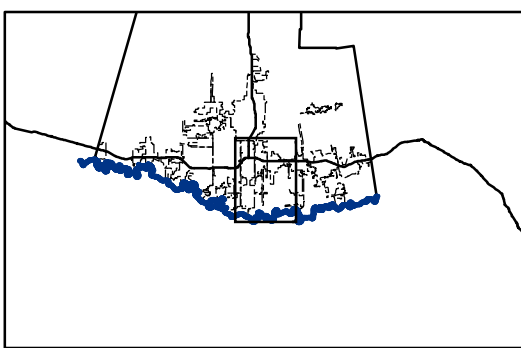
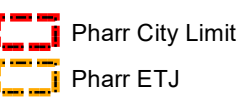
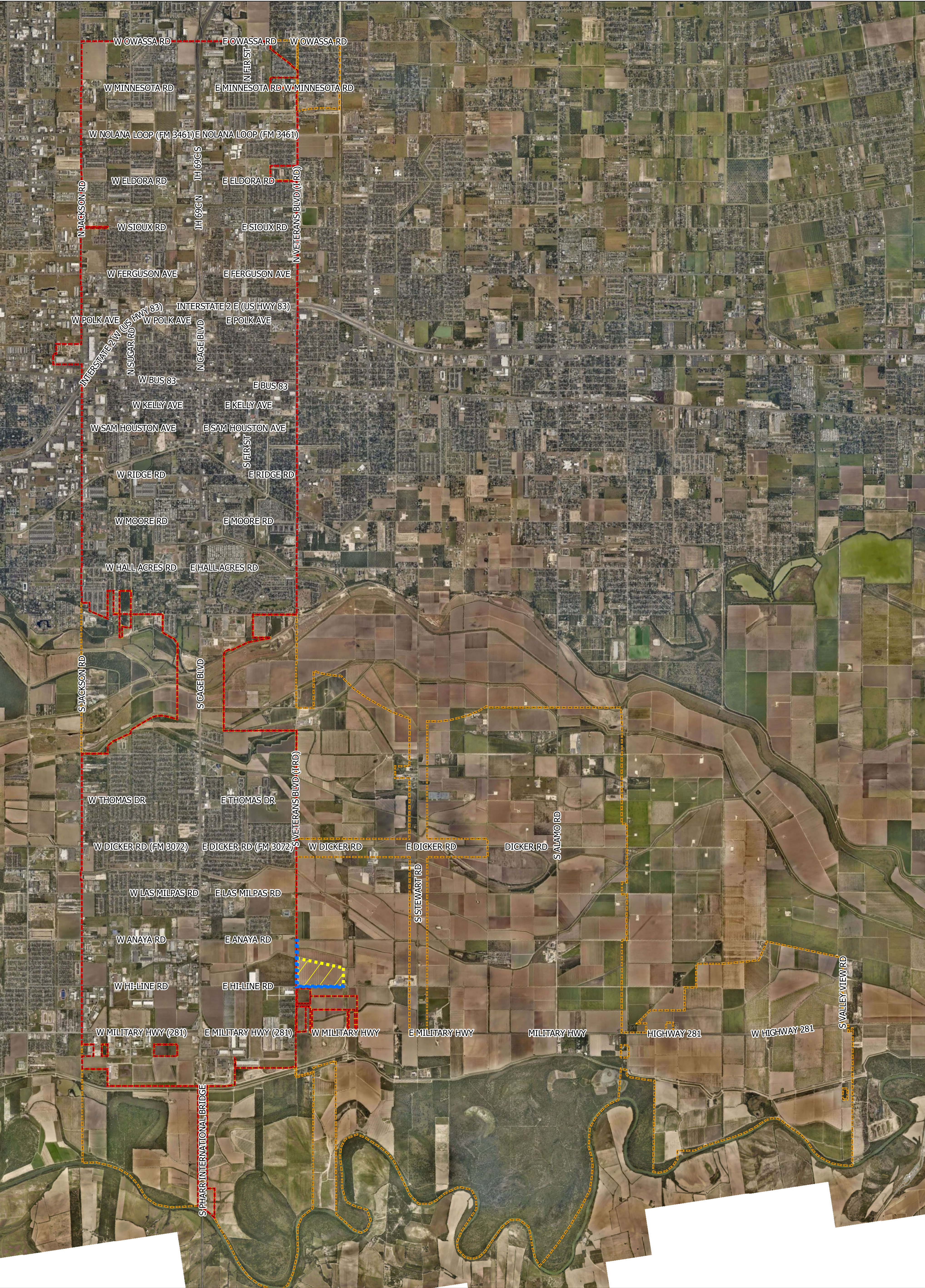
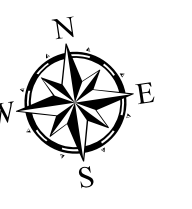
**EXHIBIT C - SCHEDULE FOR VOLUNTARY ANNEXATION
CITY OF PHARR, TEXAS**

DATE	ACTION/EVENT	LEGAL AUTHORITY
March 19, 2024	Submitted petition for annexation.	
April 1, 2024	Resolution to City Commission on accepting petition of annexation	
April 1, 2024	Acceptance of voluntary annexation petition request from landowners and initiation of annexation and City Commission sets a public hearing for April 15, 2024 (14 days)	TLGC 43.0671
April 1, 2024 Publish notice of public hearing AND Send notice to school district and to each public entity.	Send notice to Advance for publication on <u>April 2, 2024, for publication on April 3, 2024.</u> Post notice of public hearing on city's website and maintain until hearings are complete. School District notice. Notify each school district of possible impact w/in the period preserved for publishing the notice of the public hearing. Public Entity notices. Notify each public entity that is located in or provides services to the area proposed for annexation. Public entity includes: County, fire protection, emergency medical services provider, special district (MUD) or other district, of possible impact w/in the period prescribed for publishing the notice of public hearing.	TLGC 43.905 and 43.9051; send notice to school district and to each public entity not less than 10 days nor more than 20 days before public hearing.
April 3, 2024	Legal Notice for Public Hearing Published for the date of April 15, 2024 (12 days)	Not less than 10 days nor more than 20 days before the public hearing. TLGC 43.0673
April 15, 2024	Public Hearing – Regular CC Meeting	Governing body must provide persons in interested in the annexation the opportunity to be heard. TLGC 43.0673
April 15, 2024	First Reading of the Ordinance (after public hearing)	TLGC 43.0673
May 6, 2024 (Could also be at a special called meeting after the First Reading; OR within 90 days of First Reading)	Second Reading of the Ordinance	Second reading of annexation ordinance, City Charter, Article I, Section 5
May 20, 2024	Third and final reading of the ordinance	Third and final reading of the annexation ordinance, Article III, Section 6, City Charter
Within 30 days of Final Reading	City Sends copy of map showing boundary changes to county voter registrar in a format that is compatible with mapping format used by registrar.	Elec. Code 42.0615
Within 60 days of Final Reading of Ordinance	City provides a certified copy of ordinance and maps to: 1. County Clerk 2. County Appraisal District 3. County Tax Assessor Collector 4. 911 Addressing 5. Sheriff's office 6. City Department Heads 7. State Comptroller 8. Franchise Holders	



City of Pharr

City Limits





Pharr

Development Services



VOLUNTARY ANNEXATION PETITION APPLICATION AND CHECKLIST

Name of Applicant: Hidalgo County

Date of Submittal: 3-11-2024

Proposed Acreage to be Annexed: 6.154 acres

APPLICATION COMPLETENESS CERTIFICATION

REQUIRED DOCUMENTS	PROVIDED
Completed and Signed Application/Checklist	☐
Completed annexation petition with each owner's original signature. Must include all owners' signatures if there are multiple owners of record.	☐
A copy of the deed showing current ownership.	☐
A clear and legible copy of certified field notes (metes and bounds) describing the boundary of the property that is being petitioned for annexation with a graphic exhibit (map or plat) clearly showing the property. The boundary description and the graphic exhibit must each be contained on a 8 1/2" x 11" sheet of paper. If the property is a subdivided lot, please submit a copy of the recorded subdivision plat.	☐
If applicable, water and wastewater utilities agreement between City and applicant for extension of utilities.	☐

INSTRUCTIONS

Fill out and submit an electronic copy of the completed application package and all subsequent documentation and updates to planning@pharr-tx.gov and provide one (1) hard copy to Development Services, Planning and Zoning Division, 118 S Cage Blvd., Pharr, Texas 78577.

Property Address: Night of way of Hi-line road and a portion of South Veterans Blvd.

Subdivision Name: _____ Lot(s): _____ Block(s): _____

Survey Name and Abstract No.: _____

Current Land Use: _____

Proposed Land Use and Purpose of Annexation: Public Road Right of way.

[illegible]

OWNER INFORMATION – Please fill out a separate sheet for each owner of record

Owner(s) Name: Hidalgo Colony.

If the property ownerships is in the name of a partnership, corporation, joint venture, trust or other entity, please list the official name of the entity and the name of the managing partner.

Address: 2804 S. Business 281 City: Edinburg State: TX. Zip Code: 78539

Phone No.: _____ Cell Phone No.: _____ Email: _____

Owner's Signature: [Signature] Date: 3/21/2024

AGENT/APPLICATION AUTHORIZATION – Please check one of the following:

☐ I will represent my petition before the city staff and the Board of Commissioners of the City of Pharr

☐ I hereby authorize the person named below to act as my agent/applicant in representing this application before the city staff and the Board of Commissioners of the City of Pharr.

Note: The agent/applicant is the official contact person for this project and the single point of contact. All correspondence and communication will be conducted with the agent/applicant. If no agent is listed, the owner will be considered the agent.

Agent/Applicant's Name: _____

Company's Name (if applicable): _____

Address: _____ City: _____ State: _____ Zip Code: _____

Phone No.: _____ Cell Phone No.: _____ Email: _____

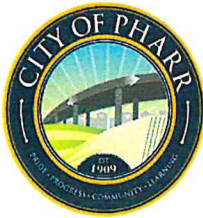
If an agent/applicant is representing the owner of the property, please complete the following information:

I hereby authorize the person named above to act as my agent/applicant in processing the application before the Board of Commissioners of the City of Pharr:

Owner's Printed Name: _____

Owner's Signature: _____ Date: _____

APPROVED BY
COMMISSIONERS COURT
ON: 3-19-24 MM
AI-94584



Pharr

Development Services



VOLUNTARY ANNEXATION PETITION (C-3)

I, Richard F. Cortez, owner of the land described below, hereby voluntarily petition the Board of Commissioners of the City of Pharr, Texas to annex the property and extend the present city limits and extraterritorial jurisdiction so as to include as part of the City of Pharr, Texas, the Property, containing approximately _____ acres of land, described as follows:

(Legal description of Property, Exhibit A, attached hereto)

I desire to enter into a written agreement for municipal services with the City of Pharr, pursuant to Section 43.0672 of the Local Government Code. If any portion of the Property is appraised for ad valorem tax purposes as agricultural, wildlife management use or timber land under Chapter 23 of the Tax Code, I certify that I was offered a development agreement pursuant to Section 43.016 of the Local Government Code and still requested annexation.

I certify that the above-described Property is contiguous and adjacent to the City of Pharr, Texas and that this petition is signed and duly acknowledged by each and every person, corporation, or entity having an ownership interest in said Property.

OWNER(S): (add additional signature lines for each owner)

Print Name (Owner) _____ Signature (Owner) Richard F. Cortez

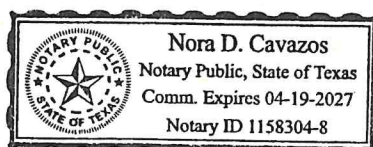
Print Name (Owner) _____ Signature (Owner) _____

NOTARY ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF Hidalgo §

BEFORE ME, the undersigned authority, on this day personally appeared Richard F. Cortez, known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of the Owner.

Given under my hand and seal office this 21st day of March, 2024.



Nora D. Cavazos

NOTARY PUBLIC in and for the
STATE OF TEXAS

Nora D. Cavazos

Printed Name

My commission expires: 04-19-27

- A. [AI-94604](#) Requesting consideration and action to award and enter into a construction contract with Mata G. Construction Inc. the lowest responsible bidder in the amount of \$400,626.16 utilizing CDBG Fiscal Years 34-35 (2021-2022) Edcouch Parks, Rec. Facility Improvement Funds. [Click to View](#)
- B. [AI-94609](#) Requesting consideration and action to award and enter into a construction contract with The 5125 Company, the lowest responsible bidder in the amount of \$515,555.00 utilizing CDBG Fiscal Years 34,35 & 36 (2021,2022,2023) Hidalgo Flood Drainage Improvements Funds. [Click to View](#)
- C. [AI-94611](#) Requesting consideration and action to award and enter into a construction contract with NM Contracting, LLC., the lowest responsible bidder in the amount of \$738,206.35 utilizing CDBG Fiscal Years 31-35 (2018- 2022) La Joya Water/Sewer (Lift Station) Funds. [Click to View](#)
- D. [AI-94617](#) Discussion, consideration, and action approving application for 2018 & 2019 Hidalgo County "Palmview Lateral" projects for Precinct No. 3 with authority for County Judge Richard F. Cortez to sign any and all documents related to the application [Click to View](#)
- E. [AI-94581](#) Requesting approval of a best and final negotiated contract for professional architect services with Milnet Architectural Services, PLLC in the amount of \$26,755.51 utilizing CDBG FY 36 (2023) City of Elsa Public Facilities Improvement Funding and approval of Work Authorization No. 1. [Click to View](#)
19. **Emergency Management:**
- A. [AI-94594](#) 1. Approval of the appointment of the Hidalgo County Local Emergency Planning Committee Board.
2. Authorization for County Judge Richard F. Cortez to sign the Local Emergency Planning Committee membership updates form for the State Emergency Response Commission c/o TDEM Operation Section. [Click to View](#)
20. **Veterans Services:**
- A. [AI-94473](#) Approval to accept the grant budget amendment, as approved by the granting agency, to the FY 2024 (7-01-2023 - 06-30-2024) Texas Veterans Commission (TVC) Funds for Veterans Assistance Grant. [Click to View](#)
21. **Auditor's Office:**
- A. [AI-94583](#) Requesting approval to submit the "Pro Rata Tobacco Settlement Distribution County Expenditure Statement - 2024" to the Department of State Health Services, and authorize the County Judge to execute the report. [Click to View](#)
22. **Planning Department:**
- A. [AI-94584](#) Discussion, consideration, and action on the Voluntary Annexation Petition Application and Checklist for the City of Pharr to facilitate the annexation of Hi-Line Road and a portion of South Veterans Blvd. by the City of Pharr. [Click to View](#)

APPROVED BY
COMMISSIONER'S COURT
ON: 3-19-24



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 7.B.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR: Jonathan Flores

Agenda Item: Consideration and action, if any, on Ordinance authorizing the issuance of the City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 and levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the obligations; setting certain parameters for the obligations; authorizing a pricing officer to approve the amount, the interest rates, price, redemption provisions and terms thereof and certain other procedures and provisions related thereto; and containing matters incident thereto. (Adoption on One Reading) **This item supports SG - Sound Governance and Fiscal Sustainability.**

Classification: Regular

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

Issue: Ordinance authorizing the issuance of combination tax and revenue certificates of obligation series 2024.

Fiscal Consideration: N/A

Staff Recommendation: Approval

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Hilda Pedraza
Ricardo Rodriguez
Jamison Merrick
City Management Office

Created/Initiated - 4/11/2024
New -

ORDINANCE NO. O-2024-_____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF PHARR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024 AND LEVYING AN ANNUAL AD VALOREM TAX, WITHIN THE LIMITATIONS PRESCRIBED BY LAW, FOR THE PAYMENT OF THE OBLIGATIONS; SETTING CERTAIN PARAMETERS FOR THE OBLIGATIONS; AUTHORIZING A PRICING OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATES, PRICE, REDEMPTION PROVISIONS AND TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AND CONTAINING MATTERS INCIDENT THERETO.

WHEREAS, the City of Pharr, Texas (the “City”), acting through its City Commission, is authorized pursuant to and in accordance with the provisions of Texas Local Government Code Chapter 271, Subchapter C, as amended (the “Act”), to issue certificates of obligation to provide all or part of the funds to pay contractual obligations to be incurred for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, land and rights-of-way for authorized needs and purposes and for the payment of contractual obligations for professional services, to wit: (i) street signals, signage, and city lighting, (ii) streets, drainage, and utility improvements to City streets and roads, (iii) improvements and repairs to the City’s recreational park system, (iv) public safety improvements, and (v) the design, engineering, acquisition, construction, and equipping of the expansion of the City owned International Bridge System including new lanes; and

WHEREAS, the City Commission authorized the publication of a notice of intention to issue Combination Tax and Revenue Certificates of Obligation, Series 2024 (the “Certificates”) to the effect that the City Commission was tentatively scheduled to meet at 4:00 p.m. on April 15, 2024, at its regular meeting place to adopt an ordinance authorizing the issuance of the Certificates to be payable from (i) an ad valorem tax levied, within the limits prescribed by law, on the taxable property located within the City, and (ii) the revenues to be derived from the City’s waterworks and sewer system (the “Waterworks and Sewer System”) after the payment of all operation and maintenance expenses thereof (the “Net Revenues”) in an amount not to exceed \$1,000, provided that the pledge of Net Revenues is and shall be junior and subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates; and

WHEREAS, such notice was published at the times and in the manner required by the Act; and

WHEREAS, no petition signed by at least five percent (5%) of the qualified voters of the City has been filed with or presented to any official of the City protesting the issuance of such Certificates on or before April 15, 2024 or the date of passage of this Ordinance; and

WHEREAS, the City is authorized by Section 1502.052, Texas Government Code, as amended, to pledge the revenues of the Waterworks and Sewer System to the payment of certificates; and

WHEREAS, the City has a principal amount of at least \$100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore, the City qualifies as an “Issuer” under Chapter 1371, Texas Government Code; and

WHEREAS, pursuant to the authority provided by the Act, the City deems it necessary and advisable to authorize one or more Pricing Officers to execute a Pricing Certificate within the parameters established herein with respect to one or more series of Certificates; and

WHEREAS, the City has determined that it is in the best interests of the City and that it is otherwise desirable to issue the Certificates to provide all or part of the funds to pay contractual obligations to be incurred for the purposes authorized by the Act.

NOW THEREFORE, BE IT ORDAINED BY THE COMMISSION OF THE CITY OF PHARR, TEXAS:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1: Definitions. As used herein, the following terms shall have the meanings specified, unless the context clearly indicates otherwise:

“Act” shall mean Texas Local Government Code, Chapter 271, Subchapter C, as amended.

“Attorney General” shall mean the Attorney General of the State of Texas.

“Certificate” or “Certificates” shall mean any or all of the City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024, authorized by this Ordinance.

“City” shall mean the City of Pharr, Texas and, where appropriate, its City Commission.

“City Commission” shall mean the governing body of the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Comptroller” shall mean the Comptroller of Public Accounts of the State of Texas.

“Construction Fund” shall mean the Combination Tax and Revenue Certificates of Obligation, Series 2024 Construction Fund established by the City and described in Section 4.3 of this Ordinance.

“Debt Service Fund” shall mean the Combination Tax and Revenue Certificates of Obligation, Series 2024 Debt Service Fund established by the City and described in Section 4.2 of this Ordinance.

“Fiscal Year” shall mean the City’s then designated fiscal year, which currently is the twelve-month period beginning on the first day of October of a calendar year and ending on the last day of September of the next succeeding calendar year and each such period may be designated with the number of the calendar year in which such period ends.

“Interest Payment Date,” when used with respect to the Certificates, shall mean the date(s) determined by a Pricing Officer and set forth in the Pricing Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Ordinance” shall mean this Ordinance and all amendments hereof and supplements hereto.

“Outstanding” when used with reference to the Certificates, shall mean, as of a particular date, all Certificates theretofore and thereupon delivered pursuant to this Ordinance except: (a) any Certificates canceled by or on behalf of the City at or before such date; (b) any Certificates defeased pursuant to the defeasance provisions of this Ordinance or otherwise defeased as permitted by applicable law; and (c) any Certificates in lieu of or in substitution for which a replacement Certificate shall have been delivered pursuant to this Ordinance.

“Paying Agent/Registrar” shall mean the paying agent/registrar authorized by a Pricing Officer in a Pricing Certificate and its successors in the capacities of paying agent and registrar for the Certificates.

“Pricing Certificate” shall mean the certificate signed by the Pricing Officer and containing the information regarding the Certificates specified herein.

“Pricing Officer” shall mean one or more of the following: the Mayor of the City or the City Manager.

“Purchaser” shall mean the underwriting syndicate named on the cover page of the Official Statement authorized pursuant to Section 6.2 hereof.

“Record Date” shall mean the close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date.

“Register” shall mean the registration books for the Certificates kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts registered to, each Registered Owner of Certificates.

“Registered Owner” shall mean the person or entity in whose name any Certificate is registered in the Register.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

Section 1.2: Interpretations. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Certificates and the validity of the levy of ad valorem taxes to pay the principal of and interest on the Certificates.

Section 1.3: Recitals Incorporated. The recitals to this Ordinance are hereby approved by the City Commission and incorporated into and made a part of this Ordinance.

ARTICLE II

TERMS OF THE CERTIFICATES

Section 2.1: Authorization. The Certificates shall be issued in fully registered form, without coupons, under and pursuant to the authority of Chapter 1371, et seq., Texas Government Code and Chapter 271, Subchapter C, Texas Local Government Code, as amended, in the total authorized aggregate principal amount of not to exceed Fifty Million Dollars (\$50,000,000) to provide all or part of the funds to pay contractual obligations to be incurred for (i) street signals, signage, and city lighting, (ii) streets, drainage, and utility improvements to City streets and roads, (iii) improvements and repairs to the City’s recreational park system, (iv) public safety improvements, and (v) the design, engineering, acquisition, construction, and equipping of the expansion of the City owned International Bridge System including new lanes.

Section 2.2: Delegation of Authority. As authorized by Chapter 1371, Texas Government Code, as amended, a Pricing Officer is hereby authorized to act on behalf of the City in selling and delivering the Certificates in one or more series/installments, as taxable or tax-exempt Certificates. The authority granted to the Pricing Officer hereunder shall expire 180 days for the date of the approval of this Ordinance (the “Expiration Date”). Certificates sold pursuant to a Purchase Agreement in a negotiated sale of the Certificates executed on or before the Expiration Date may be delivered after such date. The Pricing Officer’s authority to sell and deliver the Certificates is subject to the conditions and carrying out the other procedures as set forth below.

Section 2.3: Designation. The Certificates shall be designated as “City of Pharr, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024,” or otherwise as determined by the Pricing Officer in the Pricing Certificate.

Section 2.4: Date, Denomination, Interest Rates, and Maturities. The Certificates shall be dated as set out in the Pricing Certificate, shall mature on the dates in each of the years and in the amounts set out in the Pricing Certificate, shall be subject to prior optional and mandatory sinking fund redemption on the dates, for the redemption prices and in the amounts, set out in the Pricing Certificate, and shall bear interest at rates and from their issue date as set out in the Pricing Certificate payable on each Interest Payment Date.

Section 2.5: Selling and Delivering Certificates. The Pricing Officer shall determine all other matters not expressly provided in this Ordinance relating to the issuance, sale, and delivery of the Certificates, all of which shall be specified in the Pricing Certificate; provided that:

- (1) the price to be paid for the Certificates shall not be less than 95% of the aggregate original principal amount of the Certificates plus accrued interest thereon from their date to their delivery;
- (2) the net effective interest rate on the Certificates shall not exceed 7.00%; and
- (3) the aggregate principal amount of all series of the Certificates may not exceed the maximum principal amount authorized in Section 2.1 hereof, and such amount plus any net premium from the sale of the Certificates and any available funds of the City, must be sufficient to provide amounts necessary to fund the costs and expenses of the projects set forth in Section 2.1, and the costs of issuance of the Certificates, including underwriters' discount.
- (4) no Certificate shall mature more than forty (40) years after the dated date thereof.

Section 2.6: Sale of the Certificates.

(1) A Pricing Officer, acting severally and individually, is authorized to designate in the Pricing Certificate and Purchase Agreement the senior managing underwriter for the Certificates and such additional underwriters as he or she deems appropriate and to assure that the Certificates are sold on the most advantageous terms to the City; and, a Pricing Officer, acting severally and individually, for and on behalf of the City, is authorized to execute and deliver the Purchase Agreement providing for the sale of Certificates at such price, with and subject to such terms as determined by a Pricing Officer pursuant to this Section. Such Purchase Agreement shall be substantially in the form and substance previously approved by the City (as determined by Bond Counsel) with such changes as are acceptable to a Pricing Officer.

(2) The obligation of the Underwriter to accept delivery of the Certificates shall be subject to the Underwriter being furnished with the final, approving opinion of the Perez Law Firm, PLLC, Bond Counsel for the City, which opinion shall be dated as of and delivered on the date of delivery of the Certificates to the Underwriter. The engagement of such firm as Bond Counsel for the City in connection with the issuance, sale, and delivery of the Certificates has previously been approved and is hereby ratified and confirmed.

(3) The City hereby acknowledges that, as determined by a Pricing Officer, the sale of the Certificates may be contingent upon the issuance of a policy of municipal bond insurance. A Pricing Officer is authorized to apply for and pay any costs associated with one or

more municipal bond insurance policies to guarantee the payment of the principal of and interest on the Certificates, which guarantee or insurance shall be specified in the Pricing Certificate; and, any acts of a Pricing Officer relating to applications for any such insurance are hereby authorized, approved, ratified and confirmed. The Pricing Certificate may contain provisions related to the bond insurance policies, if any, including payment provisions thereunder, and the rights of the bond insurer(s), and any such provisions shall be read and interpreted as an integral part of this Ordinance. The appropriate officials and representatives of the City are hereby authorized and directed to execute such commitments, agreements (including reimbursement agreements), certificates and other documents and to do any and all things necessary or desirable to obtain any such guarantee or insurance, and the printing on the Certificates of an appropriate legend or statement regarding such insurance, as provided by the bond insurer for the Certificates, is hereby approved.

(4) The Pricing Officers, each acting severally and individually, and the City's financial advisor are hereby authorized to take such action as they deem necessary or appropriate in seeking ratings on the Certificates from one or more nationally recognized rating agencies, and any such action is hereby ratified and confirmed.

Section 2.7 Use of Proceeds. Proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be applied as follows:

(1) Proceeds in the amount determined by a Pricing Officer shall be used for the purposes described in Sections 2.1.

(2) An amount equal to the costs of issuance of the Certificates, including underwriter's discount, as approved by the City, shall be applied to pay such costs as the City may arrange; and

(3) Any proceeds of the Certificates remaining after making all such deposits and payments described above shall be deposited into the Debt Service Fund.

Section 2.8: Manner of Payment, Characteristics, Execution, and Authentication. The Certificates shall be payable, shall have the characteristics and shall be executed, sealed, registered, and authenticated, all as provided and in the manner indicated in the FORM OF CERTIFICATES set forth in Article III of this Ordinance. If any officer of the City whose manual or facsimile signature shall appear on the Certificates shall cease to be such officer before the authentication of the Certificates or before the delivery of the Certificates, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

The approving legal opinion of the Perez Law Firm, PLLC, McAllen, Texas, Bond Counsel, may be printed on the back of the Certificates over the certification of the City Clerk, which may be executed in facsimile, and the engagement of Bond Counsel in connection with the issuance of the Certificates is hereby authorized and approved. CUSIP numbers also may be printed on the Certificates, but errors or omissions in the printing of either the opinion or the numbers shall have no effect on the validity of the Certificates.

Section 2.9: Authentication. Except for the Certificates to be initially issued, which need not be authenticated by the Paying Agent/Registrar, only such Certificates as shall bear thereon a certificate of authentication, substantially in the form provided in Article III of this Ordinance, manually executed by an authorized representative of the Paying Agent/Registrar, shall be entitled to the benefits of this Ordinance or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Certificate so authenticated was delivered by the Paying Agent/Registrar hereunder.

Section 2.10: Ownership. The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of the principal thereof and interest thereon and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Certificate in accordance with this Section shall be valid and effective and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

The City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of Certificates, premium, if any, and interest on the Certificates only to or upon the order of the respective owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an owner shall receive a Certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance.

Section 2.11: Registration, Transfer and Exchange. The Paying Agent/Registrar is hereby appointed the registrar for the Certificates. So long as any Certificate remains Outstanding, the Paying Agent/Registrar shall keep the Register at its principal corporate trust office in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Certificates in accordance with the terms of this Ordinance.

Each Certificate shall be transferable only upon the presentation and surrender thereof at the principal corporate trust office of the Paying Agent/Registrar, accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Certificate for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours after such presentation, a new Certificate or Certificates, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Certificate or Certificates so presented and surrendered.

All Certificates shall be exchangeable upon the presentation and surrender thereof at the principal corporate trust office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Certificate or Certificates presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Certificates in accordance with the provisions of this Section. Each Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

All Certificates issued in transfer or exchange shall be delivered to the Registered Owners thereof at the principal corporate trust office of the Paying Agent/Registrar or sent by United States mail, first class, postage prepaid.

The City or the Paying Agent/Registrar may require the Registered Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Certificate. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

The Paying Agent/Registrar shall not be required to transfer or exchange any Certificate called for redemption in whole or in part during the forty-five (45) day period immediately prior to the date fixed for redemption; provided, however, that this restriction shall not apply to the transfer or exchange by the Registered Owner of the unredeemed portion of a Certificate called for redemption in part.

Section 2.12: Replacement Certificates. Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefore a replacement Certificate, of the same maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Registered Owner of such Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar and the City.

If any Certificate is lost, apparently destroyed or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and ordinances of the City, and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall execute, and the Paying Agent/Registrar shall authenticate and deliver, a replacement Certificate of the same maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Registered Owner thereof shall have:

furnished to the City and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction, or theft of such Certificate; and

furnished such security or indemnity as may be required by the Paying Agent/Registrar and the City to save and hold them harmless; and

paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and

met any other reasonable requirements of the City and the Paying Agent/Registrar.

If, after the delivery of such replacement Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Certificate from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed, or wrongfully taken Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Certificate, authorize the Paying Agent/Registrar to pay such Certificate.

Each replacement Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 2.13: Cancellation. All Certificates paid or redeemed in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment or redemption. The Paying Agent/Registrar shall periodically furnish the City with certificates of destruction of such Certificates.

ARTICLE III

FORM OF CERTIFICATES

The form of the Certificates, including the Form of Comptroller's Registration Certificate, Form of Paying Agent/Registrar's Authentication Certificate, and Form of Assignment shall be, respectively, substantially as shown in Exhibit A hereto, with such additions, deletions, and variations, including an insurance legend or statement, if any, as may be necessary or desirable and not prohibited by this Ordinance.

ARTICLE IV

SECURITY FOR THE CERTIFICATES

Section 4.1: Pledge and Levy of Taxes and Revenues. To provide for the payment of principal of and interest on the Certificates, there is hereby levied, within the limits prescribed by law, for the current year and each succeeding year thereafter, while the Certificates or any part of the principal thereof and the interest thereon remain outstanding and unpaid, an ad

valorem tax upon all taxable property within the City sufficient to pay the interest on the Certificates and to create and provide a sinking fund of not less than 2% of the principal amount of the Certificates or not less than the principal payable out of such tax, whichever is greater, with full allowance being made for tax delinquencies and the costs of tax collection, and such taxes, when collected, shall be applied to the payment of principal of and interest on the Certificates by deposit to the Debt Service Fund (hereinafter defined) and to no other purpose.

The City hereby declares its purpose and intent to provide and levy a tax legally sufficient to pay the principal of and interest on the Certificates, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax. As long as any Certificates remain outstanding, all moneys on deposit in, or credited to, the Debt Service Fund shall be secured by a pledge of security, as provided by law for cities in the State of Texas.

In addition, the City also hereby pledges the revenues to be derived from the Waterworks and Sewer System, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), in an amount not to exceed \$1,000, to the payment of the principal of and interest on the Certificates, provided that the pledge of Net Revenues is and shall be junior and subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind, secured in whole or in part by a pledge of Net Revenues, that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates.

To pay the interest coming due on the Certificates prior to receipt of the taxes levied to pay such interest, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such interest, and such amount shall be used for no other purpose.

Section 4.2: Debt Service Fund. The Combination Tax and Revenue Certificates of Obligation, Series 2024 Debt Service Fund (the "Debt Service Fund") is hereby created as a special fund solely for the benefit of the Certificates. The City shall establish and maintain such fund at an official City depository and shall keep such fund separate and apart from all other funds and accounts of the City. Any amount on deposit in the Debt Service Fund shall be maintained by the City in trust for the Registered Owners of the Certificates. Such amount, plus any other amounts deposited by the City into such fund and any and all investment earnings on amounts on deposit in such fund, shall be used only to pay the principal of, premium, if any, and interest on the Certificates.

Section 4.3: Construction Fund. The Combination Tax and Revenue Certificates of Obligation, Series 2024 Construction Fund (the "Construction Fund") is hereby created as a special fund of the City. Money on deposit in the Construction Fund shall be used only for the purposes set forth in Section 2.1 of this Ordinance. Money on deposit in the Construction Fund may, at the option of the City, be invested as permitted by Texas law, provided that all such

deposits and investments shall be made in such manner that the money required to be expended from the Construction Fund will be available at the proper time or times.

All interest and income derived from such deposits and investments shall remain in the Construction Fund, except that, to the extent required by law, such interest and income may be applied to make such payments to the United States of America as shall be required to assure that interest on the Certificates is exempt from federal income taxation. Upon the completion of the purposes set forth in Section 2.1 of this Ordinance, any surplus funds on deposit in the Construction Fund shall be transferred into the Debt Service Fund.

Section 4.4: Further Proceedings. After the Certificates to be initially issued have been executed, it shall be the duty of the Mayor to deliver the Certificates to be initially issued and all pertinent records and proceedings to the Attorney General for examination and approval. After the Certificates to be initially issued shall have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Certificates to be initially issued, the Comptroller (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be affixed or attached to the Certificates to be initially issued, and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

ARTICLE V

CONCERNING THE PAYING AGENT/REGISTRAR

Section 5.1: Acceptance. The Paying Agent/Registrar Agreement shall be substantially in the form attached hereto as Exhibit B, the terms and provisions of which are hereby approved, and the Mayor is hereby authorized to execute and deliver such Paying Agent/Registrar Agreement on behalf of the City in multiple counterparts and the City Clerk is hereby authorized to attest thereto and affix the City's seal. Such initial Paying Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of any fees pursuant to the terms of any contract between the Paying Agent/Registrar and the City and/or the deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to abide by the terms of this Ordinance.

Section 5.2: Trust Funds. All money transferred to the Paying Agent/Registrar in its capacity as Paying Agent/Registrar for the Certificates under this Ordinance (except any sums representing Paying Agent/Registrar's fees) shall be held in trust for the benefit of the Registered Owners of the Certificates and shall be disbursed in accordance with this Ordinance.

Section 5.3: Certificates Presented. Subject to the provisions of Section 5.4, all matured Certificates presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the City. Such Certificates shall be canceled as provided herein.

Section 5.4: Unclaimed Funds Held by the Paying Agent/Registrar. Funds held by the Paying Agent/Registrar that represent principal of and interest on the Certificates remaining

unclaimed by the Registered Owner thereof after the expiration of three years from the date such funds have become due and payable (a) shall be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, such funds shall be paid by the Paying Agent/Registrar to the City upon receipt by the Paying Agent/Registrar of a written request therefor from the City.

The Paying Agent/Registrar shall have no liability to the Registered Owners of the Certificates by virtue of actions taken in compliance with this Section.

Section 5.5: Paying Agent/Registrar May Own Certificates. The Paying Agent/Registrar in its individual or any other capacity, may become the owner or pledgee of Certificates with the same rights it would have if it were not the Paying Agent/Registrar.

Section 5.6: Successor Paying Agents/Registrars. The City covenants that at all times while any Certificates are Outstanding it will provide a legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar for the Certificates. The City reserves the right to change the Paying Agent/Registrar for the Certificates on not less than sixty (60) days' written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Certificates. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Registered Owner, by United States mail, first class, postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Ordinance.

ARTICLE VI

PROVISIONS CONCERNING CERTIFICATES

Section 6.1: Approval, Registration, and Delivery. The Mayor is hereby authorized to have control and custody of the Certificates and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor and other officers and employees of the City are hereby authorized and directed to make such certifications and to execute such instruments as may be necessary to accomplish the delivery of the Certificates and to assure the investigation, examination and approval thereof by the Attorney General and the registration of the initial Certificates by the Comptroller. Upon registration of the Certificates, the Comptroller (or the Comptroller's clerk or an assistant clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificates prescribed herein to be attached or affixed to each Certificates initially delivered and the seal of the Comptroller shall be impressed or printed or lithographed thereon.

Section 6.2: Approval of Official Statement. The City hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement, or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively

evidenced by his execution thereof. The form and content of and the distribution and use of the Preliminary Official Statement prior to the date hereof is hereby ratified and confirmed.

Section 6.3: Tax Exemption. The City intends that the interest on the Certificates shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and all applicable temporary, proposed, and final regulations (the “Regulations”) and procedures promulgated thereunder and applicable to the Certificates. For this purpose, the City covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Certificates (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Certificates) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Certificates to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Certificates for federal income tax purposes. Without limiting the generality of the foregoing, the City shall comply with each of the following covenants:

- (a) The City will use all of the proceeds of the Certificates to (i) provide funds for the purposes described in Section 2.1 of this Ordinance, which will be owned and operated by the City and (ii) to pay the costs of issuing the Certificates. The City will not use any portion of the proceeds of the Certificates to pay the principal of or interest or redemption premium on, any other obligation of the City or a related person.
- (b) The City will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Certificates to constitute “private activity bonds” within the meaning of Section 141(a) of the Code.
- (c) Principal of and interest on the Certificates will be paid solely from ad valorem taxes collected by the City, investment earnings on such collections, and as available, proceeds of the Certificates.
- (d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Certificates are delivered, the City reasonably expects that the proceeds of the Certificates will not be used in a manner that would cause the Certificates or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code.
- (e) At all times while the Certificates are outstanding, the City will identify and properly account for all amounts constituting gross proceeds of the Certificates in accordance with the Regulations. The City will monitor the yield on the investments of the proceeds of the Certificates and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Certificates. To the extent necessary to prevent the Certificates from constituting “arbitrage bonds,” the City will make such payments as are necessary to cause the yield on all yield restricted non-purpose

investments allocable to the Certificates to be less than the yield that is materially higher than the yield on the Certificates.

- (f) The City will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Certificates to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.
- (g) The City represents that not more than fifty percent (50%) of the proceeds of the Certificates will be invested in non-purpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the City reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Certificates will be used to carry out the governmental purpose of the Certificates within the three-year period beginning on the date of issue of the Certificates.
- (h) The City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Certificates, if any, be rebated to the federal government. Specifically, the City will
 - (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Certificates as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the City allocable to other obligations of the City or moneys which do not represent gross proceeds of any obligations of the City and retain such records for at least six years after the day on which the last outstanding Certificate is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Certificates and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the City will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.
- (i) The City will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm’s length and had the yield on the Certificates not been relevant to either party.

- (j) The City will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Certificates on such form and in such place as the Secretary may prescribe.
- (k) The City will not issue or use the Certificates as part of an “abusive arbitrage device” (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Certificates are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.
- (l) Proper officers of the City charged with the responsibility for issuing the Certificates are hereby directed to make, execute, and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Certificates and stating whether there are facts, estimates or circumstances that would materially change the City’s expectations. On or after the date of issuance of the Certificates, the City will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.
- (m) The covenants and representations made or required by this Section are for the benefit of the Certificate holders and any subsequent Certificate holder and may be relied upon by the Certificate holders and any subsequent Certificate holder and bond counsel to the City.

In complying with the foregoing covenants, the City may rely upon an unqualified opinion issued to the City by the Perez Law Firm, PLLC, a red book recognized bond counsel that any action by the City or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Certificates to be includable in gross income for federal income tax purposes under existing law. The Perez Law Firm, PLLC may contract outside Special Tax Counsel to render a tax opinion.

Notwithstanding any other provision of this Ordinance, the City’s representations and obligations under the covenants and provisions of this Section 6.5 shall survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the exclusion of interest on the Certificates from the gross income of the owners for federal income tax purposes.

Section 6.4: Related Matters. In order that the City shall satisfy in a timely manner all of its obligations under this Ordinance, the Mayor, City Clerk, and all other appropriate officers, agents, representatives and employees of the City are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance and delivery of the Certificates, including, without limitation, executing and delivering on behalf of the City all certificates, consents, receipts, requests, notices, and other documents as may be reasonably

necessary to satisfy the City's obligations under this Ordinance and to direct the transfer and application of funds of the City consistent with the provisions of this Ordinance.

ARTICLE VII

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking. The Certificates will be subject to a continuing disclosure undertaking in conformity with the Rule and the provisions of this Article VIII. As used in this Article, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(a) The City will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the official statement authorized by this Ordinance, under the under Tables numbered 1 through 6, 8 through 15, and in Appendix B. The City shall update such information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles prescribed by the Texas State Board of Education or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City shall provide unaudited financial statements for the applicable fiscal year by the required time and audited financial statements when and if audited financial statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB's internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(b) The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies;

- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

As used in clause (12), above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the City, or if jurisdiction has been assumed by leaving the City Commission and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The City intends that the words used in clauses (15) and (16), above, and the definition of Financial Obligation in this Ordinance have the

same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 8.1(a) hereof by the time required by Section 8.1(a) hereof.

(c) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by this Section of any Certificate calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under the Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended to or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(d) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as

such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Certificates. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

ARTICLE VIII

MISCELLANEOUS

Section 8.1: Defeasance. The City may defease the provisions of this Ordinance and discharge its obligations to the Registered Owners of any or all of the Certificates to pay the principal of and interest thereon in any manner now or hereafter permitted by law, including by depositing with the Paying Agent/Registrar or with the State Treasurer of the State of Texas either:

- (a) cash in an amount equal to the principal amount of such Certificates plus interest thereon to the date of maturity or redemption; or
- (b) pursuant to an escrow or trust agreement, cash and/or (i) direct noncallable obligations of United States of America, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iii) noncallable obligations of a state or an agency or a City, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, which, in the case of (i), (ii) or (iii), may be in book-entry form, and the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same

time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of and interest thereon to the date of maturity or earlier redemption;

provided, however, that if any of the Certificates are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in this Ordinance. Upon such deposit, such Certificates shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the City.

Section 8.2: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Registered Owners from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Registered Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Registered Owners who own in the aggregate 51% of the principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Registered Owners of Outstanding Certificates, no such amendment, addition, or rescission shall extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, give any preference to any Certificate over any other Certificate, or reduce the aggregate principal amount of Certificates required to be held by Registered Owners for consent to any such amendment, addition, or rescission.

Section 8.3: Legal Holidays. In any case where the date interest accrues and becomes payable on the Certificates or principal of the Certificates matures or the date fixed for redemption of any Certificates or a Record Date shall be in the City a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date, or the Record Date shall not occur on such date, but payment may be made or the Record Date shall occur on the next succeeding day which is not in the City a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized by law to close with the same force and effect as if (i) made on the date of maturity or the date fixed for redemption and no interest shall accrue for the period from the date of maturity or redemption to the date of actual payment or (ii) the Record Date had occurred on the fifteenth day of that calendar month.

Section 8.4: No Recourse Against City Officials. No recourse shall be had for the payment of principal of or interest on any Certificates or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Certificates.

Section 8.5: Further Proceedings. The Mayor, City Clerk, and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Ordinance.

Section 8.6: Severability. If any Section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 8.7: Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the City Commission at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at City Hall for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Commission further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 8.8: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 8.9: Effective Date. This Ordinance shall be in force and effect from and after its passage on the date shown below.

Section 8.10: Preamble. The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct.

[signature page follows]

PASSED AND APPROVED on this 15th day of April 2024.

CITY OF PHARR, TEXAS

Mayor

ATTEST

City Clerk

(SEAL)

EXHIBIT A

FORM OF CERTIFICATE

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF PHARR, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2024

REGISTERED NUMBER

¹R-

REGISTERED DENOMINATION

\$ _____

²INTEREST
RATE:

_____ %

DATED
DATE:

INTEREST
ACCRUES

FROM:
Date of Delivery

²MATURITY
DATE:

²CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

³THE CITY OF PHARR, TEXAS, a municipal corporation of the State of Texas (the “City”), for value received, hereby promises to pay to the Registered Owner identified above or its registered assigns, on the maturity date specified above, upon presentation and surrender of this Certificate at the principal corporate trust office of _____, or its successor (the “Paying Agent/Registrar”), the principal amount identified above payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due to the United States of America, and to pay interest thereon at the rate shown above, calculated on a basis of a 360-day year composed of twelve 30-day months, from the later of the date of their delivery or the most recent interest payment date to which interest

¹ Initial Certificate shall be numbered T-1.

² Omitted from the Initial Certificate.

³ The first sentence of the Initial Certificate shall read as follows:

“THE CITY OF PHARR, TEXAS, a municipal corporation of the State of Texas (the “City”), for value received, hereby promises to pay to the Registered Owner identified above or its registered assigns, on _____ of each of the years and in the principal amounts set forth in the following schedule: **[Insert information regarding years of maturity, principal amounts and interest rates from Section 2.3 of the Ordinance]**, upon presentation and surrender of this Certificate at the principal corporate trust office of _____, or its successor (the “Paying Agent/Registrar”), payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due to the United States of America, and to pay interest thereon at the rate shown above, calculated on a basis of a 360-day year composed of twelve 30-day months, from the later of the date of their delivery or the most recent interest payment date to which interest has been paid or duly provided for.”

has been paid or duly provided for. Interest on this Certificate is payable on _____ and each August 15 and February 15 thereafter until maturity of this Certificate, by check sent by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to the Registered Owner of record as of the close of business on the fifteenth calendar day of the calendar month immediately preceding the applicable interest payment date, as shown on the registration books kept by the Paying Agent/Registrar. Any accrued interest payable at maturity shall be paid upon presentation and surrender of this Certificate at the principal corporate trust office of the Paying Agent/Registrar.

THIS CERTIFICATE IS ONE OF A DULY AUTHORIZED SERIES OF CERTIFICATES (the "Certificates") in the aggregate principal amount of \$_____ issued pursuant to an ordinance adopted by the City Commission of the City on April 15, 2024 (the "Ordinance") for the purpose of providing all or part of the funds to pay contractual obligations to be incurred for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, land and rights-of-way for authorized needs and purposes and for the payment of contractual obligations for professional services, to wit: (i) street signals, signage, and city lighting, (ii) streets, drainage, and utility improvements to City streets and roads, (iii) improvements and repairs to the City's recreational park system, (iv) public safety improvements, and (v) the design, engineering, acquisition, construction, and equipping of the expansion of the City owned International Bridge System including new lanes;

⁴THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity the Certificates maturing on or after _____, in whole or in part, in principal installments of \$5,000 or any integral multiple thereof, on _____, or any date thereafter, at a price equal to the principal amount of the Certificates or portions thereof called for redemption plus accrued interest to the date of redemption.

CERTIFICATES MAY BE REDEEMED IN PART only in integral multiples of \$5,000. If a Certificate subject to redemption is in a denomination larger than \$5,000, a portion of such Certificate may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Certificates for redemption, each Certificate shall be treated as representing that number of Certificates of \$5,000 denomination which is obtained by dividing the principal amount of such Certificate by \$5,000. Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

⁴ In the Initial Certificate, this paragraph shall read: "THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto."

NOTICE OF ANY SUCH REDEMPTION, identifying the Certificates or portions thereof to be redeemed, shall be sent by United States mail, first class, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying Agent/Registrar, not less than thirty (30) days before the date fixed for such redemption. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the redemption price of the Certificates called for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Certificates which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid with the funds so provided for such payment.

THIS CERTIFICATE IS TRANSFERABLE only upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, accompanied by an assignment duly executed by the Registered Owner or its authorized representative, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE IS EXCHANGEABLE at the principal corporate trust office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THE PAYING AGENT/REGISTRAR is not required to accept for transfer or exchange any Certificate called for redemption, in whole or in part, during the forty-five (45) day period immediately prior to the date fixed for redemption; provided, however, that such limitation shall not apply to the transfer or exchange by the Registered Owner of an unredeemed portion of a Certificate called for redemption in part.

THE CITY OR PAYING AGENT/REGISTRAR may require the Registered Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of a Certificate. Any fee or charge of the Paying Agent/Registrar for a transfer or exchange shall be paid by the City.

THE REGISTERED OWNER of this Certificate by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

IT IS HEREBY DECLARED AND REPRESENTED that this Certificate has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, exist and to be done precedent to or in the issuance and delivery of this Certificate have been performed, exist and have been done in accordance with law; that the Certificates do not exceed any constitutional or statutory limitation; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied, within the limits prescribed by law, against all taxable property in the City and have been irrevocably pledged for such payment.

IT IS FURTHER DECLARED AND REPRESENTED that the revenues to be derived from the City's waterworks and sewer system, after the payment of all operation and maintenance expenses thereof (the "Net Revenues"), in an amount not to exceed \$1,000, are pledged to the payment of the principal of and interest on the Certificates provided that the pledge of Net Revenues is and shall be junior and subordinate in all respects to the pledge of Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Net Revenues to the payment of the Certificates. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind, secured in whole or in part by a pledge of Net Revenues, that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing the Certificates.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is filed with the Paying Agent/Registrar, for the full provisions thereof, to all of which the Registered Owners of the Certificates assent by acceptance of the Certificates.

IN WITNESS WHEREOF, the City has caused its corporate seal to be impressed or placed in facsimile hereon and this Certificate to be signed by the Mayor and countersigned by the City Clerk by their manual, lithographed or printed facsimile signatures.

CITY OF PHARR, TEXAS

Mayor

(SEAL)

COUNTERSIGNED:

City Clerk

* * *

⁵FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE

The following form of Comptroller's Registration Certificate shall be attached or affixed to each of the Certificates initially delivered:

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I hereby certify that this certificate has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this certificate has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

* * *

⁶FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

The following form of authentication certificate shall be printed on the face of each of the Certificates other than those initially delivered:

AUTHENTICATION CERTIFICATE

This Certificate is one of the Certificates described in and delivered pursuant to the within mentioned Ordinance; and, except for the Certificates initially delivered, this Certificate has been issued in exchange for or replacement of a Certificate, Certificates, or a portion of a Certificate or Certificates of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

[_____] _____
as Paying Agent/Registrar
By _____
Authorized Signature
Date of Authentication: _____

* * *

⁵ The Comptroller's Registration Certificate shall only be attached to the Initial Certificate.

⁶ Omitted from the Initial Certificate.

⁷FORM OF ASSIGNMENT

The following form of assignment shall be printed on the back of each of the Certificates:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer such certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Registered Owner

NOTICE: The signature above must correspond to the name of the Registered Owner as shown on the face of this certificate in every particular, without any alteration, enlargement or change whatsoever.

* * *

FORM OF STATEMENT OF INSURANCE

TBD

⁷ Omitted from the Initial Certificate.

EXHIBIT B

PAYING AGENT/REGISTRAR AGREEMENT

SEE TAB __



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 7.C.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

FROM: Cynthia Speedon, Administrative Assistant

DEPARTMENT: GMCD

DIRECTOR: Cynthia Garza

Agenda Item: Consideration and action, if any, on Ordinance amending Ordinance No. O-2022-40 adopting Grants Management Policies and Procedures Manual (Adoption on One Reading). **This item supports SG - Sound Governance and Fiscal Sustainability.**

Classification: Consent

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

Issue: The section for CDBG program was amended to include additional language recommended by HUD

Fiscal Consideration: n/a

Staff Recommendation: Staff recommends approval

Alternatives: n/a

Exclude Material from Public Packet? No

Reason: n/a

ROUTING:

Cynthia Speedon

Cynthia Garza

Hilda Pedraza

Ricardo Rodriguez

Jamison Merrick

City Management Office

Created/Initiated - 4/11/2024

Approved - 4/12/2024

Approved - 4/12/2024

New -

ORDINANCE NO. O-2024-__

AN ORDINANCE AMENDING ORDINANCE NO. O-2022-40 PROVIDING FOR THE DELEGATION OF THE DUTIES OF THE CITY MANAGER AS GRANTS MANAGEMENT; ADOPTING THE CITY OF PHARR GRANTS MANAGEMENT POLICIES & PROCEDURES MANUAL AS THE AUTHORITATIVE GUIDE TO GRANTS MANAGEMENT; INCLUSION IN PHARR CODE OF ORDINANCES; INCORPORATION OF OTHER ORDINANCES; REPEALING CONFLICTING ORDINANCES; SEVERABILITY; AND EFFECTIVE DATE

NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSIONERS OF THE CITY OF THE CITY OF PHARR TEXAS, THAT:

Section 1: The City Manager or his designated representative shall act as Grants Management agent for the City of Pharr. These grant management policies and procedures manual outline the administrative Standard Operating Procedures (SOPs) with respect to grants and related activities for the City of Pharr (the “City”). This grant management policies and procedures manual aims to develop, implement, and maintain meaningful grant oversight and coordination for the City, thereby increasing grant-related revenues, limiting the City’s exposure to grant-related legal liability, and improving the efficiency and impact of programs and services funded through grants. Regulations for grants the use of grant funds outlined in this manual shall apply to all activities financed by any funds for which the City of Pharr has grantee responsibility, including state, federal, or private grants, unless the terms of the said grant require differently. Therefore, the City of Pharr shall adopt such rules and regulations as they deem necessary governing requisitions and business transactions between themselves and the City's department heads, officers, and employees.

SECTION 2: REPEALING CLAUSE. This Ordinance and the attached grants management policies and procedures manual shall be enforced and applied to all

personnel and agents of the City of Pharr and vendors. This Ordinance shall incorporate herein all other ordinances that exist in the Pharr Code of Ordinances not in direct conflict with this Ordinance as such are hereby abolished and repealed to the extent of the conflict, and this Ordinance shall supersede any provisions in conflict herewith. All other provisions of the above-described Ordinance shall remain in full force and effect.

SECTION 3: SEVERABILITY CLAUSE. The invalidity of any section, clause, sentence, or provision of this ordinance shall not affect the validity of any sections, parts, or conditions of this Ordinance.

SECTION 4: PUBLICATION, EFFECTIVE DATE. The requirement that this Ordinance is to be read on three (3) separate meetings is hereby waived and dispensed with and this Ordinance shall take effect and be in full force immediately after approval and passage. Publication, if necessary, may also be in caption form as allowed under Section 9 of the Pharr City Charter.

PASSED AND APPROVED ON FIRST READING BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the 15th day of April, 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ, MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK



City of Pharr
Community Development Block
Grant (CDBG) Program

Policies and Procedures Manual

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CHAPTER 1: INTRODUCTION

The City of Pharr, Texas (City) is an entitlement city that receives a yearly Community Development Block Grant (CDBG) from the US Department of Housing and Urban Development (HUD) to carry out the Pharr CDBG Program (Program). Upon acceptance of each annual grant award, the City contractually agrees to implement the Program in accordance with the [Housing and Community Development Act of 1974](#) and the related CDBG program regulations in [24 CFR Part 570](#). CDBG awards are also subject to the Uniform Administrative Standards for Federal Awards described in [2 CFR Part 200](#) and or other policies and procedures.

The intent of the Program is to develop viable neighborhoods in Pharr by providing a suitable living environment and decent housing, to benefit principally for persons of low and moderate income. The intent is based on the goals adopted in the City's Five-Year Consolidated Plan, as approved by the U.S. Department of Housing and Urban Development. CDBG funds must be used for eligible activities that meet the national objectives of the CDBG Program.

The use of designated public agencies, subrecipients, or contractors does not relieve the city of its responsibility. The City is responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise.

PURPOSE OF THIS DOCUMENT

The purpose of the Pharr CDBG Program Policies & Procedures Manual (Manual) is to establish a framework that guides the operation of the Program in its entirety. This Manual is specifically designed to guide City staff and to help CDBG funded entities understand the requirements that apply to the use of such Federal funds for the delivery of the Program and its eligible activities.

Also, the purpose of this manual is to provide management support to CDBG subrecipients, contractors and program partners who collaborate and coordinate the CDBG program while ensuring that all adhere to federal and City of Pharr grant rules. It is designed to help subrecipient agencies understand the requirements that apply to the use of federal funds for the delivery of CDBG programs and project activities. It is an additional supplement to applicable regulations, standards, and policies. The basic program rules & regulations governing management and financial systems for the CDBG programs are contained in the Code of Federal Regulations Title 24 (24 CFR) and Title 2 (2 CFR).

Scope

The guidance provided in this Manual applies to all CDBG funds awarded to the City and utilized by funded entities. The contents of this Manual are organized around the grant life cycle of an annual CDBG grant and its eligible activities or projects from initial planning through implementation to close out of program. Use of the Manual follows the premise that CDBG program requirements can be satisfied through timely preparation, completion, and recording or filing of required documentation. These requirements encompass regulatory, performance, administrative, financial, compliance, and record keeping functions.

The information and materials within this Manual are subject to change as local policy and HUD rules and regulations can and may change. Moreover, the Manual does not replace or amend any of the provisions included in any agreement executed between the City and its funded entities. Should there be any disagreement between an executed agreement and this Manual, the provisions contained within that executed contract, Interlocal agreement, general agreement, or memorandum of understanding (MOU) will take precedence.

Additionally, the policies and procedures contained in this Manual supersede any Program handbook or instructions, written or oral, issued previously. As part of the administration of the Community Development Block Program, the CDBG staff will revisit this Manual annually to ensure it is current and relevant to the program. Any subsequent revisions will substitute and replace prior policy or procedure statements and become a part of this Manual.

For questions regarding this Manual, please contact the City of Pharr CDBG staff or the Community Development Director at 956-402-4190.

The remainder of this page is intentionally left blank.

CHAPTER 2: PLANNING THE PROGRAM YEAR

Before the City can address community needs with its CDBG funding, HUD guidelines require an assessment of current conditions. The City's use of CDBG funding must respond to the needs identified in the needs assessments. Planned uses of the CDBG funding are shaped by the City's process that notifies the community of available funds and invites request for proposals for qualified activities and projects. Although entitled to receive the CDBG funding, the city must also formally request from HUD the annual award of each grant with the submission of a plan that outlines the community needs, strategic goals, and planned activities.

CONSOLIDATED PLAN AND ANNUAL ACTION PLAN

The Consolidated Plan (ConPlan) is a high-level, direction setting, five-year plan that describes the community needs, resources, priorities, and proposed activities to be undertaken by the City. Please note that the City has requested approval to go from a four-year plan to a five-year plan (9/2023). It identifies the City's housing and community development needs, especially for its low to moderate income residents, and the strategies and resources to meet those needs. The elements include:

- A description of the **entity responsible** for overseeing the development of the Consolidated Plan and a description of the process undertaken to develop the plan.
- A **housing and homeless needs assessment**, which uses data provided in the IDISe-Con Planning suite as well as local input to identify needs in the community.
- A **housing market analysis**, which analyzes characteristics of the jurisdiction's housing market in general, including the supply, demand, condition, and cost of housing as well as significant conditions of the community's economy.
- A **strategic plan**, which lists three to five-year goals created from the priority needs identified in the needs assessment, market analysis, and community outreach.
- A one-year **Action Plan** (i.e., the first year of the Consolidated Plan 2023-2027), which discusses how the City will address the goals of the Consolidated Plan in the first year and the specific CDBG funded activities that will be carried out. The City will create a new Action Plan annually, which outlines changes in needs and how the City will work toward the goals identified in the Consolidated Plan, including the identification of new CDBG funded activities.

The related [Code of Federal Regulations \(CFR\)](#) identifies the following four functions of the Consolidated Plan:

1. A planning document for the jurisdiction, which builds on a participatory process among citizens, organizations, businesses, and other community stakeholders;
2. A submission for federal funds under HUD's formula grant programs for jurisdictions;
3. A strategy to be followed in carrying out HUD programs; and
4. A management tool for assessing performance measures and tracking results.

The Consolidated Plan provides a roadmap for activity selection in each program year, so it is important for it to be flexible enough to allow the city to meet local needs as identified by the community, respond to evolving priorities, and take advantage of partnership opportunities as they arise. At the same time, the Consolidated Plan must be focused enough to set benchmarks that measure program success, avoid spreading City resources too thin, and, at a minimum, establish the general direction for the Program.

Stakeholder and public meetings are held during the planning process in accordance with the City's Citizen Participation Plan, which sets the minimum procedural requirements for community outreach.

See **Appendix 1 Staff Resources** for tips on implementation and **Appendix 2 Citizen Participation Plan**. Each year the City completes an Annual Action Plan, which outlines to HUD a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. The Annual Action Plan Program Year (PY) begins October 1 and ends September 30. Program Year correlates with the start date of the grant cycle.

The Annual Action Plan (yearly) and Consolidated Plan (once every five years) are due to HUD on August 15 of each year for review (at least 45 days before the start of each Program Year) and must be submitted no later than August 16 every year. August 16 is a hard deadline that could mean loss of funding if it is missed. The city also can request a valid deadline extension with HUD's approval.

The Consolidated Plan and Action Plan must be submitted using the *eCon Planning Suite* within the Integrated Disbursement and Information System (IDIS). See Appendix 3 of this manual for more information on IDIS and see HUD's latest [eCon Planning Suite Desk Guide version](#) for more information on using IDIS for Consolidated Plans and Action Plans. Additional narrative and other Action Plan requirements are outlined at 24 CFR 91.220 found on the HUD Exchange website.

After HUD receives the Consolidated Plan/Action Plan it has up to 45 days to complete its review. When the review is complete, it will either provide comments back to the City requesting additional information/clarification or approve the Plan. If HUD responds with comments or questions, the City usually has 30 days to respond. If HUD has not required substantive changes to the AAP, staff does not usually present the modified draft/responses to Council. If HUD requires significant adjustments constituting a Substantial Amendment as described in the Citizen Participation Plan, then the Consolidated Plan/Action Plan changes may need to be presented to Council for approval.

Amendments

The city may need to amend the Consolidated Plan or Annual Action Plan throughout the year. Amendments may be substantial or non-substantial. The process for amendments and what constitutes a substantial amendment is outlined in the Citizen Participation Plan located in Appendix 2.

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING (AI)

This document reviews housing challenges and fair housing issues in the city and broader regions. It results in goals and action steps to address and mitigate barriers. This document is typically completed on a 5-year cycle in conjunction with the Consolidated Plan, but historically has not been a part of the Consolidated Plan and has had different requirements for public participation and submission. HUD issued its Affirmatively Furthering Fair Housing rule in 2015, which included the requirement that grantees submit an Assessment of Fair Housing that would replace the requirements of the AI. The city participated in completion its last AI in 2018 to cover periods 2018-2022.

CASH ON HAND REPORT PR29

The Cash on Hand report, formerly SF 425, is a quarterly financial form that reports on expenses that the City has paid for with CDBG funds. The report compares expenditures made by the city with revenues received for the program. It is due in April, July, October, and January each year or quarterly.

CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER)

The CAPER is an IDIS-based report linking accomplishments from the current project year with the goals of both the Annual Action Plan and the Five-Year Consolidated Plan.

The CAPER is due annually to HUD on December 30th, i.e. 90 days after the end of the program year and must be made available for public review for at least 15 days prior to submission to HUD. Public comments must be incorporated in the final CAPER document submitted to HUD on the IDIS system.

ENVIROMENTAL REVIEW RECORD

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users.

These environmental review procedures must be completed for each CDBG funded program, project, or activity that is carried out with HUD grant awards to the City. Record of this review process must be completed for each project and maintained in an Environmental Review Record (ERR) on IDIS HEROS.

SEMI-ANNUAL LABOR STANDARDS ENFORCEMENT REPORT - HUD FORM 4710

The Semi-Annual Labor Standards report is submitted to HUD in April and October of each year. This report is due within 20 days of the end of each reporting period: October 1 to March 31 and April 1 to September 30. This report lists all NEW construction contracts subject to Davis-Bacon requirements.

MBE/WBE CONTRACTOR AND SUBCONTRACTOR ACTIVITY REPORT - HUD FORM 2516

The Contract and Subcontract Activity report is an annual report that is due 20 days after the end of the Federal fiscal year (October 20). This report lists all contracts over \$10,000 that the city has entered into, including professional services contracts for the CDBG program.

CDBG ANNUAL CALENDER

This section is an overview of major dates for each of the City's CDBG Program Years (PY). The internal dates may change year-to-year to accommodate City Council's schedule, weekends, holidays, etc., but HUD regulatory and statutory deadlines, especially the August 16 final deadline will not unless HUD approves an extension requested by the City.

November 1, 2023	<u>Environmental Preparation</u> Until notice is received that the City of Pharr has received AUGF from HUD do not send out Consultation letters for Environmentals. Begin gathering the backup documentation and mapping. Have all letters drafted and ready for printing. Begin with publications for CAPER (15 day Comment Period) .
Nov 15 – Dec 15, 2023	<u>CAPER</u> Begin entering information for CAPER on IDIS. CAPER DUE December 15th .
December 1-30, 2023	<u>Training/Orientation/Monitoring</u> Schedule one-on-one training with Agencies if necessary and/if requested. Send out Consultation letters for Environmentals and begin gather the backup documentation and mapping. Schedule monitoring onsite or virtual review.
January 1-31, 2023	<u>City must hold a Needs Assessment Public Hearing</u> Emphasize public attendance and input. Keep attendance log and minutes for meeting. Provide public with information about past years funding/spending. Obtain input about public needs and provide answers to questions. If suggestions from the public are not included in plan, the city must explain why.
February 28, 2023	<u>Preliminary Work Plans due at the City of Pharr GMCD Office</u> Agencies must submit preliminary work plans. Specialist will review the work plans to determine eligibility. Each activity should be well documented and must include photos, location map (identifying project location) , flood zone map. Project cost estimates and estimated length of time to complete and estimated start date.
March 30, 2023	Preliminary Work Plans returned to Agencies with comments and/or revisions if needed.
April 30, 2023	<u>Final Work Plan due at GMCD Office.</u> Work plan submissions should be finalized and eligible to include in 2023 Annual Action Plan.
June 1, 2023	<u>Staff begins preparation of the 1-Yr. Action Plan</u> 1-Yr. Action Plan (drafted from the submitted Work Plans, to include narratives, maps, eligibility documents, etc.). Begins input into IDIS
July 1, 2023	Public Notice advertising the proposed 1-Yr. Action Plan- Post on Website. (30 Day Comment Period - July 1, 2023 thru July 30, 2023)
July 30, 2023	30 Day Comment Period ends.

Aug. 5, 2023	GMCD staff publishes public hearing notice for 1-Yr. Action plan. Public hearing will be held in City Commission (Post on Website).
July 15 - Aug. 10	Public hearing held before City Commission requesting approval of 1-YR Action Plan.
August 15, 2023*	CDBG staff submits 1-Year Action Plan to HUD field office for review/approval.

ANNUAL ACTION PLAN

The Annual Action Plan timeline includes the application process because this will identify the projects to be included in the Action Plan Draft. The “Time to Complete” in the chart below are the minimums time projections for each activity.

Activity	Time to Complete	Timeline
Potential Projects Meeting	1-5 day	June 1-Aug 15
Email prospective Subrecipients	1-5 day	June 1-Aug 15
1 st public Notice & Notice of Funding Availability (NOFA)	30 days	June 1-Aug 15
1 st Public Hearing	1-5 day	June 1-Aug 15
Funding Opportunity Announcement (FOA)		June 1-Aug 15
Application available to Public	30 days	June 1-Aug 15
Application Workshop	1-5 days	June 1-Aug 15
Application Risk Assessment	3-7 days	June 1-Aug 15
Steering Committee Notice	1-3 day	June 1-Aug 15
Applicant Scoring	2 weeks	June 1-Aug 15
Steering Committee Meeting-Memo on Recommendations to Council	1 day	June 1-Aug 15
Action Plan Draft	2-3 weeks	June 1-Aug 15
Internal Review	1-2 Week	June 1-Aug 15
2nd Public Notice - AAP Review	30 days	June 1-Aug 15
Present Action Plan to City Council-Workshop	1-3 day	June 1-Aug 15
2 nd Public Hearing Council adopts Resolution	1-3 day	June 1-Aug 15
Update IDIS and Submit to HUD	1 week	June 1-Aug 15
Update to Website	1-3 day	June 1-Aug 15

PROJECT SELECTION

Project identification and selection are central to CDBG Program success. Selected activities must advance the goals of the national CDBG Program, meet objectives outlined in the Consolidated Plan, progress according to defined timelines, and meet applicable rules and regulations.

As previously stated, projects selected for CDBG funding must qualify as eligible activities that meet the national objectives of the CDBG Program. The process of completing and submitting the Consolidated Plan and Annual Action Plans helps the City determine what activities to fund during the upcoming program year with each annual grant award. The application process is also shaped by a routine that notifies the community of available funds and invites proposals for possible activities and projects. When planned uses of CDBG funds are identified, the City takes necessary steps to qualify each activity and distributes part of its CDBG award to entities that will assist in implementing the Program. The basis for qualifying each project must be fully documented for HUD review. The City is ultimately responsible for any further allocation of funding, so it must ensure that each funded entity demonstrates proper performance and compliance with applicable guidelines.

Activity ideas may come from multiple sources:

- HUD Provided Data, Local Data and Stakeholder Feedback- The Consolidated Plan has pre-loaded data from several federal and HUD sources. This data helps communities understand the overall demographic and economic trends in their jurisdictions including areas of need and market conditions that may present investment opportunities. Communities should also use local data and stakeholder feedback to determine the needs within the community.
- Target Populations/Beneficiaries - The City should try to hear directly from people who can and should benefit from the Program when determining how to invest Program resources. The City will post the availability of CDBG funds on its website and ask for feedback from target populations and/or beneficiaries.
- Non-Profit/Faith-Based Organizations - Non-profit groups and faith-based organizations often assist the same beneficiaries as the CDBG Program, so they may have some valuable insights about the needs of the community. The CDBG Coordinator will reach out to these different organizations through the Coordinating Council to solicit information of potential CDBG related activities. The City will also post the availability of CDBG funds on its website and ask for feedback from the nonprofit community on potential eligible CDBG projects.
- City Departments - Each City department has a list of needs and wants. Some of the items on those lists may be CDBG eligible. Talk to other departments. Find out what they hope to accomplish over the next couple of years. A series of meetings & workshops will be held with City Departments to consider potential CDBG activities in November & December preceding the application period.
- Elected Officials - The Mayor and City Council are extremely familiar with the community. Since they ultimately must approve a plan for the investment of CDBG resources, it makes sense to allow them an early opportunity to weigh in. The CDBG Coordinator will reach out to them early in the process and request that they identify potential activities.

APPLICATION PROCESS

The City begins the application process in January to determine what activities to fund during the upcoming program year. An estimate of the expected annual CDBG award is calculated based on past awards, actual HUD allocations and available information on HUD's future funding strategies. While this

cycle may begin with an estimate of funding amounts for CDBG programs, it ends with an announcement of recommended allocations, so careful consideration and deliberations are necessary for possible uses of CDBG. The following outline summarizes the application and review process which is followed by a more descriptive discussion of each step in the application and review process.

1. Notice of Funding Availability (NOFA)
 - a. The CDBG Coordinator issues a NOFA announcing upcoming CDBG funding and timelines for hearings and application period.
2. Funding of Opportunity Announcement (FOA)
 - a. The CDBG Coordinator issues a FOA announcing the start of the application period.
 - b. The CDBG Coordinator conducts an application workshop to advise potential applicants on the CDBG requirements and the City's review process.
3. Applications Submitted to the City
 - a. The CDBG Coordinator will evaluate applications received by the established deadline to determine their eligibility under CDBG regulations. The applications shall need to be considered "complete" in that the applicant has provided the specific information requested. Incomplete applications will be rejected.
 - b. Applications proposing projects or activities that are ineligible because they don't meet the CDBG regulations will be rejected.
4. Scoring and Ranking of Applications
 - a. The CDBG Coordinator, the Neighborhood Improvement Manager, the Community Development Director, and the CDBG Steering Committee will meet to score and rank applications based on need, benefit, organizational capacity, past support, and success administering programs, the degree to which proposed activities meet CDBG National Objectives, Consolidated Plan outcomes, and local needs, amount of funds requested, etc., using the City's Application Scoring Rubric (Appendix 5).
5. Presentation of Ranked Applications/Projects for Council Consideration
 - a. The CDBG Coordinator will present to the City Council an overview of applicants along with the CDBG Steering Committee's funding recommendations for projects/activities to include in the subsequent Action Plan. The City Council will approve the priority order for subrecipients and activities to receive funds.
6. Inclusion in Annual Action Plan
 - a. The priority order of projects/activities identified by Council, along with the amount of available funds, will be included in the draft Action Plan. The entire Annual Action Plan will then proceed through the adoption process as identified in the City's Consolidated Plan (public hearing/comment period, City consideration and adoption, HUD approval). After Council approval, an announcement of the allocations is made, and contingent award letters are sent.

FUNDING OPPORTUNITY ANNOUNCEMENT (FOA)

A Funding Opportunity Announcement (FOA) will be released and posted to the City's website. The FOA will include detailed guidelines and instructions for application submission for CDBG funding. Applications are submitted to the CDBG Coordinator in the Community Development Department (See Appendix 4).

APPLICATION WORKSHOP

The application workshop/technical assistance is targeted for January each calendar year to provide an opportunity for interested parties to meet with the CDBG staff to cover:

- CDBG program basics (requirements, eligibility, national objectives)
- Consolidated Plan/Action Plan priorities
- Estimate of funding availability and program caps
- Timeliness, record keeping and reporting and;
- Administrative and financial requirements (2 CFR 200) including internal controls and financial management of the CDBG program.
- Application Process and timeline
- Decision Process

ACTIVITY REVIEW - ELIGIBILITY DETERMINATION

The review process is specific to the activity type being proposed and the processes are described below.

Administration

No more than 20% of the sum of the annual entitlement grant plus any grant program income received during the grant year may be spent on planning studies or administration. The City calculates this amount when developing the Annual Action Plan and will not fund more than 20% of their entitlement grant on General Administration Activities. https://www.hud.gov/sites/documents/DOC_16480.PDF

(g) Limitation on planning and administrative costs

(1) *Origin year grant expenditure test.* For origin year grants and subsequent grants, no more than 20 percent of any origin year grant shall be expended for planning and program administrative costs, as defined in 570.205 and 570.206, respectively. Expenditures of program income for planning and program administrative costs are excluded from this calculation.

(2) *Program year obligation test.* For all grants and recipients subject to subpart D, the amount of CDBG funds obligated during each program year for planning plus administrative costs, as defined in 570.205 and 570.206, respectively, shall be limited to an amount no greater than 20 percent of the sum of the grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year. For origin year 2015 grants and subsequent grants, recipients must apply this test consistent with paragraph (g)(1) of this section.

(3) Funds from a grant of any origin year may be used to pay planning and program administrative costs associated with any grant of any origin year.

(4) Key personnel are highly recommended to review the CDBG Origin Year Expenditure Test Webinar found on the HUD Exchange resource tool as a refresher best practice.

Public Facilities and Improvements

The CDBG staff will hold a meeting with all City Departments, (Public Works, Engineering, Parks, Public Utilities, Fire Department, Police Etc.), Mayor and councilmen and the Community Development Committee (CDC) group to identify potential CDBG projects for the coming year. The CDBG staff will evaluate potential activities to ensure the city meets CDBG and other federal requirements that fall within the goals of the Consolidated Plan.

Public Services

Service providers will complete and submit the full application. During the application review process, the CDBG Coordinator will analyze the subrecipient and proposed activity to determine basic eligibility in accordance with the CDBG guidelines described below.

No more than 15% of the annual entitlement grant plus any grant program income received in the previous grant year may be used for Public Service Activities. The City calculates this amount when developing the Annual Action Plan.

The CDBG Coordinator will also identify any possible conflict of interest situations between the City and potential subrecipients, as defined in the CDBG program regulations at 24 CFR 570.611. Once a subrecipient has been selected, the City will require the subrecipient to certify that there are no conflicts of interest between the public service entity, its representatives, and the City (See **Appendix 6** – Pharr’s Conflict of Interest Policy).

The review of public service requests will take into consideration the needs of people within our community who are currently experiencing homelessness or at-risk of experiencing homelessness.

APPLICATION REVIEW

Application scoring and ranking is done by the CDBG Steering Committee (City Council members and Mayor) in a public workshop. After the applications have been scored and ranked by the Steering Committee, the CDBG Coordinator will present City Council with the recommendations for prioritization of projects and activities for the upcoming year. Application reviews are generally scheduled during February in preparation for May public hearings with the City Council on the draft Annual Action Plan.

Funding recommendations will be based on the following:

- Consolidated Plan - The specific measurable outcomes defined in the current Consolidated Plan.
- Funding Caps – maximum 20% for administrative & planning, maximum of 30% on Urgent Need or Elimination of Slum & Blight, maximum of 15% on public service activities, and a Minimum of 70% of the annual award shall go towards activities benefiting low-moderate (LMI) individuals.

ELIGIBILITY DETERMINATION AND DOCUMENTATION

The CDBG Coordinator will use these procedures in conjunction with HUD's "[Guide to National Objectives & Eligible Activities for Entitlement Communities](#)" to determine project eligibility and ensure proper documentation. The policies and procedures also enable staff to properly qualify activities and record compliance for Steering Committee/CDC board recommendation, City Council public hearing and approval, and in advance of the City submitting the Annual Action Plan to HUD.

Prior to the CDBG Steering Committee/CDBG board review and ranking process, the CDBG Coordinator will follow the procedures described below to officially review project eligibility and national objective criteria using the CDBG Application Packet & worksheet in **Appendix 4**.

STEP #1 ELIGIBILITY

The purpose of this step is to ensure that, in accordance with federal law, the City will use CDBG funds only for activities that fall under an authorized category of basic eligibility, properly classify the activity, and provide adequate documentation as required by the chosen category for each such activity.

In addition to conforming to the law, correctly determining eligibility also sets up other requirements and actions. For example, the classification of an activity by one of these categories can place on it specific statutory or regulatory requirements that are not applied to other categories. A listing of eligibility categories appears in numerous sources including HUD's "[Guide to National Objectives & Eligible Activities for Entitlement Communities](#)". Use of these procedures is facilitated by reference to the HUD Guide.

The CDBG Coordinator will examine the complete listing and refer as necessary to the corresponding pages of the Guide for detailed information. The category that best fits the proposed activity will be identified on the Worksheet or through an online form in the grant management software. The appropriate matrix code is chosen using [CDBG Matrix Definitions](#) (see **Appendix 9**). After classifying the eligible activity, the CDBG Coordinator will determine if the use of CDBG funds relates to one or more examples of allowable costs contained in the appropriate section of the HUD Guide.

For example, the category of eligible code enforcement activities states that "CDBG funds may be used to pay the salaries of inspectors enforcing codes in a blighted area being renewed through comprehensive treatment." In this example, the CDBG Coordinator will indicate on the Worksheet that

the proposed use of CDBG funds is an allowable cost.

The CDBG Coordinator will also record any additional considerations stipulated by CDBG rules, such as conformity to the public services cap or public benefit standards. These considerations will be noted in the Worksheet.

STEP #2 PROHIBITION

The purpose of this step is to ensure the City is not using CDBG funds for activities that are prohibited under HUD rules or other laws. Even though an activity may appear to be eligible, it may be prohibited. The CDBG Coordinator recognizes that program regulations identify certain activities as categorically ineligible. They also identify certain other activities that are ineligible unless they are carried out by certain organizations.

The CDBG Coordinator will refer to the HUD Guide, [Chapter 2](#) (page 2-87 through 2-91) to determine if the described activity falls within any category of ineligible or prohibited activities. Assuming that the activity is not identified as either “categorically ineligible” or “generally ineligible,” that conclusion will be recorded in the Worksheet. If any doubt exists about the above conclusion, the CDBG Coordinator will engage in further consultations with the appropriate local and Federal officials.

INELIGIBLE ACTIVITIES: The general rule is that any activity that is not authorized under the provisions of 24 CFR 570.201-570.206 is ineligible to be assisted with CDBG funds. This section identifies specific activities that are ineligible and provides guidance in determining the eligibility of other activities frequently associated with housing and community development.

(A) The following activities may not be assisted with CDBG funds:

- (1) **Buildings or portions thereof, used for the general conduct of government** as defined at § 570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under § 570.201(c) involving any such building. Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in § 570.208.
- (2) **General government expenses.** Except as otherwise specifically authorized in this subpart or under 2 CFR part 200, subpart E, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.
- (3) **Political activities.** CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

(B) The following activities may not be assisted with CDBG funds unless authorized under provisions of § 570.203 or as otherwise specifically noted herein or when carried out by an entity under the provisions of § 570.204.

(1) **Purchase of equipment.** The purchase of equipment with CDBG funds is generally ineligible.

(i) **Construction equipment.** The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing pursuant to 2 CFR part 200, subpart E, as applicable for an otherwise eligible activity is an eligible use of CDBG funds.

(ii) **Fire protection equipment.** Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under § 570.201(c).

(iii) **Furnishings and personal property.** The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property that is not an integral structural fixture is generally ineligible. However, CDBG funds may be used to fund the lease or rental of certain equipment, in accordance with 2 CFR part 200, subpart E, for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds pursuant to § 570.201(e).

(2) **Operating and maintenance expenses.** The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under § 570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

(i) **Maintenance and repair** of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of potholes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

(ii) **Payment of salaries** for staff, utility costs and similar expenses necessary for the operation of public works, facilities, and public service organizations.

(3) **New housing construction.** For the purpose of this paragraph, activities in support of the development of low- or moderate-income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in § 570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:

- (i) As provided under the last resort housing provisions set forth in 24 CFR part 42;
 - (ii) As authorized under § 570.201(m) or (n);
 - (iii) When carried out by an entity pursuant to § 570.204(a);
- (4) **Income payments.** The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, “income payments” means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.

STEP #3 NATIONAL OBJECTIVES

The purpose of this step is to determine if a proposed activity meets one of the national objectives of the CDBG program. As the CDBG Coordinator establishes that a proposed activity is eligible and not otherwise prohibited, they will also address the program’s national objectives.

The CDBG Coordinator will determine if the activity described in the Worksheet meets the criteria for one or more of the national objectives of the CDBG program, except for activities carried out under the basic eligibility categories. The three national objectives are as follows:

- Low- and Moderate-Income Individuals - Benefiting low- and moderate-income persons;
- Slum & Blight - Preventing or eliminating slums or blight; or
- Urgent Need - Meeting other community development needs which have a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

An activity that fails to meet the tests for any of these national objectives will generally not be considered for funding. To help guide determining if an activity meets a National Objective, the CDBG Coordinator will utilize the National Objectives Tables provided in the [HUD Guide Chapter 2](#) (page 2-6 through 2-8). An informative webinar on the topic of National Objective Criteria is located at this link: [CDBG 101: An Overview of National Objectives and Eligible Activities - YouTube](#).

The Worksheet records what national objective the activity supports as well as which one of the criteria it satisfies. The selected criterion will determine the method of documenting compliance with the national objective requirement. The criteria are summarized below.

National Objective Criteria

Low-Moderate Income

As previously stated, not less than 70% of the annual allocation (or a two or three year cumulative period as decided by the City) must be used for activities that benefit low- and moderate-income persons. The National Objective can be met in a number of ways:

1. **Area Benefit:** Under the LMI Area Benefit National Objective, the area served by the activity must consist of 51 percent or greater LMI residents. This is generally used for public facility projects.
2. **Limited Clientele:**

- A. **Income Data:** Income data is required to determine that the activity primarily serves low and moderate income persons. At least 51% of all participants must be low to moderate income. This is generally used for public service types of activities.
 - B. **Presumed benefit:** When an activity benefits EXCLUSIVELY persons who are presumed to be low income, the national objective will be met. There are several subsets of limited clientele:
 - a. Elderly (when addressed as a group such as a senior center)
 - b. Persons with Disabilities (Social Security definition of a persistent condition)
 - c. Abused children
 - d. Battered spouses
 - e. Homeless persons (must meet the HUD definition of homeless)
 - f. Illiterate adults
 - g. Migrant farm workers
 - h. Persons living with AIDS
 - i. Handicapped persons
 - C. **Meeting requirements of a more restrictive program:** Be aware that programs that use a percent of poverty may not be at least as restrictive as the HUD definition for larger family sizes. Comparison of the two income charts is essential.
 - D. **Nature and Location:** When an activity is of a nature (i.e. Food bank) or a location (within a public housing development or high poverty block group) then it may be considered to meet the national objective because the persons using the service are most likely going to be low income.
 - E. **Removal of Architectural Barriers:** When an improvement is designed to remove an existing condition that impedes the ability of a person living with a disability to access that facility, the activity is presumed to meet the national objective. A new facility must be designed to the standards of the American with Disabilities Act and therefore cannot meet the standard of removing an existing impediment.
3. **Low Mod Housing** – All households must be low income for single family homeowner housing rehabilitation. For rental housing, the percent of funding determines the number of units that must be affordable as the number of units must be proportional to the amount of funding (i.e. 25% funding – 25% of resulting units).
 4. **Low Mod Jobs** – Jobs must be created or retained that can be held by or filled by low- and moderate income people. See [570.208](#) and [570.209](#) for more detail.

After indicating which National Objective the proposed activity supports, the CDBG Coordinator will ensure records demonstrate compliance with the specific National Objective. The HUD Guide will serve as the key reference. According to how the activity is qualified, the CDBG Coordinator will find that category and sub-category of criteria. <https://files.hudexchange.info/resources/documents/Basically-CDBG-Chapter-3-Nat-Obj.pdf>

HUD provides [LMI Summary Data](#) for grantees to use in determining compliance with the Low/Mod Income Area national objective, and in situations where data is incomplete, the City may conduct a low- and moderate-income survey for projects providing an area benefit to determine if they meet the LMI threshold required by the “benefitting low- and moderate-income persons” national objective.

The CDBG Coordinator will follow the guidance found in [CPD Notice 14-013](#) to develop acceptable survey methodologies. Applicants are given instructions and applicable forms to complete the survey prior to submission of their application. Any project with survey results that do not meet the 51% LMI threshold will not be considered for funding. <https://www.hud.gov/sites/documents/14-13CPDN.PDF>

Applicants whose projects meet the low/mod limited clientele criteria report past beneficiary data in their application to determine if they meet the 51% threshold. They are then required to submit income (if not presumed eligible) and residency documentation with each report and/or reimbursement request

after a grant is awarded and activities are being undertaken. Any project not meeting the 51% LMI threshold will not be awarded a grant. If a subrecipient was awarded a grant based on prior year LMI data but can no longer meet the threshold with current clientele reporting, they will not be reimbursed through the CDBG program.

STEP #4 OVERALL BENEFIT

The purpose of this step concerns the required level of expenditures made for activities that meet the LMI Benefit national objective. Consistent with the primary objective of the Housing and Community Development Act of 1974 as amended, the City certifies that, in the aggregate, at least 70% of CDBG funds expended during the certification period will be for activities meeting the LMI Benefit national objective as per the Spending Restrictions outlined below.

The city therefore must report a percentage of total expenditure that complies with this requirement. To ensure that a proposed activity will not result in a violation of this critical standard, these procedures examine the effect of adding the activity to the City's program. Two detailed actions will help ensure future compliance.

The CDBG Coordinator will document the expenditure of CDBG funds for the proposed activity over the certification period in the Worksheet. A calculation of overall expenditure benefit of all proposed activities is then completed to ensure that an activity does not cause a violation of the certification. [Chapter 4](#) of the HUD Guide provides instructions for making this computation.

In addition to the four steps summarized above, the city recognizes that activities must also satisfy other Federal requirements detailed in OMB Circulars or separate Federal laws and that it must perform related environmental review and clearance procedures in advance of implementation. The CDBG Coordinator will identify these applicable requirements in the Worksheet. This action will alert other officials to necessary compliance actions in the future. Upon completion of these procedures by the CDBG Coordinator, the staff will review and certify the information in the Worksheet. The completed Worksheet will be placed in the project administration file and be provided to the subrecipient for their file.

To carry out all these procedures, the CDBG Coordinator will refer as necessary to the complete HUD Guide, the CDBG Regulations, and references for the other Federal requirements. The CDBG Coordinator will seek guidance from the HUD field office in interpreting or applying requirements to different factual situations. Because program requirements may change, staff will stay in close contact with the field office to keep abreast of HUD's latest guidance.

OTHER CONSIDERATIONS

To be eligible for funding consideration, applicants must have expended at least 50% of any prior year CDBG funding before the application deadline for the upcoming fiscal year. Exceptions to this will be considered for public facility projects due to construction season considerations.

Multi-year funding for projects will generally not be awarded unless a specific request for multi-year status is received from a project applicant that is based on defined project needs, and the amount and timing of future funding available can be adjusted to meet such a request. The Steering Committee will make this decision based on input from the CDBG Coordinator and Community Development Department staff.

Previously allocated funds and any program income that become available to the City will be reallocated by the CDBG Coordinator for projects identified and ranked in the previous funding cycle as “receiver projects.” Distribution could be the next highest-ranking project designated as a receiver project, spread over some or all funded projects, or rolled over into the next annual allocation.

Determining Eligibility based on Income

To determine whether a family or household is low or moderate income under subpart C of the CDBG regulations, the City has elected to utilize the following method in 24 CFR 570.3 for determining annual income:

“Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.” To apply this method, the City has chosen to use the Section 8 definition of “annual income” found in 24 CFR 570.3(*Income*)(1)(i) and will normally use the CPD Income Calculator in conducting computations.

CPD Income Calculator: <https://www.hudexchange.info/incomecalculator/>

CDBG Income Limits: <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>

All program participants must be at or below 80% of area median income. The CDBG Coordinator will print out the CPD Income Calculator results and place them in each participant file to show that the applicant meets the program income limits. It will be important to define the method for determining eligibility by either using the definition of “Households” or “Service Area” when granting CDBG funds.

Definition of Households – The definition of a household means all persons occupying a housing unit. The occupants may be a family, as defined in 24 CFR 5.403; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived sexual orientation, gender identity, or marital status. HUD requires housing activities to be reported by household.

Definition of Service Area – The activity beneficiaries within the geographic boundaries of the service being provided.

AWARDS (INCLUDING WRITTEN AGREEMENTS)

Following the City Council review and approval process, and before disbursing funds to any organization that is carrying out CDBG activities on behalf of the City, a written subrecipient agreement must be executed. Subrecipient Agreements (SA) are executed between the City and an external organization. Memorandum of Agreements (MoA) are used in lieu of subrecipient agreements for projects being managed by internal City Departments and follow the same approval and signature process. All agreements must be approved by the City Attorney and signed by the Mayor. Each agreement must be written in the approved City template. The subrecipient shall sign the agreement prior to the Mayor’s signature. HUD requires written agreements for each subrecipient activity prior to allocating CDBG funds (24 CFR 570.503). More information on subrecipient agreements can be found in the Financial Section of this document.

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CHAPTER 3: FINANCIAL MANAGEMENT

This section describes the process of completing and submitting the Consolidated Plan and Action Plans that help the City determine what activities to fund during an upcoming program year with each annual grant award. The Action Plan establishes the budget for the annual CDBG allocation. The City also adopts a local budget for the Fiscal Year that recognizes the grant as a separate revenue and identifies activities to be funded with CDBG dollars. It is essential that the CDBG revenues and expenditures are also reflected in the grant year within the City's local budget.

The City is responsible for the stewardship of its federal grant awards in a way that fully complies with Federal guidelines and regulations. All CDBG grantees and subrecipients must have financial management systems in place that comply with standards specified in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* specified in [2 CFR 200](#). Financial management guidance for the CDBG program is contained in the CDBG regulations at [24 CFR Part 570.502](#).

The City's financial management system needs to provide for a comparison of expenditures with budget amounts for each HUD award. For a financial management system to meet Federal standards, it must:

- Provide effective control over and accountability for all cash, real and personal property, and other assets
- Identify the source and application of funds for Federally sponsored activities
- Permit the accurate, complete, and timely disclosure of financial results in accordance with HUD reporting requirements or, for subrecipients, Grantee reporting requirements
- Minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the Grantee or subrecipient

The City will use the current financial management system (Incode) to generate monthly financial status reports showing the dollar amounts allocated, obligated, and expended for each CDBG activity. The monthly report will provide a comparison of actual expenditures and revenues against budgeted amounts, including any budget revisions. The City staff will also abide and follow the internal financial policy and procedures to ensure compliance with all federal regulations. A certification is in the works so that it may be approved and provided to HUD.

GRANTEE BUDGET (GRANT AND PROGRAM INCOME)

The City's financial management systems includes records identifying HUD program awards received and expended. The City's financial management system contains information on CDBG awards, authorizations, obligations, unobligated balances, assets, expenditures, program income, and interest. The CDBG Coordinator will work with the Finance Department's staff responsible for grant financial management to ensure that CDBG funds are fully accounted for, and that the City is compliant with recording requirements in IDIS. For more information on IDIS, see Appendix 3 of this manual.

The City shall reuse any revenue generated from projects undertaken with CDBG funding (known as program income) towards other eligible projects or activities identified in the current Annual Action Plan as a receiver project. Also, any program income earned by a subrecipient may be retained by the subrecipient if approved by the city and provided that the income is treated as additional CDBG funds and thus subject to all applicable Federal and local requirements.

Program income, as defined in [24 CFR 570.500](#), includes, but is not limited to, the following:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
- Proceeds from the disposition of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired by subrecipients/entities with CDBG funds, less costs incidental to generation of the income;
- Gross income from the use or rental of real property, owned by subrecipients/entities, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;
- Payments of principal and interest on loans made using CDBG funds, except as provided in 24 CFR 570.500(a)(3); and
- Interest earned on program income pending its disposition.

CDBG regulations require that at the end of each program year the City must determine whether they have excess program income on hand and must return any excess to its line of credit. If the program income balance is more than one-twelfth of the City's most recent entitlement grant, it must be remitted to the City's line of credit as soon as practicable after the excess is determined.

INDIRECT COST ALLOCATION PLAN APPROVAL PROCESS

In addition to the City's fiscal responsibility to ensure that CDBG funds are used in accordance with all program requirements, all administrative costs that are charged to the Federally awarded CDBG program should be closely reviewed. Any indirect costs that a subrecipient requests reimbursement for are not allowable unless an indirect cost allocation plan has been preapproved by the City for a specific activity and contract. An approved indirect cost allocation must comply with the requirements of the Federal award to which they apply and 2 CFR part 200, [Cost Principles for Non-profit Organization](#).

All costs included in the subrecipient's proposal must be properly allocable to the applicable Federal award based on a beneficial or causal relationship between expenses incurred and the (CDBG) agreements to which they are allocated. The same costs that have been treated as indirect costs cannot be claimed as direct costs.

Note: Although it is important to understand the indirect cost criteria for federal awards, currently the city does not allow subrecipients to charge indirect costs to the CDBG program.

ACCOUNTING SYSTEM

The City is required to have accounting records that sufficiently identify the source and application of CDBG funds provided to them. To meet this requirement, the City's accounting system should include at least the following elements:

- *Chart of accounts* – This is a list of account names and the numbers assigned to each of the account names. The names provide a description of the type of transactions that will be recorded in each account (e.g., an account titled "cash" denotes that only transactions affecting cash should be recorded in that account).
- *Cash receipts journal* - A cash receipts journal documents, in chronological order, when funds were received, in what amounts and from what sources.
- *Cash disbursements journal* - A cash disbursements journal documents, in chronological order, when an expense was incurred, for what purpose, how much was paid and to whom it was paid.
- *Payroll journal* - A payroll journal documents payroll and payroll-related benefit expenses on salaries and benefits, including distinguishing between categories for regulatory purposes.

- *General ledger* - A general ledger summarizes, in chronological order, the activity and financial status of all the accounts of an organization. Information is transferred to the general ledger after it is entered into the appropriate journal. Entries transferred to the general ledger should be cross-referenced to the applicable journal to permit the tracing of any financial transaction.
- *The financial management system* of each non-Federal entity must ensure compliance with requirements with 2 CFR 200.302.

DOCUMENTATION

Expenditures must be properly approved and supported by source documentation. Documentation must show that costs charged against CDBG were:

- Incurred during the effective period of the agreement with HUD;
 - Actually, paid out (or properly accrued);
 - Expended on eligible items; and
 - Approved by the appropriate official(s) within the organization.
- Source documentation must explain the basis of the costs incurred and the actual dates of the expenditure. For example:
 - Source documentation for payroll would include authorizations for rates of pay and benefits and time and attendance records.
 - Source documentation on supplies would include purchase orders or purchase requisition forms, quotes, invoices from vendors, canceled checks made to vendors, information on where the supplies are stored and the purpose for which they are being used.
- The City must ensure that their accounting records include reliable, up-to-date information on the sources and uses of CDBG funds, including:
 - Amount of Federal funds received;
 - Current authorization of funds;
 - Obligations of funds;
 - Unobligated balances;
 - Assets and liabilities;
 - Program income; and
 - Actual expenditures broken down by the grant program and year for which the funds are derived and the activity on which the funds were used.

IDIS (INCLUDING RECONCILIATION WITH ACCOUNTING SYSTEM)

The Integrated Disbursement and Information System (IDIS) is the HUD system that the City is required to use to fund and report on its CDBG program. IDIS generates standard CDBG program reports that provide financial and performance information. There are 110 different PR reports available in a noncontiguous range from PR01 to PR110, and 27 CDBG-specific reports. The PR05 and PR07 provide drawdown details by project and activity and voucher number, respectively. IDIS commits and disburses funds on a grant-specific basis, regardless of when the funds were appropriated. This is known as *grant-based accounting* which replaced the first in, first out drawdown methods used in the past.

The city will use the eCon Planning Suite to integrate the development of the Action Plan and the IDIS Activity Setup and Funding processes. This ensures that all the key reporting elements of the grants management cycle are integrated into one system and ensures cohesiveness between the goals described in the Consolidated Plan and Action Plan and the outcomes tracked in IDIS and reported in the Consolidated Annual Performance and Evaluation Report (CAPER).

IDIS will need to be reconciled with the City’s accounting system. Both systems of tracking funds must be coordinated and tell the same story about funding allocations and drawdowns. Obligations, expenditures, and program income submitted to HUD in the Consolidated Annual Performance and Evaluation Report (CAPER), or other applicable reports will need to reconcile with the accounting records. The CDBG Coordinator will work with the Finance Department to reconcile IDIS and New World (City Finance System) on a quarterly basis. See **Appendix 3** for more information on IDIS. For HUD’s complete guide on using IDIS for CDBG, please see [IDIS Training for CDBG Grantees](#).

PROCUREMENT

The City is responsible for ensuring that its procurement of goods and services with CDBG funds conform to or exceed Federal procurement standards, especially as it relates to subrecipient performance and procurement. A matrix of applicable federal requirements for procurement of goods and services is provided below.

All procurements made in whole or in part with CDBG funds must comply with the applicable Federal requirements found in [2 CFR Part 200.318](#) (General Procurement Standards). The requirements governing the purchasing process are designed to ensure that City staff and subrecipient’s:

- Follow a free and open competitive process in securing products or services.
- Properly document purchasing activities and decisions.
- Understand the requirements for different kinds of purchases (small purchases, competitive sealed bids, competitive proposals, and sole source procurements).
- Properly bond and insure work involving large construction contracts and/or subcontracts.
- Use local businesses with low-and-moderate income owners and employees and contract with small, minority and/or women-owned businesses to the maximum extent feasible.

Matrix of Applicability: Rule and Types of Federal Award Recipients			
Rule	All Federally Funded Recipients	Local Governments and Subrecipients	State Governments and Subrecipients
2 CFR Part 200.317,200.322, 200.326 Appendix II		Yes	Yes
2 CFR Part 200.318 – 326, Appendix		Yes	Limited to Above
Debarment	Yes	Yes	Yes
Davis-Bacon	Yes, if program threshold met	Yes, if program threshold met	Yes, if program threshold met
Work Hours and Safety	Yes	Yes	Yes
Equal Opportunity	Yes	Yes	Yes
Section 3	Yes, according to thresholds	Yes, according to thresholds	Yes, according to thresholds

The City’s Operating Procedures for Procurement is included in **Appendix 8**. For more on expectations around Financial Management in the CDBG program and a useful checklist, see Exhibit 34-1 Guide for

Review of Financial Management and Audits of the [CPD Monitoring Handbook 6509.2](#) and [Chapter 11](#) of “Basically CDBG.”

SUBRECIPIENT AGREEMENTS

Several elements should be covered by subrecipient agreements, all of which are identified in Chapter 3 of [“Managing CDBG: A Guidebook for CDBG Grantees on Subrecipient Oversight”](#). “Managing CDBG” spells out related requirements in detail, provides sample agreements, etc. Requirements aside, the City frequently references several pieces of each subrecipient agreement. These include:

- Statement of Work: a description of the work to be performed, a schedule for completion of work, and a budget, all in sufficient detail to monitor subrecipient performance;
- Reporting and Payment Procedures: discusses the process by which subrecipient will request payments and/or receive reimbursement for eligible expenses. This section typically discusses Progress Reports, Reimbursement Requests, and supporting documentation required to process payment/reimbursement requests; and
- Subcontractor Information: if the activity includes subcontractors, the agreement includes mandatory contract language and other related requirements.

The city will use the subrecipient agreement as part of its pre-activity orientation to ensure expectations of the subrecipients are clearly articulated and understood. The CDBG Coordinator will also provide any applicable materials that may be useful to the subrecipient including: (1) Playing by the Rules Subrecipient Guidebook, (2) Contractors Guidebook to Davis Bacon and Prevailing Wages, and (3) any other applicable reference materials or website links.

When the City funds internal projects, the responsible Department (Public Works, Parks) assumes a project management role. Examples include improvements to a city park, or water/sewer infrastructure projects in an LMI area, which would be managed by the Parks Department or Public Works Department respectively. For those activities, the interested Department assigns a project manager who oversees the day-to-day progress of the activity. This includes consultant correspondence, invoice receipt and approval, project budget and schedule monitoring, internal coordination with the project team, monthly meetings with the CDBG Coordinator, etc.

SUBRECIPIENT PAYMENTS

Pre-Award Costs

Even though October 1st is the official start of the program year, and the City has submitted its Annual Action Plan prior to this date, it is possible that Congress will not approve a federal budget, or that HUD will not release the City’s program year allocation amount by October 1. For this reason, HUD allows entitlement communities to incur pre-award costs.

The pre-award cost provisions in the CDBG regulations allow grantees and subrecipients to “incur costs prior to the effective date of their CDBG grant agreement with HUD. The grantee or subrecipient may then pay those costs (including reimbursing itself if it is using its own funds to pay the costs) after the effective date of the grant agreement, provided that it complies with the pre-award regulations at 24 CFR §570.200(h).” See the “Basically CDBG” training link below or Chapter 11, page 5.

<http://www.hud.gov/offices/cpd/communitydevelopment/training/basicallycdbg.cfm>

The City operates on a reimbursement basis and either the City (internal projects) or the subrecipient incurs the initial CDBG expense (whether those entails paying a vendor, reimbursing a subrecipient, etc.). Reimbursement requests, along with the appropriate documentation, are made to the CDBG Coordinator who then submits a reimbursement request to HUD. Under the pre-award regulations, the City does not have to wait until a CDBG agreement with HUD is in place to move activities forward. Instead, the City can pay for approved expenses (in the same manner it would after the grant agreement is in place) but hold the reimbursement request to HUD until the CDBG grant agreement is signed and the funds are reserved in IDIS.

Reimbursements

All aspects of CDBG financial management are coordinated closely with the City's Finance Department. An overview of federal expectations for managing finances is included in [Chapter 11](#) of "Basically CDBG," and in 24 CFR 570.502. The federal government expects the City to maintain a system that ensures effective control over and accountability for all funds, property, etc., and accurate, complete, and timely disclosure of financial activities in accordance with HUD reporting requirements. Federal requirements aside, accuracy, openness, simplicity, and transparency should always be the goal.

The city provides reimbursement payments to subrecipients based on verification of expenditures. Currently, the City's process for CDBG reimbursements of subrecipient/contractor expenses is as follows:

1. As work is performed under the contract, the CDBG Coordinator or other party inspects the work and reviews the project file to make sure it is up to date.
2. After the work is inspected, an invoice is received after fulfillment of the contract/agreement. Fulfillment of the contract/agreement includes meeting monthly or quarterly documentation deliveries to the CDBG Coordinator. The processing of requests for reimbursements may be delayed if the subrecipient has not provided accurate and timely data.
3. Upon approval of the work and invoice, the CDBG Coordinator creates a blue warrant for review and approval by the Director.
4. Once approved & signed by the Director, the blue warrant is sent to Finance/Accounts Payable for processing.
5. CDBG Coordinator requests copies of checks from Accounts Payable for inclusion into activity file for later draw down.

Subrecipients which do not operate under the terms of in-kind contracts shall normally be paid directly as reimbursement for eligible expenses. Subrecipients of CDBG funds for capital projects may request that funds be paid directly to a contractor or vendor; however, such a request must be made at the beginning of the project and is subject to City approval. Our preferred method of reimbursement is to the subrecipient first and contractor second. Payments will be made only upon presentation of invoices from the contractor or vendor and approved for payment by the subrecipient and City staff responsible for Davis-Bacon payroll reporting, and after ensuring all documentation requirements are current. Final payments to subrecipients will be made only upon submission of final program reports that document the achievement of program goals and satisfactory completion of the CDBG-funded activity.

Each request for payment must have adequate documentation for the costs incurred such as payroll records, purchase orders, copies of canceled checks, timesheets reflecting time spent directly on CDBG activities, etc. Requests must be only for costs directly related to the approved activity and included in

the approved budget attached to the contract.

Subrecipients are required to submit requests for reimbursement monthly or as appropriate for their program design so that the City may demonstrate its timely use of CDBG funds.

Administrative expenditures are reviewed monthly by the CDBG Coordinator as part of the accounts payable drawdown of funds through the city's accounting system (Incode) and the IDIS reporting system. The CDBG Coordinator prepares the request for funds and the Finance Director approves the drawdown. Administrative expenses are subsequently entered into IDIS and requested as a draw from the CDBG Line of Credit (LOC) to reimburse the City's general fund.

The City will not request CDBG funds in advance or as "float" funds from the U.S. Treasury and disburses payment on a reimbursement basis.

Internal Controls

The Community Development Department has implemented the following procedures regarding separation of duties:

1. The CDBG Coordinator compiles all of the requests for reimbursement, supporting documentation, and ensures the subrecipient are compliant with their Agreements.
2. The CDBG Coordinator prepares a draw request and submits to the Finance Director and the Community Development Director, and City Manager for review.
4. The CDBG Coordinator conducts a secondary review of the draw request, records the expenses, and submits the draw request through IDIS to generate a voucher number (Note: Draws are not made until contract or agreement is signed by the applicant) and notifies the compliance Specialist, Community Development Director, and the Finance Department.
5. The Finance Director approves voucher in IDIS and notifies the CDBG Coordinator, the Community Development Director, and the Compliance Specialist.
6. The City's Finance Department informs the CDBG Coordinator, Director when HUD funds are deposited with the City.

TIMELINESS

Timeliness refers to how quickly the grantee (i.e. City) commits and expends CDBG funds. On a national level, needs far outweigh available resources, so if one grantee is unable to advance activities that meet national objectives then HUD reserves the right to shift future funding elsewhere. CFR requirements on timeliness are available at [§570.902](#).

The rule for timeliness is that a grantee cannot have more than 1.5 times its most recent annual allocation in its line of credit at any given time. HUD checks the amount available in the line of credit several times each year, but the "official" check for timeliness is on July 30, 60 days before the end of the City's program year. The City, therefore, plans the annual calendar with this date in mind to make sure that enough activities can advance and drawdown funds in time to avoid a timeliness infraction. The City also makes subrecipients aware from the outset that timeliness is an important aspect of the CDBG Program, and failure to advance activities within a reasonable and predetermined timeframe can result in reallocation of funds.

The CDBG Coordinator maintains a spreadsheet tracking the City's drawdowns by activity and calculates

the current timeliness ratio after the draw is submitted. When HUD runs the timeliness check they do it through IDIS. If CDBG funds are obligated and general funds are spent for an activity, that expenditure will not count toward the timeliness calculation until the City has requested reimbursement in IDIS. In addition to any allocation and expenditure summary maintained by the Community Development and Finance Departments, the city can check timeliness through the year in IDIS by running report PR56.

CHAPTER 4: PROGRAM COMPLIANCE

ENVIRONMENTAL REVIEW

An environmental review is required for any activity receiving CDBG funding and shall be completed prior to any funds being spent. The applicable environmental review requirements include:

- National Environmental Policy Act (NEPA) of 1970 which requires Federal agencies to go through a formal process before taking any action anticipated to have substantial impact on the environment.
- HUD Regulations at [24 CFR 58](#) which allow the assumption of authority to perform the environmental reviews by responsible entities, which are units of general local government such as a city. The responsible entity is responsible for the scope and content of the review and for making the finding.
- Other Related Federal Environmental Laws and Authorities [View Resources.](#)

HUD Guidance

HUD's regulations at 24 CFR 58.22 prohibit grant recipients and their partners from committing or spending HUD or non-HUD funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environment review once a project anticipates CDBG funding. This prohibition on "choice-limiting actions" prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions.

All projects are subject to an environmental review, regardless of activity, prior to contracting or funding the project. Each project must receive approval prior to any work being initiated on a given activity. Funding must never be committed before the Environmental Review is complete. Noncompliance with federal, state, and municipal environmental processes, standards, and timelines will disqualify any project from receiving CDBG funding. These requirements do not impact application recommendations or decisions, though environmental impact of any proposed projects should be considered prior to completing a full application. If the CDBG project is a small part of a bigger project, it should be aggregated so one ER is conducted for the overall project (e.g. CDBG is extending a water line to a proposed gymnasium).

HUD has developed an online system for developing, documenting, and managing environmental reviews. It covers all levels of environmental reviews for CDBG funded projects and includes on-screen guidance for completing HUD environmental reviews. City staff who undertake environmental reviews may access the system referred to as [HEROS](#) - HUD's Environmental Review Online System. See Appendix 3 for more information on HEROS access and use.

ENVIRONMENTAL REVIEW PROCEDURES

These environmental review procedures must be completed for each CDBG funded program, project, or activity that is carried out with HUD grant awards to the City. The CDBG Coordinator will create and maintain an **Environmental Review Record (ERR)** for each project or activity. The ERR will consist of the following:

1. A written record of the environmental review, called the Environmental Review Record (ERR), undertaken for each activity is prepared and maintained by the CDBG Coordinator and must be available for public review upon request.
2. Depending on the project, the City will require that a subrecipient, partner or other party cooperate in gathering information for the review. The CDBG Coordinator may require a project sponsor complete an environmental review checklist.
3. The CDBG Coordinator will utilize that information in determining how a project may be best considered for environmental review, or whether more detailed information will be needed to evaluate that question.
4. Funding applicants seeking to use grants for acquisition or construction projects should complete an Environmental Checklist as part of their application requesting CDBG funding.
5. CDBG staff will be available to provide consultation or assistance and will review the data gathered upon completion.

Documents included in the ERR shall:

- Describe the project and scope of the activities comprising the project, regardless of individual activity funding source;
- Evaluate the effects of the project or the activities on the environment;
- Document compliance with applicable statutes and authorities; and
- Record the written determinations and other review findings required by 24 CFR Part 58.

NOTE: A full environmental assessment may take longer than expected depending on the project and site complexity. Each project sponsor is admonished to respect the prohibition on "choice-limiting actions" regarding physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions. City staff will discuss this process with project sponsors in more detail as they work through the environmental review process.

COMPLETING AN ENVIRONMENTAL REVIEW RECORD

An Environmental Review Record (ERR) must be completed in the HEROS system. See Appendix 3 of this manual for an outline of completing an Environmental Review Record in HEROS.

Categories of Review

As a Responsible Entity (RE) administering NEPA on HUD's behalf, the City is required to prepare an Environmental Review Record (ERR) for all federally funded projects. Even when an activity is "Exempt", like a program administration activity, the City must fill out the appropriate form and maintain it as part of the project file. The environmental review process is outlined in 24 CFR Part 58. Failure to follow the correct steps and maintain the required documentation can jeopardize future funding and/or cause HUD to demand repayment of funds.

After identifying activities and projects, the City must determine the appropriate level of environmental review. The ERR will vary in length and content depending upon the level of review required for the categories of activities. The five levels of environmental reviews and examples of CDBG activities are as follows:

1. Exempt - Planning & Administration Activities.
2. Categorically Excluded from and Not Subject To NEPA (CENST), not subject to 24 CFR Part 58.5 –

activities or projects involving no land changes, generally services, maintenance, supplemental assistance for a project that has already been reviewed if re-evaluation is not necessary, e.g. delivery of public services, homeownership assistance, etc.

3. Categorically Excluded from NEPA, subject to 24 CFR Part 58.5 - activities or projects involving minor physical impacts, acquisition, leasing, removal of barriers for accessibility and mobility, street paving or park improvements, or minor rehabilitation work.
4. Environment Assessment - major rehab, demolition, new construction, or anything with changes in land use.
5. Environmental Impact Statement - large scale development projects with potential for significant impact.

More information about each level of review is available in Chapter 15 of “Basically CDBG” and online at: <https://files.hudexchange.info/resources/documents/Basically-CDBG-Chapter-15-Environmental-Review.pdf>

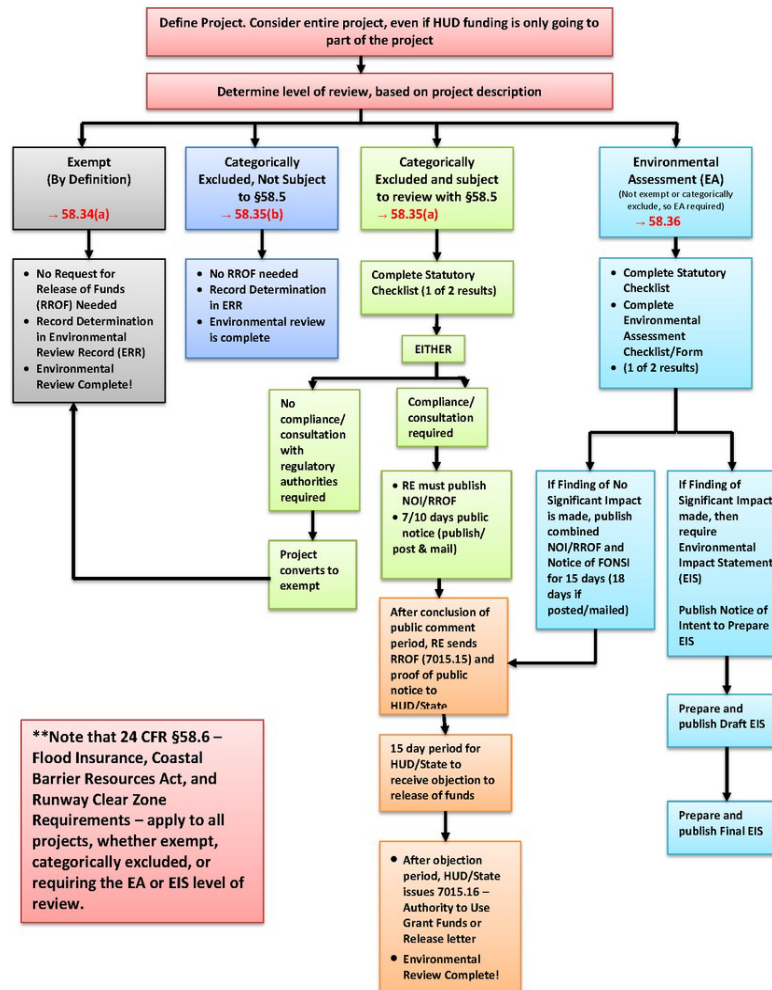
Environmental Reviews for exempt or categorically excluded activities that the City anticipates funding for the duration of a Consolidated Plan (e.g., public service agencies, admin, etc.) can be completed for the total timeframe. Provide the timeframe in the project description and do not extend it past the current Plan period.

The City typically handles the first three levels of review, and depending upon the scope of the project, staffing, etc., may also conduct an EA. Most CDBG projects do not usually warrant a full EIS. If a proposed activity requires an EIS, then the City would likely need to contract out that portion of the project or require the proponent to complete the EIS and submit that to the City. However, due to the relatively small size of the City’s entitlement, if an activity requires an EIS, it may be prudent to consider a different activity.

Compliance with Applicable Federal Environmental Laws and Authorities

Part 58 reviews may be subject to the requirements of 24 CFR 58.6, 24 CFR 58.5, environmental assessment factors, and the analysis under the National Environmental Policy Act. Most projects or activities the City will generally fund through the CDBG program fall under the first three categories. When the CDBG Coordinator conducts the environmental review, they will review an activity or project for compliance with the following: 24 CFR 58.6 which deals with airport clear zones, coastal barrier resources and flood insurance requirements; and 24 CFR 58.5 which deals with air quality, coastal zone management, endangered species, environmental justice, explosive and flammable facilities, farmland protection, floodplain management, historic preservation, noise abatement and control, site contamination, and sole source aquifer requirements. If an activity or project warrants a full EA, then the CDBG Coordinator will follow the review and analysis requirements in NEPA. The environmental review process is shown in the following flowchart:

Environmental Review Process (To Be Conducted by Responsible Entity)



Assessed and Categorically Excluded activities must be documented under Part 58.

A summary of the steps required for environmental review for the typical City project includes:

1. Establish Record – describe the project and limits of funding.
2. Determine level of notice and review required (Exempt, Categorically Excluded, Categorically Excluded/Exempt, Environmental Assessment).
3. Document the National Environmental Protection Act (NEPA) thresholds using the forms provided by HUD (or HEROS on IDIS) including State Historical Preservation Office (SHPO) and other outside sources that require documentation and compliance under Part 58.
4. If the project is Categorically Excluded or Assessed, publish either a Combined Notice or a Notice of Intent to Request Release of Funds (RROF) and receive comments, as required.
5. After the required publication and comment period for public notice, send RROF to HUD.
6. Receive Authority to Use Grant Funds from HUD (Form 7015.16).

For environmental review purposes, the City is the “responsible entity” (RE) referred to in 24 CFR Part 58. In this capacity, the RE is responsible for ensuring that the environmental review process is satisfied before CDBG funds are committed.

Tiered Environmental Reviews

When used appropriately, tiering, as defined in 40 CFR 1508.28, is a means of making the environmental review process more efficient by allowing parties to “eliminate repetitive discussions of the same issues and to focus on the actual issues ripe for decision at each level of environmental review” (40 CFR 1502.20). A tiered review consists of two stages: a broad-level review and subsequent site-specific reviews. The broad-level review should identify and evaluate the issues that can be fully addressed and resolved, notwithstanding possible limited knowledge of the project. In addition, it must establish the standards, constraints, and processes to be followed in the site-specific reviews. As individual sites are selected for review, the site-specific reviews evaluate the remaining issues based on the policies established in the broad-level review. Together, the broad-level review and all site-specific reviews will collectively comprise a complete environmental review record addressing all required elements. Funds cannot be spent or committed on a specific site or activity until both the broad-level review and the site-specific review have been completed for the site.

The CDBG Coordinator should use the HEROS Quick Guide, [Setting-up a Broad-level Tiered Environmental Review](#) for detailed instructions on setting up a tiered environmental review in the system. The Quick Guide also provides links to basic information on HUD’s Tiered Environmental Review process, including the HUD Exchange [Tiered Environmental Review webpage](#) and the [HEROS Tiered Environmental Review webinar](#).

When to Use Tiering

Tiering is a specialized form of conducting environmental reviews and is not appropriate for all activities, funding sources, or grantees. However, using tiering may increase efficiency when at the planning level HUD or the RE does not yet fully know the specific timing, location, or environmental impacts. For HUD environmental reviews, tiering may be appropriate when HUD or the Responsible Entity (RE) is evaluating a collection of projects that would fund the same or very similar activities repeatedly within a defined local geographic area and timeframe (e.g., rehabilitating many single-family homes within a city district or neighborhood over the course of 1 to 5 years) but where the specific sites and activities are not yet known.

When Not to Use Tiering

There are many situations in which environmental reviews should not be tiered. Tiering should not be used to review an entire funding source or HUD program unless all tiered activities are sufficiently alike to make a tiered review meaningful and effective. Tiering is also not appropriate for projects where specific locations have been identified, and for which the development of site-specific reviews is feasible. Finally, the RE must have the capacity to perform and maintain a complete environmental review record over a prolonged period before attempting to perform a tiered review.

Environmental Review Record for Tiered Reviews

Maintaining an organized environmental review record is especially important for tiered reviews, as tiered environmental review records are not complete without both the broad-level and site-specific tiered reviews. All site-specific reviews must identify the corresponding broad-level review and should be filed together. Failure to maintain documentation of both a broad-level and a site-specific review for each project is a major cause of HUD non-compliance findings that often results in penalties and sanctions, including the repayment of funds.

TIMELINES FOR COMPLETION

Most ERRs will ideally be completed in July and August as many of the activities will have a status of Exempt or CENST and can be completed without extended comment periods.

If there is a ground disturbance of 1 cubic feet of dirt or more, the project will likely have a status of Categorically Excluded, Subject to 58.5 (CEST). Expect this process to take 30-45 days due to the required comment periods and be sure to communicate this with subrecipients. Use the [Environmental Assessment Factors Guidance](#) to complete this process.

The CDBG Coordinator will send a completed ERR to subrecipients for their records. ERRs should also be available for public review if requested, but information related to hidden locations, sacred sites, or endangered species habitats must be redacted.

Process for Clearance

Depending on the required level of environmental reviews, the CDBG Coordinator will proceed to complete the environmental review procedures on behalf of the City in the capacity of Responsible Entity (RE) as follows:

1. For a project site that meets HUD's environmental review standards, the typical outcome is to publish a notice known as a "Finding of No Significant Impact" ("FONSI") in the local paper. That FONSI allows the public to comment directly to HUD on the content of and methodology used to create the ERR for the project.
2. Public comments, concerns, and appropriate resolution by the recipient are extremely important and must be fully documented in the ERR.
3. Remember when notifying other agencies of an environmental review and requesting comments to provide photos of the site for informational purposes.
4. Following the comment period, any comments are considered by HUD and through the City's formal request, the ERR may be approved. This is accomplished through a process known as the "Request for Release of Funds and Environmental Certification."
5. The Request for Release of Funds (RROF) and Environmental Certification states that the City completed the NEPA review and encourages HUD, the public, and other agencies to review the City's ERR and determination. The process is required for projects that are Categorically Excluded subject to 58.5 and those requiring an Environmental Assessment (never for projects that are Exempt or CENST).
6. A RROF and Environmental Certification can be submitted for a single project that is funded through multiple program years. Simply include all applicable program years and dollar amounts on all forms.
7. The full environmental review document does not need to be submitted with the RROF and Certification form unless the city determines that it is appropriate to send the whole document. If necessary, HUD will review the whole document and provide comments prior to approving the RROF.
8. For the City, the Mayor or designee is the certifying official and will sign the official document on behalf of the HUD Grantee.
9. The ERR must contain all the environmental review documents, public notices (including proof of their publication), and written determinations or environmental findings required by 24 CFR Part 58 as evidence of review, decision making and actions pertaining to a particular project.

Environmental Review Follow Up

Environmental Review Records (ERR's) are living documents until completion of the project and implementation of all mitigation and they may need to be updated even after the ERR has been completed. The three major reasons for revisiting a review are to:

1. Record mitigation measures;
2. Reevaluate the project; or
3. Add another source of funding (if new funding sources are added prior to completion of the ER and all the funding sources are under the same part 58).

If the project will be receiving additional funding from another program year after the Environmental Review has been completed, the project will need to be updated each year there is supplemental assistance. Supplemental assistance only applies if there is no change in scope, just the addition of funding. Complete the [Exempt](#) form and upload it to the project summary. There is no need to have the ER signed again.

FAIR HOUSING & NONDISCRIMINATION

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-19-Fair-Housing.pdf>

When seeking HUD approval of CDBG funding, the City also makes assurances that it will satisfy affirmatively further fair housing and ensure equal opportunity under Federal law. As such, the following procedures must be followed in conformance with those assurances and all related HUD guidelines that enforce such Federal law. The applicable requirements include:

Federal and State Laws and Regulations	Fair Housing & Nondiscrimination	Accessibility	Equal Employment & Contracting
Title VI of the Civil Rights Act of 1964	X		
Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act)	X	X	
Section 109 of Title 1 of the HCD Act of 1974	X		X
The Fair Housing Amendment Act of 1988	X		
The Age Discrimination Act of 1975	X		
Section 504 of the Rehabilitation Act of 1973	X	X	X
The Americans with Disabilities Act of 1990 (ADA)	X	X	X
Section 109 of Title 1 of the HCD Act of 1974	X		X
The Equal Employment Opportunity Act			X
Section 3 of the Housing and Urban Development Act of 1968			X
Executive Order 11246			X
2 CFR Part 200 (Uniform Administrative Requirements)			X

Overview of Procedures

The City and its subrecipient, partner or other parties must adhere to all the basic tenets of fair housing and equal opportunity regulations. Recipients are prohibited from practicing discrimination on the grounds of race, color, national origin, religion, sex, handicap, or familial status. This prohibition applies to all project contractors or subcontractors. Beneficiary information should be determined, and demographic data compiled, with this information made available in the project file for public review.

Fair Housing - § 570.601

According to HUD's [Fair Housing Planning Guide](#) the broad objectives of **Affirmatively Furthering Fair Housing** can be interpreted to mean:

- Analyze and eliminate housing discrimination in the jurisdiction;
- Promote fair housing choice for all persons;
- Provide opportunities for racially and ethnically inclusive patterns of housing occupancy;
- Promote housing that is physically accessible to, and usable by, all persons, particularly persons with disabilities; and
- Foster compliance with the nondiscrimination provisions of the Fair Housing Act.

Fair Housing is the right of all people to be free from discrimination in the rental, sale, or financing of housing. Equal access to rental housing and homeownership opportunities, regardless of race, color, religion, national origin, sex, familial status (the presence of children under 18) or disability, is the cornerstone of the Federal Fair Housing Policy. Local cities and counties that receive certain federal housing or community development funds have a role in affirmatively furthering Fair Housing opportunities and may carry additional protections for additional protected classes.

The Fair Housing Act provides that, in connection with the design and construction of multifamily housing, the public use and common areas must be accessible and usable by persons with handicaps, all doors must be designed to be wide enough for wheelchair accessible, and all premises should be of adaptive design (e.g., reinforcements within a bathroom to allow installation of grab bars).

Grantees undertaking housing projects and activities must ensure fair housing rules are followed in the provision of housing services and assistance. Opportunities for purchase or rental, terms and conditions, advertising and marketing information, and availability of real estate services should not discriminate.

Some examples of possible actions to ensure fair housing are listed below:

- Developing and implementing a fair housing resolution;
- Marketing information concerning housing services and activities to be disseminated through agencies and organizations that routinely provide services to protected groups;
- Criteria for selecting recipients of housing services or assistance should be evaluated for any discriminatory effect;
- Policies guiding the provisions of relocation housing and services for persons displaced by housing activities should be evaluated for discriminatory effect; and
- Legal documents used by grantees and lending institutions should be reviewed and revised, if necessary, to eliminate any discriminatory intent or practice.

It is important for grantees to understand both the Fair Housing Amendment and Section 504. The Fair Housing Amendment requires that a landlord must allow a tenant to make reasonable modifications to a

unit paid for by the tenant. Section 504 provides that the landlord is responsible for making reasonable accommodations. Finally, the accessibility logo should be used in housing projects where units are available for the disabled.

Affirmative marketing is required for all CDBG assisted housing with five or more units.

Accessibility - § 570.614

Architectural Barriers Act

Americans with Disabilities Act

The City shall abide by HUD regulations in [Section 504](#), HUD's implementation of the Americans with Disabilities Act, to ensure that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving CDBG funds. The City shall include monitoring for Section 504 compliance as part of the annual monitoring of CDBG subrecipients. Monitoring shall include inspection of facilities in which CDBG-funded program are offered to ensure that the facilities are accessible to persons with disabilities.

Housing

Section 504 provides that no otherwise qualified individual shall, solely by reason of his or her disability, be excluded from participation in (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal funding assistance. Section 504 also contains design and construction accessibility provisions for certain new multi-family dwellings developed for first occupancy, requirements for new construction, and substantial rehabilitation of multi-family rental housing.

Facilities

"Facility" is defined under Section 504 as any portion of a building, equipment, roads, walkways, parking lot or other real property. "Accessible" for non-housing purposes means that a facility or portion of a facility can be approached, entered, and used by individuals with physical disabilities. Non-housing programs, as well as existing facilities in which they are situated, must be readily accessible to and usable by persons with disabilities. Accessibility programs will be determined once again under self-evaluation. The focus of program access is providing programs in the most integrated setting possible. Providing separate or different programs is illegal unless necessary to achieve equal opportunity.

Methods of improving program access in existing facilities can include the following:

- Relocating programs to accessible facilities or accessible portions of facilities;
- Acquiring or building new facilities;
- Selectively altering facilities;
- Changing operating policies and procedures;
- Assigning aides to assist beneficiaries;
- Adding or redesigning equipment or furnishings; and
- Conducting home visits.

Grievances

Designation of responsible employee and adoption of grievance procedures:

- 504 coordinator and related compliance efforts, currently designated as the CDBG Coordinator or

- Community Development CDBG Manager;
- Grievance procedure w/due process and local resolution; and
- Complaints may be filed with the City or HUD.

Notification to participants, beneficiaries, applicants, and employees of their nondiscriminatory provisions. In summary, the grantee must provide notice regarding the following:

- Grantees must publish in a newspaper of general circulation the notice “Policy of Nondiscrimination based on Disability Status”;
- Grantees must include the same language found in their policy of nondiscrimination (mentioned in the first bullet) in all material used for recruitment or general information;
- Grantees must ensure that all members of the population with visual or hearing impairments are provided with the information necessary to understand and participate in the programs offered; and
- Methods for ensuring participation may include qualified sign language and oral interpreters, readers, or the use of taped and Braille materials.

Americans with Disabilities Act of 1990 (ADA)

Guarantees must provide equal opportunities for persons with disabilities in employment, public accommodations, transportation, State and local government services, and telecommunications.

- Title II requires that new or rehabilitated facilities be accessible; and
- Title II requires new or altered streets, roads, highways, and pedestrian walkways to contain curb ramps or other sloped areas at intersections w/ curbs or other barriers to entry from street level or pedestrian walkway. Curb ramps at intersections.

Self-Evaluation Plan

The city is to conduct a self-evaluation of accessibility to determine whether their current programs, services, policies, and practices meet the requirements of Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act.

Note: The city will conduct a self-evaluation of accessibility in 2023 to ensure we are in compliance with Section 504 (Harris County Community Services Texas harriscountytexas.gov was identified as a precedent example of conducting a self-evaluation).

Equal Opportunity - § 570.607

Nondiscrimination is a requirement of employment and employment practices. Employment opportunities may not be denied based on race, color, national origin, sex, age, religion, familial status, or disability. Affirmative action and equal employment opportunity policies are fundamental aspects of CDBG funded activities.

The Americans with Disabilities Act modifies and expands the Section 504 Rehabilitation Act of 1973 to prohibit discrimination against “a qualified individual with a disability” in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment.

The Equal Employment Opportunity Act empowers the Equal Employment Opportunity Commission

(EEOC) to bring civil action in Federal court against private sector employers after the EEOC has investigated the charge, found “probable cause” of discrimination, and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings Federal, State, and local governments under the Civil Rights Act of 1964.

Section 504 reasonable accommodation in employment is determined on a case-by case basis. It means reasonable modifications on the job or in the workplace to enable a disabled person to perform the job for which she/he is qualified. Section 504 does not require the hiring or promotion of someone simply because she/he has a disability.

[Section 3](#) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u and 24 CFR Part 75) represents HUD’s policy for providing preference for new employment, training, and contracting opportunities created from the usage of covered HUD funds to low- and very low-income resident of the community where certain funds are spent (regardless of race or gender), and businesses that substantially employ these persons.

Recipients receiving more than \$200,000 in CDBG funding are required to comply with Section 3. Section 3 applies to all projects and activities involving housing construction, rehabilitation, or other public construction that is funded with CDBG funding. Section 3 is triggered when the normal completion of construction and rehabilitation projects creates the need for new employment, contracting, or training opportunities. If the expenditure of CDBG funding does not result in new employment, contracting, or training opportunities, the requirements have not been triggered.

Note: The City will prepare a Section 3 Plan or Section 3 Planning guidance in 2023 to ensure we are in compliance with Section 3 requirements.

Pursuant to 24 CFR Part 75, direct recipients of HUD financial assistance submit Section 3 reports to HUD through IDIS for the purpose of determining the effectiveness of Section 3. Direct recipients include public housing authorities, entitlement communities, states, and certain NOFA Grantees that utilize HUD funding for construction and rehabilitation activities. Training on Section 3 reporting can be found at this link: [Section 3 - HUD Exchange](#)

In the IDIS system, grantees that receive CDBG, HOME, or HTF funds will enter Section 3 data:

- On the accomplishment screens (CDBG, HTF) in IDIS; and
- The Consolidated Annual Performance and Evaluation Report (CAPER) will include the Section 3 compliance information entered into IDIS at the activity level along with any additional information the grantee may include within the report.

[Non-Discrimination - §570.602](#)

Projects awarded CDBG funds are required to ensure that all persons are served equitably and that a person is not denied services because of their race, color, religion, national origin, sex (including gender identity and sexual orientation), familial status, or disability. Texas law also prohibits discrimination on the basis of income source. Subrecipients must establish, amend, and/or maintain program admissions, occupancy, and operating policies and procedures (including policies and procedures to protect individuals’ privacy and security), so that equal access is provided to individuals based on any of the above listed protected classes. This requirement includes tenant selection and admission preferences.

Undocumented Residents - [§570.613](#)

Those who are not in the United States legally are ineligible for activities administered by the grantee that have income eligibility requirements or are targeted to primarily benefit low- and moderate-income persons and provide benefits to people based on an application.

Labor Standards – 24 CFR §570.603

Like the assurances the City makes to HUD regarding environmental review and fair housing, it agrees to follow Federal labor standards on CDBG funded projects. Therefore, the following procedure must be followed in conformance with those assurances, related HUD guidelines and Federal law. The applicable requirements include:

- The [Davis Bacon and Related Acts](#) (DBRA) requires all contractors and subcontractors performing work on non-housing Federally assisted construction contracts over \$2,000 to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar projects in the area. Non- housing activities include construction or rehabilitation of a public facility (e.g., a homeless shelter, senior center), or installation of public improvements to support affordable housing or provide benefit to low-income neighborhoods (e.g., streets, water/sewer lines).

Federal Davis-Bacon prevailing wage rate requirements may also apply to a CDBG funded housing project involving the rehabilitation of multifamily housing containing eight (8) or more assisted units.

These requirements often have an impact on the cost of projects, and carry with them significant recordkeeping procedures, so applicants are encouraged to contact staff early in their project planning for further information if a proposed project will be subject to Davis-Bacon. If it is a covered project, your solicitation documentation will need to alert contractors that Davis-Bacon requirements will apply and will need to include the appropriate Federal wage decision and other required labor provisions.

The prevailing wage rates and fringe benefits are determined by the Secretary of Labor for inclusion in covered contracts. Federal wage decisions will be made available by staff for project cost feasibility determinations upon request, or can be found here: <https://sam.gov/content/wage-determinations>

The CDBG Coordinator is responsible for ensuring project compliance with labor laws. Information about Davis Bacon and related labor acts is available in [Chapter 16](#) of “Basically CDBG.” Additional information is available online at: https://www.hud.gov/program_offices/davis_bacon_and_labor_standards.

Overview of Procedures

These specific procedures are used by City to assist Contractors and Subcontractors in meeting contractual labor standards responsibilities. All major administrative and procedural activities are described in the sequence they will occur as the construction project progresses. The word “employer,” as used below, refers to the Prime Contractor, each Subcontractor, or each Lower-tier Subcontractor.

Payrolls and documentary evidence of compliance with Davis Bacon is required to be sent in the delivery procedure as follows:

- Each Lower-tier Subcontractor submits required payroll documents to the respective

- Subcontractor;
- Each Subcontractor, after checking his own and those of each Lower-tier Subcontractor he may have, submits required documents to the Prime Contractor; and
- The Prime Contractor, after reviewing ALL payrolls and documentation, including his/her own, and correcting violations where necessary, submits all certified payroll reports to grant administration staff.

Working Subcontractors Are Not Exempt from Receiving Prevailing Wage. Davis-Bacon Act regulations specifically stipulate that independent subcontractors are not exempt from receiving weekly prevailing wage for the classification of work which they perform. This is true regardless of any contractual relationship between the primary contractor and subcontractor. This means that it is the prime contractor's responsibility to ensure that a prevailing wage rate is paid to subcontractors performing on-site work. (Source documentation: Department of Labor Relations Letters dated [January 15, 1993](#) and [December 2, 1996](#).)

Bid Package

The bid package shall contain the following instructions and information:

- Follow the City Procurement Policy, State and Federal regulations
- Notice to Bidders must contain this language: Wage determinations established under the Davis-Bacon Act will apply to this contract. The contract documents contain requirements addressing prevailing labor wage rates, labor standards, nondiscrimination in hiring practices, goals for minority and female participation, MBE and WBE participation, (include if the project cost is more than \$200,000: participation by Section 3 resident and businesses), and related matters.
- The MBE/WBE Solicitation form MUST be completed and submitted with the bid. Failure to include this form in the bid will be grounds to disqualify a bid. If the Contractor does not intend to use a subcontractor and there are no MBE/WBE material providers in the area, the form must so indicate. Otherwise, attempts to contact MBE/WBE subcontractors and material providers must be documented. MBE/WBE subcontractors in Texas can be obtained here: <https://www.udot.texas.gov/connect/business/civil-rights/>
- It is the contractor's obligation to ensure that subcontractors are not suspended or debarred from working on federally-funded contracts by searching the Internet-based Excluded Parties Listing System at www.SAM.gov.
- On City projects, the CDBG Coordinator will assist the Public Works or Parks Department with reviewing subcontractors to ensure they are not suspended or debarred from working on federally funded contracts.
- Bonding Requirements: Section 200.325 permits the City to accept the recipient's bonding policy and requirements if it has determined that the Federal interest is adequately protected, and if not, the minimum requirements (abbreviated) are as follows:
 - A Bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
 - A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract. Performance Bonds must be obtained from companies listed in OMB Circular 570. http://www.fms.treas.gov/c570/c570_a-z.html#n

- A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
7. Procurement of Recovered Materials §200.322: The City and its contractors must comply with § 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and, establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
 8. The environmental review must be completed prior to publishing the bid advertisement.

Davis Bacon

The grantee may access Federal wage rate decisions through the internet at:
<https://sam.gov/content/wage-determinations>.

Federal wage determinations are generally issued for four categories: Building, Residential, Heavy, and Highway. It is important to understand the differences when determining which rate category to request to avoid paying wages from an inappropriate determination:

- Building construction generally includes construction of sheltered enclosures with walk-in access for housing persons, machinery, equipment or supplies. This includes all construction within and including the exterior walls, both above and below grade.
- Residential projects involve the construction, alteration or repair of single-family houses or apartment buildings no more than four stories tall.
- Heavy construction is generally considered for all construction not properly classified as highway, residential, or building. Water and sewer line construction will typically be categorized as heavy construction.
- Highway projects include construction, alteration or repair of roads.

The labor clauses, which are contained in [HUD-4010](#), and the applicable wage rate decision (and any additional classifications) must be a physical part of the bid package. The labor clauses obligate the contractor to comply with the Davis-Bacon wage and reporting requirements and provide remedies and sanctions should violations occur.

- The wage determination must be included in the original bid package. Ten days prior to bid opening, the grantee must check to see if the wage decision has been modified. If so, grantees should notify all potential bidders appropriately in conformance with local procurement procedures.
- If a contract has been awarded but construction has not yet begun within 90 days of the award, the grantee must also determine if any modifications have been issued to the wage decision. If so, the contractor must adhere to the modified wage decision.

COMPETITIVE SEALED BIDS

The Competitive Sealed Bid method is the required method for using CDBG funds for construction projects.

The following requirements apply to the competitive sealed bid procurement process:

- Competitive sealed bids are initiated by publishing an Invitation for Bid (IFB).
 - Must include instructions to potential bidders including:
 - location and time and date for submission;
 - availability of bid documents and duration of public inspection,
 - deposit(s) and other bidding requirements;
 - notice of Federal contract requirements.
 - instructions to potential bidders including
- The Environmental Review must be completed prior to publishing the bid advertisement.
- The IFB must be advertised in the newspaper of daily general circulation at least one time, not less than (14) fourteen days before the date set for the opening of bids.
- The IFB must also be distributed to all trade publications (construction services).
- The IFB must be advertised in as wide a geographic area as is needed in order to ensure enough bids are received to be deemed a competitive process.
- The IFB must also be distributed to MBE/WBE businesses via email.
- The IFB will include specifications that define the services or items required in order for the bidder to properly respond.
- 2 CFR Part 200 requires a bid guarantee from each bidder equal to (5%) five percent of the bid price. This guarantee serves as an assurance that the chosen contractor will execute the contract within the time specified.
 - Bid guarantees can be in the form of a Bond or Cashier's check that are returned to the unsuccessful bidders.
- All bids must be publicly opened at the time and place stated in the Invitation for Bids.
 - All sealed bids received will be date and time stamped upon receipt.
 - Any sealed bid which does not arrive at the designated place by the appointed time will not be considered and will not be opened. The bid will be marked by the time received and returned to the bidder unopened.
 - All bids will remain confidential until the public bid opening.
 - All bids submitted on time will be publicly opened and the sealed bids read aloud.
- The bids must be tabulated and reviewed.
- The contract is awarded to the lowest, responsible and responsive bidder.
- Preparation and signing of a contract formalizing a scope of work and the term of compensation is required.
 - The contract must be a firm-fixed-price contract (lump sum or unit price with a maximum amount identified).

PRE-BIDDING REQUIREMENTS

The first step in effective management of CDBG-funded construction projects is the preparation of a bid

package. This requires the writing of the technical bid specification – usually by an architect or engineer based on prepared plans or working drawings. These specifications must provide a clear and accurate description of technical requirements for materials and products and/or services to be provided in the contract. Most of the construction projects the City funds with CDBG involve either Public Works or Parks & Recreation, and either of these will help prepare the big package as they will also be managing the projects.

While the engineer/architect prepares the technical specifications, the Grant Administrator will determine the applicability of minimum Labor Standards, request the necessary wage decisions, and ensure compliance with all Federal Requirements.

Federal Requirements

Most construction projects including alteration, repair or demolition, funded in whole or in part with federal dollars, must comply with federal Labor Standards Provisions. Applicable laws include the following:

- **The Davis-Bacon Act** ([40 USC Sections 3141-3148](#)) requires that workers receive no less than the prevailing wages being paid for similar work in the same locality. The CDBG regulations apply this Act to construction, alteration, or repair work of more than \$2,000 that is financed in whole or in part with CDBG or other federal funds, regardless of the CDBG amount.
- **The Copeland Anti-Kickback Act** ([40 USC Section 3145](#)) requires that workers be paid weekly, that deductions from their pay be permissible, and that contractors keep and submit weekly payrolls and Statements of Compliance.
- **The Contract Work Hours and Safety Standards Act** ([40 USC Section 3701-3707](#)) requires that workers receive overtime compensation for hours they have worked in excess of 40 hours in one week. This Act applies to all CDBG-assisted construction contracts of \$100,000 or more. The Act also imposes a financial penalty for failure to pay such overtime wages and requires overtime for traditionally exempt salaried construction workers. (NOTE: Overtime is required for ALL workers via the Fair Labor Standards Act including projects without federal funds.)

Exceptions

There are certain exceptions to the Davis-Bacon and Copeland Anti-Kickback Acts. These acts do not apply to:

- Construction contracts at or below \$2,000. Note that arbitrarily separating a project into contracts below \$2,000 in order to circumvent the requirements is not permitted.
- Rehabilitation or new construction of residential properties containing less than eight units with CDBG funds.
- Non-construction related activities will not cause Davis-Bacon to apply to the whole project. These are activities such as real property acquisition, procurement of furnishings, architectural and engineering fees, procurement of modular (industrialized) and manufactured housing components, and certain pieces of equipment that would not become permanently affixed to the real property.
- Contracts solely for demolition when no construction is anticipated on the site.

- Force account labor (construction carried out by municipal employees or, in certain instances, a sub-recipient's employees).
- Volunteers. However, volunteering for part of the project and working part of the project is prohibited.

Resources

- <https://www.hudexchange.info/resource/2542/making-davis-bacon-work-guide-states-indian-tribes-local-agencies/>
- <https://www.hudexchange.info/resource/2541/making-davis-bacon-work-contractors-guide-prevailing-wage-requirements/>
- https://www.hud.gov/program_offices/administration/hudclips/handbooks/sech/13441
- https://www.hud.gov/program_offices/davis_bacon_and_labor_standards/olrform

BIDDING AND CONTRACT REQUIREMENTS

The grant administrator must be sure to include all applicable labor standards, equal opportunity, and other language in the bid specifications and contract documents, in addition to verifying contractor/subcontractor eligibility and ensuring all required documentation is collected and maintained in project files.

Step 1: Obtain the Appropriate Wage Decision

Federal regulations require that the Davis-Bacon Wage Determination in effect on the day of bid opening is the wage decision that must be used for all construction on federally funded projects.

When a modification is published less than 10 days before the opening of bids, and the City finds that there is not a reasonable time available before bid opening to notify bidders of the modification, a report of the finding is inserted in the contract file and *the wage determination in effect 10 days prior to bid opening* may be used.

An initial wage decision should be obtained prior to issuing the IFB and provided to the Architect or Engineer to be included in the project bid specifications. Access <https://sam.gov/content/wage-determinations> in order to obtain the Davis-Bacon Wage Determination for the project.

A printed copy of the effective wage decision will be required at monitoring.

Step 2: Prepare Invitation for Bid (IFB)

The city must develop an IFB that clearly identifies the services required including:

- all technical specifications required,
- any other requirements that apply to the contract, and
- instructions for preparing and submitting a bid.

Bid specifications may not identify a specific name brand or provider except if required to identify a piece of equipment necessary for completion of the project.

The applicable wage rate decision must be a part of the bid package. The bid package must also contain language explaining all labor standards requirements, which are designed to protect employee rights (in addition to other federal procurement provisions). The city may attach the Federal Labor Standards Provisions ([HUD Form 4010](#)) to meet this requirement.

Step 3: Publish Invitation for Bid (IFB)

The IFB must be advertised in the newspaper of general circulation in the jurisdiction. The IFB must state the date, time, and location for submission of bids. <https://pharr-tx.gov/bids/>

The legal advertisement must provide information pertaining to where the project plans and specifications may be obtained or reviewed. To obtain the highest level of free and open competition, publishing the IFB in well-known trade journals and/or sending a copy of the IFB to the area's local contractors may increase the number of responses received.

ADVERTISEMENT FOR BIDS

The City of Pharr will receive sealed bids for the construction project: _____ until_____, on_____at Pharr City Hall, 118 S. Cage Blvd., Pharr, Texas 78577. Bids will be publicly opened and read aloud at the Bid Opening Meeting to be held on_____. Faxed bids will not be accepted.

Contract documents may be examined after_____in the office of Myra Gomez, City of Pharr Purchasing Agent, 118 S. Cage Blvd., Pharr, TX 78577 (956) 702-5300

A non-mandatory pre-bid conference will be held at the project site at [time] on_____(If applicable).

Each proposal shall be accompanied by a bidder's bond, or certified check or cashier's check, in favor of the (Owner's name), in the amount of not less than ten percent. The City of Pharr reserves the right to waive any informality in and to accept or reject all bids. No bid may be withdrawn for a period of sixty (60) days.

Bidders must submit with their bids the non-collusion affidavit contained in the contract documents.

Prevailing wages established under the Davis-Bacon Act will apply to this contract. The Davis-Bacon Act (40 USC, Chapter 3, Section 276a-276a-5; and 29 CFR Parts 1, 3, 5, 6 and 7) is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It requires that workers receive no less than the prevailing wages being paid for similar work in the same area. The contract documents contain requirements addressing prevailing labor wage rates, labor standards, nondiscrimination in hiring practices, goals for minority and female participation, MBE and WBE participation, participation by Section 3 residents and businesses, and related matters.

Step 4: Solicit MBE/WBE Responses

The CDBG program requires the bidders to include MBE/WBE contractors to the best of their ability. To that end, a copy of the Invitation for Bidding (IFB) advertisement must be distributed to MBE/WBE businesses in best effort by emailing the advertisement to CDBG staff.

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Step 5: Confirm Wage Rates

Ten (10) days before bid opening, the City must check <https://sam.gov/content/wage-determinations> to determine if there have been any modifications or revisions to the Davis-Bacon wage rate decision. If it is determined during the "ten-day call" that there has been a modification, the City will then send it as an addendum to all contractors who received the original bid package.

Step 6: Conduct Pre-Bid Meeting (optional)

Prior to the bid process, conduct a pre-bid meeting on all sealed bid procurements. The pre-bid meeting provides an opportunity to explain all state and federal requirements of a CDBG funded project to prospective bidders.

Step 7: Receive Bids

As bid packets arrive, the time and date the bid was received from the vendor is written on the outside of the bid packet. Any bid received after the date and time due must be rejected and returned to submitter unopened.

Step 8: Open Bids

Bids must be opened and read aloud at a *public meeting, at the date, time and location stated* in the legal advertisement. The bidder's name and amount of bid must be read and recorded in the minutes of the bid opening meeting. No action should be taken at the bid opening meeting except to take the bids under advisement. Bid opening meeting minutes and a sign in sheet of all attendees must be maintained for the project records and will be required prior to drawing down any CDBG funds for construction.

Step 9: Make Vendor Selection

The Competitive Sealed Bid method of procurement requires that the construction contract be awarded to the lowest bidder, provided that the lowest bidder is found to be a responsive and responsible bidder. If the bids received are within the project budget, the Architect or Engineer will review all bid packages to determine if each one is responsive and responsible and verify that the bonding and certification requirements outlined in the bid specifications have been included.

Upon completion of these reviews, the Architect or Engineer will prepare a bid tabulation sheet, and a written statement making a recommendation of the lowest responsive and responsible bidder. The bid tabulation must be certified (stamped) by the project Architect or Engineer. If the low bidder is found to be unresponsive or irresponsible and is not recommended by the project Architect or Engineer, the City's legal counsel must be consulted prior to making the determination to reject the lowest bid and consider the second lowest bidder. A written legal opinion must accompany all procurement documents where the low bidder was not selected in case of a formal bid protest or possible litigation.

Step 10: Award the Contract

After review of the bids, an award to contract with the lowest responsible and responsive bidder if his/her bid is within the budgeted amount, is completed preferably within 30 days of the opening.

CAUTION: Contracts are to be awarded within a 90-day period. If contracts are not awarded within 90 days of bid opening, any wage rate modifications that occurred within that 90-day period will apply to the contract.

If the contract is awarded to a bidder other than the low bidder, a written statement for the project file explaining why each lower bidder was deemed non-responsible or non-responsive must be written and saved in the project file.

- To be responsive, the bidder must have submitted all required documentation. However, the responsiveness criteria must be uniformly applied to all bidders. If one bidder is rejected for failing to submit a particular document, for example, all bidders failing to submit that documentation must be rejected.
 - It is required that a check of the contractor and all subcontractors' names is completed against the Federal Excluded Parties List System (available at <https://sam.gov/content/exclusions>).
The city will document which contractors and subcontractors are not on this list.
 - The City must check the contractor and all subcontractors' names against the HUD Limited Denial of Participation List (available at https://www.hud.gov/program_offices/general_counsel/limited_denial_participation_hud_funding_disqualifications)
 - The city will document that the contractor and subcontractors are not on this list.
- The bidder may also be determined non-responsible if, in the City's judgment and the judgment of the consulting professional, the bid is so unreasonably low that the project cannot be constructed for the amount bid. This is often a problem with inexperienced contractors.

Step 11: Execute the Contract

Once the bidder is accepted and the reasonability of cost is established, the City may execute the contract and schedule the mandatory Preconstruction Conference.

Following award of the contract, the contract documents and applicable bonding and insurance must be completed and executed. Contract documents include all the items contained in the bid package as well as the executed contract, bid proposal, contractor certifications, and bond and insurance forms.

PRE-CONSTRUCTION REQUIREMENTS

Before any work is performed by a contractor, CDBG staff, and any other technical advisors to the city conduct a pre-construction conference with the contractor, and any identified subcontractors, to explain contractual requirements and performance schedules. <https://www.pharr-tx.gov/wp-content/uploads/2020/04/city-of-pharr-standards-manual.pdf>

The city should prepare an agenda, and plan to utilize and distribute a pre-construction checklist as a guide to ensure that all areas are properly addressed.

Items that should be covered at the pre-construction conference include, but are not limited to:

- Explain to the contractors their responsibilities with respect to labor standards and equal opportunity requirements as well as the technical job requirements.
- Obtain the contractor's Federal Identification Number and The Unique Entity ID (UEI) number that is registered in the System for Award Management (SAM).
- Explain that the contractor must submit weekly payrolls and statements of compliance signed by an officer of the company or person authorized by owner/officer, and that the prime contractor is responsible for securing, checking, and reviewing payrolls and Statements of Compliance from all subcontractors.
- Explain that wages paid must conform to those included in the wage rate decision included in the contract. Discuss the classifications to be used. If additional classifications are needed, contractors can request them using HUD Form 4230-A.
- Explain that employee interviews will be conducted on-site during the project to ensure compliance with prevailing wage requirements. The following form will be used to complete interviews.
- Emphasize that both a copy of the wage rate decision and the wage rate poster "Employee Rights under the Davis Bacon Act" must be posted in clear view of all employees at the jobsite.
- Explain that apprentice or trainee rates cannot be paid unless the apprentice or training program is registered and approved by the U.S. Department of Labor. Foremen or supervisors that spend more than 20% of their time performing covered construction work must be paid at least the prevailing hourly rate for the time spent performing such work.
- If the contract is \$100,000 or greater, explain that workers must be paid overtime if they work more than 40 hours in one week, including otherwise exempt salaried construction workers. Only a waiver from the Secretary of Labor can override the Contract Work Hours and Safety Standards Law.
- Indicate that failure to pay workers at least time and a half whenever overtime occurs violates the Contract Work Hours and Safety Standards law (more than 40 hours per week) and makes the contractor liable for not only restitution but also liquidated damages of \$27 per day for every day each worker exceeded 40 hours a week without being paid time and a half. (The \$27 penalty amount is applicable as of January 16, 2021, and adjusts annually. See web link for current liquidated damages amount.
- Explain that no payroll deductions can be made that are not specifically listed in the Copeland Anti-kickback Act provisions as permissible payroll deductions. In addition, some of the permissible deductions require written permission of the employee. An unidentified payroll deduction is a method used by unethical contractors to get their workers to "kickback" a portion of their pay. This is a particularly common problem in times of high unemployment and in areas of minority concentrations. Unspecified payroll deductions are a serious discrepancy and should be resolved prior to further contractor payments.
- Explain the possibility of federal debarment for violation of labor standards and equal opportunity requirements. Obtain any outstanding documents including Contractor/Subcontractor Eligibility Certifications Regarding Debarment, Suspension and Other Responsibilities.
- Provide contractor with posters for the site, including "Employee Rights under the Davis Bacon Act," as well as other worksite posters such as "Notice to All Employees Working on Federal or Federally Financed Construction Projects," "Safety and Health Protection on the Job," and "Equal Employment Opportunity is the Law." These posters are available via the DOL website. Posters are available in English and other languages, may be downloaded free of charge and printed directly from the DOL website. It is encouraged that contractors communicate.

information regarding employee rights in a language they understand, by translation or interpretation of required posted materials.

- If the project receives more than \$200,000 in CDBG or other HUD financial assistance, explain the contractors' requirements for Section 3 compliance.
- Inform the contractor that it is their responsibility to employ only eligible subcontractors who have certified eligibility in a written subcontract containing federal labor standards and equal opportunity provisions.
- Provide handouts explaining everything covered and obtain the contractor's signature to document receipt in Pre-Construction Meeting Checklist.
- The city should also describe the compliance review that will be conducted during the project and indicate that discrepancies and underpayments discovered because of the compliance review must be resolved prior to making further payment to the contractor. Remind the contractor that labor standards provisions are as legally binding as the technical specifications, and failure to pay specified wages will result in contractor payments being withheld until all such discrepancies are resolved.

Buy American Preference (BAP)

- The Build America, Buy America Act (BABA) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the "Buy America Preference (BAP)" and the specific requirements are codified in 2 CFR § 184.

Cost Reasonableness Estimates

2 CFR 200.404 requires the city to perform a cost or price analysis in connection with every procurement action more than the Small Purchase Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, the city must make independent estimates before receiving bids or proposals.

Documentation of cost estimates and cost/price reasonableness will be checked at monitoring.

Over Budget Bids

Despite careful cost analyses and safeguards, there are occasions when all bids will exceed available project funds. This section governs the process for dealing with such a situation.

The following options are available for awarding a bid following an overage:

1. Obtaining additional funds from another source and continuing with the original IFB.
2. Rejecting all bids, revising project scope, and bid specifications, and issuing a revised IFB (competitive sealed bid) open to the entire public.

Low Bids and Change Orders

To maintain the integrity of the bidding process, the change order process must only be used when;

1. The change order work fits within the scope of the original project; and
2. The reason for the change is something that was unanticipated or unforeseen at the time the original contract was awarded.

Change orders cannot be used for fundamental redesign of a project and cannot be used to "fix"

problems in the project specifications if the municipality was aware of the problems before awarding the contract (If your specifications have problems, it's better to issue an addendum, if the problems were discovered before bids are due, or to re-bid the contract). Change orders also cannot be used to take advantage of a good deal on a construction project, e.g., if you've awarded a contract for 1400 linear feet of street paving work, you can't then use a change order to double the number of linear feet.

included in the contract just because the successful bidder gave you a great price on the original contract.

Documentation in the City's file with every change order must include:

- Documentation of Change Order Approval process as outlined in the City's Procurement Policies and Procedures;
- Supporting justification which describes why the change is needed or necessary;
- Itemized cost/unit price/quantities;
- A cost and price analysis (usually conducted by an engineer) that determines the costs are reasonable;
- Any revised plans and specifications; and
- Certification that no acquisition is necessary to complete the change order work.

The architects, engineers or project inspectors usually prepare change orders; however, the city must approve and authorize change orders before they are executed. The proposed change should also be verified and/or recommended for approval by the project engineer, project manager, architect, or other technical support personnel. The city should compare such change orders to the CDBG construction budget prior to approval.

If a change order will result in a significant change in the scope of work, a new CDBG activity, or a change in location, beneficiaries, or how the project will be carried out, a contract amendment will be required.

If the change involves a new activity not previously included in the original bid and will result in a significant cost change, then the new scope may have to be re-bid. Factors to be considered include whether the change order will exceed the project budget, if the service area will change and affect national objective compliance, if the original intent of the project will be altered, the NEPA scope of work is changed, etc.

Add/Deduct Alternates

HUD encourages grantees to use add and deductible alternates for inclusion unless doing so is not practical or not feasible. When deductible alternates are requested, the bid document issued by the City must specify the method and order in which alternates will be applied in determining the low bid. Drawings must also clearly show the alternates.

For example, a project might involve the construction of a new community center that includes a portico and a small out-building to accommodate future expansion. The bidding instructions would indicate which items are to be bid on as deductible alternates and the order of priority in which they are to be deducted. In this example, assume the portico and out-building are to be bid as deductible alternates, and the order of priority for deducting is first, the out-building, and second, the portico. The city would go back through each bid (not just the lowest one) and first subtract the amount each bidder estimated for the out-building from the total amount she/he bid for the project. The city would then check to see if any of the adjusted bids are within budget. If so, the city can award the bid to the bidder with the

lowest adjusted bid. If not, the city would repeat the process, this time deducting the cost of the portico from the adjusted bid of each bidder. Depending on the number of deductible alternates specified, the process can be repeated until one of the adjusted bids is within budget.

It is imperative that the City's (IFB) explicitly state the method of award, including use of any deductible alternates as applicable. Failure to be clear and precise on the procedures that will be utilized can cause confusion or disputes among bidders that could, at the very least, cause project delays.

Periodic Report

The CDBG staff must ensure a report on labor standards compliance activity is submitted to HUD. As a HUD entitlement community that completes construction projects over \$2,000 in cost, the City is required to submit the Semi-Annual Labor Standards Enforcement Report on HUD Form 4710, to HUD's Labor Relations Specialist. This action enables HUD to satisfy its responsibilities under the Davis-Bacon and Related Acts (DBRA) and Contract Work Hours and Safety Standards Act.

LEAD-BASED PAINT – 24 CFR § 570.608

For any project involving an existing residential structure that was built before 1978, the project must meet the requirements of the HUD regulation to control lead-based paint hazards in housing receiving federal assistance, **24 CFR Part 35**. This regulation, effective September 15, 2000, establishes procedures for evaluating whether a lead-based paint hazard may be present, controlling or eliminating the hazard, and notifying occupants of what was found and what work was done in such housing.

The CDBG staff will provide technical assistance in determining the regulations that apply and the required lead abatement process. However, the applicant is responsible for conducting all required lead-based paint abatement procedures and should accommodate these activities in the project. For example; for any one interior room— the de minimis level is a total of 2 square feet. If de minimis level is exceeded → safe work practices and clearance must be performed. For exterior surfaces— the de minimis level is 20 square feet.

WORKING WITH ELIGIBLE ENTITIES – 24 CFR § 570.609

The City must ensure entities are eligible to receive federal funding. The following are required for any subrecipient, contractor, landlord, etc. that will receive CDBG funding:

Unique Entity ID (UEI) Standard (SAM's Number)

The Unique Entity ID is the official identifier for doing business with the U.S. Government as of April 4, 2022. It is a 12-character alphanumeric ID assigned to an entity by SAM.gov. Any entity that wants to apply for federal contracts or receive federal funds must have an active registration with SAM.gov.

System for Award Management (SAM)

The System for Award Management (SAM) includes information regarding entities debarred, suspended, proposed for debarment, excluded, or disqualified under the non-procurement common rule, or otherwise declared ineligible from receiving Federal contracts, certain subcontracts, and certain Federal assistance and benefits. To be eligible to receive a grant, applicants must register on SAM. Registration must be renewed and revalidated at least every 12 months.

To register go to: <https://sam.gov/content/home> and create an account by clicking the "Create User

Account” and follow the directions. You will need your DUNS number and about 30 minutes to complete the process. If you need help call 1-866-606-8220. Registration is FREE. City staff are available to assist and guide.

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RELOCATION OF OCCUPANTS AND URA REQUIREMENTS - [§ 570.606](#)

An acquisition or rehabilitation project may trigger Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements even when it may seem they are unrelated. It is important to have a clear understanding of these and other important terms as defined in the URA and the regulations. The phrase “program or project” is defined in [49 CFR Part 24](#) as, “any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines.”

Generally, a displaced person under the URA is an individual, family, partnership, association, corporation, or organization, which moves from their home, business, or farm, or moves their personal property, as a direct result of acquisition, demolition, or rehabilitation for a federally funded project. Displaced persons are eligible for relocation assistance under the URA.

The URA regulations require three notices to be issued to eligible persons. These notices provide important information about the project, the affected persons’ resulting rights, their protections, and their eligibility for relocation assistance and payments under the URA. It is critical for agencies to issue appropriate notices to affected persons at the appropriate time and one of the first notices must be issued at the time a project application is submitted to the City. Refer to the [Tenant Assistance, Relocation and Real Property Acquisition Handbook \(HUD Handbook 1378.0\)](#) for more information on this topic.

Any application for HUD funds must contain an accurate determination of the number of households or businesses to be potentially displaced, their incomes, and an estimate of relocation costs associated with the project. Early in the process of project planning, relocation concerns must be explored so decisions about rents, construction timing (phasing), and project feasibility can be fully explored.

PLANNING OR CONSTRUCTION OF WATER OR SEWER FACILITIES - [§ 570.612](#)

[Executive Order 12372](#) must be followed for activities that involve planning, reconstruction, or installation of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG funds for activities subject to review.

USE OF REAL PROPERTY - [§ 570.505](#)

The real property standards apply to real property within the City’s control which was acquired or improved in whole or in part using more than \$25,000 of CDBG funds. These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of the City’s participation in the entitlement CDBG program.

The City and its subrecipients may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

1. The new use of such property qualifies as meeting one of the national objectives in §570.208 and is not a building for the general conduct of government, or

2. If the City determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not meet a national objective, it may retain or dispose of the property for the changed use if the recipient's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

If the change of use occurs after closeout of the City's entitlement grant, the provisions governing program income from the disposition of the real property found at [24 CFR §570.504\(b\)\(4\) or \(5\)](#), as applicable, shall apply to the use of funds reimbursed. If the City chooses to reimburse the CDBG program in accordance with #2 above, the property will no longer be subject to any CDBG requirements.

CONFLICT OF INTEREST - [§ 570.611](#)

For procurement activities, no employee, officer, agent of the grantee, member of their immediate family, or partner may have a financial interest or other benefits earned for any of these persons due to a CDBG-related procurement action. These persons also cannot solicit or accept gratuities, favors or other items of monetary value from contractors.

Grantees can establish minimum thresholds below which the financial interest is not substantial or is of nominal value. With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient who exercises decision-making responsibility with respect to CDBG funds and activities can obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities (**Appendix Purchasing Manual Page 7** – also Pharr's Conflict of Interest Policy form).

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CHAPTER 5: MONITORING

During the implementation of its CDBG Program, the CDBG Coordinator is responsible for internal reviews. Oversight and monitoring of subrecipients is not a one-time event, but rather an ongoing process during which staff have an opportunity to ensure their internal systems are sound and to build relationships with subrecipients. While monitoring activities differ depending on the type of CDBG program or project being administered, monitoring begins with determining whether projects are eligible and concludes with closing out grants and/or long-term monitoring of certain projects. CDBG staff oversees the following sub-recipient flow of activities to ensure compliance with CDBG regulations and procedures:

- Eligibility Verification
- Procurement
- Pre-Construction
- Construction
- Reimbursement requests
- Invoice/change order requests
- Project activity completion

The City's monitoring process follows the standards and procedures detailed in HUD monitoring handbooks, guidelines, and technical assistance publications. See [CPD Monitoring Handbook 6509.2](#). Monitoring exhibits can be found in this handbook. The objectives are to ensure that subrecipients:

- Carry out their CDBG-funded projects in a timely manner, as described in their agreements (as modified or amended);
- Determine if any conflicts of interest exist in the operation of the CDBG program, per [24 CFR 570.611](#);
- Comply with all regulations governing their administrative, financial, and programmatic operations; 2 CFR Part 200 & 24 CFR 570 of monitoring requirements
- Achieve their performance objectives within schedule and budget;
- Have continuing capacity to carry out the approved program or project;
- Maintain required records to demonstrate compliance with applicable regulations; and
- Comply with the Federal monitoring requirements of [24 CFR 570.501\(b\)](#) and with [24 CFR 200.329](#) as applicable.

INTERNAL REVIEW

An important part of monitoring is conducting regular internal soundness/spot checks of the City's policies, procedures, and systems. Conducting at least annual internal assessments is recommended to help the city ensure that its program is strong and efficient, able to easily complete HUD required reporting, and prepares the City for monitoring visits from HUD.

Some questions that the city should ask of itself during internal assessments include:

- What is the City's system for ensuring that CDBG funds are used in accordance with program requirements? *Programmatic Monitoring of all subrecipients on a monthly basis. (RFPs)*
- Does the City maintain written procedures describing its management of the CDBG program? *Yes, the 2023 Policies and Procedures Revised Manual is scheduled to be completed on or before 10/23 and reviewed & updated annually as needed.*

- How are responsibilities for implementing and managing the CDBG program assigned and delegated? *The CDBG Coordinator is the primary person responsible for CDBG program implementation and management. The Community Development Director and Neighborhood Improvement Manager provide oversight and assistance.*
- Who oversees the overall day-to-day administration of the program and does this person have appropriate authority to effect change or force actions to occur? *The CDBG Coordinator is the primary person responsible for CDBG program administration. The Community Development Director and Neighborhood Improvement Manager provide oversight and assistance.*
- If activities are carried out by multiple departments within the City's governmental structure, do the departments communicate well, share information, and address concerns with performance? *Yes & No. We are working on improving the communication flow between Community Development, Public Works & Parks.*
- Has a system been developed/maintained to track the progress of each CDBG-funded project or activity with a timetable with scheduled completion dates? *We are working on improving the tracking program with these Policies & Procedures, and the updated Subrecipient Agreements and Memorandum's of Agreement.*
- Does the program participant have an information system to collect the following data for the Consolidated Annual Performance and Evaluation Report (CAPER), about the use and investment of CDBG resources? Does in-house information match the information entered on IDIS for these data points?
 - Physical location and geographic distribution?
 - Low- and moderate-income beneficiaries?
 - Racial/ethnic data (beneficiaries and displaced persons)?
 - Fair housing actions?
 - Housing characteristics?

SUBRECIPIENT OVERSIGHT

Monitoring subgrantees should maximize Grantee resources by directing efforts to those Grantees that are at the greatest risk for non-compliance. To ensure full compliance with the regulations, the City takes a proactive approach to monitoring, including desk monitoring and on-site monitoring that involves several tasks throughout the program year.

Monitoring provides information for making informed judgments about program effectiveness and management efficiency, as well as identifies internal weaknesses that may contribute to fraud or abuse.

The procedures established are to ensure program compliance with the requirements of all other applicable laws and regulations. Monitoring of subrecipients shall concentrate on program, financial, and regulatory performance of the subrecipients, including subrecipients of capital improvement project funds. Primary monitoring objectives are to make sure that subrecipients comply with all regulations governing administrative, financial, environmental review and programmatic operations.

In conducting monitoring and performance reviews, staff will primarily rely on information obtained from the subrecipient's performance reports, records, audits, allowed costs, review of financial reports, eligibility and number of beneficiaries served, compliance with federal regulations and City program requirements. Staff may also consider relevant information pertaining to a recipient's performance.

gained from other sources, including litigation, citizen comments, and other information provided by or concerning the subrecipient.

At the time of contract execution, the CDBG Coordinator shall develop and implement a monitoring schedule for all new subrecipients. Previously funded subrecipients shall be monitored as per [risk assessment](#) established by staff based upon grant amounts, reporting and performance. Monitoring will be a combination of on-site monitoring and desk monitoring.

Documentation of on-site monitoring should be included in the project file. Documentation will include correspondence, and checklists that ensure the sub-recipients maintain all records required by the Federal regulations specified in 24 CFR 570.506 that are pertinent to the activities funded under the sub-recipient agreement. Such records shall include but are not limited to:

1. Records providing a full description of each activity undertaken;
2. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG Program 24 CFR 570.208;
3. Records required to determine the eligibility of activities;
4. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
5. Records documenting compliance with the Fair Housing and Equal Opportunity components of the CDBG programs;
6. Finance records as required by 24 CFR 570.502;
7. Records of affirmative action in equal opportunity employment, and its good faith efforts to identify, train, and/or hire lower-income residents of the project area and to utilize businesses that are located in or owned in substantial part by persons residing in the area of the project; and
8. Records containing the following information for each applicant and each assisted person:
 - a. Name of the household or person assisted;
 - b. Income category (i.e. extremely low-income (0-30% AMI), low-income (31-50% AMI), or low/mod- income (50-60% AMI); moderate (60%-80% AMI)
 - c. Racial/ethnic data;
 - d. Gender data; and
 - e. Disability status.

Desk Monitoring Steps

The following summarizes the minimum actions needed to complete a remote monitoring: The CDBG staff will do the following:

1. Establishes monthly monitoring dates with the Subrecipient as part of the Subrecipient Agreement process. A monitoring schedule will be done annually as a best practice approach.
2. Provides a list of what documentation is required and by what dates.
3. Reviews submitted documentation.
4. Follow-up with Subrecipient as needed.

Desk/Remote Monitoring Review Items

The following is the minimum number of items that should be part of a remote monitoring review:

1. Review each draw to ensure the activities submitted comply with the stated requirements in the Subrecipient Agreement. Supporting documentation (e.g., demographic data, payroll, etc.) must

- be provided and reviewed prior to reimbursement.
- 2. Review relevant documentation including audits and other financial documents, program enrollment/eligibility information, project estimates, conflict of interest forms, and anything else required to determine compliance.

On-Site Monitoring Steps

On-site monitoring reviews are more comprehensive and will need to occur at least once per activity or project for new subrecipients. Subrecipients that have managed prior CDBG funded projects or activities will generally not need on-site reviews unless they have had problems with their program, e.g., staff turnover, unresponsive, untimely, etc. The following summarizes the minimum actions needed to complete an on-site monitoring review:

1. City sends notification letter.
2. Entrance conference.
3. Monitoring visit.
4. Exit conference.
5. Follow-up monitoring letter and report that will include corrective action or response by the subrecipient.

On-Site Monitoring Review – Comprehensive Process

The key document in the monitoring process is the subrecipient agreement. The agreement details all pertinent regulations, certifications and project schedule, deliverables, and budget that the subrecipient must comply with in carrying out project activities. The agreement, with the guidance provided by this Manual, also details the performance measures that the subrecipient must meet, including the documentation required to substantiate both performance and compliance. The CDBG Coordinator will use the monitoring forms in Appendix 7.

Site visit monitoring procedures include the following five basic steps:

1. Issue Notification Letter:
 - a. Confirm the dates and the scope of the monitoring.
 - b. Provide a description of the information you want to review during your visit.
 - c. Specify the expected duration of the monitoring, which of your staff will be involved, what office space you require, and what members of the sub-recipient's staff you need to talk with.
2. Conduct Entrance Conference:
 - a. Sub-recipient staff have a clear understanding of the purpose, scope, and schedule of the monitoring.
3. Documentation, Data Acquisition and Analysis:
 - a. Annotate the monitoring checklist with notes about particular case numbers, statistics or financial figures.
 - b. Review and analyze the sub-recipient's written policies obtained from the file reviews, on-site inspection of projects, or discussions with sub-recipient.
4. Conduct Exit Conference with the following objectives:
 - a. To present preliminary results of the monitoring visit.
 - b. To provide an opportunity for the sub-recipient to correct any misconceptions or misunderstandings.
 - c. To secure additional information from sub-recipient staff to clarify or support their position.
 - d. For any deficiency that the sub-recipient agrees with, to provide an opportunity for

- subrecipient staff to report on steps they are already taking to correct the matter.
 - e. To give the sub-recipient an opportunity for questions and additional technical assistance.
 - 5. Prepare Follow-up Monitoring Letter;
 - a. Include background information: Contract number of grant monitored; Date(s) of monitoring; names(s) of CDBG staff who monitored; scope of monitoring; names of local officials involved in the monitoring visit.
 - b. Describe any deficiencies formally and quickly in a letter that also includes recommendations or requirements for improvement. Deficiencies may be in the form of findings or concerns, and each may result in recommendations with varying consequences depending upon the nature of the issue.
 - i. Finding: A Finding is a deficiency in program performance based on a statutory, regulatory, or program requirement for which sanctions or other corrective actions are authorized. Sanctions and actions may include time to correct the issue giving rise to the finding, repayment of funds, conditions on future funding, etc.
 - ii. Concern: A Concern is a deficiency in program performance not based on a statutory, regulatory, or other program requirement. Grantee issues a Concern about program design or operations, when upon review, the practice could, if not corrected, result in noncompliance with a statutory, regulatory, or program requirement. Concerns result in recommendations for actions that the grantee must take to correct the concern.
 - c. Create a permanent written record of what was found during the monitoring review.
 - d. Document noncompliance with the rules and regulations of the CDBG program and ensure finding:
 - i. Is accurately identified;
 - ii. Is based on applicable law, regulation, or program policy;
 - iii. Is supported by the facts presented in the monitoring letter;
 - iv. Identifies corrective actions and timeframes for correction;
 - v. Identifies concerns that are documented with specific recommendations for improvement; and
 - vi. Offers technical assistance, if appropriate.

Results letter will be sent after the monitoring visit within 60 days of monitoring or earlier, if possible, particularly if there are major findings. Subrecipients must confirm via written response, addressing any issues, upon receipt of monitoring finding letter. Copies of supporting documentation demonstrating that corrective action has been taken will be required. Failure by the subrecipient to correct deficiencies may result in funds being withheld and possible restrictions on future grants.

IDIS QUARTERLY REPORTING

The CDBG Coordinator will input quarterly data and accomplishments into IDIS following the review and/or monitoring of all subgrantees throughout the project year. The CDBG Coordinator will also evaluate reported data for accuracy and consistency and confirm with subrecipients. This should help improve the accuracy and timeliness of the overall Consolidated Annual Performance and Evaluation Report (CAPER) prepared at the end of the year. As described in this manual and as established in the specific Subrecipient Agreement, each subrecipient is required to submit data on a quarterly basis. The city will withhold reimbursements if a subrecipient fails to report according to the established schedule. The city will also withhold a percentage of the grant award for all subrecipients until the end of the program year to ensure all reporting requirements are met.

RISK ASSESSMENT

For programs and projects, grantees should perform a risk assessment to identify which subrecipients require comprehensive monitoring. High-risk subrecipients include those that are:

- New to the CDBG program;
- Experiencing turnover in key staff positions or a change in goals or direction;
- Encountering complaints and/or bad press;
- Previous compliance or performance problems including failure to meet schedules, submit timely reports, or clear monitoring or audit findings;
- Carrying out high risk activities (e.g., economic development), and/or undertaking multiple CDBG-funded activities for the first time;
- Program Management – City staff experiences persistent difficulties with respect to management of the subrecipient;
- The subrecipient was not monitored during the previous year; and
- The subrecipient receives CDBG Program Income from its activity.

A sample risk assessment can be found at [CDBG Subrecipient Oversight Guidebook: Risk Analysis Matrix \(hudexchange.info\)](https://hudexchange.info).

This exhibit can be used to develop a risk assessment protocol where grantees can award points to various assessment areas to make priorities within their monitoring system. For experienced subrecipients that are successfully carrying out activities, grantees could plan a more narrowly focused monitoring effort to examine areas where the regulations have changed, new activities that are being undertaken, or program aspects that led to problems in the past.

HUD has developed a checklist for on-site monitoring of a subrecipient CDBG Program which can be found in Appendix 7.

CORRECTIVE AND REMEDIAL ACTIONS - [§570.910](#)

A subrecipient's failure to perform under the terms of the contract with the City and/or maintain records in the prescribed manner may result in a finding that the subrecipient has failed to meet the applicable requirement to which the contract with the subrecipient pertains. If staff finds that a recipient has failed to comply with program and/or contract requirements or has failed to meet a performance criterion, staff will take the following steps:

1. Issue a letter of warning advising the recipient of the deficiency and putting the recipient on notice that additional action will be taken if the deficiency is not corrected or is repeated;
2. Recommend, or request the recipient to submit, proposals for corrective actions, including the correction or removal of the causes of the deficiency. City staff will offer technical assistance to subrecipients when monitoring indicates less than complete compliance with CDBG regulations or contract requirements. Such assistance may include, but is not limited to, providing applicable copies of regulatory standards for CDBG and the Uniform Administrative Standards at 2 CFR 200. In addition, a copy of the [Playing by the Rules](#) guidebook for subrecipients may be provided.
3. Withhold any CDBG funding until issues are corrected and/or terminate Subrecipient Agreement.

If the subrecipient fails to undertake appropriate corrective or remedial actions which resolve the deficiency to the satisfaction of the city, the CDBG Coordinator may take actions to either mitigate, to the extent possible, the adverse effects or consequences of the deficiency, or prevent a recurrence of the

deficiency by terminating the Subrecipient Agreement, suspending disbursement of any funds, and seeking reimbursement from the subrecipient of all grant funds improperly expended.

Prior to a reduction, withdrawal, or adjustment of a grant or other appropriate action, the recipient shall be notified of such proposed action and given an opportunity within a prescribed time for an informal consultation. These actions may include but are not limited to the following:

- Advise the subrecipient in writing that additional assurances are required;
- Advise the subrecipient to suspend disbursement of funds for the deficient activity; or
- Advise the subrecipient to reimburse the Pharr CDBG Program any amounts improperly expended.

The City shall have the same rights as the Department of HUD as to other remedies for noncompliance per 24 CFR § 570.912 and § 570.913.

CONTRACTORS

In addition to monitoring subrecipients, the city will conduct regular oversight of contractors engaged to perform services because of procurement. The procurement process tends to be more rigorous for contractors, while the administrative and monitoring requirements tend to be greater for subrecipients. Oversight for contractors will generally follow the terms of the written agreement between the City and the contractor.

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CHAPTER 6: REPORTING

The CAPER lets HUD and the public know how the city did over the previous program year. It provides an update on each activity identified in the Action Plan, describes how that activity achieved (or failed to achieve) objectives and outcomes in the Consolidated Plan, and proposes ways the City can improve the Program in the future. The CAPER is due within 90 days of the end of the Program Year. Prior to adopting the CAPER, the City must provide for a 15-day public comment period on the document per the Citizen Participation Plan. The final Report must be submitted to HUD by December 30th via the eCon Planning Suite. The CDBG Coordinator may email the City's CPD Representative to let them know the CAPER has been submitted.

After HUD receives the CAPER, they will review it for up to 60 days. When their review is complete, HUD will either provide comments back to the city requesting additional information/clarification or approve the Report. If they provide comments the city usually has 30 days to respond but HUD will provide instructions along with their comments. In extreme circumstances, HUD may take the following actions while waiting for the City's response:

- Suspend funding until a satisfactory report is submitted;
- Withdraw and reallocate funding if HUD determines, after notice and opportunity to comment, that the grantee will not submit a satisfactory report.

Staff will submit the modified draft/responses to HUD within 30 days. If HUD requires major revisions, an extension to the 30-day timeframe may be requested if needed.

NARRATIVE COMPONENTS

Each grantee's CAPER must include narrative statements that address the following:

- Assessment of the Con Plan's Goals and Objectives that addresses the grantee's progress toward meeting their strategic plan and high priority needs;
- Affirmatively Furthering Fair Housing - describes efforts toward this area including an analysis of impediments to fair housing choice, summary of impediments, and actions taken;
- Affordable Housing - evaluates progress toward meeting its objectives toward the provision of affordable housing by income level;
- Continuum of Care - evaluates progress toward meeting its objectives toward homeless and special needs populations;
- Other Actions indicated in the Grantee's Strategic and Action Plans - includes actions such as overcoming barriers to affordable housing and community development activities, improving public housing initiatives, reducing and eliminating lead-based paint hazards, and efforts to reduce the number of persons living below the poverty line;
- Leveraging Resources - describes other public and private resources used toward the provision of affordable housing and community development activities;
- Citizen Comments - describes any public comments received regarding the program; and
- Self-evaluation - focuses on results on programs and projects funded by the grantee and their impact on their community.

CAPER PROCESS

The following steps need to be followed to submit a completed CAPER to HUD within the timeline indicated below:

1. Update IDIS.
 - a. Ensure all Action Plan amendments are approved.
 - b. Enter accomplishment data for all projects, even if they are not complete.
 - c. Request necessary narrative components for finance, CoC, etc.
2. Draft Document.
 - a. Download the CAPER template from IDIS.
 - b. Download IDIS reports and verify data (both PR26 reports and PR03).
 - c. Review previous years comments and change as needed to be current.
 - d. Provide to Director for internal review of draft report.
3. Conduct Citizen Participation Process.
4. Present Draft CAPER to City Council.
5. Finalize CAPER.
 - a. Update in IDIS and submit to HUD.
 - b. Update website posting of CAPER results.

Items to address for a CAPER:

These items can be helpful when writing the narrative section:

Homelessness

- CoC application (or other homeless services applications and strategic planning documents)
- Homeless serviced data such as Point in Time, Housing Inventory Count (can provide information on unsheltered persons)
- Information on how people access homeless services (Coordinated Entry), homeless prevention and Rapid Rehousing programs.

Public Housing

- Annual Plans; 5 Year Plans
- Information on RAD conversions, if PHA is using this strategy.
- Information on resident council
- If PHA is considered “troubled” (Housing Authority will have to tell you or you can read it on their annual plan)

Other

- Any actions taken to further Fair Housing over the last year.
- Changes to policy that reduces barriers to affordable housing.
- Actions taken to address lead-based paint (community education efforts, required lead-based paint information for housing rehab applicants, work Health Department might do)

Run a PR 03 report.

Every activity that is either open during the Program year or was completed in the program year is going to be shown in this report. All activities in your Annual Action Plan should be shown in this report.

(NOTE: If you set up activities after the end of your program year start date, (July 1), they WILL NOT show up in this report. You will have run the next year’s PR03 and attached pages at times to cover for that)

Here's what you are going to look for in PR03:

- An accomplishment narrative should be included for each program year that an activity is open in IDIS other than Admin. The report year is used by IDIS to aggregate beneficiary information so if the information is entered in the wrong year, and beneficiaries are on an older program year screen, they won't be counted for your CAPER.
- The default for IDIS is the year the activity is set up (i.e. 2022 will always default to 2022 for an accomplishment report). You have to "turn the page" and add a report for the newer program years.
- The accomplishment narrative is a statement about what any funds expended in the year were spent on (i.e. Engineer work is underway) or why the project has not moved forward. HUD uses this to gauge the level of effort and accomplishment for the program and "the public" should know how their funds are being spent.
- Look for activities with a ZERO balance of funds (funded minus drawn THRU program year) or you can look at PR02 for the same info. If so, these activities must be completed in IDIS.
- There must be beneficiaries for LMC and LMH activities entered by Race and Income entered unless the project is either tied to another activity (such as rehab delivery is a sub-component of Rehab hard costs so these will often show up zero).
- All public services with funds expended for the program year should have beneficiaries for that program year.

Run PR 26 report

It is the only report uploaded to IDIS with the CAPER.

ACCRUAL ACCOUNTING: expenditures in IDIS can be made for up to 90 days after the end of the program year by using the 'Prior Year Flag' button that appears in the drawdown screen. When doing a drawdown for up to 90 days after the end of the program year, you can select a flag that makes IDIS believe the funds were drawn during the program year and increases the expenditures in PR 26. Funds drawn during this time will not be unliquidated obligations so to complete PR 26, this practice should stop 30 days after the end of the program year.

PR 26 Report shows the grant, the program income, and expenditures for the year.

- The report shows the amount used for Low-mod activities and as a % of funds available to use (funds available net of admin) (Lines 21, 22). Manual adjustments may be needed to reflect multi-family housing expenditures (Lines 17 and 18) – shown on page 2. Any adjustments for total funds available or expenditures that impact Admin may also have to be shown on line 20.
- Part IV calculates the public service cap. Public Service cap is calculated on the total of the PRIOR year program income plus the Entitlement grant for the current program year.
- Part V calculates the admin cap as a percentage of the Entitlement grant plus program income received in the report year (PR09 and line 5). Unliquidated obligations are unpaid expenses that are accrued to the program year but not paid. This includes such items as salary, benefits, insurance, etc. that you will pay in the coming months related to the current program year.
- These can be entered in line 38 as unliquidated obligations. Costs incurred after the start of the new program year are not unliquidated obligations (i.e., staff in the new year).

The rationale behind Unliquidated Obligations is that you get to keep the cap for the year isolated from expenses from other years that might take up the cap. Unpaid costs in the year of the report will not take up room in the cap for another year.

- Once you've adjusted PR 26, Check the % of funds expended for Admin and for Public Services. If over the CAP, adjustments may have to be made. Failure to maintain the CAPS is serious.
- Use PR 01 to check Letter of Credit against line 16 on PR 26.

Display

The CAPER requires a 15-day display period. Advertise and distribute per the Citizen Participation Plan.

Must Display IDIS reports:

- Summary of Accomplishments/Con Plan Report (C04PR23)
- CDBG Financial Summary Report (C04PR26)
- CDBG Summary of Activities (C04PR03)

Submission

Submit via IDIS – required attachments:

PR 26 (Note –attach the proof of publication of display)

CAPER Timeline Summary

Activity	Time to Complete	Estimated Start Date	Estimated End Date
Data Complete in IDIS	30 days	November 1, 2023	December 31,2023
Create CAPER Template	1 day	November 1, 2023	December 31,2023
Request Necessary Components for Narrative	2 weeks	November 1, 2023	December 31,2023
Draft CAPER	3 weeks (concurrent with other activities)	November 1, 2023	December 31,2023
Internal Review	At least 1 week	November 1, 2023	December 31,2023
Public Notice	1 week	November 1, 2023	December 31,2023
Public Comment Period	At least 15 days	November 1, 2023	December 31,2023
City Council Workshop	1 day	November 1, 2023	December 31,2023
City Council Hearing	1 day	November 1, 2023	December 31,2023
Update IDIS and Submit Final CAPER to HUD	1 week	November 1, 2023	December 31,2023
Update Website	1 week	November 1, 2023	December 31,2023

Reallocation

After the CAPER is in, the City will start the process of reallocating unused funds from the previous Program Year(s) according to the timelines in the chart below. The city will not typically pull funding from activities that are moving forward just because they haven't spent their full award within the Program Year. At times, however, some activities fail to move forward at all. In those instances, the City must shift unused funds to activities that will spend the award to avoid a timeliness infraction.

Activity	Time to Complete	Estimated Start Date	Estimated End Date
End of Year Sweep	1 week	November 1, 2023	December 31, 2023
New/Expanded Activity Identification		November 1, 2023	December 31, 2023
Action Plan Amendment		January 1, 2024	January 30, 2024
Internal Review	At least 1 week	January 1, 2024	January 30, 2024
Public Notice	1 day	January 1, 2024	January 30, 2024
Public Comment Period	At least 30 days	November 1, 2024	November 30, 2023
City Council Workshop	1 day	November 1, 2024	November 30, 2023
City Council Hearing		November 1, 2024	November 30, 2023
Inform HUD	1 week	November 1, 2024	November 30, 2023
Amendment/SRA	3 weeks (concurrent with other activities)	November 1, 2024	November 30, 2023
Update Website	1 week	November 1, 2024	November 30, 2023
Update IDIS		November 1, 2024	November 30, 2023

The reallocation process entails the following:

1. **End of Year Sweep:** Identify projects/activities that have a large amount of unused funding. Determine if it is best to work with the subrecipient to get them on track or reallocate the funds.
2. **New/Expanded Activity Identification:** Identify projects/activities that meet national and local objectives and can spend reallocated funds quickly. Public Service projects are a good way to go if the city has not maxed-out the public service cap from the previous year.
3. **Action Plan Amendment:** The process for a substantial amendment to the Action Plan is outlined in the Citizen Participation Plan. It is like Plan adoption (30- day public hearing/comment period, notice in the paper, etc.). Amendments need to be forwarded to HUD at the end of each program year or as they occur (24 CFR 91.505). Per the City's adopted Consolidated Plan, an amendment is needed if an activity is added or deleted to or from the Annual Action Plan or Consolidated Plan and/or if the purpose, scope, location, or beneficiaries of an activity has a substantial change. Substantial change is defined as the increase or decrease in the cost of any approved activity by more than 25% or the change in the service area and/or class of beneficiaries of an activity.

Although it is not a formal part of the process, early and candid communication with subrecipients that may lose funding is essential to avoid surprises. This is also the time to look at the projects that are alternate (or find alternate projects) to use unallocated funds. This is a good way to get projects moving on a timeline that is on par with the construction season. If no alternative projects exist, consider a substantial amendment.

FEDERAL FINANCIAL REPORT AND OTHER REPORTS

The CDBG Coordinator must ensure that expenditures of CDBG funds are drawn down from the U.S. Treasury on a timely basis, per [§570.902](#). CDBG staff must also prepare and submit the following four (4) periodic reports throughout the program year:

- The *SF-425 Federal Financial Report (Cash on Hand)*

- *The Contract- Subcontract Activity Report*
- *The Semi- Annual Labor Standards Enforcement Report*
- *The Federal Funding Accountability and Transparency Act (FFATA) Report*

Each of these reports documents and certifies critical program compliance information that is used in turn by HUD to assess the City's risk as part of HUD's annual risk assessment to determine which Grantees will receive on-site monitoring visits. For this reason, it is critical that each periodic report is prepared accurately and submitted to HUD in a timely manner.

SF-425 Federal Financial Report

HUD requires CPD grant recipients to periodically submit reports on the financial progress of the CDBG grant. The Office of Management and Budget consolidated the two most common financial reports, the Financial Status Report (FSR or SF-269/SF-269A) and the Federal Cash Transaction Report (FCTR or SF-272/SF-272A), into a single form known as the SF-425 Federal Financial Report. This consolidation established government-wide standards for reporting periods and due dates. Entitlement Communities are required to complete the Cash on Hand Quarterly Report and submit it to the grantee's HUD local field office through IDIS.

Instructions for IDIS Cash on Hand Quarterly Report can be found here:

<https://www.hudexchange.info/resource/5947/instructions-for-idis-cash-on-hand-quarterly-report/>

Contract-Subcontract Activity Report

The Contract-Subcontract Activity Report is used by HUD to monitor and evaluate minority business enterprise (MBE) activities against the total program activity and the designated (MBE) and Women business enterprise (WBE) goals. HUD requires information to provide guidance, oversight and for the development of MBE and WBE goals.

[Form HUD-2516](#) reports contractor and subcontractor activities under the CDBG program for projects of \$10,000 or more. Information reported includes the dollar amounts of contracts/subcontracts, the type of service or trade, racial and gender information of the majority owner of the business, the CDBG funded project ID number or location, and name, address, and ID number of contractors and subcontractors. The Department uses the information to provide [guidance and oversight](#) for programs for the development of minority business enterprise concerning Minority Business Development.

This report is submitted **annually for each fiscal year and is due within 10 days after the end of the federal fiscal year**. Submit this report to the San Antonio CPD office via e-mail to the CPD Representative. File all reports for recordkeeping purposes.

Semi-Annual Labor Standards Enforcement Report

The [Labor Standards Enforcement Report \(form HUD-4710\)](#) is required by Department of Labor (DOL) to ensure compliance with Davis-Bacon, Contract Work Hours and Safety Standards Act, and other related labor acts and standards. HUD collects information from state and local agencies to document enforcement activities of all HUD programs, and reports to DOL. HUD's Office of Davis-Bacon & Labor Standards' national [home page](#) includes a fill-able form and instructions for all reports.

The information reported will consist of two parts. Part I is about contracting activity for work awarded during the reporting period. The number of primary contracts and total dollar amount is entered into

the report. Each project name is listed with brief descriptive information including the bid opening date, contract award date, and construction start date.

Part II gathers enforcement activity information for all contracts, regardless of the award date or when construction began. If any complaints have been made against contractors/subcontractors, the names of these individuals are listed along with the projects of concern. If any employee was referred to HUD Labor Relations of DOL staff for investigations, for hearings on appeal and/or debarment hearings the employee is listed in this report along with the project and the agency (HUD or DOL) to which the case was referred and the reason for referral. Information on wage restitution collected and/or disbursed during the reporting period is also collected.

This report is required semi-annually. Reporting periods are from October 1 through March 31 and April 1 through September 30. They are due on those dates to HUD. You must send them directly to the HUD Labor Relations Specialist. Track the data necessary to complete this report all year or fill it out periodically with new information to make it easier to meet the deadlines. The spreadsheet should be saved for recordkeeping purposes. HUD typically sends a reminder e-mail shortly before the reporting period ends.

Timeline Summary for Federal Financial Report and Other Reports

Activity	Due Date
SF-425 Federal Financial Report	January, April, July, October
Contract and Subcontract Activity	December 29
Federal Financial Report	January, April, July, October
Semi-Annual Labor Standards Enforcement Report	March 31 & September 30

Audit

The City's Finance Department oversees the annual audit. Audit requirements ensure independent review and full transparency. An audit does not just look at the numbers but looks at program performance and compliance. There are specific compliance requirements that are inspected in a CDBG audit. They include:

- Activities allowed and unallowed
- National Objectives fulfilled
- Eligible Activities funded
- Compliance with the Davis-Bacon Act
- Matching, Level of Effort and Earmarking
- Including at least 70% funds expended for low income
- Compliance with the CDBG timeliness test
- Procurement, Suspension and Debarment
- Program Income
- Compliance with Reporting Requirements
- Subrecipient Monitoring
- Special Tests and Provisions
- Citizen Participation

- Environmental Review
- Rehabilitation work is completed

Specific regulatory standards for audits are found at [2 CFR Part 200 Subpart F](#). Grantees and subrecipients, as non-Federal entities, which expend \$750,000 or more in Federal awards during a fiscal year, must have a single or program-specific audit conducted.

When the audit is completed, City must submit the reporting package to the Federal Audit Clearinghouse as required by [2 CFR 200.507\(c\)\(3\)](#). The data collection form must be prepared in accordance with [2 CFR 200.512\(b\)](#), and submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

For a checklist of what is expected of the Grantee throughout the audit process, see Exhibit 34-1 Guide for Review of Financial Management and Audits of the [CPD Monitoring Handbook 6509.2](#).

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CHAPTER 7: CLOSEOUT

CDBG staff must close out each activity once a final invoice is submitted by the subrecipient, all activities have been completed, all monitoring issue(s) are resolved, and all reporting is complete in IDIS.

Closeout is an integral internal management process by which programmatic, financial and management staff verify that appropriate records demonstrating compliance with all applicable HUD regulations is on file and ready for audit. These documents should provide a comprehensive record of project activities, beneficiaries, and total cost. The City must maintain these records to demonstrate that it has met its obligations to HUD as delineated in the Action Plan certifications that are signed and submitted to HUD with form SF-424 and the CDBG grant agreements terms and conditions.

COMPLETION IN IDIS (BENEFICIARY DATA)

CDBG staff will implement closeout procedures as part of IDIS activity completion and the preparation of the CAPER. Prior to completing the activity in IDIS, staff will verify records demonstrating that each CDBG activity has complied with 24 CFR Part 570 and all City procedures have been followed in the implementation of each activity. The information in each project file should be organized such that anyone from HUD or the public could gain a clear understanding of what transpired during the grant cycle. The City should not share certain eligibility information, such as an individual's income, with members of the public.

Additional information on documentation requirements is available in [“Basically CDBG,” Chapter 13](#) and in [24 CFR 570.506](#).

The typical steps to close-out a CDBG activity include:

- Document Compilation and Recordkeeping
- Supplemental Documents (if applicable)
- Acceptance of Summary Report
- Reconcile any open purchase orders and prepare a Final Draw
- Notification of Project Completion
- Close Project in IDIS

RECORDS AND RETENTION

Subrecipients must adhere to HUD's recordkeeping requirements as contained in [24 CFR Part 570 Subpart J](#). In general, records are to be retained for 4 years from the date of submission of the grantee's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which have started before expiration of the 4-year period. In such cases, the records must be retained until completion of the action and resolution of all issues that arise from it or the end of the regular 4-year period, whichever is longer. As a best practice, however, it is recommended that files be retained for one year past the required 4-year period which the City applies.

Files for the overall CDBG program should and may include:

- Funding Opportunity Announcements
- Training session sign-in sheets
- Hard copy of training session slide show
- Application evaluation process
- Rejected applications list/records

- Letter to unsuccessful applicants
- General correspondence pertinent to the program – letters, emails, notes to the file
- [HUD income limits](#).
- Other applicable file documents as needed

The city also maintains a separate file for each CDBG activity. The following items should be included (digital or paper file):

- Pre-award assessment (as applicable)
- Application
- Conflict of interest certification
- Activity Background Information (see below)
- Eligibility Determination (see below)
- Environmental Review Record and Determination (see below)
- Correspondence – letters, emails, notes to the file
- Most recent audit (if Federal over \$750,000)

ACTIVITY BACKGROUND INFORMATION

The file should contain an activity description, including the amount of CDBG and other funding (allocated and spent), location (with a map, if appropriate), the amount of CDBG funds budgeted, obligated, and expended for the activity, the provision in subpart C under which it is eligible, and any other information that explains the use of funds.

The city maintains a copy of all information submitted with each draw down request, but the project file should also include support information to help tell the story and explain exactly what happens at the activity level with CDBG resources.

ELIGIBILITY DETERMINATION

Records demonstrating that each activity undertaken meets one of the criteria set forth in § 570.208, such as information on eligibility and National Objective compliance should also be maintained in the file. Include Code of Federal Regulations citations, HUD correspondences, etc. Also include source documentation/verification, such as family size and income, if possible. Services must primarily be for Pharr residents. As described at [24 CFR 570.309](#), CDBG funds may assist an activity outside of Pharr only if the City determines that such an activity is necessary to further the purposes of the Act and the City's community development objectives, and that reasonable benefits from the activity will accrue to residents within the City's jurisdiction. The CDBG Coordinator document the basis for such determination prior to providing CDBG funds for the activity.

ENVIRONMENTAL REVIEW RECORD AND DETERMINATION

Each project has an environmental review record (ERR) and determination consisting at least of the accepted HUD format or entered the HEROS system. CDBG staff should maintain the full ERR and related HUD approvals, important correspondences, etc. in the project file as needed.

Appendix 1: Staff Resources

Getting Started – New CDBG Staff

There are a few key things that anyone entering this program should know. The first is that it is ever changing – from the amount of funds each year to the types of projects that come across the desk. The CDBG program is like a Swiss-Army knife; there are many tools with which to accomplish various goals. Use the right tool and look for ways to become proficient with the ones we don't use often. It is possible each year the best project being selected may be one we have never done before. Use your local knowledge bank of other CDBG grantees in the region and state as well as your national knowledge bank (e.g. [National Community Development Association](#) (NCDA) and HUD Exchange for [CDBG Entitlements](#)). And of course, double check with the HUD field office representative for any questions.

If you are new to the City of Pharr's CDBG Program, it is important to introduce yourself to key contacts as well as register for necessary systems and trainings. Start by completing the following tasks:

- Send an introductory email to HUD contacts;
- Send an introductory email to local contacts;
- Send an introductory email to Environmental Review contacts;
- Review [IDIS for CDBG](#) Entitlement Manual;
- Request access to [IDIS](#), [HEROS](#), and [SPEARS; GeDX](#)
- Review [Basically CDBG for Entitlements](#) guide and look for upcoming trainings on the NCDA website; and
- Complete the [Web-Based Instructional System for Environmental Review](#) (WISER) training.

It is important to ensure that staff receive the appropriate information and training complete tasks according to CDBG regulations and other requirements. Staff are required to attend available CDBG trainings and participate in webinars as needed to keep informed and current on HUD regulations. Staff should report new information via e-mails. The Community Development Director will [subscribe](#) to HUD notices sent via e-mail.

Online Resources

The Community Development Director is responsible for gathering information from all these sources, determining how it affects our program, and educating those involved. Sources include:

1. [National Community Development Association \(NCDA\)](#): National Community Development Association (NCDA) is a nonpartisan national nonprofit organization comprised of more than 400 local governments across the country that administer federally-supported community development, economic development, and affordable housing programs, including programs of the U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) programs.
 - [Basically CDBG](#)
 - Subrecipient Management
2. [Web-Based Instructional System for Environmental Review \(WISER\)](#): WISER is an online training with multiple modules that will teach the intricacies of environmental reviews and the information to input in the HEROS system. Each module includes an assessment and certificate. Pharr CDBG staff must complete the following modules:
 - Getting Started: Part 58

- Getting Started: Tools and Resources
 - Site Contamination
 - Water Elements
 - Historic Preservation
 - Explosive and Flammable Materials
 - Noise Abatement and Control
 - Environmental Justice
 - Air Quality
 - Endangered Species
 - Farmlands
3. [CDBG Training Modules](#): provide video training modules on eight components of the Community Development Block Grant (CDBG) program. The subjects featured are:
 - Statute, Regulations, and National Objectives
 - State CDBG Program
 - Administration, Planning, and Financial Management
 - Housing and Real Property
 - Public Facilities, Public Services, and Other Activities
 - Economic Development
 - Section 108 Loan Guarantee Program
 - IDIS, Performance Measurement, and Reporting.
 4. [Basically CDBG for Entitlements](#): training was developed to guide and assist Community Development Block Grant (CDBG) Entitlement grantees in the implementation of their programs. From national objectives and eligible activities to the details of administration, financial management, and other federal requirements, these resources are valuable for every CDBG program practitioner.
 5. [Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities](#): Guide is intended for public officials and citizens seeking to understand what activities are eligible to be assisted under the Community Development Block Grant (CDBG) Entitlement Program and to guide them in making wise choices among certain alternatives available within the program for carrying out particular activities.
 6. [CDBG Best Practices Webinar Services: Grant Oversight Strategies](#): In this webinar, a panel of four Community Development Block Grant (CDBG) grantees from across the country shared best practices in CDBG grant oversight strategies.
 7. [CDBG Best Practices Webinar Series: Prioritizing Greatest Need Activities](#): In this webinar, a panel of four Community Development Block Grant (CDBG) grantees from across the country shared best practices for prioritizing CDBG funds for activities with the greatest need in the community.
 8. [CDBG Income Survey Toolkit](#): provides resources and information on how to conduct a local income survey that meets HUD's guidelines for the Community Development Block Grant (CDBG) program. The goal of an income survey is to help determine the percentage of low- and moderate-income (LMI) persons in the service area of a CDBG-funded activity.
 9. [Ensuring CDBG Subrecipient Timelines](#): This guidebook identifies management techniques that CDBG grantees can incorporate into their day-to-day operations to inject a timeliness perspective into the selection and oversight of activities undertaken by subrecipients. This publication also offers some possible short-term and long-term solutions for situations where subrecipients are not

conducting their activities in a timely manner.

10. [Playing by the Rules: A Handbook for CDBG Subrecipients on Administrative Systems](#): This handbook is intended for Community Development Block Grant (CDBG) subrecipients. The handbook is designed to help subrecipients understand the administrative requirements that apply to the use of federal funds for the delivery of CDBG programs and activities.
11. [Managing CDBG: Guidebook for CDBG Grantees on Subrecipient Oversight](#)
12. [URA the HUD Way Training Modules - HUD Exchange](#)
13. [CDBG Crosscutting Issues Toolkit](#): crosscutting Issues allow Entitlement and State grantees to find information on financial management, environmental review, labor standards, acquisition, relocation and fair housing.
14. [Section 3 - HUD Exchange](#)

Roles and Responsibilities

The primary contact of the Pharr CDBG Program (Program) is the CDBG Coordinator, but several other key staff and departments are also involved.

Community Development Staff (Director & Neighborhood Improvement Manager)

- Coordinates all aspects of the program;
- Prepares documents;
- Approves drawdown and reimbursement requests;
- Point of contact.

Finance Department

- Monitors expenditures and budgets;
- Pays vendors and subrecipients;
- Completes financial reports.

Legal

- Reviews subrecipient agreements and other legal documents;
- Advises staff on regulatory compliance and other Program related issues.

Mayor and City Council

- Final approval of plans;
- Provide input in priorities and program direction.

Planning and Activities Background

The CDBG Program is comprehensive and complex, and people can't provide meaningful input if they don't understand what the Program seeks to achieve. Make information about Program goals available to partner organizations and individuals. Try to start these conversations early to ensure time to research and incorporate potential project ideas. Identify potential projects and work with those agencies early. Typically, 6 months in advance, staff should know who will be applying and what the focus of the coming year will be before they apply.

The Consolidated Plan establishes general priorities and intended Program outcomes, but concrete

activity/project ideas typically materialize when drafting the Action Plan. The city uses a limited application process for selecting activities.

Look for projects and partners who have worked with the city in the past on CDBG activities to get a feel for their needs, and if they are planning to apply this year. Schedule the application workshop to allow interested parties to read through Funding Opportunity Announcement (FOA) prior to attending.

The city has a small CDBG program and tries to limit the total number of awards in order to maximize the benefits to residents while minimizing administrative time and costs. Typically, Pharr has funded the following types of projects:

- Administration – eligible administrative activities include planning, training, fair housing, and staff time to administer the program. CDBG funds should not be used to purchase equipment or furniture, except for eligible public facilities and services, and is limited to 20% of the annual grant.
- Direct/Public Service – these are direct client services such as homeless services and prevention, food security, food pantry, youth services, domestic violence support, emergency housing, etc. These services are limited to 15% of the annual grant.
- Public Facility (Construction) – Pharr’s construction projects are typically for public facilities including ADA upgrades, sidewalk or street projects, streetlights, or improvements to public use areas like parks and walking paths.
- Home Repair/Reconstruction – In the past, Pharr has provided assistance for owner occupied home rehabilitation and repairs, and down payment assistance.

When using CDBG funds for design, remember that the design alone does not meet a National Objective. The facility must be constructed to achieve a National Objective, so there should be a clear strategy and funding source to complete the project. If a facility designed with CDBG funds is not constructed within a reasonable timeframe, HUD may require repayment of design funds.

General Timeline

Below is a general timeline for managing an activity and subrecipient:

Activity	Time to Complete	Timeline
File Setup	1 week	Mid-February
Risk Assessment	Ongoing	Ongoing
Enter Project into IDIS	1 Week	March/April
Environmental Review	2 – 6 weeks	March/April
Subrecipient Meeting	2 weeks	April/May
Subrecipient Agreement Finalized (Delay until HUD approves Action Plan and sends award letter)	6 weeks	May/June
Enters Activities into IDIS	1 week	After July 2nd
Inform Subrecipient of Funding Availability and Monitory Schedule	1 week	After award letter &
Desk Review	Quarterly	

Citizen Participation Plan

<https://www.hudexchange.info/consolidated-plan/econ-planning-suite-citizen-participation-and-consultation-toolkit/>

The City's Citizen Participation Plan (CPP) is included in Appendix 2. This section provides administrative tips for implementing the CPP.

Public participation is important to understand the City's housing and community development needs and barriers as well as to prioritize resources to address those needs. The City's Citizen Participation Plan is designed to encourage citizens to participate in the development of the Consolidated Plan, Annual Action Plans, AI, CAPER, and any substantial amendments to the Plan. The Citizen Participation Plan is intended to encourage citizens of all ages, genders, economic levels, races, ethnicities, cultures, and special needs equal access to become involved in the Plan each year.

Special effort should be made to include low-and-moderate income residents, residents living in neighborhoods with revitalization needs, and residents with special needs. This section provides administrative tips on implementation of the Citizen Participation Plan.

Prior to the adoption of a plan or report, the City will make the draft available electronically (hard copies upon request) to interested parties for the comment period specified below:

Document	Comment Period
Consolidated Plan	30 days
Action Plan	30 days
CAPER	15 days
AI	30 days
Substantial Amendments	30 days

A public hearing must be conducted during the comment period, typically on the last day. A public notice of the comment period must be posted at least two weeks in advance of the public hearing and include information regarding the subject of the hearing, date, time, location, and a notice of opportunity to provide written or oral comment. Documents must be available in formats accessible to persons with disabilities and in should also be in Spanish.

At a minimum, notifications will be sent via the following:

- Local newspapers – legal notices for public comment periods and hearings will be noticed in the Advance Journal; and
- City of Pharr <https://pharr-tx.gov/> include links to the documents and information on how to comment.

The city will consider any comments or views of individuals or groups received in writing or orally during the comment period or at the public hearing. Comments received on the draft plans will be summarized in the final plans and submitted to HUD. Copies of letters and emails received may be appended to the plans if requested and permitted by commenters.

The city will provide a written response to all written citizen comments within 15 working days of receipt. Copies of the comments, along with the City's response will be sent to HUD if they occur outside of the citizen participation process and, as such, do not appear in the Consolidated Plan.

Contacts

Internal Contacts

Department	Name	Email	Position
CDBG Pharr	Cynthia Garza-Reyes	Cythia.garza@pharr-tx.gov	Director
CDBG Pharr	Sandra Regalado	Sandra.regalado@pharr-tx.gov	CDBG Manager
CDBG Pharr	Veronica Guererro	Veronica.guerrero@pharr-tx.gov	CDBG Specialist
CDBG/GRANTS	Napoleon D. Coca	Napoleon.coca@pharr.tx.gov	Compliance Specialist
Purchasing	Mayra Gomez	Mayra.gomez@pharr-tx.gov	Director
Legal	Ricardo Rodriguez	956-402-4190	City Attorney
City Clerk	Hilda Pedraza	956-402-4190	City Clerk
Mayor	Ambrosio Hernandez	956-402-4190	Mayor

Local Contacts

Department/Entity	Name	Email	Position

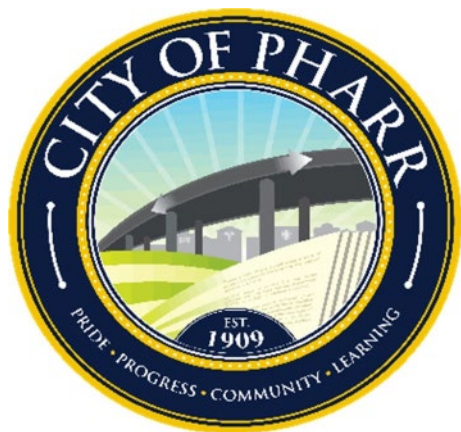
HUD Contacts

Department	Name	Email	Position
Community Planning and Development (CPD)	Nancy Sanchez	nancy.sanchez@hud.gov	HUD Representative San Antonio

Environmental Review Contacts:

Department	Name	Email	Position
State Historic Preservation Office (SHPO)			

Appendix 2: Citizen Participation Plan



CITY OF PHARR HIDALGO COUNTY, TEXAS

INTRODUCTION

The City of Pharr, Hidalgo County, Texas is required by law (24 CFR Part 91.105) to have a detailed Citizen Participation Plan (CPP) which contains the City's policies and procedures for public involvement in the Consolidated Plan Strategy (CPS) process; when preparing an assessment of fair housing (AFH), and the use of Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA) money. This Citizen Participation Plan must be available to the public.

ENCOURAGING PUBLIC PARTICIPATION

The law requires that our Citizen Participation Plan both provide for and encourage public participation, in the development of the AFH, any revisions to the AFH, the consolidated plan, any substantial amendments to the consolidated plan or annual action plan, the consolidated annual performance and evaluation report and when applying for Section 108 Loan Guarantee Assistance.

The following are encouraged to participate in the development of documents aforementioned:

Low- and moderate-income people, especially those living in predominately low- and moderate-income neighborhoods, particularly those persons living in areas designated as a revitalization area or in a slum and blighted area where CDBG funds are proposed to be used.

Minorities, people who do not speak English, homeless individuals and families, and people with disabilities is encouraged. Citizens are encouraged to participate Summaries of basic information about CDBG and the Consolidated Planning process;

and AFH are to be made available in English and Spanish (when requested)

Local and regional institutions, Continuums of Care, and other organizations (including businesses, developers, nonprofit organizations, philanthropic organizations, and community based and faith-based organizations)

Local public housing agencies and residents of public housing (including any resident advisory boards, resident councils, and resident management corporations)

THE ROLE OF LOW-INCOME PEOPLE

The law declares that the primary purpose of the programs covered by this Citizen Participation Plan is to improve communities by providing decent housing, a suitable living environment, and growing economic opportunities-all principally for low- and moderate-income people. The amount of federal CDBG funds that are awarded to the City of Pharr each year is mostly based upon the severity of both poverty and substandard housing conditions in Pharr. Therefore, it is necessary that public participation genuinely involves low-income residents who experience these conditions. Participation by low-income people is strongly encouraged and must take place at all stages of the process.

STAGES

In general, the stages or events include:

Identification of housing and community development needs. Preparation of a draft use of funds for the upcoming year, called the proposed Annual Action Plan. Sometimes there might also be the development of a proposed Consolidated Plan or the development of the Assessment of Fair Housing, and any amendments. Formal approval by elected officials of a final Annual Action Plan or Consolidated Plan.

On occasion during the year, it might be necessary to change the use of the money already budgeted in an Annual Action Plan, or to change the priorities established in the Consolidated Plan. In that case, a formal Substantial Amendment will be proposed, considered, and acted upon. After a "program year" is complete, and Consolidated Annual Performance and Evaluation Report must be drafted for public review and comment, and then submitted to HUD.

THE PROGRAM YEAR

The "program year" chosen by Pharr is October 1 through September 30.

PUBLIC NOTICE

There shall be a 30 day advance public notice published in English & Spanish for the development and any revisions to the AFH; proposed Annual Action Plan or Consolidated Plan; any proposed Substantial Amendment to the Action Plan or Consolidated Plan, Section 108 Loan Guarantee Applications; and a 15-day advanced public noticed for the Consolidated Annual Performance and Evaluation Report to give the public adequate notice.

Public notice provisions under this Citizen Participation Plan may include exception to the aforementioned requirements during periods of Federal, State and/or County Emergency Declarations due to unforeseen circumstances, emergencies, or acts of GOD or other circumstances that may require immediate attention in order to alleviate or prevent serious damages or threat to human life or property. This plan may establish exceptions which allow expedited procedures to draft, propose or amend consolidated plans.

Expedited procedures must include notice and reasonable opportunity to comment of no less than 5 days. The 5-day period that can run concurrently for comments on the action plan amendment and amended citizen participation plans. In person public hearings are not required. Grantees may meet the public hearing requirements with virtual or via telephone conference public hearings if the nature of the emergency includes national/local health authorities recommend or impose

requirements to:

Implement social distancing to limit public gatherings as a public health response; implement virtual meetings or teleconference hearings providing reasonable notification and access for citizens in accordance with federal/state law, and/or grantees certification; and the opportunity for timely responses from local officials to all citizen questions and issues as well as public access to all questions and responses.

FORMS OF PUBLIC NOTICE

Public notices will be published in a paper of general circulation such as the Advance News newspaper. However, to reach the majority of the City's population, specifically the low to moderate income population, the city may also advertise in The Advance Journal newspaper.

Notices will be sent to any person or organization requesting to be on a mailing list.

Notice may also be sent to neighborhood organizations, public housing authority, developments, radio and television media, and other persons or groups as deemed appropriated by the Community Development Department.

Notice may be posted on the internet through social media and on the City's web page at www.pharr-tx.gov Notice may be posting at public libraries, government offices, and public places.

PUBLIC ACCESS TO INFORMATION

The City will provide citizens/residents, public agencies, and other interested parties with reasonable and timely access to the documents relating to the Consolidated Plan, Annual Action Plan, revisions to the AFH, Section 108 Loan Guarantee applications and Consolidated Annual Performance & Evaluation Report.

For non-English speaking citizens/residents, reasonable steps to provide language assistance to ensure meaningful access will be provided. Those speaking Spanish will be assisted by staff, board members, and officials who are proficient in the Spanish language.

Persons requiring materials in a language other than English should contact the Grants Management & Community Development Staff at (956) 402-4190, 118 S. Cage Boulevard, Pharr, TX 78577.

Standard documents include:

The proposed and final Annual Action Plan. The proposed and final Consolidated Plan.

Proposed and final Substantial Amendments to either an Annual Action plan or the Consolidated Plan.

Consolidated Annual Performance & Evaluation Reports. (CAPER) Assessment of Fair Housing (AFH) or revisions
Amendments or revisions to the AFH The Citizen Participation Plan

AVAILABILITY OF STANDARD DOCUMENTS

In the spirit of encouraging public participation, copies of standard documents will be made available for office review. Summaries of standard documents will be provided to the public at no cost but must follow the City of Pharr's Public Information Request Policy. These materials will be made available in a form accessible to persons with disabilities and to persons who do not speak English, whenever requested.

PLACES WHERE STANDARD DOCUMENTS ARE AVAILABLE

Standard documents will be available at the office of the Grants Management & Community Development Staff at (956) 402-4190, 118 S. Cage Boulevard, Pharr, TX 78577.

PUBLIC HEARINGS

Public hearings are required by law to obtain the public's views and to provide the public with the City's responses to public questions and proposals.

Whenever possible, public hearings will be held at or after 5:30 p.m., a time convenient to most people who might benefit from the use of funds.

Public hearings will be held at places accessible, convenient, and not intimidating to most people who might benefit from the use of funds. Locations may include the public library, City Hall Commissioner Room, Public Housing Authority locations.

Public Hearings and Populations with Unique Needs

All Public Hearings will be held at locations accessible to people with disabilities, and provisions will be made for people with disabilities when requests are made at least three (3) working days prior to a meeting.

Translators will be provided for people who do not speak English when requests are made at least three (3) working days prior to a meeting. These services shall be provided at no charge to the public.

The Conduct of Public Hearings

To ensure that public hearings are meaningful to citizens/residents, each citizen/resident choosing to speak will be allowed one minute and a half (1.5) minutes to make a verbal presentation.

STAGES IN THE PROCESS

Identifying Needs

Housing and community development needs of low- and moderate-income people are so great and so diverse therefore, priorities must be set to decide which needs should get more attention and more resources than other needs. This is the basic reason the Consolidated Plan exists.

The laws and regulations require at least one (1) public hearing each year to obtain residents' opinions about needs, and what priority those needs have. If time permits, public hearings will be held in different neighborhoods to determine the specific needs and priorities identified by low- and moderate-income people. At a minimum, two (2) public hearings will be held in order to allow citizens to actively participate in the community development process (Annual Action Plan and the CAPER).

Public hearings about needs will be completed 30 days before a draft Annual Action Plan/Consolidated Plan is published for comment, so that the needs identified can be considered by the city and addressed in the draft Annual Action Plan or Consolidated Plan.

Assessment of Fair Housing

At, or as soon as feasible after the start of the public participation process, HUD provided data and any other supplemental information will be made available to its citizens/residents, public agencies, and other interested parties. The HUD-provided data available to the public by cross-referencing to the data on HUD's Web site.

The "Proposed" Annual Action Plan or Consolidated Plan

The law providing the funds covered by this Citizen Participation Plan calls for improved accountability of jurisdictions to the public. In that spirit and in compliance with the terms of the law, Pharr will use the following procedures.

At the beginning of this stage, the City of Pharr will provide the public with an estimate of the amount of CDBG, HOME, ESG, and HOPWA funds it expects to receive in the upcoming year, along with a description of the range of types of activities that can be funded with these resources. Also, the public will be given an estimate of the amount of these funds that will be used in ways that will benefit low- and moderate-income people.

The plans of the City of Pharr to minimize the extent to which low- and moderate-income people will have to leave their homes because of the use of these federal dollars (called "displacement") will also be available at this time. This "anti-displacement plan" will also describe how Pharr will compensate people who are displaced as a result of the use of these funds, specifying the type and amount of compensation.

The following steps represent the process:

Development of the Assessment of Fair Housing

- Publish & Post notice.
- There shall be a 30-day comment period before final approval by the City Commission.
- There shall be a public hearing before the Community Development Council during the 30 day comment period.
- Send to HUD for final approval.

Consolidated Plan/Annual Action Plan

- Publish & Post Notice of Funding Availability.
- A public hearing about the proposed Consolidated Plan/Annual Action Plan will be conducted by the City Commission at least 30 days before final approval allowing for additional comments.
- There shall be a public hearing before the Community Development Council during the comment period before final approval by the City Commission.
- Send to HUD for final approval.

Substantial Amendments

- Publish & Post notice.
- There shall be a 30-day comment period.
- There shall be a public hearing before the Community Development Council during the comment period followed by a public hearing before the City Commission.
- Send to HUD for final approval.

Consolidated Annual Performance & Evaluation Report (CAPER).

- Publish & Post notice.
- Hold public hearing
- There shall be a 15 day comment period.
- Submit to HUD for approval.

Technical Assistance

City staff will work with organizations and individuals representative of low and moderate income people who are interested in submitting an application to obtain funding for an activity. All potential applicants for funding are encouraged to contact City staff for technical assistance before completing an application/proposal for funding.

Availability of a Proposed Annual Action Plan, Consolidated Plan, CAPER and AFH

Copies of the proposed Annual Action Plan/ Consolidated Plan will be made available to the public free of charge and without delay. In addition, copies will be available for viewing at the locations specified above in the section, "Public Access to Information."

So that low- and moderate-income people can determine the degree to which they might be affected, they will be provided with a summary of the Proposed Annual Action Plan, Consolidated Plan, and AFH at least 30 days

prior to the date of final approval of the Annual Plan/Consolidated Plan by the Pharr City Commission. Information available will consist of: HUD-required sections, the HUD-required Priorities Table, and a written description of all proposed uses of CDBG, HOME, ESG, AND HOPWA funds; and AFH HUD provided data. At a minimum, description shall include the type of activity, location, and the amount of federal money to be allocated.

This requirement may be satisfied by distributing summaries of the Annual Action Plan/ Consolidated Plan, and AFH, along with information as to where complete copies may be reviewed.

Public Hearing and Further Action

A public hearing about the Proposed Annual Action Plan/Consolidated Plan will be conducted by the Mayor and City Commission at least 30 days before the Plan becomes final thereby allowing for further public comments.

In preparing a final Annual Action Plan, Consolidated Plan, or AFH, a careful consideration will be given to all comments and views expressed by the public, whether given as verbal testimony at the public hearing or submitted in writing during the review and comment period. The Final Annual Action Plan/Consolidated Plan, and AFH will have a section that presents all comments and explains why any comments were not accepted.

The "Final" Annual Action Plan, Consolidated Plan, AFH, and CAPER

Copies of the Final Annual Action Plan/ Consolidated Plan, AFH, and summary of it will be made available to the public at no cost within ten (10) written days of the request through the City's Public Information Request Portal. A copy will be available for viewing at the locations indicated earlier in "Public Access to Information."

"Amendments" to the Annual Action Plan (and/or the Consolidated Plan)

The Final Annual Action Plan/Consolidated Plan will be amended any time there is:

A change in one of the Priorities presented on the HUD-required Priority Table; creation or deletion of activity;

A change in the purpose, location, scope, or beneficiaries of an activity (described more fully later).

A material change in the AFH HUD provided data which effect established priorities and goals. The public will be given 30 days to comment on any revision/amendment to the AFH before submission to HUD for approval. Public notification requirements will be followed for substantial amendments to the Annual Action Plan/Consolidated Plan and AFH.

"Substantial Amendments"

The following will be considered "substantial" amendments:

A change in the use of CDBG money from one activity to another of \$100,000.00 or more. The addition of an activity not originally described in the Annual Action Plan.

Elimination of an activity originally included in the Annual Action Plan

A change in the purpose of an activity (such as changing a construction project from residential to commercial). A significant change in the location of an activity.

A decrease of 20% or more in the number of low- and moderate-income beneficiaries.

"Public Notice and Public Hearing for Substantial Amendments"

There must be reasonable notice of a proposed Substantial Amendment so that residents will have an opportunity to review and comment on it. Notice will be made according to the procedures described earlier in the Citizen Participation Plan, with the addition of the following procedures specifically for Substantial Amendments:

A detailed written description of the proposed Substantial Amendment will be made available to the public at no cost within three (3) working days of a request for same. Copies will also be available at the locations indicated earlier in this Citizen Participation Plan under "Public Access to Information."

There will be a public hearing before the Community Development Council regarding the proposed Substantial Amendment, followed by a public hearing before the City Commission. The public hearing before the City Commission will not take place until such time that the public has had 30 days to review the proposed Substantial Amendment.

In preparing a Final Substantial Amendment, careful consideration will be given to all comments and views expressed by the public, whether given as verbal testimony at the public hearing or submitted in writing during the review and comment period.

The Final Substantial Amendment will have a section that presents all comments and explains why any comments were not accepted.

The amendment will be forwarded to HUD upon final approval by the City Commission.

The Consolidated Annual Performance and Evaluation Report

Every year, the City of Pharr must prepare a Consolidated Annual Performance and Evaluation Report within 90 days of the close of the program year (CAPER). In general, the CAPER must describe how funds were actually used and the extent to which these funds were used for activities to benefit low- and moderate-income people.

Public Notice and Public Hearing for Consolidated Annual Performance and Evaluation Report

There must be reasonable notice that a Consolidated Annual Performance & Evaluation Report is available so that residents will have an opportunity to review it and comment on it. Notice will be made according to the procedures described earlier in this Citizen Participation Plan, with the addition of the following procedures specifically for Annual Performance Report:

A period of no less than fifteen (15) days to receive comments on the Annual Performance Report will be provided to the public.

A summary of the Consolidated Annual Performance & Evaluation Report will be made available to the public at no cost within ten (10) written days of the request through the City's Public Information Request Portal. A copy will be available for viewing at the locations indicated earlier in this Citizen Participation Plan.

There will be a public hearing regarding the Consolidated Annual Performance & Evaluation Report.

In preparing a CAPER for submission to HUD, careful consideration will be given to all comments and views expressed by the public, whether given as verbal testimony at the public hearing or submitted in writing. The CAPER sent to HUD will have a section that presents all comments and explains why no comments were not accepted.

Contents of the Annual Performance & Evaluation Report

The CAPER presented to the public will have an accounting for each activity during the program year for

which report is applicable. The city will report accomplishments, goals, and expenditures in a format required by HUD.

COMPLAINT PROCEDURES

Written complaints from the public will receive a meaningful, written reply within fifteen (15) working days. Copies of the complaints and responses will be forwarded to HUD.

CHANGING THE CITIZEN PARTICIPATION PLAN

This Citizen Participation Plan can be changed only after the public has been notified of the intent to modify it, and only after the public has had 15 days to review and comment on proposed amendments.

THE COMMUNITY DEVELOPMENT COUNCIL

Pharr has created a Community Development Council in the spirit of the law, which calls for increased accountability to the public, as well as the encouragement of active participation by low- and moderate-income people.

The CDC is an eleven (11) member body that contributes to public participation by helping to: identify housing and community development needs; establish priorities relating to those needs; propose activities and projects to address high-priority needs; and suggest the amount of federal, state, and local monies to be allocated to those activities.

Pharr has formulated a plan for achieving maximum participation from its citizens.

The City has been divided into four (4) quadrants. Each quadrant will be represented by two.

(2) CDC members and a member-at-large. The term of office for each CDC member shall correspond with that of the respective Mayor, or City Commissioner who made the appointment.

The CDC will select one (1) member to serve as the Community Development Council Chairman. A quorum will be a majority of appointed members.

All CDC public hearings are open to the public and are advertised as described above in the "Public Notice" section of this Citizen Participation Plan. The CDC, as an advisory board, will recommend eligible projects to the Mayor and City Commission on the allocation of all CDBG, HOME, ESG, and HOPWA funds, including "program income" associated with these, monies left unspent and unobligated from the previous program year, and any additional (not previously anticipated) federal fund allotments. In no event shall CDBG, HOME, ESG, or HOPWA funds be allocated without review by the CDC as the forum to obtain citizen participation. Final approval shall rest solely with the City Commission and/or HUD.

Citizen Participation Plan

Pharr CDBG Program

GLOSSARY

- **Community Development Block Grant (CDBG):** A program designed primarily for the benefit of low/moderate income population, for which the City of Pharr receives an annual allocation.
- **US Department of Housing and Urban Development (HUD):** The federal department responsible for the administration of the CDBG program.
- **Consolidated Plan (ConPlan):** A five-year plan submitted to US Department of Housing and Urban Development (HUD) that includes a housing and community development needs analysis, a survey of resources available to address those needs, and a five-year strategy that includes goals and priorities for the use of CDBG funds.
- **Consolidated Annual Performance Evaluation Report (CAPER):** Narrative descriptions of each activity and quantitative analysis of the funds expended and services provided during the program year.
- **Citizen participation plan:** A distinct element of the five-year Consolidated Plan; policies and procedures to provide for and encourage citizen participation.
- **Steering committee guidelines:** Another distinct element of the five-year Consolidated Plan; policies and procedures related to the body charged with annually creating a funding recommendation.
- **Annual Action Plan (AAP):** Also referred to as the Consolidated Plan (on a one-year basis); it is a plan submitted to HUD annually, which specifically describes the allocation of CDBG funds to activities to be conducted in support of the priorities presented in the five-year Consolidated Plan.
- **Substantial amendment to a Consolidated Plan:** Amendments meeting the criteria described below.
- **Any other amendment to the above plans:** Amendments meeting the criteria described below.

PURPOSE OF THE CITIZEN PARTICIPATION PLAN

The City shall encourage participation from the following group:

- by low/moderate-income persons, particularly those living in slum and blighted areas and in areas where CDBG funds are proposed to be used;
- by residents of predominantly low/moderate-income neighborhoods, as identified by federal tract and block information; and
- by all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

OUTREACH FOR CONSOLIDATED PLAN REVIEW/APPROVAL PROCESS

To reach these groups for participation, the CDBG Coordinator shall work to engage:

- All residents through a combination of:

- **Neighborhood meetings**
- **Website postings**
- **City social media**
- **Advance Journal newspaper and local media**
- **The staff and beneficiaries of:**
 - **Nonprofit, governmental, educational, faith-based, and private agencies that are most likely serving low/moderate income households; including but not limited to those serving minorities, non-English speaking persons, and those with disabilities.**
- **All City departments and the Mayor.**
- **All members of Pharr's City Council.**

INFORMATION TO BE MADE PUBLIC DURING OUTREACH

Before adoption of the ConPlan and any AAP, through outreach methods to the groups listed above and in conjunction with the public hearing process identified below, the CDBG Staff shall make available:

- **The projected amount of assistance Pharr will receive (total of grant funds and program income)**
- **The range of activities that may be undertaken.**
- **The estimated amount that will benefit people with low- and moderate-incomes.**
- **Plans to minimize displacement and what assistance will be there for those displaced, even if no displacement is anticipated.**

PUBLIC HEARING STANDARDS

The CDBG program administrator shall conduct public hearings, based on CDBG regulations and as specified in the following table, as part of the process of preparing and adopting:

- **The Consolidated Plan (ConPlan)**
- **Each Annual Action Plan (AAP)**
- **The Consolidated Action Performance and Evaluation Report (CAPER)**
- **Any amendments to the Plan or an AAP, with exception to any adjustments or amendments required by HUD or for additional allocation with specific or abbreviated notice and hearing requirements.**

Accordingly, a minimum of two hearings must be conducted for the ConPlan and any AAP. One public hearing will be held prior to the formulation of the proposed ConPlan or update (AAP) to comply with the outreach guidelines. A second public hearing will be held after the ConPlan and/or AAP is prepared following the first public hearing and other outreach efforts. The ConPlan and each AAP, amendment, or CAPER for the preceding time period, must be approved by Council following a public hearing, unless otherwise noted.

Each ConPlan, AAP and amendment hearing shall allow a minimum of 30 days to receive public comment commencing on the date the first notice appears, excluding amendments required by HUD which do not require the usual public process or for which abbreviated or specific standards are provided. Each CAPER hearing shall allow at least 15 days for public comment, commencing on the date the first notice appears. Formal Council approval of the ConPlan submission to HUD does not require an additional hearing.

Hearings must be held at established Pharr locations City Hall (Council) meeting times and locations to ensure convenience to potential and actual beneficiaries. Accommodation for persons with disabilities and assistance for non-English speaking persons shall be available, as needed.

Public Hearing Notice Content

Notice of each hearing must be sufficiently detailed for citizens to identify the content of the hearing and the types of programs or services eligible for CDBG funding. Notice of the Plan or AAP second hearing must be accompanied by a summary of the proposed activities and indicate that complete copies of the documents can be found at the CDBG Office, the City Library and on the CDBG web page.

Procedures for Receiving Public Comment for ConPlan and AAP

A summary of comments received during the public comment period and at any public hearing for an amendment or CAPER shall be recorded, considered and summarized in an attachment with the final Council-approved documents submitted to HUD. A written record of comments received during the first hearing for the Plan or update shall be considered in preparing the Plan or AAP. A summary of the written comments received timely during the public comment period prior to the second public hearing and those written and verbal comments received at the second public hearing shall be included as an attachment with the final version of the Plan or AAP to be submitted to HUD, along with an explanation of where the comments were addressed in the document or why they were not, if not.

AMENDMENTS TO CONPLAN or AAP

Substantial changes to the City's planned or actual activities will require an amendment to the Consolidated Plan. Substantial Amendment Criteria:

- **Change in allocation priorities or method of distribution of funds, or**
- **Change in the purpose, scope, location or beneficiaries of an activity, or**
- **To carry out an activity using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan, or**

- **Changes which exceed 50% or \$100,000, whichever is less, of the CDBG funding amount allocated to the subrecipient in the approved Plan.**

Public notice standards outlined in the Citizen Participation Plan shall be upheld. HUD will be notified of the amendment (available to the public at the CDBG Office or on the CDBG web site for the City), and the City will submit amendment documentation to HUD with the CAPER at the end of the Program Year.

Changes Not Requiring Plan Amendment

Allocation changes shall be reviewed and approved by the City and will not require an amendment to the Plan if the change is not greater than \$100,000 or 50% of the total project cost, whichever is less, unless the change requires an amendment to the plan based on other Substantial Amendment Criteria.

PERFORMANCE REPORTS

The public will be asked to review and comment on the draft CAPER using the relevant public hearing standards and procedures for receiving public comment set forth in this Citizen Participation Plan. Notification shall include a summary of the uses of funds included in the Performance Report.

ACCESS TO RECORDS

The CDBG program administrator will provide online access to all CDBG documents in review or in final format and limited free copies upon request. The CDBG Office must also provide reasonable public access to records relating to the Consolidated Plan and use of assistance for a period of five years.

TECHNICAL ASSISTANCE

Upon request, limited technical assistance for developing funding proposals will be provided by the CDBG program administrator to groups representative of low-to-moderate income beneficiaries; funding is not assured.

COMPLAINTS

As reasonably possible, the CDBG program administrator shall issue a written, substantive response to every written citizen complaint regarding the Consolidated Plan, Plan Update, or annual Performance Report within 15 working days of receiving the complaint.

COMPLIANCE

The City of Pharr and the CDBG program administrator must follow this Citizen Participation Plan. Conflict of interest statements are required as applicable according to Steering Committee Guidelines.

	Public comment period	Public Notice	Drafts for public review	Newspaper Legal Notice	Public hearings	Technical assistance & other outreach
ConPlan (strategic plan)	Commenced at least 30 days prior to City Council Public Hearing	Posted at least 30 days prior to City Council Public Hearing	• Executive summary available at least 30 days prior to City Council Public Hearing • Full draft available 15 days prior to City Council Public Hearing	Published at least 30 days prior to City Council Public Hearing	1 City Council Public Hearing	• At least three public outreach meetings • Solicit opportunities to present to groups • Presentation to Neighborhood Council and neighborhood meetings, as available. • Online survey (optional) • Newspaper ad
ConPlan (Final adoption)	Commenced at least 30 days prior to City Council Public Hearing	Posted at least 30 days prior to City Council Public Hearing	• Executive summary available at least 30 days prior to City Council Public Hearing • Full draft available 15 days prior to City Council Public Hearing	Published at least 15 days prior to City Council Public Hearing	1 City Council Public Hearing	• 2 application workshops • Presentation to Neighborhood Council, as available
AAP	Commenced at least 30 days prior to City Council Public Hearing	Posted at least 30 days prior to City Council Public Hearing	• Executive summary available at least 30 days prior to City Council Public Hearing • Full draft available 15 days prior to City Council Public Hearing	Published at least 15 days prior to City Council Public Hearing	1 City Council Public Hearing	• 2 application technical assistance meetings • Presentation to Neighborhood Council • Utility billing memo (as available) • Media release prior to public hearing

	Public comment period	Public Notice	Drafts for public review	Newspaper advertising	Public hearings	Technical assistance & other outreach
Amendment to ConPlan or AAP	Commenced at least 30 days prior to City Council Public Hearing	Posted at least 30 days prior to City Council Public Hearing	Available at the beginning of the public comment period	Published at least 15 days prior to City Council Public Hearing (legal notice)	1 City Council Public Hearing	• Presentation to Neighborhood Council (as available)
CAPER	Commenced at least 15 days prior to City Council Public Hearing	Posted at least 30 days prior to City Council Public Hearing	• Executive summary available at least 30 days prior to City Council Public Hearing • Full draft available 15 days prior to City Council Public Hearing	Published at least 15 days prior to City Council Public Hearing (legal notice)	1 City Council Public Hearing	• Presentation to Neighborhood Council (as available)
Citizen participation plan		Posted at least 30 days prior to City Council Public Hearing	Available at the beginning of the public comment period	None	None	

Public comment period	Public Notice	Drafts for public review	Newspaper advertising	Public hearings	Technical assistance & other outreach
Steering committee guidelines	Posted at least 30 days prior to City Council Public Hearing	Available at the beginning of the public comment period	None	None	
General CDBG program					

Appendix 3: Systems Information

This Appendix contains useful information for the following systems:

HEROS

IDIS

HEROS

HEROS is a web-based system for Responsible Entities (RE) to prepare and manage their Environmental Review Records (ERR). HEROS applies to all environmental reviews for HUD- assisted projects.

Registration

To access HEROS, all users must have a HUD user account (a B or C ID account and password) that is currently in “Active” status and authorized to access HEROS.

Note: If you are already in the process of or will be requesting access to the Integrated Disbursement and Information System (IDIS) or other HUD online system, please wait until you have your HUD B or C issued user ID before requesting access to HEROS.

To apply for a user account, RE and partner users need to complete the [HEROS Access Form](#).

The HEROS Access Form is designed to record vital user information for HEROS users to create a new account and/or profile in the system. After the form is completed, HUD will validate the requestor’s information and confirm that the requested user role and privileges are correct, then set up the user account.

When approved with a user ID and password, a System Security Administrator (SSA) in the Office of Environment & Energy (OEE) will set up the new user’s profile in HEROS. Users will be informed via email when their HEROS account is activated and ready for use.

Follow the instructions in the HEROS Access Quick Guide for more information.

<https://files.hudexchange.info/resources/documents/Completing-a-HEROS-Access-Form-Request-Quick-Guide.pdf>

Completing an Environmental Review Record

An Environmental Review Record (ERR) must be completed in the HEROS system. Below is an overview of the process and information to complete some of the necessary fields to generate the ERR. For complete detail see the HEROS User Guide.

Initial Screen

Project name – use one of the naming conventions below. If there are spaces in the name, they will be converted to dashes.

- Public service projects – enter the agency name and program year (e.g. Nonprofit Program 2022).
- Administrative activities – enter Admin and the program year (e.g. Admin 2022).
- Construction or public facility projects – enter a brief (1 or 2 words) title for the project and the

- program year (e.g. Center Street Sidewalk 2022).
- Homeownership Assistance – If a subrecipient is used, there should be an initial ERR for the agency itself that follows the naming convention for public service projects. For individual households, enter the agency name, a dash, and the address (e.g. Local Nonprofit Name – 455 W. Center Street).

Grant/project ID Number – Enter the HUD grant number

RE Preparer – the person completing the ERR

Certifying Officer Information – Pharr City Mayor or formal designee

Project Summary

Project Description – Write the project description with the environmental impact of the overall project in mind. Include a clear project description that includes the purpose of the project (not just the CDBG portion), location, benefits to be achieved, and the impact on the community/market. It should capture the overall scope of the proposal, not just CDBG funds. See the examples below:

Example 1: Homeownership Assistance

The City of Pharr will provide \$10,000 of PY year CDBG funds to the Neighborhood Housing to assist Name in purchasing a home for a family of family size at address in Pharr. These funds will be used to pay expenses toward the down payment and/or closing costs for this home purchase.

Example 2: Sidewalks

This project will provide \$167,403 to Pharr City Public Works to construct sidewalk improvements at (parcels) lacking sidewalk facilities at one to five of the following locations in Pharr:

1. Ninety-one (91) feet of sidewalk in front of 438 E. Center Street;
2. Two hundred seventy-seven (277) feet of sidewalk along 501 West Street, between 301 South and 401 South;
3. Fifteen (15) feet of sidewalk between 438 E. State Avenue and NE 5th Street;
4. Three hundred thirty-nine (339) feet of sidewalk along south side of E. Juntion Street between 410 East and 510 East; and
5. Three hundred and thirty (330) feet of sidewalk along the south side of E. Cage Blvd, from the western property line of 1028 E. San Antonio Avenue to E 3rd Street.

This project will require ground disturbance, tree and shrub removal, road widening, drainage improvements, and other physical impacts associated with sidewalk construction.

Project location

Verify the address and use the planning map to identify the location. Upload the map.

Related Laws and Authorities Completion

Ensure that a finding as to each factor is supported by the minimum level of documentation that HUD has specified on its website pertaining to that respective factor. Use common sense when completing this section.

Airport Hazards

Review Airport Impact Map and attach.

Coastal Barrier Resources

Texas does contain Coast Barrier Resources. Follow the more specifics go www.texasagricultural.gov

Appendix 8. Flood Insurance

Use the FEMA flood map located at <https://msc.fema.gov/portal/search> to determine if the project lies in a Special Hazard Flood Zone (Floodway, 100-year or 500-year Floodplain). Mark the boundaries of the entire project site on the FIRM and upload the map.

If the project does lie in a Special Hazard Flood Zone and the activity is insurable by the nature of the property affected, flood insurance is required and must be submitted as supporting documentation. Follow the more specific directions in **Appendix 8**. However, depending upon the type of project and if the project is located within a Special Hazard Flood Zone, the City may want to consider not funding said project. The CDBG Coordinator may coordinate with HUD and City staff, including the CDC board and the Mayor.

Note: HUD cannot offer Federal disaster assistance for a person's property for construction activities if the person previously received Federal disaster assistance and failed to maintain the flood insurance. Exceptions are if the project is a small loan (\$5,000 or less) or the project consists solely of leasing or rental assistance with no associated repairs, improvements, or acquisition.

Air Quality

According to HUD's WISER training, if the project does not involve activities that rise to an EA level, it can be assumed that its emissions are below de minimis levels and the project is in compliance with the Clean Air Act. Follow the more specific directions in **Appendix 8**.

Coastal Zone Management

Texas does have a coastal zone. Follow the more specific directions in **Appendix 8. Contamination**

and Toxic Substances

This is only required for residential projects. For small scale projects (e.g., minor rehabilitation, maintenance, utility replacement) start with step 1. If there are no issues identified, the remaining steps are not required. For large scale projects (e.g., new construction, major rehabilitation, multifamily demolition) start with step 2. Follow the more specific directions in **Appendix 8**.

1. Screening
 - a. Field inspection – use Google Earth to identify potential issues. If there are questions, schedule a site visit. Upload map.
 - b. Environmental Compliance Search – use [enviromapper](#) or the EPA website and follow the more specific directions in Appendix 8. Upload results.
2. Phase I ESA – no physical testing. Consists of a site inspection, interviews of the site owner(s),

review of available documents and databases (including prior ESA reports), and some consideration of potential impacts from adjacent properties.

3. Phase II ESA – this will require consultation with a contractor or other expert.
4. Site Characterization/Remediation – Pharr will likely not take on a project that requires remediation.
5. “Non-Scope” Items – assessments such as lead, mold, radon, or asbestos.

Endangered Species

Follow the more specific directions in **Appendix 8**.

Explosive and Flammable Hazards

Pharr will likely not have any projects that qualify under this requirement. Determine if there are above ground storage tanks (including propane tanks) on the property, in proximity, or included in the project that are more than 100-gallon capacity and explosive or flammable in nature. If not, the analysis is complete, upload the documentation according to the more specific directions in **Appendix 8**. In the unlikely event there are above ground storage tanks:

1. Does the project include development, construction, rehabilitation that will increase residential densities or conversion? If no, the project is compliant and no further evaluation is required, upload documentation. If yes, continue to #2.
2. Is the project within one mile of the project site, are there any current or planned stationary aboveground storage containers? Determined via a site visit. If no, the project is compliant and no further evaluation is required, upload documentation. If yes, continue to #3.
3. Identify the contents of the containers. If there are no containers of concern, no further evaluation is needed, upload documentation. If there are concerns, continue to #4.
4. Determine if it meets the Acceptable Separation Distance requirements using the ASD Electronic Assessment Tool. If the ASD has been met, mitigation is not required. If the ASD is not met, mitigation is required, upload documentation. If the negative effects cannot be mitigated, the project must be cancelled.

Farmlands Protection

Follow the more specific directions in the below website to determine whether the location of the activity is within an urban cluster or in a non-urban area which would require a soil survey. If a soil survey is required go to: <https://websoilsurvey.nrcs.usda.gov/app/>

Upload all required documentation.

Floodplain Management

Follow the more specific directions in the below website. Complete the Floodplain Regulations Worksheet using the FEMA flood map located at: <https://msc.fema.gov/portal/search>.

Historic Preservation

A large portion of downtown is specifically designated in the National Register of Historic Places as a

historic district (Center Street Historic District).

Determine if a Section 106 review is required. If ground disturbance is involved for the aggregate project (not just the CDBG portion) review this carefully. The SHPO has 30 days from receipt to respond to a request for a Section 106 review. Once they receive the email containing the city's preliminary determinations and supporting documentation the 30-day period will begin. If there is no response within 30 days, upload the letters that were sent along with a memo stating there was no response. If there is response within 30 days, coordinate with SHPO and complete the environmental review record according to the more specific directions.

Noise Abatement and Control

Noise regulations must be applied if the activity will provide one of the following:

- Housing
- Nursing homes
- Hospitals
- Day care facilities
- Mobile homes
- Quiet outdoor space that is ancillary to the principal use (e.g. space for recreation or sitting)
- Eligible activity

Analysis is required for sites that are within the following threshold distances:

- 1,000 feet of major/busy roads
- 3,000 feet of a railway
- 15 miles of airport
- Near an industrial facility

Upload a map that shows the distance (and a plan if necessary) if the project is related to one of the types listed above. Follow the more specific directions as needed.

Sole Source Aquifers

No projects in Pharr are located on a Sole Source Aquifer, so the answer is always no. Follow the more specific directions as needed.

Wetlands Protection

Follow the more specific directions as needed and use the map located at:

<https://www.fws.gov/wetlands/data/mapper.html>

If the project will place dredged or fill material into a wetland or an area that might be a wetland, confirm that the local U.S. Army Corps of Engineers District Office has issued required permits.

Wild and Scenic Rivers

No projects in Pharr are located near a designated wild and/or scenic river, so the answer is always no. Follow the more specific directions as needed.

Environmental Justice

Review the project type, location, demographics of the area, adjacent land uses, adverse impacts, and demographics of the community where the project will take place to determine if Environmental Justice applies to the project. If there are no adverse impacts in any compliance authority or factor (e.g., land use, toxics, noise, air quality, etc.) document findings and proceed with project.

If there are adverse impacts in any compliance authority, show how the program has addressed the issue (e.g. eliminated impact, selected another alternative, or minimized impact). Document findings and proceed with project. If the adverse impact remains, complete EJ analysis.

To complete the environmental review record, follow the more specific directions as needed.

Signature

Print signature page, submit to Mayor or formal designee for signature, and upload signed document. Keep original in project file. Email a copy of the full package to the subrecipient for their files.

IDIS

The Integrated Disbursement & Information System (IDIS) provides HUD with current information regarding Community Planning and Development (CPD) activities underway across the nation. HUD uses this information to report to Congress and to monitor grantees. IDIS is the drawdown and reporting system for CPD's CDBG, HOME, ESG, and HOPWA formula grant programs and for the HOPWA Competitive grant program. Grantees use IDIS to request their grant funding from HUD and report on what is accomplished with these funds. Grantees also use IDIS for Consolidated Planning. Review the latest version of the IDIS for CDBG Entitlement Communities Manual for a full understanding of the system. <https://files.hudexchange.info/resources/documents/eCon-Planning-Suite-Desk-Guide-IDIS-Conplan-Action-Plan-Caper-Per.pdf>

Registration

To register for IDIS, email the original copy of your notarized HUD Form 27055 to: City/Grantee's San Antonio Field Office HUD representative contact office/email.

The CPD field office will finish the bottom of page 3, then forward the completed form to the HUD HQ IDIS Office. After an IDIS Security Administrator (ISA) has finalized processing the form, login instructions will be sent via email to the applicant.

Useful Reports

Data is pulled from IDIS at 11:00 pm CT the previous night and updated for use by 10:00 a.m. CT every morning, every day but Sunday including holidays. IDIS reports that are useful to review include:

- PR01: HUD Grants and PI - overview of all grants, shows total amount drawn, committed, etc. for each grant;

- PR02: List of Activities by PY and Project - Project and activity name, status, funded and drawn amounts, balance, can drill down on each activity and see what grant funds were drawn from;
- PR03: CDBG Activity Summary Report (GPR);
- PR07: Drawdown Report by Voucher Number - good for reconciliation, lists every voucher submitted;
- PR23: - helps with race and ethnicity in CAPER;
- PR26: Financial Summary;
- PR26: Activity Summary;
- PR56: Timeliness; and
- Consolidated Plan Report - shows you what activities are connected to which goals.

Appendix 4: CDBG Application Packet

COMMUNITY DEVELOPMENT BLOCK GRANT

Sandra Regalado, CDBG Manager

956-401-4190 sandra.regalado@pharr-tx.gov

CITY OF PHARR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) APPLICATION

PY 2023

**APPLICATIONS MUST BE RETURNED TO THE PHARR GRANTS
MANAGEMENT & COMMUNITY DEVELOPMENT OFFICE**

[date and time]

[address for applications]

For Assistance, please Contact Veronica Guerrero, CDBG
Specialist 956.402-4190 ext. 1606

veronica.guerrero@pharr.tx.gov

PROJECT SELECTION CRITERIA

- Completeness of application
- Detailed project description
- Project eligibility
- Meets a national objective justification (i.e., low/mod benefit rationale)
- Project can be completed within a reasonable time frame
- Provides substantial community benefit

INSTRUCTIONS FOR THE CITY OF PHARR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) APPLICATION

1.	Prepare your PY 2023 CDBG application in a clear, comprehensive, and concise manner. Remember to complete all sections and provide sufficient documentation to ensure fair consideration of your application. All applications must be submitted with original signatures, single sided copies and provide a complete electronic version of your application.
2.	When appropriate, provide the current Architect and/or Engineer's cost estimates. No application will be reviewed proposing construction activities without this information and will be cause for rejection of the application.
3.	When funds are requested for public services that include requests for funding for personnel, submit personnel and job descriptions with detailed salary and wage information.
4.	All applicants must provide an <u>area map</u> noting the location of the project. Please provide enough detail to describe your service area. Note street names and other landmarks for ease of identification.
5.	Please provide a photograph of the project site and surrounding buildings. <u>(Photographs in an electronic/digital format are required along with print versions)</u> . If the building is historic, all work must be done in compliance with the US Secretary of the Interior's Standards. Please note if the project is in the Center Street Historic District etc..
6.	<u>Project leveraging</u> is not required but is suggested. Please complete the <u>Budget Narrative Attachment</u> , using actual or prospective funding. A written agreement means you have funding approval. Without a written agreement, funding is considered tentative or prospective.
7.	Use the budget page from the application or an equivalent form. Please be advised that City of Pharr CDBG Program funds WILL NOT pay for the following: • Salaries of supervisory personnel – only the salaries of direct staff involved in the project are eligible. • Overhead – office space, utilities, telephone, etc. will not be paid for unless dedicated EXCLUSIVELY to the use of the CDBG funded activity. There will be no pro-rating of such expenses. • Food – unless essential to the client services such as nutrition and food preparation classes or a food bank, no food or entertainment may be purchased with CDBG funds. • For public service activities – Facility maintenance or repair is not eligible. Apply for public improvement funds if your building needs rehabilitation. • Work that is contracted for prior to the execution of the agreement with the City or that has not been competitively procured cannot be paid with CDBG funds. This includes construction as well as professional services. All work and material paid for with CDBG funds must be competitively bid. We will provide the required federal bid documents to add to your bid package.

8.	City of Pharr will only pay for Engineering or Architectural work if such services were competitively procured using an acceptable form of RFP per CDBG requirements. Since most projects cost more than the CDBG funds allocated, we expect that CDBG funds will be used to pay for the project costs and the applicant will pay for the architectural or engineering cost (unless included in budget with application).
All applications will be reviewed by the Community Development Department staff to determine eligibility. If additional information is required, you will be contacted by a representative of the Office.	

APPLICANT INFORMATION AND PROJECT ABSTRACT

1.	Project Name:		
2.	Eligible CDBG Activity: (See Exhibit A)		
3.	CDBG Funding Year: PY 2023		
4.	Applicant Name:		
5.	Address:		
6.	Telephone:	7.	Fax:
8.	Federal Tax ID No.:	8a.	UEI No.:
8b.	Attach SAM.gov Proof of Registration and CAGE Number	8c.	Non-Profits: Attach BRC, W-9 and IRS 501c3 Letter
9.	Type of Organization: Municipality Non-profit		
10.	Name & Title of Primary Contact:		
11.	Phone:	12.	Email:
13.	Amount of CDBG funds requested: \$		
14.	Funds (Match) committed from other sources: \$		
15.	Total project cost (Line 13 + Line 14): \$		
<i>Of funds committed from other sources, list sources in budget narrative section.</i>			
16.	Location of proposed project: (For purposes of mapping, please provide a specific, US Post Office recognized address in or near the project site – i.e.: 132 Main St. Please do not provide a range or intersection)		
17.	Attach photographs or email photos of the project site including streetscapes surrounding the project location.		

PROJECT DESCRIPTION

Briefly describe the proposed project including the following details:

1) The need or problem to be addressed:

2) The population to be served or the area to benefit:

3) The work to be performed, including the activities to be undertaken or the services to be provided:

4) The method of approach:

5) The implementation schedule, including milestones, goals, start dates & completion dates.

Attach additional sheets if necessary.

Check here if the structure is historic ☐ Year constructed _____

Check here if the project is in a flood plain ☐ attach flood plain map as applicable. [Flood Maps | FEMA.gov](#)

CDBG ELIGIBLE ACTIVITIES*

1. Place a checkmark in **one** of the following boxes that describes your proposed activity.

Public Facilities:

- | | |
|--|--|
| ☐ Streets, curbs, sidewalks | ☐ Community centers, senior centers |
| ☐ Storm and sanitary sewers | ☐ Parking lots |
| ☐ Water lines | ☐ Fire Stations |
| ☐ Parks | ☐ Other, specify |

Public Services:

- | | |
|--|---|
| ☐ Childcare | ☐ Health care |
| ☐ Recreation programs | ☐ Education programs |
| ☐ Public safety services | ☐ Fair housing activities |
| ☐ Services for senior citizens | ☐ Services for homeless people |
| ☐ Drug abuse counseling | ☐ Energy conservation counseling and testing |
| ☐ Welfare | ☐ Other, specify |
| ☐ Paying for the cost of operating and maintaining that portion of a facility in which one or more of the above services are provided | |

Other:

- | | |
|---|--|
| ☐ Acquisition | ☐ Homeownership assistance (down payment and closing costs) |
| ☐ Demolition | ☐ Planning |
| ☐ Housing Rehabilitation | ☐ Economic Development |

US HUD CDBG STATUTORY OBJECTIVE JUSTIFICATION *

SELECT ONE

A. LMI Area Benefit: # Persons Served: _____

☐ **Census Data** – (Please reference the **LMI Area map** provided by City of Pharr)

Census Tract and Block Group

#: _____

Area Population: _____ LMI Population: _____

Percent LMI: _____

OR

☐ **Survey Data** – Check this box if you intend to utilize household income surveys to document the size and annual income of each person receiving the benefit. Note: at least 51% of the program beneficiaries must be persons whose family income does not exceed the limits summarized in **Exhibit C – National Objective Qualifiers**.

****Note:** Public service activities CANNOT be qualified through the Area Benefit National Objective.

B. LMC Limited Clientele: # Persons Served: _____

If the proposed activity is a public service and is limited to a specific group of people, at least 51% of whom are low- and moderate-income persons, indicate which of the three categories of limited clientele activities best describes the activity by placing a checkmark in the appropriate box.

☐ **Presumed benefit** - place a checkmark in the box that describes the beneficiaries of the proposed service: (**NOTE: Handicap Barrier Removal Projects should check Presumed Benefit/Severely Disabled Adults below**).

☐ Abused children

☐ Battered spouses

☐ Elderly persons

☐ Severely disabled adults (use census population report definition)

☐ Homeless persons

☐ Illiterate adults

☐ Persons living with AIDS

☐ Migrant farm workers

☐ **Family size and income** – check this box if you intend to utilize household income surveys to document the size and annual income of each person receiving the benefit. Note: at least 51% of the program beneficiaries must be persons whose family income does not exceed the limits summarized in **Exhibit C – National Objective Qualifiers**.

☐ **Nature and location of activity** – check this box if the nature and location of the activity are such that it will be used predominantly by low- and moderate-income persons. For example, a day care center designed to serve residents of a public housing development. Attach an explanation of how the activity meets this objective.

*See Exhibit B - National Objectives for additional information.

C. LMH Housing: # Households Served:_____

☐ **Housing** – check this box if you will use funds to benefit low – and moderate Income homeowners or renters. Each unit must be occupied by a low- and moderate income household.

D. Slums/Blight: # Buildings Assisted:_____

☐ Only Public Facility building rehabilitation or demolition can be qualified as a “slums and blight” activity.

LINE-ITEM BUDGET FORM

SERVICE PROJECTS

Name of Applicant:

Project Name:

Instructions: Please use the following format to present your proposed line item budget. In Column A, list the items for which you anticipate the need for CDBG funds. In Column B, provide the calculation explaining how you arrived at the estimated cost of the line item. In Column C, provide the projected request for CDBG funds. On the **Budget Narrative Attachment** provide a description of other funds and volunteer and donated services/resources to be used in the project.

A	B	C
Budget Item	Calculation	CDBG Request
PERSONNEL		
Salaried Positions – Job Titles	Provide rate of pay (hourly/salary) and percentage of time spent on project (Full- Time Equivalent) or hours per week	
Salaries Total		
Fringe Benefits		
PERSONNEL TOTAL	Total of Personnel & Fringe Benefits	
OPERATING COSTS	Provide description of how you arrive at total for each line item	
Supplies		
Equipment		
Rent/Lease		
Insurance		
Printing		
Telephone		
Travel		
Other		
TOTAL OPERATING COSTS		
CONTRACT SERVICES		
TOTAL CONTRACT SERVICES		
BUDGET TOTAL		

LINE-ITEM BUDGET FORM

CONSTRUCTION/ACQUISITION PROJECTS

Name of Applicant:

Project Name:

Instructions: Please use the following format to present your proposed line item budget. In Column A, list the items for which you anticipate the need for CDBG funds. In Column B, provide the calculation explaining how you arrived at the estimated cost of the line item. In Column C, provide the projected request for CDBG funds. On the **Budget Narrative Attachment** provide a description of other funds and volunteer and donated services/resources to be used in the project.

A	B	C
Budget Item	Calculation	CDBG Request
DETAIL SCOPE OF WORK AND COST ESTIMATE FOR EACH ITEM		
BUDGET TOTAL		

BUDGET NARRATIVE ATTACHMENT

1. Describe your plans to use other funds on this project. In this section, only describe funds that have been secured. Provide the source of funds, amounts, and how these funds will be used. Describe your use of donated goods and services. Estimate the value of these goods and services.

Please check if any of the following will be used in the project:

☐ Section 202/Section 811	☐ Healthy Homes Grants
☐ Low Income Housing Tax Credit (LIHTC)	☐ Lead Hazard Control Grants
☐ HOPE VI funding	☐ Brownfields Economic Development Initiatives
☐ HOME Program	☐ Economic Development Initiatives assistance
☐ CoC Homeless Assistance Programs	☐ Self-Help Homeownership Opportunities Programs
☐ HOPWA	
☐ Other Federal or State (list)_____	

2. Explain why you consider your program to be a local priority:

3. Schedule for Implementation:

A. Discuss Site Control

B. Identify permits or other approvals needed

NON-PROFIT APPLICANT ORGANIZATIONAL INFORMATION

Project Administration

Describe the staff, volunteers, consultants, or board members who will be directly associated with this project/service and their responsibilities. Provide an organization chart, including employee names and titles, to characterize how this program/service fits into the overall organizational structure. Describe overall program delivery strategy.

Monitoring

Briefly describe how you will monitor progress in implementing the program. Attach copies of all data collection tools that will be used to verify achievement of program goals and objectives. Describe who will be responsible for monitoring progress.

Insurance/Bonding/Worker's Compensation

State whether or not the agency has liability insurance coverage, in what amount, and with what insuring agency. State whether or not the agency pays all payroll taxes and worker's compensation as required by federal and state laws. State whether or not the agency has fidelity bond coverage for principal staff who handle the agency's accounts, in what amount, and with what insuring agency.

NON-PROFIT APPLICANT ORGANIZATIONAL INFORMATION

CONTINUED

Financial Capacity

Describe the agency's current operating budget, itemizing revenues, and expenses. Identify commitments for ongoing funding. Describe the agency's fiscal management, including financial reporting, record keeping, accounting systems, payment procedures, and audit requirements.

Items to be submitted with Application (non-profit applicants only)

- Articles of Incorporation / Bylaws
- Non-profit determinations (tax exempt letter from IRS and/or state)
- List of Board of Directors
- Organizational chart
- Resumes of chief program administrator and chief fiscal officer
- Financial statement and audit
- W-9 Form
- Pharr Business License
- SAM.gov proof of registration/CAGE number and UEI number/DUNS

I CERTIFY AND ACKNOWLEDGE THAT THE INFORMATION IN THIS APPLICATION IS CORRECT TO THE BEST OF MY KNOWLEDGE.

Applicants Signature: _____

Name: _____ Date: _____

General Requirements:

- **Match Description** - A 1 to 1 monetary match is required for all HUD LMI Clientele National Objective projects that have participants from outside of Pharr City boundaries. The 1 to 1 match can be reduced based on one year of verifiable program participant residency data. This reduction must be approved by the Pharr CDBG Staff.
- Total CDBG funding cannot exceed the percentage of clients that reside in Pharr.
- If a proposed activity does not meet the minimum eligibility requirements, e.g., HUD National Objective, HUD Activity Category, and Pharr Strategic Objectives, the application will be deemed “ineligible” and will not be included for consideration for CDBG funding.
- Pharr CDBG funding allocations are recommended to City Council by the CDBG Steering Committee. The funding recommendation is based on a majority consensus vote following application review. The City Council may uphold or amend the CDBG allocations and will adopt the final funding by resolution.
- Proposed activities are also subject to various, separate consents from the State Historic Preservation Office, US Fish & Wildlife Service, US Congress, US Department of Housing and Urban Development, and US Environmental Protection Agency. As such, significant delays which are out of the control of the city may delay the ability to officially announce funding and/or to commence the project.
- Availability of funding is subject to Congressional approval and award of funds.
- CDBG funding may only be awarded to a city department or eligible nonprofit agency. The awardee will enter a Subrecipient Agreement with the City and must comply with any HUD certification requirements and other federal and state regulations mandatory to the operation of the program, as well as all Pharr CDBG procedures. Failure to submit any documentation requested by the City to demonstrate program compliance may result in administrative sanctions up to and including rescission of funding.
- Pharr CDBG sub-awards are paid on a reimbursement basis.
- Public comments or lobbying for or against an application or applicant should be made in writing to the CDBG staff or City Council during the public review/comment period.
- Applicant organizations must have a local business license from the City (956- 402-4190), a UEI number from sam.gov, and, as applicable, a FEIN and 501(c)(3) from the IRS (www.irs.gov) and be registered.
- Expenditures related to the activity may not be made until clearance is granted from the CDBG staff. Reimbursements for expenses cannot be made until federal funding is received, environmental clearances are obtained, and authorization to proceed is granted by the CDBG staff.
- Davis Bacon requirements must be met for all construction activities. Please see the rules.
- Pharr CDBG will not fund any salaries with the sub-awards.

- Pharr CDBG will generally not fund any equipment purchases with the sub-awards.

I CERTIFY AND ACKNOWLEDGE THAT:

- I am duly authorized by the applicant organization to submit this application on behalf of the applicant organization.
- The information provided in this application materials is verifiable and accurate to the best of my knowledge.
- The applicant organization will permit photos and other information about this application to be published or otherwise shared for purposes related to the Pharr CDBG program.

Applicants Signature: _____

Name: _____ Date: _____

To be completed by the CDBG Specialist			
APPLICATION CHECKLIST			
	Yes	No	N/A
• Complete Application and certification signed			
• Project location map attached			
• Architect / Engineer cost estimates			
• Photographs provided in print and electronic format			
• Supporting documentation provided			
• SAM.gov proof of registration and CAGE number/EIN Number			
• Date Received:			

EXHIBIT “A” – CDBG BASIC ELIGIBLE ACTIVITIES

The following activities may be funded by the CDBG Program, so long as they meet one or more of the National Objectives.

1. Acquisition of real property by purchase, long-term lease (15+ years), donation, or otherwise, of real property for any public purpose, subject to limitations.
2. Disposition of real property acquired with CDBG funds through a lease or donation, or otherwise; or its retention for public purposes.
3. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, except buildings for general conduct of government. Eligible facilities include those serving persons having special needs such as homeless shelters, convalescent homes, hospitals, nursing homes, battered spouse shelters; half-way houses for runaway children, drug offenders or parolees, group homes for mentally retarded persons; and temporary housing for disaster victims.
4. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.
5. Provision of public services (including labor, supplies and materials) such as those concerned with childcare, health care, education, job training, public safety, fair housing counseling, recreation, senior citizens, homeless persons, drug abuse counseling and treatment, and energy conservation counseling and testing. The services must meet each of the following criteria:
 - A service must either be new or be a quantifiable increase in the level of a service above that which has been provided with state or local funds in the previous twelve calendar months; and
 - The amount obligated for public services shall not exceed 15% of the annual grant, plus 15% of the program income received from the previous year.
6. Removal of material and architectural barriers, which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned buildings, facilities, and improvements.
7. Rehabilitation of privately and publicly owned buildings and improvements for residential purposes.
8. Rehabilitation of publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvements to the exterior of the building and the correction of code violations.
9. Improvements to buildings to increase energy efficiency.
10. Rehabilitation, preservation, or restoration of historic properties.
11. Provision of credit, technical assistance, and general support (including peer support programs, counseling, childcare, transportation, etc.) for the establishment, stabilization, and expansion of micro enterprises. A micro enterprise is a business with five or fewer employees, one or more of whom owns the business.
12. Provision of assistance to private for-profit business where appropriate to carry out an economic development project. Any project funded must be able to document the creation or retention of a certain number of jobs, depending on the type of project proposed.

EXHIBIT “B” - National Objective Qualifiers

To be considered as benefiting a low or moderate-income person, an activity must fall into one of the categories below.

Area Benefit: Census areas with 51% low- moderate income or above qualify for funding. However, smaller areas may qualify based on an income survey. When surveys are needed, at least 51% of the residents within the targeted activity area must be low-moderate income people. The activity may also be available to all persons in the area regardless of income.

Limited Clientele: To qualify under this subcategory, a limited clientele activity must fulfill one of the following tests.

- Clientele must be one of the following groups: abused children, elderly persons, battered spouses, homeless persons, adults meeting the US Census Bureau’s definition of severely disabled persons, illiterate living with AIDS, or migrant farm works.
- At least 51% of the clientele must be low-moderate income persons; or
- The activity must be of such a nature and in such a location that it may reasonably be concluded that the clientele will be low-moderate income persons; or
- The activity must serve to remove material or architectural barriers to the mobility or accessibility of elderly persons or of severely disabled adults; or
- The activity must take the form of micro enterprise assistance carried out in accordance with 24 CFR 570.201 (o); or
- The activity must provide job training and placement and/or other employment support services, including, but limited to peer support programs, counseling, childcare and other similar services, in which the percentage of low-moderate income persons assisted is less than 51%. This situation qualifies under the limited clientele objective only in the following circumstance:

“In such cases where such training or provision of supportive services assist business (es), and the only use of CDBG assistance received by the business is to provide the job training and/or supportive services; and the proportion of the total cost of the services borne by CDBG funds is no greater than the proportion of the number of persons benefiting from the services who are low-or moderate income”.

Housing – The activity must result in housing that will be occupied by low-moderate income people upon completion. The housing can be either owner- or renter occupied and can be either one family or multi-unit structures. Rental housing must be occupied at affordable rents.

Jobs – “Special economic development” activities may meet the low-moderate Income Benefit national objective only in the following ways:

- Be in a predominately low-moderate neighborhood and serve the low- moderate income residents (e.g., a grocery store serving a low-moderate income neighborhood qualifies as area benefit); or
- Involve the employment of persons, the majority of who are low-moderate income persons (e.g., a retail clothing store which creates or maintains jobs principally for low-moderate income persons).

EXHIBIT “C”

FY 2023 Income Limits Documentation System

McAllen-Edinburg-Mission, TX MSA

30% LIMITS 15200 17350 19500 21650 23400 25150 26850 28600

VERY LOW INCOME 25250 28850 32450 36050 38950 41850 44750 47600 60%

LIMITS 30300 34620 38940 43260 46740 50220 53700 57120

LOW INCOME 40400 46150 51900 57650 62300 66900 71500 76100

Note: HUD generally updates these numbers in June for each year. Here is a link to the HUD Income Limits data for City: https://www.huduser.gov/portal/datasets_query

EXHIBIT “D” – Recordkeeping Responsibilities

Successful applicants will be required to sign a contract with the City, which will state all the requirements to be placed on the applicant. In general, the following will apply to all applicants:

1. Written records to justify all expenditures must be maintained for a period not less than three (3) years after the full amount of the grant is expended. Your records will be subject to review by both the City of Pharr and US HUD.
2. You will be required to maintain the City’s minimum insurance standards, to be evidenced by a copy of the policy provided to City of Pharr within 10 days of execution of the contract.
3. You must comply with 2 CFR Part 200.302 and agree to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred. You must comply with 2 CFR Part 200.203 and maintain effective internal controls over the funds awarded herein. You must administer the program in conformance with 2 CFR Part 200, Subpart E, “Cost Principles.” These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.
4. In accordance with 2 CFR Part 200, the federal government requires that organizations expending \$750,000 or more in federal financial assistance in a fiscal year must secure an audit. Agencies spending \$750,000 or more must choose one of the following ways of meeting this requirement and state which method they choose:
 - a. If your agency already conducts audits of all its funding sources including CDBG, the agency must submit a copy of its most recent audit, and may, at its discretion, include the CDBG portion of the audit cost in its CDBG project budget.
 - b. If your agency already conducts audits of its other funding sources but has neither received nor included CDBG in the past, the scope of the audit would be modified to incorporate CDBG audit requirements. The associated cost of the augmentation could then be included in the CDBG project budget, accompanied by the auditor’s written cost estimate.
5. You will be required to provide annual reports stating the total number of persons served, including their ethnic origin, and whether they are female heads of household. These figures are required to be reported by US HUD.
6. You will be required to obtain written proof of income of each person or household which you assist, unless your clients are abused children, battered spouses, elderly persons, handicapped persons, homeless persons, illiterate persons, or migrant farm workers.
7. You must have a written policy designed to ensure your facilities are free from the illegal use, possession, or distribution of drugs or alcohol.
8. If any income is derived from the activities funded by CDBG, that **income must be returned to City of Pharr as program income**.
9. In the event that US HUD should determine that CDBG funds were improperly spent, and that money should be reimbursed to the U.S. Treasury, your organization will be responsible for this reimbursement.

Appendix 5: Application Scoring Rubric

PHARR CDBG APPLICATION SCORING METHODOLOGY

Applications to receive CDBG contingent awards must be scored and ranked. The table below summarizes the meaning of scoring numbers that may be assigned to any factor considered during the standardized scoring process. Each category (except for “other,” which may or may not be relevant depending on the application under review) will be separately assigned a numerical score. Each scoring category will ultimately be summed together to allow the project proposals to be ranked.

The basis or rationale for each score assigned should be noted in narrative fashion under each supplied category heading. If any scored category receives a score of “0” (indicating fundamental noncompliance with a mandatory regulatory requirement), the application may not be selected for funding regardless of the remaining scores assigned under other category headings. Scores of “0” will be reserved for only identified issues which fundamentally contradict or are inconsistent with regulatory requirements.

Level	Description
5	Outstanding
4	Good
3	Fair
2	Poor
1	Very Poor
0	Noncompliant

Category 1: **Need**

Category 2: **Benefit**

Category 3: **Organizational capacity**

Category 4: **Past support and success in administering programs**

Category 5: **Degree to which proposed activity could meet one or more CDBG national objectives**

Category 6: **Consistency of outcomes under this proposal with outcomes listed in the Consolidated Plan**

Category 7: **Amount of funding requested**

Category 8: **Environmental feasibility**

Category 9: **Non-environmental feasibility factors (fully explain)**

Category 10: **Other (if this catchall category is used to assign additional scoring, explain the factor that led to the scoring and the basis for the assigned score)**

Appendix 6: Conflict of Interest Policy

City of Pharr, TX CDBG CONFLICT OF INTEREST POLICY

The City of Pharr developed this ***Conflict-of-Interest*** policy in recognition that organizations receiving CDBG funds distribute those funds within the community and that both the City and its subrecipients desire a fair, impartial, and transparent distribution of those funds.

Conflict of interest (COI) is defined as a situation or circumstance that may prevent an objective distribution of funds. COIs may be actual or an appearance. An actual COI is defined as any impediment resulting in a Subrecipients' inability to objectively distribute funds.

Examples: A council member responsible for awarding CDBG grant funding through the AAP is involved with a subrecipient organization as a staff member, employee, Board member, or has personal interest in the subrecipient organization.

An appearance of COI is defined as anything that may be perceived as a conflict, i.e., anything that would suggest that the distribution of CDBG funds was not fairly and objectively carried out.

Examples: The staff member at a subrecipient organization who is responsible for determining eligibility for program participation has had professional or personal differences with the potential program participant.

What to do if you have a COI: Staff members at subrecipient organizations should disclose such interest on the record and disqualify himself or herself from participating in any decision relating to the distribution of CDBG funds.

Certification Form: All Subrecipients must understand, sign, and return the COI Certificate to the City's CDBG staff with the signed Subrecipient Agreement.

**City of Pharr
Community Development Block Grant Program**

CONFLICT OF INTEREST CERTIFICATION

I will avoid a conflict of interest by not allocating, distributing, or enter contracts utilizing Community Development Block Grant funds:

1. Where to the best of my knowledge and belief, I or a member of my household have a financial interest;
2. Where I am an officer, director, member, trustee, owner, partner, expert, consultant, or advisor (with or without compensation) or employee or otherwise similarly associated; or
3. Where there exists any arrangement concerning my prospective employment, financial interest, or other similar association.

I will also avoid any actions that might give the appearance that a conflict of interest exists or could be reasonably viewed as such.

My signature is confirmation that the Certification Statement contained herein is accurate and true and is consistent with provisions of the Conflict-of-Interest Policy for the Pharr Community Development Block Grant Program.

CERTIFICATION REGARDING CONFLICT OF INTEREST

PROJECT/ACTIVITY: _____

NAME: _____

SIGNATURE: _____ DATE: _____

CDBG STAFF MEMBER: _____

SIGNATURE: _____ DATE: _____

Appendix 7: Monitoring Form and Checklist

CITY OF PHARR

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG Subrecipient Monitoring

Compliant with 2 CFR Part 200 and Title 24 CFR 570

Administrative Uniform Requirements and the CDBG Program Regulations

A. GENERAL INFORMATION

1.	Name of subrecipient:	
2.	Address of subrecipient:	
3.	Telephone:	
4.	Email:	
5.	Name(s) of subrecipient staff interviewed	
6.	Date of most recent monitoring:	
7.	Today's date:	

B. PROJECT INFORMATION

1.	Subrecipient activity being monitored (complete a separate checklist for each activity.)			
	CDBG Program Year Funding	Project No.	Project Description	Amount of CDBG funds budgeted for this activity
2.	Eligibility			
	a.	Type of eligible activity: Public Services or Public Facility		
	b.	Regulatory citation: 570.201(C) or 570.201(c)		
	c.	If this is a public service activity:		
		New activity		
		Quantifiable increase in an existing public service (describe documentation)		
		Describe basis for selection:		

3.	National Objective (check all that apply)								
	☐ Low/moderate-income benefit:								
	☐ Area benefit (not applicable to Public Services)								
	☐ Census or Survey – attach map and population statistics								
	☐ Presumed benefit (check applicable boxes below)								
	<table border="1"> <tr> <td>☐ Abused children</td> <td>☐ Battered spouses</td> </tr> <tr> <td>☐ Elderly persons</td> <td>☐ Severely disabled adults (use census population report definition)</td> </tr> <tr> <td>☐ Homeless persons</td> <td>☐ Illiterate adults</td> </tr> <tr> <td>☐ Persons living with AIDS</td> <td>☐ Migrant farm workers</td> </tr> </table>	☐ Abused children	☐ Battered spouses	☐ Elderly persons	☐ Severely disabled adults (use census population report definition)	☐ Homeless persons	☐ Illiterate adults	☐ Persons living with AIDS	☐ Migrant farm workers
☐ Abused children	☐ Battered spouses								
☐ Elderly persons	☐ Severely disabled adults (use census population report definition)								
☐ Homeless persons	☐ Illiterate adults								
☐ Persons living with AIDS	☐ Migrant farm workers								
	☐ Family size and income (income surveys)								
	☐ Nature and location of activity								
	☐ Prevention and elimination of slums and blight								
	a. National objective justification (describe):								
	b. National objective file documentation reviewed during monitoring visit (describe):								
	c. National objective regulatory citation: 570.208 (specify section):								
4.	How does the subrecipient verify actual beneficiaries of the project?								
5.	Performance benchmarks as stated in written agreement:								
6.	Project accomplishments to date (describe):								
7.	Amount of CDBG funds financially obligated by subrecipient: \$								

8.	Amount of CDBG funds expended by subrecipient:	\$
9.	Amount of CDBG funds that remain unexpended for this activity:	\$
10.	Performance assessment (describe timeliness, outcomes, quality aspects of project, the success of the project in terms of achieving the stated objective of the activity and whether actual performance is consistent with the terms of the written agreement.) 	
11.	Based on the performance assessment in #10, describe any special measures required in order to bring this activity to a timely and successful conclusion. 	
12.	Describe any relevant training or technical assistance received by the subrecipient during the past year. 	
13.	Does the subrecipient provide adequate documentation in support of requests for payment of CDBG funds? ☐ Yes ☐ No If no, explain. 	
14.	During the past year, has the subrecipient's payment requests been reasonable in relation to actual performance? ☐ Yes ☐ No If no, explain. 	
15.	Does the written agreement require the subrecipient to submit written Subrecipient Performance Reports to the City? ☐ Yes ☐ No	
16.	If the answer to #14 is "yes", are the subrecipient's written reports:	
	a.	Being submitted to the city in a timely manner? ☐ Yes ☐ No
	b.	Adequate in terms of the level of detail? ☐ Yes ☐ No
17.	Has the City encountered any difficulty in obtaining information from the subrecipient in support of the	

	City 's CAPER? ☐ Yes ☐ No If yes, explain.
	There was no problem in obtaining information needed.
18.	Are the recordkeeping requirements of the CDBG regulations being followed?
a.	Eligibility documentation? ☐ Yes ☐ No
b.	National objective documentation? ☐ Yes ☐ No
19.	Has program income been generated by subrecipient activities? ☐ Yes ☐ No If so, what is the process for tracking, reporting, and using program income?
	Is the use of program income consistent with the terms of the written agreement? ☐ Yes ☐ No ☐ n/a
20.	Has any portion of the subrecipient's administrative assignment been contracted out to other parties? ☐ Yes ☐ No
21.	What subrecipient staff members have responsibility for administering the project?
22.	Is there any evidence of conflict of interest? ☐ Yes ☐ No
NOTE: MONITORING QUESTIONS #23 THROUGH #35 TO BE COMPLETED BY THE CDBG STAFF.	
23.	Are financial records kept in accordance with CDBG administrative requirements?
a.	Is the financial management system in compliance with 2 CFR Part 200 Subpart D?
(1)	Retention of Records (200.333) ☐ Yes ☐ No
(2)	Requests for Transfer of Records (200.334) ☐ Yes ☐ No
(3)	Methods for collection, transmission and storage of information (200.335) ☐ Yes ☐ No
(4)	Restrictions on public access to records (200.337) ☐ Yes ☐ No
(5)	Reporting Requirements (200.327) ☐ Yes ☐ No
(6)	Monitoring and Reporting Performance (200.328) ☐ Yes ☐ No
(7)	Records on source and application of funds ☐ Yes ☐ No
(8)	Effective Control and Accountability of funds, property And assets ☐ Yes ☐ No
(9)	Comparison of expenditures with budget amounts for Each Federal Grant ☐ Yes ☐ No
(10)	Written procedures to implement requirements of 200.305 Payment (reimbursement preferred) ☐ Yes ☐ No
(11)	Written procedures for determining allowability of costs per

	Subpart E – Cost Principals	☐ Yes	☐ No
b.	Internal controls (200.303 (a))		
	(1)	Effective internal controls ?	☐ Yes ☐ No
	(2)	Evaluates and monitors compliance with federal regs?	☐ Yes ☐ No
	(3)	Prompt action for non-compliance?	☐ Yes ☐ No
	(4)	Safeguards to protect identifiable information designed Sensitive 2 CFR Part 200.303(e)	☐ Yes ☐ No
c.	(1)	Does the recipient meet the annual expenditure threshold (\$750,000) for having a single or program-specific audit conducted? Per 2 CFR 200.331 and 2 CFR Part 200 Subpart F? ☐ Yes ☐ No	
	(2)	If yes, Did the auditee promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 2 CFR 200.511(b) and 2 CFR 200.511(c), respectively? [2 CFR 200.303(d) and 2 CFR 200.508(c); CDBG Entitlement: 24 CFR 570.502; HOME: 24 CFR 92.505; ESG: 24 CFR 576.407(c)] ☐ Yes ☐ No	
	(3)	Did the Auditee electronically submit to the Federal Audit Clearinghouse the reporting package required by 2 CFR Part 507(c)(3) and 2 CFR 200.512(b) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period? ☐ Yes ☐ No	
24.	Has the subrecipient used CDBG funds for the retention of professional services? ☐ Yes ☐ No		
25.	If yes, what types of professional services have been retained?		
	<u>Type of Service</u>	<u>Name of Contractor</u>	
26.	How were professional services procured?		
27.	Has the sub-grantee used CDBG funds for the purchase of materials and/or supplies? ☐ Yes ☐ No		
28.	If yes, what types of materials and supplies have been purchased?		
	<u>Type of Materials</u>	<u>Supplier</u>	

29.	How were materials and supplies procured?		
30.	Has the subrecipient entered into CDBG-funded construction contracts? ☐ Yes ☐ No		
	<u>Description of Project</u>	<u>Contractor</u>	<u>Contract Amount</u>
31.	Does a review of CDBG-funded construction contracts reveal the inclusion of all federal terms and conditions? (use supplemental checklist) ☐ Yes ☐ No		
32.	Does this activity involve a slower than expected rate of expenditure? ☐ Yes ☐ No		
	If "yes", describe the reason for the delay:		
33.	Does the subrecipient employ a system to adequately identify CDBG property and assets? [2 CFR 200.302(b)(3)] ☐ Yes ☐ No		
34.	Does the subrecipient have adequate internal fiscal controls as evidenced by:		
	a.	Organizational chart?	☐ Yes ☐ No
	b.	Written definition of duties of key employees?	☐ Yes ☐ No
	c.	Formal system of authorization and supervision?	☐ Yes ☐ No
	d.	Separation of duties?	☐ Yes ☐ No
	e.	Staff qualifications for accounting functions?	☐ Yes ☐ No
	f.	Comparison of financial records to actual assets and liabilities performed? ☐ Yes ☐ No	
35.	Does the subrecipient's accounting system contain the following elements:		
	a.	Staff qualifications for accounting functions?	☐ Yes ☐ No
	b.	Cash receipts journal	☐ Yes ☐ No
	c.	Cash disbursements journal	☐ Yes ☐ No
	d.	Payroll journal	☐ Yes ☐ No
	e.	General ledger	☐ Yes ☐ No
36.	Does the subrecipient maintain good records? ☐ Yes ☐ No		
	a.	Are journal entries approved and explained / supported?	☐ Yes ☐ No
	b.	Are posting and trial balances performed on a regular basis?	☐ Yes ☐ No
	c.	Is there fidelity bond coverage for subrecipient officials?	☐ Yes ☐ No
37.	Are appropriate time distribution records being maintained for all subrecipient employees on the		

	CDBG payroll?	☐ Yes ☐ No
38.	Based on this review, does there appear to be any significant differences between actual performance and the reported performance of the subrecipient?	☐ Yes ☐ No
39.	In reviewing the activities and costs charged by the subrecipient, are there any costs that appear to be clearly unreasonable?	☐ Yes ☐ No
	If "yes", explain:	
40.	In interviewing the subrecipient staff, does there appear to be adequate knowledge of CDBG rules and regulations to ensure compliance?	X Yes ☐ No
	Describe areas of weakness:	
41.	Based on the results of the subrecipient monitoring, the following concerns and findings are noted:	
NOTE: Findings are violations of applicable laws, regulations, or executive orders. Concerns are issues that if not corrected could lead to a future monitoring finding.		
FINDINGS:		
1.	None	
2.		
3.		
4.		
5.		
6.		
(ATTACH ADDITIONAL SHEETS AS NECESSARY)		
CONCERNS:		
1.	Need to document age beyond noting birthdate	
2.		
3.		
4.		
5.		
6.		
(ATTACH ADDITIONAL SHEETS AS NECESSARY)		
City of Pharr CDBG Subrecipient Monitoring Policy Monitoring Finding / Concerns Clearance Process		
Date subrecipient notified in writing of monitoring findings and/or concerns:		
Deadline established for subrecipient's written response to		

monitoring findings and/or concerns:	
Disposition of case:	
Signature of Monitor:	
Date of all findings and/or concerns cleared by grantee:	



Appendix 8: Procurement Standards

PURCHASING DEPARTMENT POLICIES AND PROCEDURES MANUAL

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Please see below link to City’s Purchasing Manual & 2 CFR Part 200.318-327
https://pharr-tx.gov/wp-content/uploads/2021/09/new_purchasing_manual.pdf

Appendix 9: CDBG Matrix Codes



Appendix A

CDBG MATRIX CODES

CDBG Matrix Codes by Category

Matrix codes are listed here by category so you can quickly review the available choices.

Acquisition, Disposition, Clearance, Relocation

01	Acquisition of Real Property	04A	Cleanup of Contaminated Sites
02	Disposition of Real Property	08	Relocation
04	Clearance and Demolition		

Administration and Planning

20	Planning	21E	Submission of Applications for Federal Programs
20A	Planning (State-Administered CDBG Grantees)	21H	CDBG Funding of HOME Admin
21A	General Program Administration	21I	CDBG Funding of HOME CHDO
21B	Indirect Costs		Operating Expenses
21C	Public Information	21J	State Administration
21D	Fair Housing Activities (subject to Admin cap)	14H	Rehab: Administration

Economic Development

14E	Rehab: Publicly or Privately Owned Commercial/Industrial (CI)	17D	CI: Other Improvements
17A	CI: Acquisition/Disposition	18A	ED: Direct Financial Assistance to For-Profits
17B	CI: Infrastructure Development	18B	ED: Technical Assistance
17C	CI: Building Acquisition, Construction, Rehabilitation	18C	ED: Micro-Enterprise Assistance

Housing

12	Construction of Housing	14G	Rehab: Acquisition
13	Direct Homeownership Assistance	14H	Rehab: Administration
14A	Rehab: Single-Unit Residential	14I	Lead-Based Paint/Lead Hazards Testing/Abatement
14B	Rehab: Multi-Unit Residential	14J	Housing Services
14C	Rehab: Public Housing Modernization	16A	Residential Historic Preservation
14D	Rehab: Other Publicly Owned Residential Buildings	19E	Operation/Repair of Foreclosed Property
14	FRehab: Energy Efficiency Improvements		

Public Facilities and Infrastructure Improvements

03A	Senior Centers	03L	Sidewalks
03B	Handicapped Centers	03M	Child Care Centers
03C	Homeless Facilities (not operating costs)	03N	Tree Planting
03D	Youth Centers	03O	Fire Stations/Equipment Health Facilities
03E	Neighborhood Facilities Parks,	03P	
03F	Recreational Facilities	03Q	Facilities for Abused and Neglected Children
03G	Parking Facilities	03R	Asbestos Removal
03H	Solid Waste Disposal Improvements Flood	03S	Facilities for AIDS Patients (not operating costs)
03I	Drainage Improvements Water/Sewer		
03J	Improvements	03	Other Public Facilities/Improvements
03K	Street Improvements		

Public Services

05A Senior Services	05N Services for Abused and Neglected
05B Handicapped Services	05O Mental Health Services
05C Legal Services	05P Screening for Lead Poisoning
05D Youth Services	05Q Subsistence Payments
05E Transportation Services	05R Homeownership Assistance (not direct)
05F Substance Abuse Services	05S Rental Housing Subsidies
05G Services for Battered and Abused Spouses	05T Security Deposits
05H Employment Training	05U Housing Counseling
05I Crime Awareness/Prevention	05V Neighborhood Cleanups
05J Fair Housing Activities (subject to Public Services cap)	05W Food Banks
05K Tenant/Landlord Counseling	03T Operating Costs of Homeless/AIDS Patients Programs
05L Child Care Services	05 Other Public Services
05M Health Services	

Repayment of Section 108 Loans

19F Planned Repayments of Section 108 Loans	19G Unplanned Repayments of Section 108 Loans
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Other

06 Interim Assistance	19C Non-Profit Organization Capacity Building
Urban Renewal Completion 09 Loss of Rental Income	22 Unprogrammed Funds
11 Privately Owned Utilities	23 Tornado Shelters Serving Private Mobile Home Parks
15 Code Enforcement	
16B Non-Residential Historic Preservation	

Definitions of the matrix codes are provided in the table that follows.

MATRIX CODE DEFINITIONS

Matrix codes are used to indicate—but do not establish—activity eligibility. An activity must be eligible in accordance with the regulations at 570.201–570.207. Grantees need to refer to the regulations to determine an activity’s eligibility; the codes defined below are used in IDIS OnLine chiefly to categorize activities for reporting purposes.

Code	Definition
01	Acquisition of Real Property Acquisition of real property that will be developed for a public purpose. Use code 01 for the CDBG-funded purchase of real property on which, for example, a public facility or housing will be constructed. <i>When CDBG funds are used to:</i> • <i>acquire a public facility that will be rehabilitated with CDBG funds and continue to be used as a public facility, assign the appropriate 03* code.</i> • <i>acquire housing that will be rehabilitated, use code 14G.</i>
02	Disposition of Real Property Costs related to the sale, lease, or donation of real property acquired with CDBG funds or under urban renewal. These include the costs of temporarily maintaining property pending disposition and costs incidental to disposition of the property.
03A	Senior Centers Acquisition, construction, or rehabilitation of facilities (except permanent housing) for seniors. 03A may be used for a facility serving both the elderly and the handicapped provided it is not intended primarily to serve persons with handicaps. If it is, use 03B instead. <i>For the construction of permanent housing for the elderly, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
03B	Handicapped Centers Acquisition, construction, or rehabilitation of centers, group homes, and other facilities (except permanent housing) for the handicapped. 03B may be used for a facility serving both the handicapped and the elderly provided it is not intended primarily to serve the elderly. If it is, use 03A instead. <i>For the construction of permanent housing for the handicapped, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
03C	Homeless Facilities (not operating costs) Acquisition, construction, or rehabilitation of temporary shelters and transitional housing for the homeless, including battered spouses, disaster victims, runaway children, drug offenders, and parolees. <i>For the construction of permanent housing for the homeless, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>

Code	Definition
03D	Youth Centers Acquisition, construction, or rehabilitation of facilities intended primarily for young people age 13 to 19. These include playground and recreational facilities that are part of a youth center. <i>For the acquisition, construction or rehabilitation of facilities intended primarily for children age 12 and under, use 03M; for facilities for abused and neglected children, use 03Q.</i>
03E	Neighborhood Facilities Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers.
03F	Parks, Recreational Facilities Development of open space areas or facilities intended primarily for recreational use.
03G	Parking Facilities Acquisition, construction, or rehabilitation of parking lots and parking garages. Also use 03G if the primary purpose of rehabilitating a public facility or carrying out a street improvement activity is to improve parking. <i>If parking improvements are only part of a larger street improvement activity, use 03K.</i>
03H	Solid Waste Disposal Improvements Acquisition, construction or rehabilitation of solid waste disposal facilities.
03I	Flood Drainage Improvements Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds or catch basins. Do not use 03I for construction/rehabilitation of storm sewers, street drains, or storm drains. <i>Use 03J for storm sewers and 03K for street and storm drains.</i>
03J	Water/Sewer Improvements Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants. Costs of street repairs (usually repaving) made necessary by water/sewer improvement activities are included under 03J. <i>For water/sewer improvements that are part of:</i> <i>more extensive street improvements, use 03K (assign 03K, for example, to an activity that involves paving six blocks of Main Street and installing 100 feet of new water lines in one of those blocks).</i> <i>a housing rehabilitation activity, use the appropriate 14* matrix code.</i> <i>For construction or rehabilitation of flood drainage facilities, use 03I.</i>

Code	Definition
03K	Street Improvements Installation or repair of streets, street drains, storm drains, curbs and gutters, tunnels, bridges, and traffic lights/signs. Also use 03K: - for improvements that include landscaping, street lighting, and/or street signs (commonly referred to as "streetscaping"). - if sidewalk improvements (see code 03L) are part of more extensive street improvements.
03L	Sidewalks Improvements to sidewalks. Also use 03L for sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees.
03M	Child Care Centers Acquisition, construction, or rehabilitation of facilities intended primarily for children age 12 and under. Examples are daycare centers and Head Start preschool centers. <i>For the construction or rehabilitation of facilities for abused and neglected children, use 03Q; for the construction or rehabilitation of facilities for teenagers, use 03D.</i>
03N	Tree Planting Activities limited to tree planting (sometimes referred to as "beautification"). <i>For streetscape activities that include tree planting, use 03K; for sidewalk improvement activities that include tree planting, use 03L.</i>
03O	Fire Stations/Equipment Acquisition, construction, or rehabilitation of fire stations and/or the purchase of fire trucks and emergency rescue equipment.
03P	Health Facilities Acquisition, construction, or rehabilitation of physical or mental health facilities. Examples of such facilities include neighborhood clinics, hospitals, nursing homes, and convalescent homes. <i>Health facilities for a specific client group should use the matrix code for that client group. For example, use 03Q for the construction or rehabilitation of health facilities for abused and neglected children.</i>
03Q	Facilities for Abused and Neglected Children Acquisition, construction, or rehabilitation of daycare centers, treatment facilities, or temporary housing for abused and neglected children.
03R	Asbestos Removal Rehabilitation of any public facility undertaken primarily to remove asbestos.
03S	Facilities for AIDS Patients (not operating costs) Acquisition, construction, or rehabilitation of facilities for the treatment or temporary housing of people who are HIV positive or who have AIDS. <i>For the construction or rehabilitation of facilities for AIDS education and prevention, use 03P.</i>

Code	Definition
03T	Operating Costs of Homeless/AIDS Patients Programs Costs associated with the operation of programs for the homeless or for AIDS patients, such as staff costs, utilities, maintenance, and insurance. Because payment of operating costs for these programs is a public service under CDBG, all CDBG expenditures for 03T activities are included in the calculation of the Public Services cap.
03	Other Public Facilities and Improvements Do not use this code unless an activity does not fall under a more specific 03* code. Also, do not use one activity for multiple facilities and then assign it an 03 because the types of facilities are different. One legitimate use of 03 is for activities that assist persons with disabilities by removing architectural barriers from or providing ADA improvements to government buildings (activities that otherwise would not be eligible for CDBG funding).
04	Clearance and Demolition Clearance or demolition of buildings/improvements, or the movement of buildings to other sites.
04A	Cleanup of Contaminated Sites Activities undertaken primarily to clean toxic/environmental waste or contamination from a site.
05A	Senior Services Services for the elderly. 05A may be used for an activity that serves both the elderly and the handicapped provided it is not intended primarily to serve persons with handicaps. If it is, use 05B instead.
05B	Handicapped Services Services for the handicapped, regardless of age.
05C	Legal Services Services providing legal aid to low- and moderate-income (LMI) persons. <i>If the only legal service provided is for the settlement of tenant/landlord disputes, use 05K.</i>
05D	Youth Services Services for young people age 13 to 19 that include, for example, recreational services limited to teenagers and teen counseling programs. Also use 05D for counseling programs that target teens but include counseling for the family as well. <i>For services for children age 12 and under, use 05L; for services for abused and neglected children, use 05N.</i>
05E	Transportation Services General transportation services. <i>Transportation services for a specific client group should use the matrix code for that client group. For example, use 05A for transportation services for the elderly.</i>

Code	Definition
05F	Substance Abuse Services Substance abuse recovery programs and substance abuse prevention/education activities. If the services are provided for a specific client group, the matrix code for that client group may be used instead. For example, substance abuse services that target teenagers may be coded either 05D or 05F.
05G	Services for Battered and Abused Spouses Services for battered and abused spouses and their families. <i>For services limited to abused and neglected children, use 05N.</i>
05H	Employment Training Assistance to increase self-sufficiency, including literacy, independent living skills, and job training. <i>For activities providing training for permanent jobs with specific businesses, use 18A.</i>
05I	Crime Awareness/Prevention Promotion of crime awareness and prevention, including crime prevention education programs and paying for security guards.
05J	Fair Housing Activities (subject to Public Services cap) Fair housing services (e.g. counseling on housing discrimination) that meet a national objective. <i>For fair housing services activities carried out as part of general program administration (and thus not required to meet a national objective), use 21D.</i>
05K	Tenant/Landlord Counseling Counseling to help prevent or settle disputes between tenants and landlords.
05L	Child Care Services Services that will benefit children (generally under age 13), including parenting skills classes. <i>For services exclusively for abused and neglected children, use 05N.</i>
05M	Health Services Services addressing the physical health needs of residents of the community. <i>For mental health services, use 05O.</i>
05N	Services for Abused and Neglected Children Daycare and other services exclusively for abused and neglected children.
05O	Mental Health Services Services addressing the mental health needs of residents of the community.
05P	Screening for Lead Poisoning Activities undertaken primarily to provide screening for lead poisoning. <i>For lead poisoning testing/abatement activities, use 14I.</i>

Code	Definition
05Q	Subsistence Payments One-time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. Examples include utility payments to prevent cutoff of service and rent/mortgage payments to prevent eviction.
05R	Homeownership Assistance (not direct) Homeowner downpayment assistance provided as a public service. If housing counseling is provided to those applying for downpayment assistance, the counseling is considered part of the 05R activity. Assistance provided under 05R must meet the low/mod housing national objective. Therefore, unless the assistance is provided by a CBDO in an NRSA, it is subject to the public service cap and only low/mod households may be assisted. If the assistance is provided by a CBDO in an NRSA, the housing units for which CDBG funds are obligated in a program year may be aggregated and treated as a single structure for purposes of meeting the housing national objective (that is, only 51% of the units must be occupied by LMI households). <i>For more extensive types of homeownership assistance provided under authority of the National Affordable Housing Act, use code 13.</i>
05S	Rental Housing Subsidies Tenant subsidies exclusively for rental payments for more than three months. Activities providing this form of assistance must be carried out by CBDOs.
05T	Security Deposits Tenant subsidies exclusively for payment of security deposits.
05U	Housing Counseling Housing counseling for renters, homeowners, and/or potential new homebuyers that is provided as an independent public service (i.e., not as part of another eligible housing activity).
05V	Neighborhood Cleanups One-time or short-term efforts to remove trash and debris from neighborhoods. Examples of legitimate uses of this code include neighborhood cleanup campaigns and graffiti removal.
05W	Food Banks Costs associated with the operation of food banks, community kitchens, and food pantries, such as staff costs, supplies, utilities, maintenance, and insurance.
05	Other Public Services Do not use this code for public services activities unless an activity does not fall under a more specific 05* code. An example of a legitimate use of this code is referrals to social services.

Code	Definition
06	Interim Assistance Only for activities undertaken either to: • Make limited improvements (e.g., repair of streets, sidewalks, or public buildings) intended solely to arrest further deterioration of physically deteriorated areas prior to making permanent improvements. • Alleviate emergency conditions threatening public health and safety, such as removal of tree limbs or other debris after a major storm.
07	Urban Renewal Completion Completion of urban renewal projects funded under Title I of the Housing Act of 1949. Do not use code 07 for a downtown renewal, downtown development, or urban renewal activity unless the activity will result in the closing out of a federally-approved urban renewal project.
08	Relocation Relocation payments and other assistance for permanently or temporarily displaced individuals, families, businesses, non-profit organizations, and farms.
09	Loss of Rental Income Payments to owners of housing for loss of rental income due to temporarily holding rental units for persons displaced by CDBG-assisted activities.
11	Privately Owned Utilities Acquisition, reconstruction, rehabilitation, or installation of distribution lines and facilities of federally regulated, privately owned utilities. This includes placing new or existing distribution lines/facilities underground.
12	Construction of Housing Construction of housing with CDBG funds must be carried out by CBDOs, in accordance with the regulations at 570.204(a).
13	Direct Homeownership Assistance Homeownership assistance to LMI households as authorized under 105(a)(24). Forms of assistance include subsidizing interest rates and mortgage principal, paying up to 50% of downpayment costs, paying reasonable closing costs, acquiring guarantees for mortgage financing from private lenders, and financing the acquisition by LMI households of the housing they already occupy. If housing counseling is provided to households receiving direct homeownership assistance, the counseling is considered part of the code 13 activity. All recipients of assistance provided under matrix code 13 must be LMI.
14A	Rehab: Single-Unit Residential Rehabilitation of privately owned, single-unit homes.

Code	Definition
14B	Rehab: Multi-Unit Residential Rehabilitation of privately owned buildings with two or more permanent residential units. <i>For the rehabilitation of units that will provide temporary shelter or transitional housing for the homeless, use 03C.</i>
14C	Rehab: Public Housing Modernization Rehabilitation of housing units owned/operated by a public housing authority (PHA).
14D	Rehab: Other Publicly Owned Residential Buildings Rehabilitation of permanent housing owned by a public entity other than a PHA. <i>For the rehabilitation of other publicly owned buildings that will provide temporary shelter or transitional housing for the homeless, use 03C.</i>
14E	Rehab: Publicly or Privately Owned Commercial/Industrial Rehabilitation of commercial/industrial property. If the property is privately owned, CDBG-funded rehab is limited to: • Exterior improvements (generally referred to as “facade improvements”). • Correction of code violations <i>For more extensive rehabilitation of privately owned commercial/industrial property, use 17C; for infrastructure developments and improvements at commercial/industrial sites, use 17B.</i>
14F	Rehab: Energy Efficiency Improvements Housing rehabilitation with the sole purpose of improving energy efficiency (e.g., a weatherization program). <i>For energy efficiency improvements to public housing units, use 14C; for other publicly owned residential buildings, use 14D.</i>
14G	Rehab: Acquisition Acquisition of property to be rehabilitated for housing. 14G may be used whether CDBG funds will pay only for acquisition or for both acquisition and rehabilitation.
14H	Rehab: Administration All delivery costs (including staff, other direct costs, and service costs) directly related to carrying out housing rehabilitation activities. Examples include appraisal, architectural, engineering, and other professional services; preparation of work specifications and work write-ups; loan processing; survey, site and utility plans; application processing; and other fees. Do not use 14H for the costs of actual rehabilitation and do not use it for costs unrelated to running a rehab program (e.g., tenant/landlord counseling). <i>For housing rehabilitation administration activities carried out as part of general program administration (and thus not required to meet a national objective), use code 21.</i>
14I	Lead-Based Paint/Lead Hazards Testing/Abatement Housing rehabilitation activities with the primary goal of evaluating and reducing lead-based paint/lead hazards. <i>For lead-based paint/lead hazards screening, use 05P.</i>

Code	Definition
14J	Housing Services Housing services in support of the HOME Program, eligible under 570.201(k).
15	Code Enforcement Salaries and overhead costs associated with property inspections and follow-up actions (such as legal proceedings) directly related to the enforcement (not correction) of state and local codes. <i>For the correction of code violations, use the appropriate rehabilitation code.</i>
16A	Residential Historic Preservation Rehabilitation of historic buildings for residential use.
16B	Non-Residential Historic Preservation Rehabilitation of historic buildings for non-residential use. Examples include the renovation of an historic building for use as a neighborhood facility, as a museum, or by an historic preservation society.
17A	Commercial/Industrial: Acquisition/Disposition Land acquisition, clearance of structures, or packaging of land for the purpose of creating industrial parks or promoting commercial/industrial development. 17A activities must be carried out by the grantee or by non-profits.
17B	Commercial/Industrial: Infrastructure Development Street, water, parking, rail transport, or other improvements to commercial/industrial sites. 17B also includes the installation of public improvements, such as the construction of streets to and through commercial/industrial areas. 17B activities must be carried out by the grantee or by non-profits.
17C	Commercial/Industrial: Building Acquisition, Construction, Rehabilitation Acquisition, construction, or rehabilitation of commercial/industrial buildings. 17C activities must be carried out by the grantee or by non-profits.
17D	Commercial/Industrial: Other Improvements Commercial/industrial improvements not covered by other 17* codes. 17D activities must be carried out by the grantee or by non-profits.
18A	Economic Development: Direct Financial Assistance to For-Profits Financial assistance to for-profit businesses to (for example) acquire property, clear structures, build, expand or rehabilitate a building, purchase equipment, or provide operating capital. Forms of assistance include loans, loan guarantees, and grants. With one exception, a separate 18A activity must be set up for each business assisted. The exception is an activity carried out under 570.208(a)(4)(vi), for which job aggregation is allowed.
18B	Economic Development: Technical Assistance Technical assistance to for-profit businesses, including workshops, marketing, and referrals. Also use 18B for activity delivery costs eligible under 570.203(c).

Code	Definition
18C	Economic Development: Micro-Enterprise Assistance Financial assistance, technical assistance, or general support services to owners and developers of micro-enterprises. A micro-enterprise is a business with five or fewer employees, including the owner(s). With one exception, a separate activity must be set up for each micro-enterprise assisted. The exception is an activity carried out under 570.208(a)(4)(vi), for which job aggregation is allowed.
19A	Obsolete – use code 21H.
19B	Obsolete – use code 21H.
19C	CDBG Non-Profit Organization Capacity Building Activities specifically designed to increase the capacity of non-profit organizations to carry out eligible neighborhood revitalization or economic development activities. Such activities may include providing technical assistance and specialized training to staff.
19D	CDBG Assistance to Institutes of Higher Education Obsolete. Instead of using this matrix code, set the INSTITUTION OF HIGHER EDUCATION field to “yes” on the Add/Edit Subordinate Organization screen to indicate that the activity will be carried out by an institution of higher education. Then assign the appropriate matrix code based on the nature of the activity to be undertaken by the institution.
19E	CDBG Operation and Repair of Foreclosed Property Activities to prevent the abandonment and deterioration of housing acquired through tax foreclosure. These include making essential repairs to the housing and paying operating expenses to maintain its habitability.
19F	Planned Repayments of Section 108 Loans Repayments of principal for Section 108 loan guarantees.
19G	Unplanned Repayments of Section 108 Loans Unplanned repayments of principal for Section 108 loan guarantees.
20	Planning Program planning activities, including the development of comprehensive plans (e.g., a consolidated plan), community development plans, energy strategies, capacity building, environmental studies, area neighborhood plans, and functional plans.
20A	Program planning activities for when states award grants to units of general local government in which planning is the only activity, or in which planning activities are unrelated to any other activity funded as part of the grant. These are often referred to as “planning only grants” or “planning-only activities.”

Code	Definition
21A	General Program Administration Overall program administration, including (but not limited to) salaries, wages, and related costs of grantee staff or others engaged in program management, monitoring, and evaluation. Also use 21A to report the use of CDBG funds to administer federally-designated Empowerment Zones or Enterprise Communities. <i>For CDBG funding of HOME admin costs, use 21H; for CDBG funding of HOME CHDO operating expenses, use 21I.</i>
21B	Indirect Costs Costs charged under an indirect cost allocation plan.
21C	Public Information Providing information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of CDBG-assisted activities.
21D	Fair Housing Activities (subject to Admin cap) Fair housing activities carried out as part of general program administration rather than as a public service. They are subject to the Admin cap, but do not have to meet a national objective. <i>For fair housing activities carried out as a public service, use 05J.</i>
21E	Submission of Applications for Federal Programs Preparation of (1) documents that must be submitted to HUD to receive CDBG funds or (2) applications to other federal programs for community development assistance.
21H	CDBG Funding of HOME Admin CDBG funding of administrative costs for HOME Program activities eligible under 570.206(i)(2).
21I	CDBG Funding of HOME CHDO Operating Expenses CDBG funding of CHDO operating expenses for HOME Program activities eligible under 570.206(i)(2).
21J	State Program administration, including (but not limited to) salaries, wages, and related costs required for overall program management, coordination, monitoring, reporting, and evaluation. This category includes both the state's costs of administering the CDBG program, as well as units of general local governments' (and their subrecipients') costs of administering grants awarded to them by the state.
22	Unprogrammed Funds Identification of funds that are not yet programmed for use—e.g., reserve or contingency funds.
23	Tornado Shelters Serving Private Mobile Home Parks Construction or improvement of tornado-safe shelters for residents of manufactured housing and the provision of assistance (including loans and grants) to nonprofit and for-profit entities, in accordance with Section 105(a)(24). {Note that two pars. 24 have been enacted.}

Appendix B

NATIONAL OBJECTIVE CODES

The national objective codes (NOCs) are listed below with descriptions and applicable CFR citations. The NOCs that may be used with each matrix code are identified in Appendix C.

NOC	Description	24 CFR Citation
LMA	Low/mod area benefit Activities providing benefits that are available to all the residents of a particular area, at least 51% of whom are low/mod income. The service area of an LMA activity is identified by the grantee, and need not coincide with Census tracts or other officially recognized boundaries.	570.208(a)(1)
LMAFI	Low/mod area benefit, community development financial institution (CDFI) Job creation and retention activities that are carried out by a CDFI and that the grantee elects to consider as meeting the low/mod area benefit criteria.	570.208(d)(6)(i)
LMASA	Low/mod area benefit, neighborhood revitalization strategy area (NRSA) Job creation and retention activities that are carried out pursuant to a HUD-approved Neighborhood Revitalization Strategy (NRS) and that the grantee elects to consider as meeting the low/mod area benefit criteria.	570.208(d)(5)(i)
LMC	Low/mod limited clientele benefit Activities that benefit a limited clientele, at least 51% of whom are low/mod income. LMC activities provide benefits to a specific group of persons rather than to all the residents of a particular area.	570.208(a)(2)
LMCMC	Low/mod limited clientele, micro-enterprises Activities carried out under 24 CFR 570.201(o) that benefit micro-enterprise owners/developers who are low/mod income.	570.208(a)(2)(iii)
LMCSV	Low/mod limited clientele, job service benefit Activities that provide job training, placement and/or employment support services in which the percentage of low/mod persons assisted is less than 51%, but the proportion of the total cost paid by CDBG does not exceed the proportion of the total number of persons assisted who are low/mod.	570.208(a)(2)(iv)
LMH	Low/mod housing benefit Activities undertaken to provide or improve permanent residential structures that will be occupied by low/mod income households.	570.208(a)(3)

NOC	Description	24 CFR Citation
LMHSP	Low/mod housing benefit, CDFI or NRSA Activities carried out by a CDFI or pursuant to a HUD-approved Neighborhood Revitalization Strategy (NRS) to provide or improve permanent residential structures which the grantee elects to consider as a single structure for purposes of determining national objective compliance. For example, two single-unit homes rehabilitated in an NRS may be considered a single structure; at least one of the units must be occupied by a low/mod household. If ten single-unit homes were assisted, at least six (51%) must be occupied by low/mod households.	570.208(d)(5)(ii) and (d)(6)(ii)
LMJ	Low/mod job creation and retention Activities undertaken to create or retain permanent jobs, at least 51% of which will be made available to or held by low/mod persons.	570.208(a)(4)
LMJFI	Low/mod job creation and retention, public facility/improvement benefit Public facility/improvement activities that are undertaken principally for the benefit of one or more businesses and that result in the creation/retention of jobs.	570.208(a)(4)(vi)(F)
LMJP	Low/mod job creation, location-based Activities where a job is held by or made available to a low/mod person based on the location of the person's residence or the location of the assisted business.	570.208(a)(4)(iv)
SBA	Slum/blight area benefit Activities undertaken to prevent or eliminate slums or blight in a designated area.	570.208(b)(1)
SBR	Slum/blight, urban renewal areas Activities authorized under an Urban Renewal Loan and Grant Agreement that are undertaken to prevent or eliminate slums or blight in an urban renewal area and that are necessary to complete an Urban Renewal Plan.	570.208(b)(3)
SBS	Slum/blight, spot basis Activities undertaken on a spot basis to address conditions of blight or physical decay not located in designated slum/blight areas.	570.208(b)(2)
URG	Urgent need Activities that alleviate emergency conditions of recent origin which pose a serious and immediate threat to the health or welfare of the community; eligible only if the grantee cannot finance the activity on its own and no other sources of funding are available.	570.208(c)

Appendix C

MATRIX CODE/NATIONAL OBJECTIVE/ ACCOMPLISHMENT TYPE COMBINATIONS

The matrix code and national objective that are assigned to an activity determine which accomplishment type may be used.

Allowing only certain accomplishment types for a matrix code and national objective combination enables HUD to obtain more uniform data for reporting and for assessing program performance.

Matrix Code	National Objective	Accomplishment Type
01 Acquisition of Real Property	LMA, LMC	01 People Businesses 08 Public Facilities 11
	SB*, URG	01 People Businesses 08 Housing Units 10 Public Facilities 11
	LMH*	10 Housing Units
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
02 Disposition of Real Property When the property is used for the purpose it was acquired for, use the accomplishment type that was or should have been used for acquisition of the property. When it is disposed of for a use other than for which it was acquired, use the accomplishment type that corresponds to the new use.	LMA, LMC, SBA, SBR, URG	01 People Businesses 08 Public Facilities 11
	LMH*	10 Housing Units
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
03 Other Public Facilities and Improvements	LMA, LMC, SB*, URG	01 People 11 Public Facilities
	LMH*	10 Housing Units
	LMJ*, LMAFI, LMASA	13 Jobs
03A Senior Centers	LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs
03B Handicapped Centers	LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs
03C Homeless Facilities (not operating costs)	LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs

Matrix Code	National Objective	Accomplishment Type	
03D Youth Centers	LMC, SB*, URG	11	Public Facilities
	LMJ*, LMAFI, LMASA	13	Jobs
03E Neighborhood Facilities	LMA, LMC, SB*, URG	11	Public Facilities
	LMJ*, LMAFI, LMASA	13	Jobs
03F Parks, Recreational Facilities	LMA, LMC, SB*, URG	11	Public Facilities
	LMJFI	13	Jobs
03G Parking Facilities	LMA, LMC, SB*, URG	11	Public Facilities
	LMJ*, LMAFI, LMASA	13	Jobs
03H Solid Waste Disposal Improvements	LMA, LMC, SB*, URG	11	Public Facilities
	LMH*	10	Housing Units
	LMJ*, LMAFI, LMASA	13	Jobs
03I Flood Drainage Improvements	LMA, LMC, SB*, URG	11	Public Facilities
	LMH*	10	Housing Units
	LMJ*, LMAFI, LMASA	13	Jobs
03J Water/Sewer Improvements	LMA, LMC, SB*, URG	01	People
	LMH*	10	Housing Units
	LMJ*, LMAFI, LMASA	13	Jobs
03K Street Improvements	LMA, LMC, SB*, URG	01	People
	LMH*	10	Housing Units
	LMJ*, LMAFI, LMASA	13	Jobs
03L Sidewalks When the sole purpose of an activity is to create curb cuts, use the Public Facilities accomplishment type and report the number of curb cuts. When curb cuts are carried out along with other improvements, report the number of People.	LMA, LMC, SB*, URG	01 11	People Public Facilities
	LMH*	10	Housing Units
	LMJ*, LMAFI, LMASA	13	Jobs
03M Child Care Centers	LMC, SB*, URG	11	Public Facilities
	LMJ*, LMAFI, LMASA	13	Jobs
03N Tree Planting	LMA, LMC, SB*, URG	11	Public Facilities
03O Fire Stations/Equipment	LMA, SB*, URG	11	Public Facilities
	LMJFI	13	Jobs
03P Health Facilities	LMA, LMC, SB*, URG	11	Public Facilities
	LMJ*, LMAFI, LMASA	13	Jobs

Matrix Code	National Objective	Accomplishment Type
03Q Facilities for Abused and Neglected Children	LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs
03R Asbestos Removal	LMA, LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs
03S Facilities for AIDS Patients(not operating costs)	LMC, SB*, URG	11 Public Facilities
	LMJ*, LMAFI, LMASA	13 Jobs
03T Operating Costs of Homeless/AIDS Patients Programs	LMC, SBA, URG	01 People
04 Clearance and Demolition Use the accomplishment type that most accurately describes what is being cleared or demolished.	LMA, LMC, SB*, URG	08 Businesses 10 Housing Units 11 Public Facilities
	LMH*	10 Housing Units
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
04A Cleanup of Contaminated Sites Report the number of sites cleaned based on the primary use of the site (not the number of businesses).	LMA, LMC, SB*, URG	08 Businesses Public 11 Facilities
	LMH*	10 Housing Units
05 Other Public Services	LMA, LMC, SBA, URG, LMCSV	01 People
05A Senior Services	LMC, SBA, URG, LMCSV	01 People
05B Handicapped Services	LMC, SBA, URG, LMCSV	01 People
05C Legal Services	LMA, LMC, SBA, URG, LMCSV	01 People
05D Youth Services	LMC, SBA, URG, LMCSV	01 People
05E Transportation Services	LMA, LMC, SBA, URG, LMCSV	01 People
05F Substance Abuse Services	LMA, LMC, SBA, URG, LMCSV	01 People
05G Services for Battered and Abused Spouses	LMC, SBA, URG, LMCSV	01 People
05H Employment Training	LMA, LMC, SBA, URG, LMCSV	01 People
05I Crime Awareness/Prevention	LMA, LMC, SBA, URG, LMCSV	01 People
05J Fair Housing Activities (subject to Public Services cap)	LMA, LMC, SBA, URG, LMCSV	01 People
05K Tenant/Landlord Counseling	LMC, SBA, URG, LMCSV	01 People

Matrix Code	National Objective	Accomplishment Type	
05L Child Care Services	LMC, SBA, URG, LMCSV	01	People
05M Health Services	LMA, LMC, SBA, URG, LMCSV	01	People
05N Services for Abused and Neglected Children	LMC, SBA, URG, LMCSV	01	People
05O Mental Health Services	LMA, LMC, SBA, URG, LMCSV	01	People
05P Screening for Lead Poisoning	LMC, SBA, URG, LMCSV	01	People
05Q Subsistence Payments	LMC, SBA, URG, LMCSV	01	People
05R Homeownership Assistance (not direct)	LMH*, SBA, URG, LMCSV	04	Households
05S Rental Housing Subsidies	LMH*, SBA, URG, LMCSV	04	Households
05T Security Deposits	LMH*, SBA, URG, LMCSV	04	Households
05U Housing Counseling	LMC	04	Households
05V Neighborhood Cleanups	LMA, LMCSV, SBA, URG	01	People
05W Food Banks	LMA, LMC, LMCSV, SBA, URG	01	People
06 Interim Assistance	LMA, SBA, SBS, URG	01 08 10 11	People Businesses Housing Units Public Facilities
07 Urban Renewal Completion	LMA, LMC	08 11	Businesses Public Facilities
	LMH*	10	Housing Units
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
08 Relocation	LMA, LMC, SB*, URG	01 04 08	People Households Businesses
	LMH*	04	Households
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
09 Loss of Rental Income Report the number of owners to whom payments are made.	LMA, LMC, LMH*, LMJ, SB*, URG, LMJP, LMAFI, LMASA	01	People
11 Privately Owned Utilities Report the number of private	LMA, LMC, LMH*, LMJ, SB*, URG, LMJP, LMAFI, LMASA	08	Businesses

Matrix Code	National Objective	Accomplishment Type	
utilities assisted.			
12 Construction of Housing Construction of new housing with CDBG entitlement funds must be carried out by CBDOs, in accordance with the regulations at 570.204(a).	LMH*, SBA, SBR, URG	10	Housing Units
13 Direct Homeownership Assistance	LMH*	04	Households
14A Rehab: Single-Unit Residential	LMH*, SB*, URG	10	Housing Units
14B Rehab: Multi-Unit Residential	LMH*, SB*, URG	10	Housing Units
14C Rehab: Public Housing Modernization	LMH*, SB*, URG	10	Housing Units
14D Rehab: Other Publicly Owned Residential Buildings	LMH*, SB*, URG	10	Housing Units
14E Rehab: Publicly or Privately Owned Commercial/Industrial	LMA, LMC, SB*, URG	08	Businesses
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
14F Rehab: Energy Efficiency Improvements	LMH*, SB*, URG	10	Housing Units
14G Rehab: Acquisition	LMH*, SB*, URG	08 09 10	Businesses Organizations Housing Units
14H Rehab: Administration Report accomplishments for a 14H activity if CDBG funds are used to run a rehab program but not to perform the actual rehab. If CDBG money is also used to perform the rehab (which should be set up as a separate activity), then be sure to enter Y in the Accomplishments Reported at Another Activity field on CDBG Setup Detail (Page 1) for the 14H activity.	LMA, LMC, LMJ, SB*, URG, LMJP, LMAFI, LMASA	08 09	Businesses Organizations
	LMH*	10	Housing Units
14I Lead-Based Paint/Lead Hazards Testing/Abatement In proposed and actual units, report the number of housing units tested/abated. When applicable, use the Accomplishment Narrative to report the number of children screened.	LMH*, SB*, URG	10	Housing Units

Matrix Code	National Objective	Accomplishment Type	
14J Housing Services	LMH*	10 Housing Units	
15 Code Enforcement If the activity consists of inspecting privately owned vacant lots and/or tagging abandoned vehicles, report People. If it includes inspection of multiple types of property including housing units, report the number of Housing Units inspected in the units fields; report the number of People, Businesses, and/or Organizations, as appropriate, in the Accomplishment Narrative.	LMA, SBA, SBR, URG	01 08 09 10	People Businesses Organizations Housing Units
16A Residential Historic Preservation	LMH*, SB*	10	Housing Units
16B Non-Residential Historic Preservation	LMA, LMC, LMJ, SB*, LMJP, LMAFI, LMASA	08 09	Businesses Organizations
17A Commercial/Industrial: Acquisition/Disposition	LMA, LMC, SB*, URG	08	Businesses
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
17B Commercial/Industrial: Infrastructure Development	LMA, LMC, SBA, SBR, URG	08	Businesses
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
17C Commercial/Industrial: Building Acquisition, Construction, Rehabilitation	LMA, LMC, SB*, URG	08	Businesses
	LMJ, LMJP, LMAFI, LMASA	13	Jobs
17D Commercial/Industrial: Other Improvements	LMA, LMC, SB*, URG	08	Businesses
	LMJ, LMJP, LMAFI, LMASA	13	Jobs

Matrix Code	National Objective	Accomplishment Type
18A Economic Development: Direct Financial Assistance to For-Profits Report accomplishments for an 18* activity if CDBG funds are used to run a loan/grant program but not to make the loans/grants. If CDBG money is also used to make the loans/grants (which should be set up as a separate activity), then be sure to set the Accomplishments Reported at Another Activity field to Yes on CDBG Setup Detail (Page 1) for the 18* activity.	LMA	08 Businesses Report the number of businesses assisted, <u>not</u> the number of persons in the service area.
	LMA	
	SBA, SBR, URG	08 Businesses
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
18B Economic Development: Technical Assistance Please see the note for 18A above. Report the number of businesses assisted. When applicable, report the number of people trained and/or support services provided in the Accomplishment Narrative.	LMA, SBA, SBR, URG, LMCSV	08 Businesses
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
18C Economic Development: Micro-Enterprise Assistance Please see the note for 18A above. If the activity provides training to assist people in developing and operating a micro-enterprise, report People. If the activity assists a micro- enterprise (including assistance in creating a micro-enterprise), report Businesses. If the activity undertakes both of these functions, report only the number of Businesses assisted in the units fields. Report the number of People trained in the Accomplishment Narrative.	LMA, LMC, SBA, SBR, URG, LMCMC	01 People 08 Businesses
	LMJ, LMJP, LMAFI, LMASA	13 Jobs
19C CDBG Non-Profit Organization Capacity Building	All	09 Organizations

Matrix Code	National Objective	Accomplishment Type
19D CDBG Assistance to Institutes of Higher Education	N/A – matrix code is obsolete	N/A – matrix code is obsolete
19E CDBG Operation and Repair of Foreclosed Property	LMA, LMH*	10 Housing Units
19F Planned Repayments of Section 108 Loans	None	None
19G Unplanned Repayments of Section 108 Loans	None	None
20 Planning	None	None
20A Planning (State-Administered CDBG Grantees)	LMA*, LMC*, SB*	01 People 04 Households 08 Businesses 09 Organizations 14 Loans
	LMH*	10 Housing Units
	LMJ*	13 Jobs
21C Public Information	None	None
21D Fair Housing Activities (subject to Admin cap)	None	None
21E Submission of Applications for Federal Programs	None	None
21H CDBG Funding of HOME Admin	None	None
21I CDBG Funding of HOME CHDO Operating Expenses	None	None
21J State Administration	None	None
22 Unprogrammed Funds	None	None
23 Tornado Shelters Serving Private Mobile Home Parks	LMA	Housing Units

Appendix 10: Section 3 Plan

In conformance with Section 3 of the Housing and Community Development Act of 1968, to the greatest extent feasible, subrecipients must award contracts for work to be performed to eligible business owners located in or owned by residents of the target area. This helps ensure that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low and very low-income persons. Subrecipients should note, however, that the desire to award contracts to local firms is not a legitimate excuse for avoiding an open and competitive bid process.

Appendix 11: Resources

General Resources

[Basically CDBG for Entitlements](#)

[Ensuring CDBG Subrecipient Timeliness](#)

[Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities](#)

[HEROS User Guide](#)

[Managing CDBG: Guidebook for CDBG Grantees on Subrecipient Oversight](#)

[CPD Monitoring Handbook](#)

<https://www.govinfo.gov/content/pkg/CFR-2013-title24-vol3/pdf/CFR-2013-title24-vol3-part570.pdf>

[Uniform Administrative Requirements, 2 CFR Part 200](#)

Protecting Personal Identifiable Information (PII)

https://www.hud.gov/sites/documents/OHC_PII042815.PDF

Activity Codes

<https://www.hudexchange.info/news/revised-idis-matrix-codes-now-available/>

Record Keeping

<https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-13-Performance-Measurement.pdf>

[IDIS for CDBG Entitlement Communities Manual](#)

CDBG Videos - <https://www.hudexchange.info/programs/cdbg/cdbg-ta-products/#all-products>

Environmental Reviews

<https://www.hudexchange.info/programs/environmental-review/>

Please report any questions, technical problems, comments, or suggestions using the [HUD Exchange AAQ portal](#). If you cannot log in or need your password to either environment reset, call the HITS National Help Desk at 888.297.8689. CDBG general questions must be done to your HUD representative not on AAQ Hud Exchange.

- For the latest news on HEROS, including upcoming training and program updates, go to - <https://www.hudexchange.info/environmental-review/heros/>
- “How To” Videos - <https://www.hudexchange.info/environmental-review/heros-e-tutorials>
- FAQs - <https://www.hudexchange.info/heros/faqs/>
- Web-Based Instructional System for Environmental Review (WISER) <https://www.hudexchange.info/trainings/wiser/>
- [HEROS User Guide](#)

Acceptable Separation Distance (ASD) Electronic Assessment Tool

Electronic-based assessment tool that calculates the Acceptable Separation Distance (ASD) from stationary hazards. The ASD is the distance from above ground stationary containerized hazards of an explosive or fire prone nature to where a HUD assisted project can be located.

<https://www.hudexchange.info/environmental-review/asd-calculator/>

DNL Calculator

The Day/Night Noise Level Calculator is an electronic assessment tool that calculates the Day/Night Noise Level (DNL) from roadway and railway traffic. For more information on using the DNL calculator, view the [Day/Night Noise Level Calculator Electronic Assessment Tool Overview](#).

Sound Transmission Classification Assessment Tool (STraCAT)

Automates and streamlines the completion of HUD's Figure 19 in The Noise Guidebook, which is the form that reports the noise mitigation performance of wall systems.

<https://www.hudexchange.info/stracat/>

Barrier Performance

This module provides to the user a measure on the barrier's effectiveness on noise reduction. A list of the input/output variables and their definitions, as well as illustrations of different scenarios, are provided.

<https://www.hudexchange.info/programs/environmental-review/bpm-calculator/>

Tribal Directory Assessment Tool

TDAT identifies counties of interest to federally-recognized tribes. It also provides users with the contact information for Tribal Leaders and Tribal Historic Preservation Officers to facilitate Section 106 compliance and tribal consultation. <https://egis.hud.gov/tdat/>

Appendix 12:

Guidance on Determining Subrecipient vs Contractor

This Appendix contains information and a checklist for determining whether the relationship between the City and the entity is a Subrecipient versus a Contractor.

Review the definitions from 2 CFR Part 200 below and then review the checklist which describes the characteristics that may be present in subrecipient and contractor relationships. The substance of the relationship should be given greater consideration than the form of agreement between the prime recipient (City) and the outside entity.

DEFINITIONS FROM UNIFORM GUIDANCE (2 CFR, PART 200):

§200.86 Recipient

Recipient means a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.

§200.69 Non-Federal entity

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

§200.92 Subaward

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

§200.93 Subrecipient

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

§200.22 Contract

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.

§200.23 Contractor

Contractor means an entity that receives a contract as defined in §200.22 Contract.

Name of Subrecipient/Contractor Entity: _____

SECTION 1 - SUBRECIPIENT

Description: A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal relationship between the recipient (City) and the subrecipient. Subrecipients may have one or more the following Characteristics:

1. May determine who may be eligible to receive Federal assistance under the program guidelines. *For example: A subrecipient identifies who is eligible to receive specific assistance (food, diapers, baby formula, etc.) if they meet criteria established in the program guidelines and agreement between the Recipient (City) and the Subrecipient (Food Bank, s, etc.).*
2. Has its performance measured in relation to whether objectives of a Federal program were met. *The recipient (City) will rely upon the subrecipient's data (typically LMI data) to submit its own performance data to the City.*
3. Has responsibility for programmatic decision making. *For example: If the recipient (City) funds a subrecipient (Family Place) to develop (or improve) a particular program (Expanded nursery serving LMI displaced mothers) and the subrecipient will use its own judgment, discretion, and expertise to develop all or part of the program (provided it complies with the overall HUD/CDBG objectives).*
4. In accordance with its Subrecipient Agreement (between City and entity providing service), the subrecipient uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the recipient. *For example: Amigos del Valle Senior Center is funded to provide meals on wheels to low income seniors in Pharr*
5. The subrecipient will not earn a profit under the arrangement. Subrecipient's shall be *Non Profit Entities*.
6. The subrecipient may be required to contribute cash or in-kind match in support of the subaward.

SECTION 2 - CONTRACTOR

Description: A contract is for the purpose of obtaining goods and services for the recipient's own use and creates a procurement relationship between the recipient (City) and the contractor. A contractor relationship may have one or more of the following characteristics:

1. Provides goods and services within normal business operations. *The recipient (City) will rely upon the contractor to install new sidewalks in a LMI neighborhood.*
2. Provides similar goods or services to many different purchasers. *The contractor also provides the same service for other individuals, entities, jurisdictions, etc., and is not an employee of Pharr nor is this their sole source of income (JB Mauney Inc. delivering and installing asphalt on an ADA corner).*
3. Normally operates in a competitive environment. *The recipient (City) will use the CDBG and/or City bidding process to select a contractor.*

4. Provides goods or services that are ancillary to the operation of the Federal program.
5. The entity may earn a profit under the contract.

FINAL DETERMINATION:

SUBRECIPIENT _____

CONTRACTOR _____

SECTION 3 - JUSTIFICATION

In determining whether an agreement between a recipient (City) and another non-Federal entity reflects a subrecipient or a contractor relationship, the substance of the relationship is more important than the form of the agreement. Considering the characteristics checked above, provide a brief written justification for the final determination of either a subrecipient or contractor relationship.

The checklist and justification should be prepared by the CDBG staff, reviewed by the City's Finance Department and kept in the project file.

Justification of Determination:



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 7.D.

DATE SUBMITTED: April 10, 2024

MEETING DATE: April 15, 2024

FROM: Jose Pena, IT Director

DEPARTMENT: IT

DIRECTOR: Jose Pena

Agenda Item: Consideration and action, if any, on Ordinance amending Ordinance No. O-2023-33 Municipal Fiber Optic Fee Schedule (1st Reading). **This item supports SG - Sound Governance and Fiscal Sustainability.**

Classification: Regular

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

Issue: Fee ordinance is being amended to include the new Bark parental controls software license for customers through the updated agreement with Calix.

Fiscal Consideration: NA

Staff Recommendation: Staff recommends approval.

Alternatives: NA

Exclude Material from Public Packet? No

Reason: NA

ROUTING:

Jose Pena
Hilda Pedraza
Ricardo Rodriguez
Jamison Merrick
City Management Office

Created/Initiated - 4/10/2024
Approved - 4/10/2024
Approved - 4/10/2024
Approved - 4/11/2024
Final Approval - 4/11/2024

ORDINANCE NO. O-2024-____

AN ORDINANCE AMENDING ORDINANCES O-2023-33 AND O-2022-36 AMENDING THE MUNICIPAL FIBER OPTIC SERVICE FEE SCHEDULE, PROVIDING FOR REPEALING OF CONFLICTING ORDINANCE(S) CLAUSE, AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Board of Commissioners of the City of Pharr desire to provide reliable, high-speed internet to the residents and businesses of Pharr, for the benefit and growth of economic and community goals; and

WHEREAS, the Board of Commissioners find that providing fiber-optic services will provide reliable, high-speed internet serves a public purpose; and

WHEREAS, the Board of Commissioners has approved a municipally owned fiber-optic broadband network to provide fast and reliable internet service to residential and commercial customers; and

WHEREAS, a community survey was conducted for residents and businesses to determine the appropriate monthly service rates; and

WHEREAS, home-ruled cities may take actions authorized by the City charter and not specifically prohibited or preempted by the Texas Constitution, state, or federal law; and

WHEREAS, Cities may regulate a range of local services to promote the general welfare of the City's residents; and

WHEREAS, the City, as a home-rule municipality, can provide a service and charge a user fee for its use; and

WHEREAS, the Board of Commissioners seeks to establish user fees for the cost of providing the services; and

WHEREAS, the City has adopted a schedule of fees, charges, expenses and a collection procedure for municipal fiber optic services and other such matters pertaining to this ordinance; and

WHEREAS, all existing and prior ordinances are hereby amended and reinstated to read as follows:

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR, THAT:

SECTION 1: Ordinance No. 2024-____ is hereby adopted.

SECTION 2. RATES AND FEES.

A. FIBER OPTIC MONTHLY SERVICE RATES

1. Residential Monthly Rates

Residential	Speed	Monthly Rate
Blue Plan	500 Mbps	\$25.00
Gold Plan	1 Gbps	\$50.00
Platinum Plan	2 Gbps	\$80.00

2. **Small Business Commercial Monthly Rates** – shall apply to small and medium sized businesses requiring a wireless modem.

Small Business	Speed	Monthly Rate
Silver Plan	300 Mpps	\$70.00
Blue Plan	500 Mbps	\$100.00
Gold Plan	1 Gbps	\$150.00
Platinum Plan	2 Gbps	\$200.00

3. **Enterprise Commercial Monthly Rates** – shall apply to businesses that require dedicated fiber connection.

Enterprise	Speed (Mbps)	Monthly Rate
Green Plan	300 Mbps	\$500.00
Blue Plan	500 Mbps	\$1,000.00
Gold Plan	1 Gbps	\$1,500.00
Enterprise 2 G	2 Gbps	\$2,000.00
Enterprise 5 G	5 Gbps	\$3,000.00
Enterprise 10 G	10 Gbps	\$4,000.00

B. FIRST MONTH SERVICE FEE

A payment for first month of service shall be made for residential, small business, and enterprise commercial connections to the city's broadband internet services prior to getting connected.

C. MISCELLANEOUS FEES

Type	Fee
Bark Parental Controls	\$12.00/month
No Premise Access	\$25.00
Missed Appointment	\$25.00
Reconnection	\$25.00
*Upgraded Wireless Access Point	\$5.00/month
Wireless Mesh Device	\$5.00/device/month
Outdoor Wireless Mesh Device	\$10.00/device/month

<u>Equipment Fees if not returned</u>	
UPS battery backup	\$65.00
Fiber ONT	\$120.00
Standard Wifi Access Point	\$100.00
Upgraded Wifi Access Point	\$165.00
<u>Static IP Addresses</u>	
One-time Setup	\$50.00
SmartPak 1 (1 useable)	\$5.00
SmartPak 2 (5 useable)	\$25.00
SmartPak 3 (13 useable)	\$65.00
SmartPak 4 (29 useable)	\$145.00

(*Note) – Standard modem is included at no charge.

SECTION 3: REPEALING CLAUSE.

All ordinances or parts of ordinances or conflict with this ordinance are hereby repealed.

SECTION 4: SEVERABILITY CLAUSE.

The invalidity of any section, clause, sentence, or provision of this ordinance shall not affect the validity of any other part thereof.

SECTION 5: EFFECTIVE DATE; PUBLICATION.

The Ordinance shall take effect and be in force from and after its passage and approval on three (3) separate readings in accordance with Section 8, Article 3 of the Charter of the City of Pharr, Texas. Publication, if necessary, may also be in caption form as allowed under Section 9 of the Pharr City Charter.

SECTION 6: PROPER NOTICE AND MEETING.

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

PASSED AND APPROVED ON THE FIRST READING BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the ____ day of April 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ
MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK

PASSED AND APPROVED ON THE SECOND READING BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the ____ day of May, 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ
MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK

PASSED AND APPROVED ON THE THIRD AND FINAL READING BY THE BOARD OF CITY COMMISSIONERS OF THE CITY OF PHARR, TEXAS, on this the __ day of May, 2024.

CITY OF PHARR

AMBROSIO HERNANDEZ
MAYOR

ATTEST:

HILDA PEDRAZA, CITY CLERK



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 7.E.

DATE SUBMITTED: April 12, 2024

MEETING DATE: April 15, 2024

FROM: Hilda Pedraza, City Clerk

DEPARTMENT: Administration

DIRECTOR: Jonathan Flores

Agenda Item: Consideration and action, if any, on Resolution supporting the approval of the West Doffing Road segment to the designated Texas Department of Transportation Oversize Overweight Corridor. **This item supports IF - Infrastructure.**

Classification: Regular

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

Issue: The City of Pharr expresses its unanimous support for the West Doffing Rd. segment addition to the overweight corridor and its intention and unwavering commitment to financially supporting the project.

Fiscal Consideration: N/A

Staff Recommendation: Approval

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Hilda Pedraza
Ricardo Rodriguez
City Management Office

Created/Initiated - 4/12/2024
New -

RESOLUTION NO. R-2024-__

RESOLUTION OF THE CITY OF PHARR SUPPORTING THE APPROVAL OF THE WEST DOFFING ROAD SEGMENT TO THE DESIGNATED TEXAS DEPARTMENT OF TRANSPORTATION OVERSIZE OVERWEIGHT CORRIDOR

WHEREAS, the City of Pharr, acting through its Commission, is a city commission created pursuant to the laws of the State of Texas; and

WHEREAS, the Pharr International Bridge is located in Hidalgo County in the Rio Grande Valley (RGV), along the Texas/Mexico border, with an estimated population of 80,000 residents in the fourth fastest-growing region in Texas. The Pharr International Bridge is the only full-service commercial port of entry in the Rio Grande Valley; and

WHEREAS, the Pharr International Bridge ranks third in the nation for trade with Mexico, seventh as the largest and fastest-growing land port of entry nationally and first as the number one crosser of produce in the nation; and

WHEREAS, the Pharr International Bridge serves as an international gateway to the United States for both commercial and vehicular crossings. The Pharr International Bridge is 1st in oil and gas exports, 1st in trade for automotive, technology, oil and gas, perishables and construction sectors, and 1st in produce imports with 65% of the nation's imports; and

WHEREAS, the City of Pharr acting on TXDOT maps, TXDOT Control numbers, and other official TXDOT information rezoned approximately 243 acres of City property and began the construction of an industrial commercial truck yard on West Doffing Rd. Including but not limited to hiring engineers, the installation of two cutting edge commercial scales, electricity, water, office space, drainage, and roadway infrastructure.; and

WHEREAS, the City of Pharr has held round table meetings with The Texas Department of Public Safety, United States Customs and Border Protection, United States Border Patrol, City of Pharr Police Department, Fire Department, and other stakeholders; and

WHEREAS, the City of Pharr has installed the scales recommended by the Texas Department of Public Safety and will make those scales available to DPS free of charge; and

WHEREAS, on February 20, 2024, the City of Pharr formally requested by and through its partners that the scales be certified by the HCRMA for the official issuance of oversize overweight permits; and

WHEREAS, the HCRMA advised the City of an extensive uncertainty regarding the aforementioned Doffing Route and advised the City that a formal request should be made in order to clarify the existing confusion; and

WHEREAS, on February 20, 2024, the City of Pharr made a formal request to the HCRMA to clarify and or add the West Doffing segment to the designated overweight corridor, and

WHEREAS, on March 5, 2024, HCRMA held an official hearing on the request, and unanimously voted in favor of formally submitting the request to TXDOT under Section 623.363 of the Texas Transportation Code which authorizes the HCRMA to add segments to the Overweight Corridor; and

WHEREAS, upon receipt of the request TXDOT sent the HCRMA a request for additional information regarding the proposed segment addition; and

WHEREAS, the HCRMA in conjunction with the City of Pharr formally responded to the request which included a comprehensive engineering report on the current state of the West Doffing Rd. infrastructure, its current and future value, and proposals for the maintenance, preservation, and two-phase expansion of the segment; and

WHEREAS, the City of Pharr has officially committed to the financial preservation, maintenance, and future expansion of the West Doffing segment; and

WHEREAS, the City of Pharr expresses its unanimous support for the West Doffing Rd. segment addition to the overweight corridor and its intention and unwavering commitment to financially supporting the project.

PASSED AND APPROVED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PHARR TEXAS, THIS 15TH DAY OF APRIL 2024.

ATTEST:

CITY OF PHARR:

Hilda Pedraza, City Clerk

Dr. Ambrosio Hernandez, Mayor



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 8.A.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

FROM: Jamison Merrick, Asst. Director of
Office of Organizational & Strategic
Excellence

DEPARTMENT: Finance

DIRECTOR: Jamison Merrick

Agenda Item: Consideration and action, if any, accepting the City of Pharr Audited Financial Statements for the FY 2021-2022. **This item supports SG - Sound Governance and Fiscal Sustainability.**

Classification: Regular

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

Issue: Each year, the City undergoes a financial and external control audit as required by state law. The report is presented for the FY 2021-2022 with an unmodified (clean) opinion. This indicates that it is the opinion of the auditor that the Financial Statements for the City of Pharr and its component units are presented fairly in all material aspects.

Fiscal Consideration: N/A

Staff Recommendation: Approval

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Jamison Merrick
Jamison Merrick
Fabiola Sanchez
Ricardo Rodriguez
Jamison Merrick
City Management Office

Created/Initiated - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
New -



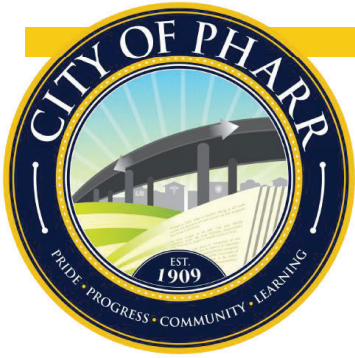
ANNUAL COMPREHENSIVE FINANCIAL REPORT



PHARR, TEXAS

**For the Fiscal Year
Ended September 30,
2022**

City of Pharr, TX



ELECTED OFFICIALS



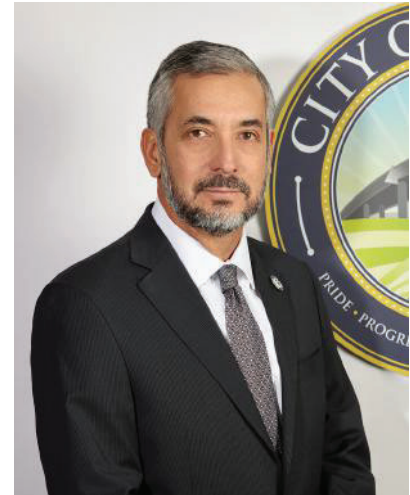
Ambrosio "Amos" Hernandez,
MD-Mayor



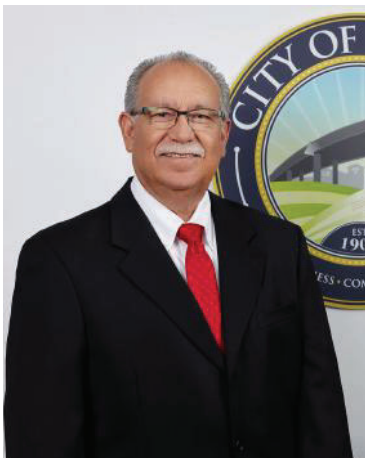
Michael Pacheco



Roberto "Bobby" Carrillo



Ramiro Caballero, MD



Ricardo Medina



Daniel Chavez



Itza Flores

City of Pharr, TX
Annual Comprehensive Financial Report
Report Year Ended September 30, 2022

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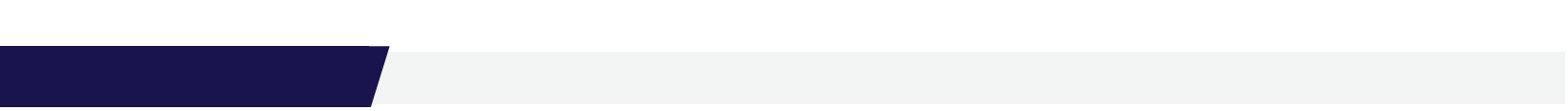
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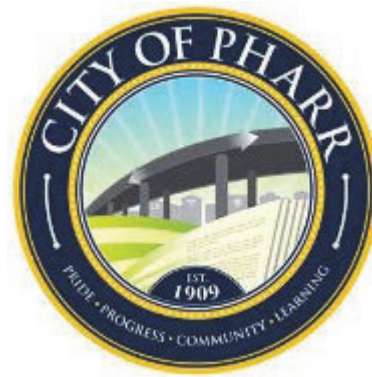
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INTRODUCTORY SECTION

Citizens of Pharr
Honorable Mayor
Members of the City Commission
Pharr, Texas 78577



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 Annual Comprehensive Financial Report for the City of Pharr, Texas for the fiscal year ended September 30, 2022.

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.

Burton, McCumber & Longoria, LLP have issued an unmodified ("clean") opinion on the City of Pharr's financial statements for the year ended September 30, 2022. The independent auditors' 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.

This report also includes the Financial Statements for its component units; discrete and blended. More information concerning these component units can be found 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 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 cross-roads of the two most important highways in the Valley: Highways 4 and 66, known today as Memorial Highway U.S. 281 (US 169) and U.S. Business 83 (US 12) 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 serves as one of the most important ports of entry for the US-Mexico border. It handles both commercial and passenger operated vehicles and crosses about one hundred seventy five thousand vehicles a month.

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, ambulance services 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. 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 nourishing in Pharr.

Over the last 10 years, Pharr has experienced unprecedented growth and economic development, and an average increase of roughly 8% in sales tax collections each year. 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 upcoming projects include:

- Commercial development projects in the Pharr Town Center including restaurants
- Bridge Twin Expansion Project
- Increase in industrial warehouses
- Increase in residential development to keep raising appraised value
- Additional Infrastructure upgrades of the Pharr International Bridge

MAJOR TRENDS & PRIORITY AREAS

The City Commission and staff track several trends and have identified certain priority areas to focus on in our community. The budget for the fiscal year 2022-2023 reflects these trends and priorities, which are briefly described below.

Economic 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 and for the City to continue to invest in its citizen's quality of life.

Property Tax: Tax year 2023, which will be in effect during the next fiscal year, is expected to have at least 8% growth in tax appraisal values.

Sales Tax: Sales tax revenue is used by the City as an economic indicator. This fiscal year FY 2021-2022 the City experienced a 8% growth in collections compared to FY 2020-2021 and remained in the Top 5 in growth compared to neighboring cities in the Rio Grande Valley. For FY 2022-2023, the City projected a 4% growth in sales tax revenue in its budget.

Hotel/Motel Tax: Hotel/Motel tax revenue may only be used to increase tourism opportunities, with the aim of benefiting the hotel/motel industry within the city. This FY 2021-2022, City remained constant in collections averaging \$600,000 a year.

Public Safety: Ensuring public safety personnel have the tools and resources that they need to ensure the safety of the City is always a key priority for the City Commissioners and city management.

Public Works: The cost of infrastructure continues to rise while the need for new infrastructure projects remains to be a priority. Street repairs will continue to be one of the main focuses of the coming fiscal year.

International Bridge Infrastructure: The bridge capital project expenditures for the upcoming fiscal year are budgeted at \$64 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.

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 United States-Mexico-Canada Agreement (USMCA). Pharr has four Industrial Parks and twenty-five cold storage facilities. Most of the bridge revenue comes from commercial trucks. The City's International Bridge has continued to grow capping off the year with the number one ranking as the top produce trading partner with 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 berries.

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. Senior Leaders are expected to review their budgets monthly. 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 annual comprehensive financial report, each fund type used by the City of Pharr is defined immediately prior to that fund's financial statements.

Utility Fund Retained Earnings Policy: an operating reserve will be established and maintained at 120 days of the current year's original budget appropriation for operation and maintenance, which is defined as the total budget less debt service and capital project expenditures. Utility Contingency Balance as of September 30, 2022, is \$525,086.

The Bridge Fund Retained Earnings Policy: a contingency account will be equal to the annual operating cost (expenses minus long-term debt and minus non-operating General Fund transfers) plus one year of the highest long-term debt service payment (principal and interest). Bridge Contingency Balance as of September 30, 2022, is \$5,474,402.

These balances provide adequate protection against unforeseen occurrences and significantly decrease the likelihood of the city entering the short-term debt market to pay for current operating expenditures.

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 September 2018, the City's ratings were upgraded by the first time in the last 10 years by S & P, and in November 2023, the City's rating was confirmed once again by S & P and seconded by Moody's.

**S & P AA-
Moody's Aa3**

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, 2022, 93% of City's funds were available within one day.

Risk Management: The City continues to put high emphasis on safety concerns 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

The City of Pharr has been planning for the next 30 years in the form of expanding the city limits and expanding bridge infrastructure to retain its position as the heart of import and export in the region. The City has been issuing certificates of obligation to invest in these projects.

As of FY 2022-2023, the Pharr International Bridge continues to break import/export records, making the land port of entry a forced to be reckoned with as the 3rd largest commercial land crossing within Mexico.

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, it was the first city in the Valley to receive this recognition. In FY 2017-2018, the City received the Debt Obligations Transparency award and has maintained it each year since then.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2023. This was the City's 13th consecutive budget award from GFOA. 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.

ACKNOWLEDGMENTS : The preparation of this report could not have been accomplished without the efficient and dedication services of the entire staff of the Finance Department. Appreciation is expressed to the 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,

A handwritten signature in black ink that reads "Jamison Merrick". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jamison Merrick





SENIOR LEADERS



Jamison Merrick
Interim Finance Director



Luis Bazan
Bridge Director



Kenneth Ennis
Public Safety
Communications Director



Jose J. Pena, CGCIO
IT



Melanie Cano
OSE Director



Luis Marin
Public Works Director



Sergio Alaniz
Parks & Rec Director



Ruben Alfaro, P.E.
City Engineer



Mayra Gomez
Purchasing Director



Adolfo Garcia
Library Director



Pilar Rodriguez
Fire Chief



Juan Villegas
Presiding Judge



Veronica Ramirez, MBA
HR Director



Juan F. Gonzalez
Chief of Police



Ruben Rosales
Public Utilities Director



Yuri Gonzalez
Media Director



Danny Ramirez
EMS Director



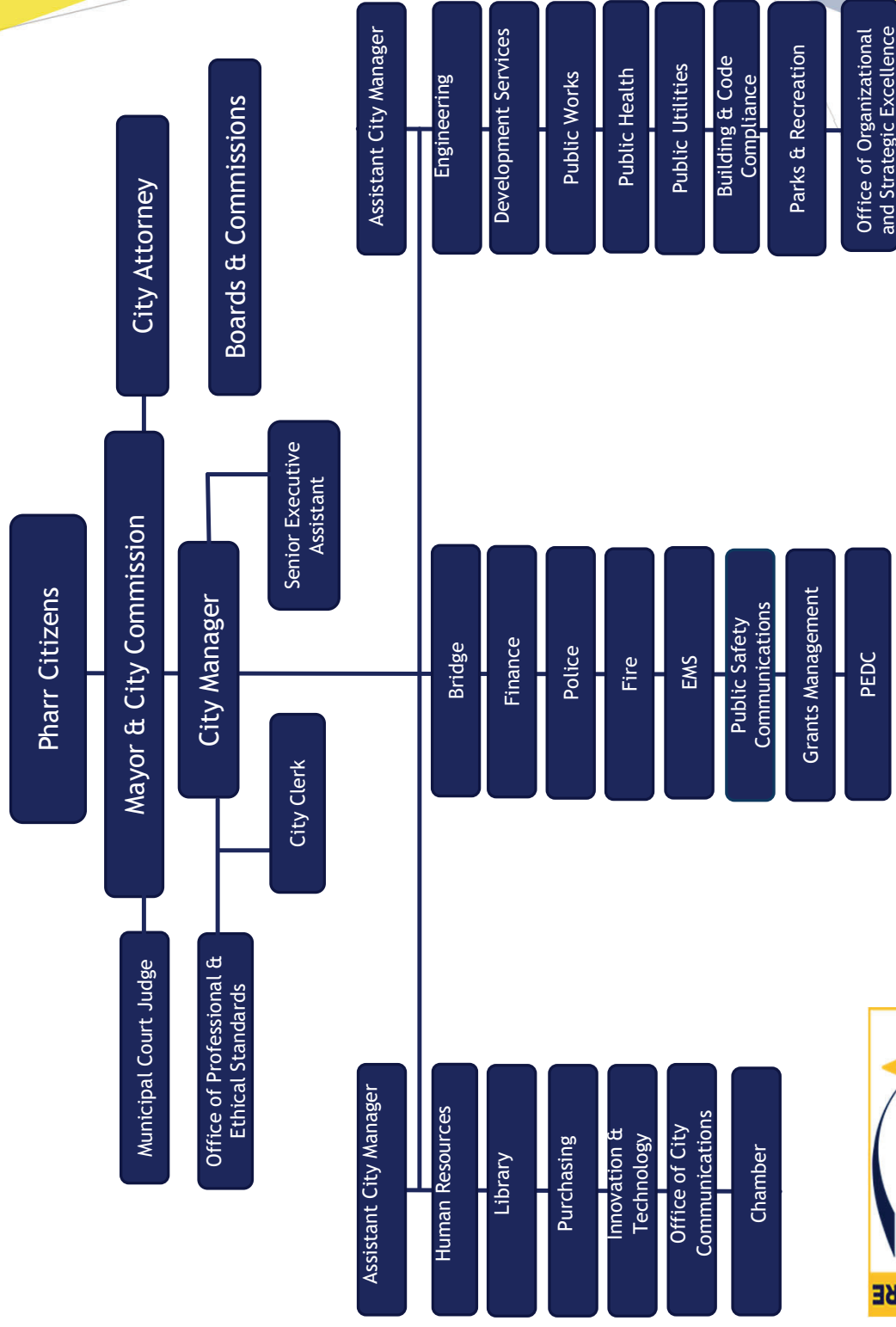
Roland Gomez
Building & Code Compliance Director

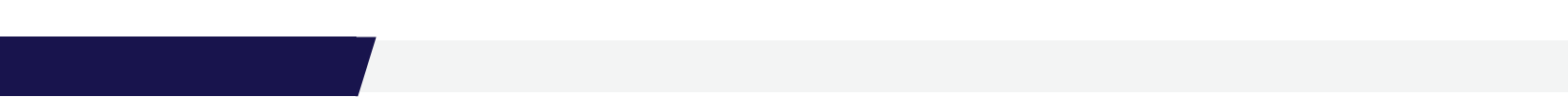


Cynthia Garza
Director of External Affairs / Grant Management

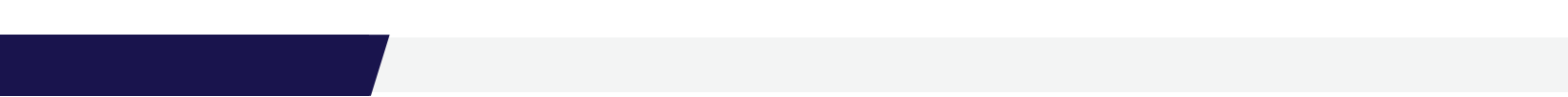


Kimberly Mendoza
Development Service Director





FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas (City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

Emphasis of a Matter

Change in Accounting Principle

As described in Note I, F, 13 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–13 and 88–90 as well as pension and OPEB information on pages 86–87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

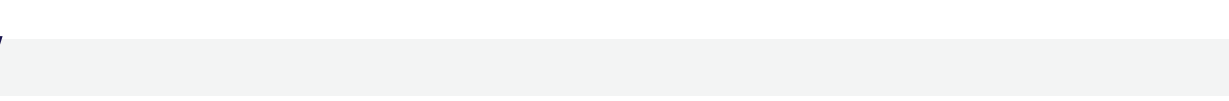
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024, on our consideration of the City'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 solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A large, stylized handwritten signature in black ink that reads "Burton, McCumber, & Longoria LLP". The signature is written in a cursive, flowing style with prominent loops and flourishes.

McAllen, Texas
April 1, 2024



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, 2022.

Financial Highlights

- The assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$136.66 million (net position).
- The assets and deferred outflows of the City's business-type activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$136.82 million (net position). Most of the money is invested in our capital projects.
- The General Fund assets exceeded its liabilities by over \$24.62 million (fund balance). The general fund showed an increase in revenues of almost \$5.73 million dollars, primarily due to an increase in sales and property taxes collections. Sales taxes showed an increase of 1%, and property taxes went up by 8%, but we also saw an increase of almost \$23.25 million in operating expenses compared to the previous fiscal year. The significant increase in expenditures is mainly due to capital equipment purchase and the City's growing personnel needs.
- During fiscal year 21-22, the Pharr Economic Development Corporation II (PEDC) came back as a City blended component unit due to its relationship with the City and to comply with GASB No. 61. During the year, PEDC's assets exceeded its liabilities by over \$23.08 million (fund balance) this increase was due to the new bonds issued by the PEDC to finance the construction of the TeamPharr.net project.

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 are comprised 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 and 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 like a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities and 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 helpful indicator of whether the City's financial position 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 which gives 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).

Management's Discussion and Analysis

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

The government-wide financial statements include separate component units for which the city is financially accountable: the Pharr Economic Development Corporation II (PEDC), The Greater Pharr Chamber of Commerce (Chamber), The Tax Increment Reinvestment Zone No. 1 (TIRZ No.1) and Tax Increment Reinvestment Zone No.2 (TIRZ No.2), the Pharr Housing Finance Corporation (PHFC), and the Jackson Place Apartments (JPA).

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. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds are divided into four categories: governmental funds, proprietary funds, blended presented component units and discretely presented component units.

Governmental Funds

Governmental funds are used to account for 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 and on balances of resources that can be spent which are available at the end of the fiscal year. Such information may be helpful 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 helpful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Management's Discussion and Analysis

The City adopts an annual appropriated budget for the General, Asset Sharing, Community Development, Hotel/Motel, Parkland Dedication, Paving & Drainage, Grants, General Capital Improvement 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, internet services, ambulances services, 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 and health insurance.

Proprietary funds provide more detailed information than government-wide financial statements. The proprietary funds financial statements offer separate data for water and wastewater operations, bridge toll, internet services ambulances services, 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 by combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the Utility, TeamPharr.net, Pharr Emergency Medical Services, Bridge, Golf, Health Insurance, and City 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 essential to a complete 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.

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 as a valuable indicator of a government's financial position over time. In the case of the City, assets exceeded liabilities by over \$273.49 million at the close of the fiscal year.

Management's Discussion and Analysis

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

City of Pharr's Net Position						
Table 1 – Dollars in Millions	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 96.96	\$ 97.56	\$118.45	\$ 98.51	\$ 215.41	\$196.07
Capital assets	234.84	173.32	171.64	154.53	406.48	327.85
Total assets	331.80	270.88	290.09	253.04	621.89	523.92
Deferred Outflow of Resources						
Deferred outflows	1.66	3.63	0.66	0.16	2.32	3.79
Total deferred outflow of resources	1.66	3.63	0.66	0.16	2.32	3.79
Total Assets and Deferred Outflow of Resources	333.46	274.51	290.75	253.20	624.21	527.71
Liabilities						
Current and other liabilities	25.92	20.62	8.51	9.33	34.43	29.95
Long-term liabilities	164.54	89.68	125.34	98.34	289.88	188.02
Total liabilities	190.46	110.30	133.85	107.67	324.31	217.97
Deferred Inflow of Resources						
Deferred inflows	6.33	30.96	20.08	13.90	26.41	44.86
Total deferred inflows of resources	6.33	30.96	20.08	13.90	26.41	44.86
Total Liabilities and Deferred Inflow of Resources	196.79	141.26	153.93	121.57	350.72	262.83
Net Position						
Net Invested in capital assets	114.49	100.10	135.16	123.67	249.65	223.77
Restricted	29.79	20.32	7.44	6.08	37.23	26.40
Unrestricted	(7.61)	12.84	(5.78)	1.88	(13.39)	14.72
Total net position	<u>\$ 136.67</u>	<u>\$ 133.26</u>	<u>\$136.82</u>	<u>\$131.63</u>	<u>\$ 273.49</u>	<u>\$264.89</u>

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide Statement of Net Position of \$273.49 million on September 30, 2022. The increase of \$8.60 million is due to the increase in new capital projects to improve citizens' quality of life.

By far, the most significant portion of the City's net position of \$273.49 million reflects its Net Investment in Capital Assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that are 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 are reported in Net of related debt, it should be noted that the resources needed to repay

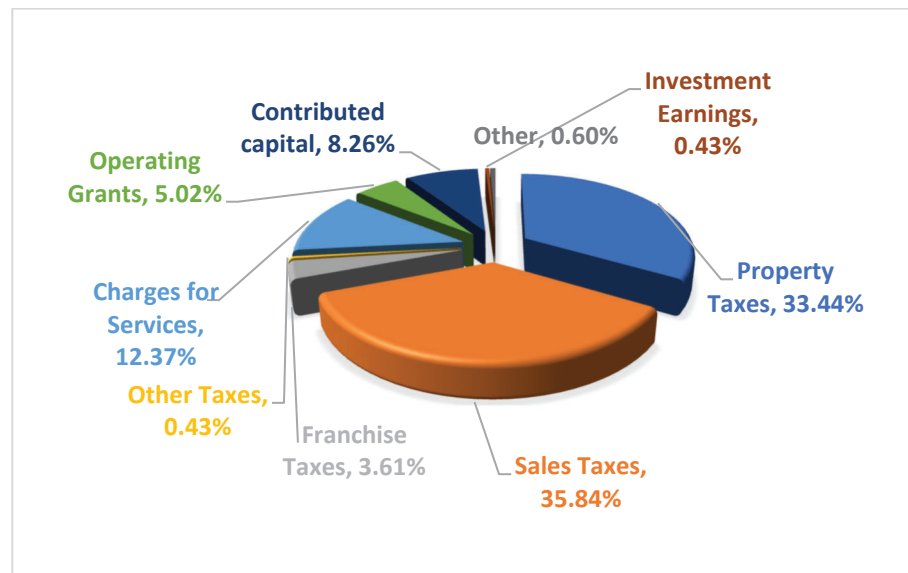
Management's Discussion and Analysis

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, \$37.23 million, represents resources subject to external restrictions on how they may be used. Fiscal year 21-22 shows a negative unrestricted net position of \$13.39 million mainly due to new investments, the increase of the pension liability, the addition of PHFC as a blended component unit and bringing back PEDC as a blended component unit as a result of the GASB No. 61 guidelines.

Governmental Activities

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



Management's Discussion and Analysis

The City's condensed changes in net position along with last fiscal year's numbers are presented for comparison in the table below:

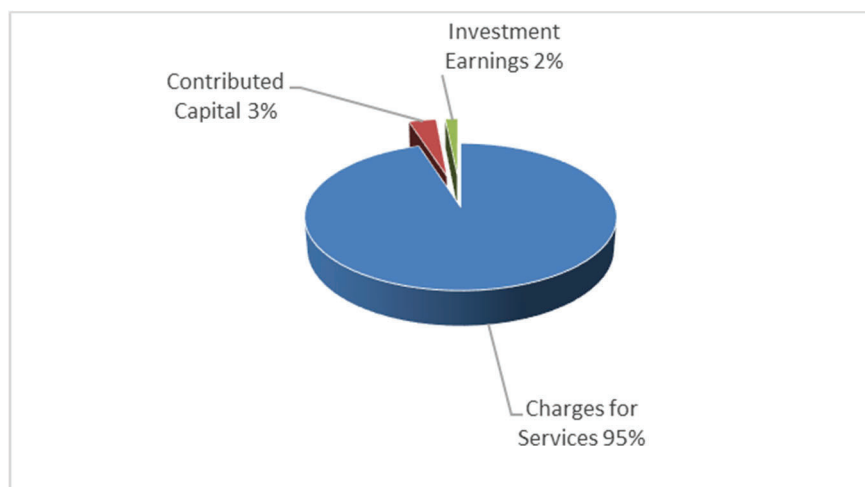
City of Pharr's Changes in Net Position						
Table 2 – Dollars in Millions	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 10.08	\$ 8.95	\$ 57.75	\$ 35.79	\$ 67.83	\$ 44.74
Operating grants and contributions	4.09	7.18	2.05	3.60	6.14	10.78
Capital grants and contributions	6.72	9.86	-	-	6.72	9.86
General Revenues:						
Property tax	27.25	25.92	-	-	27.25	25.92
Sales tax	29.21	20.19	-	-	29.21	20.19
Other taxes	2.95	2.52	-	-	2.95	2.52
Other	0.37	0.30	0.94	-	1.31	0.30
Total Revenues	80.67	74.92	60.74	39.39	141.41	114.31
Expenses:						
General governmental	21.70	18.68	-	-	21.70	18.68
Public safety	42.36	30.02	-	-	42.36	30.02
Streets	8.47	4.11	-	-	8.47	4.11
Health and welfare	3.47	3.44	-	-	3.47	3.44
Culture and recreation	7.47	9.00	-	-	7.47	9.00
Economic development	5.90	1.08	-	-	5.90	1.08
Interest of debt service	4.04	2.90	-	-	4.04	2.90
Utility	-	-	17.03	16.66	17.03	16.66
Pharr EMS	-	-	26.38	4.65	26.38	4.65
TeamPharr.net	-	-	0.27	0.38	0.27	0.38
Toll bridge	-	-	8.50	5.15	8.50	5.15
Tierra del sol golf course	-	-	1.82	1.50	1.82	1.50
Total Expenses	93.41	69.23	54.00	28.34	147.41	97.57
Excess of revenues over expenses	(12.74)	5.69	6.74	11.05	(6.00)	16.74
Contributions	0.48	2.24	1.42	1.41	1.90	3.65
Transfers	(2.37)	10.57	2.37	(10.57)	-	-
Change in net position	(14.63)	18.50	10.53	1.89	(4.10)	20.39
Net position - beginning	133.27	129.70	131.63	133.72	264.90	263.42
Prior period adjustment	18.03	(14.94)	(5.34)	(3.98)	12.69	(18.92)
Net position - ending	<u>\$136.67</u>	<u>\$133.26</u>	<u>\$136.82</u>	<u>\$131.63</u>	<u>\$273.49</u>	<u>\$264.89</u>

Management's Discussion and Analysis

Business-Type Activities

There was an increase in revenues for all Business-Type funds, however, an increase in operating expenses was also reflected. The increase of \$21.35 million in revenues reflected during this fiscal year is primarily comprised of EMS receivables, which are expected to be received in a later period.

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



Capital Assets and Debt Administration

The City of Pharr's capital assets for its governmental and business-type activities amount to \$406.47 million. This investment in capital assets includes water rights, lease assets (GASB No. 87), land, buildings and system improvements, other improvements, machinery and equipment, infrastructure, and construction in progress net of depreciation. The total increase in the City's net investment in capital assets for the current fiscal year was \$78.60 million or 24%.

Table 3 - Dollars in Millions

City of Pharr's Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Lease asset	\$ 2.43	\$ -	\$ 3.99	\$ -	\$ 6.42	\$ -
Water rights	-	-	7.75	3.45	7.75	3.45
Land	22.30	14.82	6.90	6.89	29.20	21.71
Building and system improvements	65.86	27.30	14.23	15.00	80.09	42.30
Other improvements	55.22	54.43	10.72	10.61	65.94	65.04
Machinery and equipment	8.34	7.86	6.35	5.46	14.69	13.32
Infrastructure	27.61	28.66	97.25	100.61	124.86	129.27
Construction in progress	53.08	40.25	24.44	12.51	77.52	52.76
Total capital assets	<u>\$ 234.84</u>	<u>\$ 173.32</u>	<u>\$ 171.63</u>	<u>\$ 154.53</u>	<u>\$ 406.47</u>	<u>\$ 327.85</u>

Management's Discussion and Analysis

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 a total contractually obligated long-term debt of \$251.34 million. The details of the change in debt from last fiscal year are as indicated:

Table 4 - Dollars in Millions

Long-Term Debt (not including unamortized activity)			
	2022	2021	Change
Governmental			
Bonds	\$ -	\$ -	\$ -
Certificates of obligation	118.76	67.08	51.68
Capital equipment loans	5.92	6.15	(0.23)
Notes	5.24	6.60	(1.36)
	<u>129.92</u>	<u>79.83</u>	<u>50.09</u>
Business-Type			
Bonds	118.18	101.80	16.38
Capital equipment loans	3.24	2.72	0.52
	<u>121.42</u>	<u>104.52</u>	<u>16.90</u>
Total	<u>\$ 251.34</u>	<u>\$ 184.35</u>	<u>\$ 66.99</u>

Long-term debt for governmental activities increased by **\$50.09 million** due to bonds issued for the TeamPharr.net project which was funded by the Pharr Economic Development Corporation.

Long-term debt for Business-Type activities increases by **\$16.90 million**. This increase was due to a new **\$20.9 million** revenue bond to cover the new bridge expansion project. However, debt repayments during the fiscal year helped to offset the total increase in long-term debt.

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

Pension Liability and Other Post-Employment Benefits

The adoption of Statement No. 68 and Statement No. 75 resulted in the City's reporting of net pension and OPEB liabilities, deferred inflows, and deferred outflows of resources for each of these qualified pension and benefit plans and the recognition expense by the statement provisions.

Management's Discussion and Analysis

Table 5 provides the City's key pension statistics related to the Texas Municipal Retirement System (TMRS) plan as of and for the fiscal year ended September 30, 2022:

Pension and OPEB

Table 5 - Dollars in Millions

Net Pension Liability	\$	13.90
Pension expense	\$	14.65
OPEB liability	\$	1.85
OPEB expense	\$	0.21

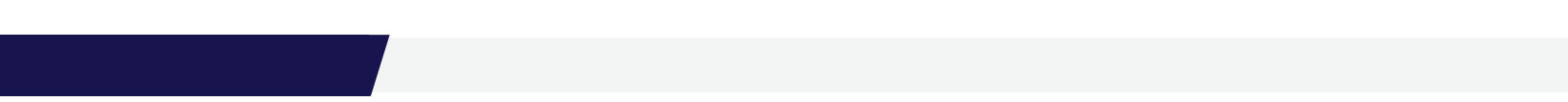
Additional information on the City's net pension liability can be found in the Notes to the Financial Statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- The launch of TeamPharr.net, the new broadband service the City is providing to citizens will connect people to improve quality of life.
- The continuation of the new infrastructure Bridge Expansion project and improvements inside the Port of Entry will streamline the truck/cargo inspection process, allow for better flow and maximum efficiency, and result in more crossing revenue as consequence.

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.



BASIC FINANCIAL STATEMENTS

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Discrete Component Units	Total
<u>ASSETS</u>					
Current assets:					
Cash	\$ 26,491,129	\$ 693,476	\$ 27,184,605	\$ 928,114	\$ 28,112,719
Receivables (net of allowance for uncollectible)	16,124,946	6,515,355	22,640,301	18,247	22,658,548
Prepaid items	1,454	-	1,454	76,076	77,530
Internal balances	4,500,047	(4,500,047)	-	-	-
Inventories	1,902,801	201,640	2,104,441	-	2,104,441
Land available for sale	4,010,800	-	4,010,800	-	4,010,800
Restricted assets:					
Cash	41,153,191	112,891,129	154,044,320	2,515,398	156,559,718
Cash with fiscal agent	2,358,487	2,548,071	4,906,558	-	4,906,558
Intergovernmental receivable	408,736	103,802	512,538	-	512,538
Total current assets	96,951,591	118,453,426	215,405,017	3,537,835	218,942,852
Noncurrent assets:					
Capital assets					
Lease assets (net of accumulated amortization)	2,427,424	3,994,693	6,422,117	-	6,422,117
Water rights (nondepreciable)	-	7,750,000	7,750,000	-	7,750,000
Land (nondepreciable)	22,304,181	6,897,338	29,201,519	1,500,000	30,701,519
Buildings (net of acc. depreciation)	65,861,939	14,233,427	80,095,366	24,146,775	104,242,141
Improvements other than buildings (net of acc. depreciation)	55,223,246	10,721,810	65,945,056	-	65,945,056
Machinery and equipment (net of acc. depreciation)	8,342,888	6,349,279	14,692,167	38,753	14,730,920
Infrastructure (net of acc. depreciation)	27,607,442	97,253,415	124,860,857	-	124,860,857
Construction in progress (nondepreciable)	53,079,742	24,437,858	77,517,600	-	77,517,600
Total capital assets	234,846,862	171,637,820	406,484,682	25,685,528	432,170,210
Total noncurrent assets	234,846,862	171,637,820	406,484,682	25,685,528	432,170,210
Total assets	331,798,453	290,091,246	621,889,699	29,223,363	651,113,062
<u>DEFERRED OUTFLOW OF RESOURCES</u>					
Other post employment benefits	333,362	109,360	442,722	-	442,722
Unamortized loss on refunding of debt	-	130,324	130,324	-	130,324
Pension-TMRS	1,331,366	436,757	1,768,123	-	1,768,123
Total deferred outflow of resources	1,664,728	676,441	2,341,169	-	2,341,169
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and other current liabilities	13,291,027	3,227,517	16,518,544	4,305,655	20,824,199
Escrows	4,482,395	252,329	4,734,724	2,518	4,737,242
Unearned revenue	18,209,997	753,827	18,963,824	-	18,963,824
Current portion long term debt	8,147,504	5,039,310	13,186,814	728,183	13,914,997
Total current liabilities	44,130,923	9,272,983	53,403,906	5,036,356	58,440,262
Non current liabilities:					
Other post employment benefit	1,395,283	457,725	1,853,008	-	1,853,008
Leases	2,444,306	4,116,077	6,560,383	-	6,560,383
Net pension liability	10,491,816	3,441,855	13,933,671	-	13,933,671
Due in more than one year, net	131,994,925	129,753,511	261,748,436	30,823,613	292,572,049
Total noncurrent liabilities	146,326,330	137,769,168	284,095,498	30,823,613	314,919,111
Total liabilities	190,457,253	147,042,151	337,499,404	35,859,969	373,359,373
<u>DEFERRED INFLOW OF RESOURCES</u>					
Pension-TMRS	6,007,651	1,970,819	7,978,470	-	7,978,470
Other post employee benefits	64,912	21,295	86,207	-	86,207
Deferred changes on leases	266,447	1,836,292	2,102,739	-	2,102,739
Unearned revenue - Intergovernmental	-	3,068,246	3,068,246	-	3,068,246
	6,339,010	6,896,652	13,235,662	-	13,235,662
<u>NET POSITION</u>					
Net invested in capital assets	114,491,690	135,169,245	249,660,935	(3,343,495)	246,317,440
Restricted for:					
Debt service	9,554,468	7,443,351	16,997,819	-	16,997,819
Capital projects	2,358,487	-	2,358,487	-	2,358,487
Economic development	5,520,138	-	5,520,138	263,276	5,783,414
Tourism	1,345,004	-	1,345,004	-	1,345,004
Noncurrent advances	5,017,288	-	5,017,288	-	5,017,288
Public safety	800,793	-	800,793	-	800,793
Paving and drainage	2,596,002	-	2,596,002	-	2,596,002
General government	2,597,558	-	2,597,558	-	2,597,558
Unrestricted	(7,614,510)	(5,783,712)	(13,398,222)	(3,556,387)	(16,954,609)
Total net position	\$ 136,666,918	\$ 136,828,884	\$ 273,495,802	\$ (6,636,606)	\$ 266,859,196

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, 2022

Functions/Programs Primary government:	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:	\$ 21,699,778	\$ 3,227,341	\$ 2,617,532	\$ -	\$ (15,854,905)	\$ (15,854,905)
	42,361,611	179,185	1,471,239	-	(40,711,187)	(40,711,187)
	8,471,346	1,357,991	-	6,725,300	(388,055)	(388,055)
	3,469,714	4,627,535	-	-	1,152,821	1,152,821
	7,470,864	651,882	-	-	(6,818,982)	(6,818,982)
Economic development	5,898,917	42,750	-	-	(5,856,167)	(5,856,167)
Interest on long-term debt	4,036,438	-	-	-	(4,036,438)	(4,036,438)
Total governmental activities	93,408,668	10,081,684	4,088,771	6,725,300	(72,512,913)	(72,512,913)
Business-type activities:	17,034,318	16,955,354	2,051,080	-	1,972,116	1,972,116
	26,388,304	17,562,709	-	-	(8,825,595)	(8,825,595)
	269,425	25,505	-	-	(243,920)	(243,920)
	8,494,604	22,148,992	-	-	13,654,388	13,654,388
	1,815,419	1,055,973	-	-	(759,446)	(759,446)
Total business-type activities	54,002,070	57,748,533	2,051,080	-	5,797,543	5,797,543
Total primary government	\$ 147,410,738	\$ 67,830,217	\$ 6,139,851	\$ 6,725,300	\$ (72,512,913)	\$ (66,715,370)
Component units:	\$ 3,421,383	\$ 3,241,198	\$ -	-	(180,185)	\$ (180,185)
	259,854	41,212	-	-	(218,642)	(218,642)
	3,681,237	3,282,410	-	-	(398,827)	(398,827)
General revenues:	Property taxes				27,251,981	27,251,981
	Sales taxes				29,212,195	29,212,195
	Franchise taxes				2,665,090	2,665,090
	Contributions				478,158	1,897,452
	Other taxes				282,120	282,120
	Investment earnings				366,855	877,537
	Other				-	430,482
	Transfers				(2,374,479)	2,374,479
	Total general revenues and transfers				57,881,920	62,616,857
	Change in net position				(14,630,993)	(4,098,513)
	Net position - beginning				133,267,595	264,902,122
	Prior period adjustment				18,030,316	12,692,193
	Net position - ending				\$ 136,666,918	\$ 273,495,802
Total primary government					\$ 136,666,918	\$ 273,495,802
					(6,636,606)	(6,636,606)
					\$	\$
Total primary government					63,076,078	63,076,078
					(4,038,119)	(4,038,119)
					272,058,492	272,058,492
Total primary government					(13,853,370)	(13,853,370)
					\$	\$
					(1,161,177)	(1,161,177)
Total primary government					\$	\$
					266,859,196	266,859,196
					\$	\$

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

CITY OF PHARR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	General	Pharr Economic Development Corporation II, Inc.	Covid Relief Fund	Non-Major Governmental	Total Governmental
Cash	\$ 11,335,655	\$ 2,272,487	\$ -	\$ 12,520,078	\$ 26,128,220
Receivables (net of allowance for uncollectible):					
Property taxes	1,690,169	-	-	370,272	2,060,441
Warrants	1,186,829	-	-	-	1,186,829
Sales tax	3,641,952	1,213,984	-	-	4,855,936
Notes	-	-	-	55,889	55,889
Rent - leases	-	266,447	-	-	266,447
Accounts	903,042	-	-	347,045	1,250,087
Intergovernmental	-	-	-	-	-
Other	5,144,103	-	-	839,246	5,983,349
Notes - PEDC	-	465,968	-	-	465,968
Prepaid items	1,453	-	-	-	1,453
Inventories	1,861,399	-	-	-	1,861,399
Land available for sale	-	4,010,800	-	-	4,010,800
Due from other funds	6,396,082	241,000	-	107,554	6,744,636
Restricted assets:					
Cash	-	21,872,508	18,210,325	1,070,358	41,153,191
Cash with fiscal agent	2,358,487	-	-	-	2,358,487
Intergovernmental receivable	-	-	-	408,735	408,735
Total assets	\$ 34,519,171	\$ 30,343,194	\$ 18,210,325	\$ 15,719,177	\$ 98,791,867

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 3,372,368	\$ 6,641,028	\$ -	\$ 1,769,789	\$ 11,783,185
Accrued liabilities	833,185	-	-	-	833,185
Due to other funds	-	270,392	-	1,968,119	2,238,511
Escrow accounts	3,227,664	76,701	329	1,053,421	4,358,115
Unearned revenue	-	-	18,209,996	-	18,209,996
Total liabilities	7,433,217	6,988,121	18,210,325	4,791,329	37,422,992

Deferred Inflows of Resources:

Deferred property tax	373,748	-	-	20,914	394,662
Deferred accounts	903,040	-	-	835,525	1,738,565
Deferred warrants	1,186,829	-	-	-	1,186,829
Deferred leases	-	266,447	-	-	266,447
Deferred notes	-	-	-	54,619	54,619
Total deferred inflow of resources	2,463,617	266,447	-	911,058	3,641,122

Fund balances:	General	Economic Development Corporation II, Inc.	Covid Relief Fund	Non-Major Governmental	Total Governmental
Nonspendable:	1,861,399	-	-	-	1,861,399
	-	4,010,800	-	-	4,010,800
	5,017,288	465,968	-	-	5,483,256
Restricted:	3,481,452	-	-	27	3,481,479
	-	6,963,763	-	2,800,315	9,764,078
	2,358,487	9,079,165	-	-	11,437,652
	-	-	-	857,437	857,437
	-	-	-	1,345,004	1,345,004
	-	-	-	800,793	800,793
	-	-	-	264,103	264,103
	-	-	-	472,029	472,029
	-	2,568,930	-	4,630,710	7,199,640
	11,903,711	-	-	(1,153,628)	10,750,083
Unassigned:	24,622,337	23,088,626	-	10,016,790	57,727,753
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	\$ 34,519,171	\$ 30,343,194	\$ 18,210,325	\$ 15,719,177	\$ 98,791,867

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, 2022

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

Total fund balances - governmental funds balance sheet		\$	57,727,753
(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	354,267,287	
	Accumulated depreciation	<u>(119,727,575)</u>	234,539,712
(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 are 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	<u>481,834</u>	481,834
(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	(6,532,330)	
	Long-term	(125,835,736)	
	Unamortized premium	<u>(3,758,153)</u>	(136,126,219)
(4) Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds and are considered deferred in governmental funds.			
	Property Taxes	<u>394,663</u>	394,663
(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 "available" revenues in the governmental funds and are considered deferred in governmental funds.			
	Sanitation	824,708	
	TIRZ	719,730	
	Paving	115,795	
	Library	7,970	
	Alarm permits	<u>70,359</u>	1,738,562
(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	(372,752)	
	Certificates	(230,522)	
	Notes	<u>(10,458)</u>	(613,732)

CITY OF PHARR, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION -Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(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. Compensated absences is recorded in the Statement of net position.	Current	(1,605,542)	
		Long-term	<u>(4,816,626)</u>	(6,422,168)
(8)	Because some warrants will not be collected for some time after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds and are considered deferred in governmental funds.	Warrants receivable	6,864,677	
		Allowance	<u>(5,677,848)</u>	1,186,829
(9)	Under GASB No. 75 employers are required to report any liability, deferred outflows and deferred inflows incurred from any post employment benefits other than pension.	Deferred inflows	(64,912)	
		OPEB liability	(1,395,283)	
		Deferred outflows	<u>333,361</u>	(1,126,834)
(10)	Because some 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.		<u>54,619</u>	54,619
(11)	Under GASB No. 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, deferred outflows/deferred inflows of resources.	Deferred outflow	1,331,366	
		Deferred inflow	(6,007,651)	
		Net pension liability	<u>(10,491,816)</u>	<u>(15,168,101)</u>
	Net position of governmental activities - statement of net position		\$	136,666,918

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	Pharr Economic Development Corporation, Inc.	Covid Relief Fund	Non-Major Governmental	Total Governmental
REVENUES					
Taxes:					
Property	\$ 20,866,315	\$ -	\$ -	\$ 6,437,425	\$ 27,303,740
Sales	21,319,181	7,106,394	-	786,620	29,212,195
Franchise	2,665,090	-	-	-	2,665,090
Other	282,120	-	-	-	282,120
Licenses and permits	1,326,575	-	-	-	1,326,575
Intergovernmental	97,729	-	6,725,300	3,991,042	10,814,071
Fees and charges:					
Sanitation	3,050,224	-	-	-	3,050,224
Brush	1,213,877	-	-	-	1,213,877
Other	1,046,261	-	-	1,357,991	2,404,252
Fines	498,560	-	-	-	498,560
Interest income	101,232	204,397	-	61,228	366,857
Other	1,127,999	42,750	-	28,762	1,199,511
Total revenues	<u>53,595,163</u>	<u>7,353,541</u>	<u>6,725,300</u>	<u>12,663,068</u>	<u>80,337,072</u>
EXPENDITURES					
Current:					
General government	15,471,769	-	58,060	3,813,524	19,343,353
Public safety	32,034,691	-	-	2,535,271	34,569,962
Highways and streets	5,644,742	-	-	6,066,109	11,710,851
Health and welfare	3,096,667	-	-	-	3,096,667
Culture and recreation	9,157,980	-	-	6,498,775	15,656,755
Economic development	2,018,870	42,743,023	-	-	44,761,893
Debt service:					
Principal	1,444,120	2,540,285	-	4,578,294	8,562,699
Interest	93,615	754,296	-	2,940,673	3,788,584
Issuance cost	-	688,415	-	-	688,415
Total expenditures	<u>68,962,454</u>	<u>46,726,019</u>	<u>58,060</u>	<u>26,432,646</u>	<u>142,179,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,367,291)</u>	<u>(39,372,478)</u>	<u>6,667,240</u>	<u>(13,769,578)</u>	<u>(61,842,107)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	12,796,228	-	-	8,921,494	21,717,722
Transfers (out)	(8,156,094)	(1,010,800)	(6,667,240)	(7,508,824)	(23,342,958)
Other contributions	(5,959)	(112,500)	-	(66,241)	(184,700)
Issuance of debt	4,289,569	54,615,000	-	-	58,904,569
Total other financing sources and uses	<u>8,923,744</u>	<u>53,491,700</u>	<u>(6,667,240)</u>	<u>1,346,429</u>	<u>57,094,633</u>
Net change in fund balance	(6,443,547)	14,119,222	-	(12,423,149)	(4,747,474)
Fund balance - beginning	29,398,896	-	-	22,721,605	52,120,501
Prior period adjustment	1,666,988	8,969,404	-	(281,666)	10,354,726
Fund balance - ending	<u>\$ 24,622,337</u>	<u>\$ 23,088,626</u>	<u>\$ -</u>	<u>\$ 10,016,790</u>	<u>\$ 57,727,753</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, 2022

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

	Net change in fund balances - total governmental funds		\$	(4,747,474)
(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	56,944,420		
	Depreciation expense	<u>(8,124,030)</u>		48,820,390
(2)	Governmental funds do not recognize developer contributions 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 capital assets net of related debt:			
	Contributed capital - drainage	179,620		
	Contributed capital - streets	<u>483,236</u>		662,855
(3)	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 due to principal payments made to bondholders and the amortization of the debt issuance cost, premium/discount, and gain or loss on refunding, which results in an increase in interest expense. Also, any new debt issuances are recorded as other financing sources but not counted as revenue in governmental activities. This is the result of debt activity			
	New lease/notes proceeds	(1,608,000)		
	Certificate of Obligation proceeds	(54,615,000)		
	Lease/Notes	2,010,438		
	Tax notes principal paid	1,071,974		
	Bond principal paid	2,940,000		
	Loan principal paid	2,540,285		
	Unamortized debt activity	<u>247,785</u>		(47,412,518)
(4)	Because some property tax will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.			
	Collections	<u>(51,759)</u>		(51,759)
(5)	Because some sanitation and brush fees will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.			
	Sanitation	(240,846)		
	Paving	(95,376)		
	TIRZ	719,729		
	Alarm Fees	<u>5,183</u>		388,690

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, 2022

(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.	Current year accrual Prior year accrual	(613,732) <u>155,225</u>	(458,507)
(7)	Certain accrued obligations are 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 year Prior year	(6,422,168) <u>5,855,821</u>	(566,347)
(8)	Because some warrant fines will not be collected for some time after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.	Current year warrant A/R Prior year warrant A/R	1,186,829 <u>(3,407,471)</u>	(2,220,642)
(9)	Employers that participate in defined contribution OPEB plans are required to recognize OPEB expense/expenditures for their net required contributions to the plan.	Changes in OPEB liability Deferred outflows OPEB liability Deferred inflows OPEB liability	(129,041) (54,277) <u>3,557</u>	(179,761)
(10)	Loans issued to outside entities for economic development are considered expenses of governmental funds but are not in the statement of activities.		<u>(1,270)</u>	(1,270)
(11)	GASB No 68 recognition on pension expense requires an adjustment to be reflect in the Statement of Activities.	Changes in pension liability Deferred outflows pension liability Deferred inflows pension liability	(1,019,968) (1,594,709) <u>(6,233,092)</u>	(8,847,769)
(12)	Leases in GASB No. 87 recognize expenses for the right to use another entity's asset for a specified period.		<u>(16,881)</u>	<u>(16,881)</u>
Change in net position of governmental activities			\$	<u><u>(14,630,993)</u></u>

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Enterprise Funds						Governmental Activities - Internal Service Fund
	Utility	EMS	Event Center	TeamPharr.net	Toll Bridge	Tierra Del Sol Golf Course	
ASSETS							
Current assets:							
Cash	\$ -	\$ -	\$ -	\$ 6,841	\$ 403,190	\$ 283,445	\$ 693,476
Receivables (net of allowance for uncollectible):							
Accounts	3,231,817	1,319,604	-	932	47,854	18,648	4,618,855
Other	-	-	-	-	1,896,500	-	1,896,500
Prepayment	-	-	-	-	-	-	-
Inventories	181,220	-	-	-	-	20,420	201,640
Restricted assets:							
Cash	46,722,971	-	-	-	66,168,158	-	112,891,129
Cash with fiscal agent	2,548,070	-	-	-	-	-	2,548,070
Intergovernmental receivable	-	-	-	-	103,802	-	103,802
Total current assets	52,684,078	1,319,604	-	7,773	68,619,504	322,513	122,953,472
Noncurrent assets							
Capital assets							
Lease asset (net of acc. amortization:)	194,214	3,638,150	-	-	-	162,330	3,994,694
Water rights (nondepreciable)	7,750,000	-	-	-	-	-	7,750,000
Land (nondepreciable)	4,293,127	785,224	-	-	819,645	999,342	6,897,338
Buildings (net of acc. depreciation)	8,620,508	2,074,698	-	-	3,275,557	262,664	14,233,427
Improvements other than buildings (net of acc. depreciation)	9,203,452	57,670	-	-	137,248	1,323,440	10,721,810
Machinery and equipment (net of acc. depreciation)	2,243,442	1,977,489	-	46,217	1,941,484	140,647	6,349,279
Infrastructure (net of acc. depreciation)	87,244,316	-	-	-	10,009,099	-	97,253,415
Construction in progress (nondepreciable)	5,398,462	-	-	-	19,039,396	-	24,437,858
Total capital assets	124,947,521	8,533,231	-	46,217	35,222,429	2,888,423	171,637,821
Total noncurrent assets	124,947,521	8,533,231	-	46,217	35,222,429	2,888,423	171,637,821
Total assets	177,631,599	9,852,835	-	53,990	103,841,933	3,210,936	294,591,293
DEFERRED OUTFLOW OF RESOURCES							
Unamortized loss on refunding of debt	130,324	-	-	-	-	-	130,324
Other post employment benefits	29,007	63,962	-	-	10,441	5,950	109,360
Pension-TMRS	115,847	255,450	-	-	41,699	23,761	436,757
Total deferred outflow of resources	275,178	319,412	-	-	52,140	29,711	676,441

	Business-Type Enterprise Funds					Governmental Activities -	
	Utility	EMS	Event Center	TeamPharr.net	Toll Bridge	Tierra Del Sol Golf Course	Internal Service Fund
LIABILITIES							
Current liabilities:							
Accounts payable	777,748	283,225	-	57,527	1,081,641	31,933	60,922
Accrued liabilities	-	-	-	-	294,322	-	-
Due to other funds	2,356,458	1,592,741	-	240,337	285,688	24,823	6,077
Unearned revenue	-	-	-	-	753,827	47,959	-
Total current liabilities	3,134,206	1,875,966	-	297,864	2,415,478	104,715	66,999
Current liabilities payable from restricted assets:							
Customer deposits payable	653,164	-	-	-	-	-	-
Escrow payable	252,109	220	-	-	-	-	124,279
Accrued compensation	115,660	24,840	-	-	75,720	16,161	9,632
Capital equipment loans	640,705	-	-	-	102,964	32,260	-
Bonds/notes current year	4,031,000	-	-	-	-	-	-
Total current liabilities from restricted assets	5,692,638	25,060	-	-	178,684	48,421	133,911
Total current liabilities	8,826,844	1,901,026	-	297,864	2,594,162	153,136	200,910
Noncurrent liabilities:							
Lease liability	194,948	3,705,694	-	-	-	215,435	-
Other post employment benefit	121,408	267,714	-	-	43,701	24,902	-
Pension	912,929	2,013,069	-	-	328,607	187,249	-
Accrued compensation	346,979	74,520	-	-	227,161	48,485	28,716
Capital equipment loans payable	2,308,749	-	-	-	75,447	84,188	-
Bonds/notes principal payable	57,369,619	-	-	-	69,218,364	-	-
Total noncurrent liabilities	61,254,632	6,060,997	-	-	69,893,280	560,259	28,716
Total liabilities	70,081,476	7,962,023	-	297,864	72,487,442	713,395	229,626
DEFERRED INFLOW OF RESOURCES							
Leases	-	-	-	-	1,836,292	-	-
Other post employment benefit	5,648	12,455	-	-	2,033	1,159	-
Pension	522,747	1,152,692	-	-	188,161	107,220	-
Unearned revenue-intergovernmental	3,068,246	-	-	-	-	-	-
Total deferred inflow of resources	3,596,641	1,165,147	-	-	2,026,486	108,379	-
NET POSITION							
Invested in capital assets, net of related debt	101,382,258	4,827,537	-	46,217	26,519,022	2,394,211	307,150
Restricted for:							
Debt service	4,943,352	-	-	-	2,500,000	-	-
Unrestricted:	(2,096,950)	(3,782,460)	-	(290,091)	361,123	24,662	174,684
Total net position	\$ 104,228,660	\$ 1,045,077	\$ -	\$ (243,874)	\$ 29,380,145	\$ 2,418,873	\$ 481,834

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

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Enterprise Funds						Governmental Activities - Internal Service Fund
	Utility	EMS	Event Center	TeamPharr.net	Toll Bridge	Tierra Del Sol Golf Course	
Operating revenues:							
Charges for sales and services:							
Water sales	\$ 9,344,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer service	7,260,631	-	-	-	-	-	7,260,631
Tap fees	231,266	-	-	-	-	-	231,266
Toll fees	-	-	-	-	17,237,247	-	17,237,247
Golf services	-	-	-	-	-	977,002	977,002
Internet services	-	-	-	25,505	-	-	25,505
Event Center	-	-	-	-	-	-	-
EMS	-	20,928,132	-	-	-	-	20,928,132
Other	119,066	1,220,859	-	-	325,462	78,970	1,744,357
Total operating revenues	16,955,354	22,148,991	-	25,505	17,562,709	1,055,972	57,748,531
Operating expenses:							
Personnel services	3,620,136	7,562,117	-	1,026	1,360,320	762,661	13,306,260
Supplies and materials	2,269,564	444,764	-	169,737	216,159	191,301	3,291,525
Contractual services	4,272,212	16,820,500	-	96,760	3,437,238	540,810	25,167,520
Depreciation	6,111,096	1,156,684	-	1,903	884,428	216,076	8,370,187
Self insurance claims	-	-	-	-	-	-	-
Total operating expenses	16,273,008	25,984,065	-	269,426	5,898,145	1,710,848	50,135,492
Operating income (loss)	682,346	(3,835,074)	-	(243,921)	11,664,564	(654,876)	7,613,039
Nonoperating revenues (expenses):							
Investment earnings	50,616	2,122	-	47	452,058	5,842	510,685
Interest expense	(1,115,089)	-	-	-	(2,632,879)	(55,065)	(3,803,033)
Amortization expense	353,779	(404,239)	-	-	36,419	(49,507)	(63,548)
Intergovernmental	404,500	-	-	-	1,646,580	-	2,051,080
Other	430,482	-	-	-	-	-	430,482
Total nonoperating revenues (expenses)	124,288	(402,117)	-	47	(497,822)	(98,730)	(874,334)
Income before contributions and transfers	806,634	(4,237,191)	-	(243,874)	11,166,742	(753,606)	6,738,705
Transfers in							
Transfers (out)	6,020,400	7,349,264	-	-	394,900	-	13,764,564
Capital contributions	(578,700)	-	(248,285)	-	(10,563,100)	-	(11,390,085)
	1,419,293	-	-	-	-	-	1,419,293
Changes in net position	7,667,627	3,112,073	(248,285)	(243,874)	998,542	(753,606)	10,532,477
Total net position - beginning	95,984,779	3,578,132	247,168	-	28,571,076	3,253,372	131,634,527
Prior period adjustment	576,254	(5,645,128)	1,117	-	(189,473)	(80,893)	(5,338,123)
Total net position - ending	\$ 104,228,660	\$ 1,045,077	\$ -	\$ (243,874)	\$ 29,380,145	\$ 2,418,873	\$ 136,828,881

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

CITY OF PHARR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	EMS	Team Pharr.net	Toll Bridge	Tierra Del Sol Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 16,462,743	\$ 19,371,188	\$ 24,573	\$ 19,027,227	\$ 974,830	\$ 55,860,561
Payments to suppliers	(2,269,564)	(444,764)	(169,737)	(216,159)	(191,335)	(3,291,559)
Payments to employees	(3,874,269)	(8,055,478)	(1,026)	(1,356,760)	(778,462)	(14,065,995)
Payments for contractual services	(3,025,200)	(13,381,549)	(39,233)	(2,681,807)	(351,962)	(19,479,751)
Payments (to)/from others	124,781	1,221,079	-	325,463	78,970	1,750,293
Net cash flow (to)/from operating activities	7,418,491	(1,289,524)	(185,423)	15,097,964	(267,959)	20,773,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from grants	-	-	-	1,646,580	-	1,646,580
Advances (to)/from other funds	1,839,210	19,201	240,337	(126,041)	(74,265)	1,898,442
Transfers in from other funds	6,020,400	6,786,040	-	394,900	-	13,201,340
Transfers out to other funds	(578,700)	-	-	(10,563,100)	-	(11,141,800)
Payments (to)/from others	30,482	-	-	-	-	30,482
Net cash provided/(used) by noncapital and related financing activities	7,311,392	6,805,241	240,337	(8,647,661)	(74,265)	5,635,044
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(9,607,941)	(1,323,777)	(48,120)	(7,786,483)	(5,800)	(18,772,121)
Principal paid on long-term debt	(1,919,858)	-	-	18,801,677	(42,710)	16,839,109
Interest paid on long-term debt	(1,055,664)	-	-	(2,485,719)	(54,079)	(3,595,462)
Other	1,638,263	(4,377,752)	-	2,806,526	57,826	124,861
Net cash provided/(used) by capital and related financing activities	(10,945,200)	(5,701,529)	(48,120)	11,336,001	(44,763)	(5,403,613)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income received	50,615	2,122	47	452,057	2,194	507,035
Net cash provided/(used) by investing activities	50,615	2,122	47	452,057	2,194	507,035
NONCASH INVESTING/FINANCING ACTIVITIES						
Capital contributions	-	-	-	-	-	-
Noncash provided/(used) by investing/financing	-	-	-	-	-	-
Net increase/(decrease) in cash	3,835,298	(183,690)	6,841	18,238,361	(384,793)	21,512,017
Cash beginning of fiscal year	45,435,743	183,690	-	48,332,987	668,238	94,620,658
Cash end of fiscal year	\$ 49,271,041	\$ -	\$ 6,841	\$ 66,571,348	\$ 283,445	\$ 116,132,675
						\$ 362,909

	Business-Type Enterprise Funds					Governmental Activities - Internal Service Fund
	Utility	EMS	Team Pharr.net	Toll Bridge	Tierra Del Sol Golf Course	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,359,400	\$ (929,940)	\$ (243,920)	\$ 12,179,892	\$ (496,514)	\$ 11,868,918
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:						
Depreciation	6,111,096	1,143,274	1,903	884,428	216,076	8,356,777
(Increase) decrease in accounts and other receivables, net	(44,610)	(1,556,945)	(932)	1,426,567	(201)	(176,121)
(Increase) decrease in inventories					(33)	(33)
Increase (decrease) in accounts payable	284,005	28,920	57,526	163,619	(2,249)	531,821
Increase (decrease) in accrued compensation	31,790	24,947	-	80,046	16,933	153,716
Increase (decrease) in deferred/escrow revenue	5,744	220	-	363,412	(1,971)	367,405
Increase (decrease) in customer deposits	75,566	-	-	-	-	75,566
Increase (decrease) in other liabilities	(404,500)	-	-	-	-	(404,500)
Total adjustments	6,059,091	(359,584)	58,497	2,918,072	228,555	8,904,631
Net cash provided (used) by operating activities	\$ 7,418,491	\$ (1,289,524)	\$ (185,423)	\$ 15,097,964	\$ (267,959)	\$ 20,773,549
						\$ 110,148
						\$ 743,243

Noncash capital and financial activities:

NONE

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

Discrete Component Units

Basic Financial Statements

Discretely Presented Component Units: Separate legal entities in which the primary government is financially accountable and is able to impose will on the organization.

PHFC- Jackson Place Apartments: is a separate entity created for reporting financial activity of an apartment complex owned by the City.

Greater Pharr Chamber of Commerce: is a separate non-profit entity created for the purpose of promoting tourism.

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

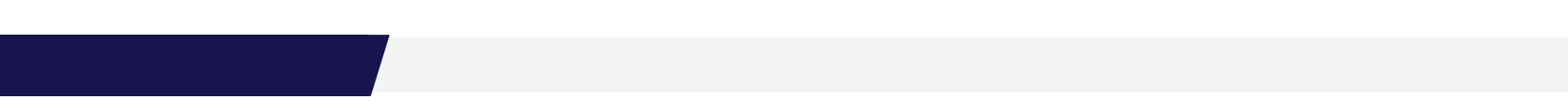
	Pharr Housing Finance Corporation	PHFC Jackson Place Apartments	Pharr Economic Development Corporation, Inc.	Greater Pharr Chamber	Total
<u>ASSETS</u>					
Current assets:					
Cash	\$ -	\$ 640,424	\$ -	\$ 287,691	\$ 928,115
Other	-	18,247	-	-	18,247
Prepaid expenses	-	76,076	-	-	76,076
Total current assets	-	734,747	-	287,691	1,022,438
Noncurrent assets:					
Restricted assets:					
Cash	-	2,515,398	-	-	2,515,398
Capital assets not being depreciated:					
Land (nondepreciable)	-	1,500,000	-	-	1,500,000
Capital assets net of accumulated					
Machinery and equipment	-	22,622	-	16,131	38,753
Building	-	24,146,775	-	-	24,146,775
Total non-current assets	-	28,184,795	-	16,131	28,200,926
Total assets	-	28,919,542	-	303,822	29,223,364
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	-	108,052	-	16,018	124,070
Unearned revenue	-	41,763	-	-	41,763
Escrow accounts	-	-	-	2,519	2,519
Due with one year	-	726,714	-	1,469	728,183
Total current liabilities	-	876,529	-	20,006	896,535
Noncurrent liabilities:					
Due to City of Pharr	-	4,139,822	-	-	4,139,822
Due in more than one year, net	-	30,819,207	-	4,406	30,823,613
Total non current liabilities	-	34,959,029	-	4,406	34,963,435
Total liabilities	-	35,835,558	-	24,412	35,859,970
<u>NET POSITION</u>					
Net invested in capital assets					
Restricted:					
Economic development	-	-	-	263,279	263,279
Debt service	-	2,515,398	-	-	2,515,398
Unrestricted	-	584,932	-	-	584,932
Total net position	\$ -	\$ (6,916,016)	\$ -	\$ 279,410	\$ (6,636,606)

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, 2022

	Pharr Housing Finance Corporation	PHFC Jackson Place Apartments	Pharr Economic Development Corporation, Inc.	Greater Pharr Chamber	Total
Expenses					
Salaries	\$ -	\$ 395,652	\$ -	\$ 146,475	\$ 542,127
Supplies	-	49,482	-	38,644	88,126
Economic development	-	-	-	67,566	67,566
Repairs and maintenance	-	798,400	-	-	798,400
Depreciation expense	-	619,976	-	7,170	627,146
Debt interest	-	1,557,873	-	-	1,557,873
Total component unit	-	3,421,383	-	259,855	3,681,238
General Revenues					
Rent revenue	-	3,241,198	-	-	3,241,198
Sales taxes	-	-	-	-	-
Memberships	-	-	-	41,215	41,215
Investing earnings	-	34	-	1,898	1,932
Other	-	234,059	-	38,530	272,589
Net City contributions	-	-	-	184,700	184,700
Total general revenues & transfers	-	3,475,291	-	266,343	3,741,634
Changes in net position					
Net position - beginning	-	53,908	-	6,488	60,396
Prior period adjustment	(877,352)	(8,077,670)	15,827,777	266,286	7,139,041
Net position - ending	877,352	1,107,746	(15,827,777)	6,636	(13,836,043)
	\$ -	\$ (6,916,016)	\$ -	\$ 279,410	\$ (6,636,606)

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



NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Pharr, Texas (City) was 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, planning and zoning, and general administrative services. Enterprise funds are used to account for the operations of its utility, EMS, TeamPharr.net, 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 States 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 (AICPA) 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 is comprised of 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 can 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 substantially the same as the City Commission and (1) there is a financial benefit or burden between the primary government and the component unit (2) city management holds power on the organization.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Reporting Entity (Continued)

The City has four blended component units: Tax Increment Reinvestment Zone No. 1, Tax Increment Reinvestment Zone No. 2, Pharr Economic Development Corporation, Inc. II, and Pharr Housing Finance Corporation.

Tax Increment Reinvestment Zone No. 1 - In March 2012, the City Commissioners created the Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1). TIRZ No. 1 is a separate entity with its own EIN; the entity has a total of four (4) board members, three (3) of which are part of the City's Board of Commissioners. TIRZ No. 1 board serves as an advisory board; any projects or changes in the entity will have to be approved by the City's commission to be executed. TIRZ No. 1 has no active employees, so all administrative documentation is done by the City's staff and approved by city management.

TIRZ No. 1 was created by ordinance No. O-2011-46 in September 2011 to provide a financing mechanism to facilitate a high-quality development in the Pharr area. TIRZ No. 1 is set to expire on January 1, 2051, or 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. The City contributes 50% of the agreed contributions every year; payments and disbursements need to be approved by the City Manager.

Tax Increment Reinvestment Zone No. 2 - In February 2015, the City Commissioners created the Tax Increment Reinvestment Zone No. 2 (TIRZ No. 2). TIRZ No. 2 is a separate entity with its own EIN. The entity, just like TIRZ No. 1, has a total of four (4) board members, of which three (3) of them are part of the City's board of commissioners. The board is only an advisory board. Any changes on the entity will need to be approved by the City's Commission, and all documentation is prepared by city staff and approved by the City Manager.

TIRZ No. 2 was created by ordinance No. O-2015-52 in November 2015 established to provide a financing mechanism to facilitate a high-quality development in the Pharr area, TIRZ No. 2 is set to expire on January 1, 2035, or the date when all project costs are paid and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 2 can be obtained by request at the following address: TIRZ No. 2 P.O. Box 1729 Pharr, TX 78577. The City contributes 50% of the agreed contributions every year. Also, payments and disbursements need to be approved by the City Manager.

Pharr Economic Development Corporation II, Inc. – (PEDC) is a nonprofit development corporation organized for the purpose of promoting the general economic welfare of the City. The component unit may offer incentives to local businesses for the enhancement of the community. While PEDC does not provide services directly to the City, all activities benefit the City's economic growth by bringing more funding and economic resources to the City.

Sales taxes are collected under Section 4B of the Development Corporation Act of 1979 for these purposes. Voted for 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, its main revenue source. PEDC is considered a blended component unit due to its relationship with the primary government. PEDC board members cannot add or remove a board member without city commission approval. Also, all policies and program administration shall be submitted for City commission approval and PEDC board shall administer said programs accordingly.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Reporting Entity (Continued)

Recently PEDC and the City joined forces to increase the quality of life of the Pharr citizens by investing in broadband infrastructure. The PEDC is funding the project while the City manages the construction and services. 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 Housing Finance Corporation- In November 2015, the entity was created to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, which is to provide financially residential ownership and development to 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 people who are members of the governing body of the City and whose terms of office shall be fixed by and run conterminously with their respective terms of office on such governing body of the City.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's component units. The units are 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 can impose its will on the organizations. These component units subscribe to the accounting policies and procedures of the primary government.

The Greater Pharr Chamber of Commerce is a nonprofit corporation establish on April 16, 2018, to create an environment in which Pharr businesses can succeed and thrive and promote economic development by providing community events and to increase tourism in the City of Pharr. The Chamber has management different from the primary government which is responsible for overseeing and approving financial operations and decisions concerning the organization. Separate financial statements issued by the Chamber of Commerce can be obtained by request at 1215 South Cage Blvd, Pharr, Texas 78577.

PHFC Jackson Place Apartments- The entity was created with the purpose of providing moderate-income citizens with affordable housing. The apartments started operations in June 2017. All revenues generated by the Jackson Place Apartments will be used to repay the construction loan from CTL Capital LLC. The City entered into an agreement with Home Springs Residential Management Company and gave them authority to manage the entity. PHFC Jackson Place Apartments is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all 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 a 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 the City's 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

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 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 in the statement of net position 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Types and Major Funds

Governmental Funds

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.

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.
- *PEDC Fund* – is a nonprofit industrial development corporation organized for the purpose of promoting, assisting, and enhancing economic development activities for the City.
- *Covid Relief Fund* – reports funds available from covid assistant grants received.

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.
- *Pharr EMS* - accounts for the operations of the emergency medical service provided by the City.
- *TeamPharr.net* - accounts for the operations of the internet service provided by the City.
- *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 and health insurance. These are proprietary funds that are reported with governmental activities in the government-wide financial statements because most of the 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity

1. Cash and Investments

All cash collections are pooled into common pooled accounts 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 is available upon demand and are "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 can 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.

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 the Hidalgo 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.

3. Inventories

The inventories are recorded at cost and are accounted for by the consumption method. Inventories are reflected as non-spendable fund balance.

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."

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity (Continued)

4. Receivables and Payables (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectible. The three main receivables that contain allowances are 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. As of 2017, the City has a 100% allowance for warrants older than 10 years.

5. Transactions Between Funds

Legally authorized transfers are treated as inter-fund 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 or donated works of art are valued at their acquisition value on the donated date. 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

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual, and sick leave balances. The City's policy allows employees to accumulate unused sick leave 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)

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 (Continued)

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. 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

GASB No. 54 establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources; it also provides for two major types of fund balances which are non-spendable and spendable.

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)

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 are 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. The City does not have any material prepaid items or non-spendable funds related to an endowment.

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 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.

-Assigned: Fund balances that contain self-imposed constraints of the government to be used for a purpose. The responsibility to assign funds rests with the City Manager.

-Unassigned: Fund balance of the general fund that is not constrained for any 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 positions 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 having been spent first out of committed, then assigned, then unassigned funds.

13. Leases

GASB Statement No. 87, Leases, was adopted during fiscal year 2022 and retroactively implemented. The Statement 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 the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor is required to recognize a lease asset receivable and a deferred inflow of resources.

Leases are defined by GASB No. 87 as a contract that conveys control of the right to use another entity's nonfinancial assets as specified in the contract for a period in an exchange or exchange-like transaction.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity (Continued)

13. Leases (Continued)

- **City as Lessor**

The city should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term which is no longer than 120 months.

- **City as a Lessee**

The city recognizes lease liability and an intangible right-to-use lease asset at the beginning of a lease. In general, the lease liability and the right-to-use lease assets are measured based on the present value of the expected payments during the term of the lease which is no longer than 48 months.

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 is 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 appropriate budget is prepared by fund, function, and department. The City's department heads 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.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

1. Budget Policy and Practice (Continued)

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.

As of September 30, 2022, the City of Pharr Commissioners approved two (2) Budget Amendments with a net effect of \$5,514,300 in the general fund, \$6,850,600 and \$8,047,200 in EMS and Fiber fund respectively. In all funds, the expenditures exceeded revenues, for which all funding was available in cash on hand.

B. Excess of General Fund Expenditures over Appropriations

In FY 21-22, expenses in certain general fund departments exceeded their budgeted amount. These expenditures over budget are mainly due to the new implementation of GASB No. 87. The IT department had to cover some starting costs for the operation of the new internet services, and lastly two incentives payments covered by the excess sales taxes. The departments and excess expenditures are listed below.

<u>Department</u>	<u>Amount</u>
IT	\$ 311,965
Grants	17,421
Police	860,281
Fire	698,560
Highways and streets	326,543
Animal control	17,177
Parks	513,787
Economic development	669,370
	<u>\$ 3,415,104</u>

C. Budget Basis of Accounting

The City prepares its annual budget on a 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 how debt service transactions, capital outlay purchases, and the recording of bond/loan proceeds are reported.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

D. Finance-Related Legal and Contractual Provisions

In accordance with GASB 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:

Violations in relation to Bond proceeds

Bond proceeds need it to have its own bank account and money was deposited on the operating account.

Action: Money was already depleted by the time this report was issued so no action was taken.

A revenue fund bank account was not created, and revenue fund was not established by PEDC.

Action: A new bank account will be created, and amounts required will be added to the account.

E. Deficit Fund Equity/Net Position

Capital project funds show a negative fund balance due to additional expenses for the completion of several projects that bond proceeds did not cover. Also, the discretely component unit PHFC Jackson Place Apartments shows a deficit in net position due to high loan payments. The investment for the construction of the apartments has not been able to recover up to this date.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

F. Prior Period Adjustment

Prior period adjustments (PPA) were needed in several funds to properly state the correct financial position of the City. In fiscal year 19-20, PEDC and Chamber were reported as blended component unit, for FY 20-21, both entities changed to discretely presented component unit to comply with GASB No 61. Due to the relation between PEDC and the city, PEDC went back to being presented as a blended component unit of the City. PPA for component units and others are listed below.

During FY 21-22, PPA adjustments were needed in the City's enterprise funds to correct some constructions payments, EMS revenues and receivables, and the new implementation of the GABS No. 87 in bridge fund. The PPA are reflected in the table below.

<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Governmental Funds:		
<u>General Fund:</u>		
To correct prior year receivables	\$ 319,228	
To correct prior year payables	(725,492)	
To adjust event center end balances	284,042	
To correct 60 day property tax accrual	1,429,867	
To adjust payroll accounts	<u>359,343</u>	
		<u>\$ 1,666,988</u>
<u>PEDC:</u>		
To adjust PEDC 2021 ending balance	8,398,157	
To adjust receivables	(43,967)	
To adjust payables	10,579	
To adjust deferred loans	<u>604,635</u>	
		<u>8,969,404</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

F. Prior Period Adjustment (Continued)

<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Governmental Funds:		
<u>Other:</u>		
To adjust prior receivables	1,365	
To correct prior-year unearned revenue	570,432	
To correct deferred revenue TIRZ #1 & #2	(447,118)	
PHFC balances	(877,352)	
To correct deferred revenue	91,541	
To adjust 60 day property tax accrual	379,466	
Total Governmental Fund Adjustment		(281,666)
		<u>10,354,726</u>
Government-Wide Adjustments		
To adjust PEDC long-term debt	(2,541,284)	
To adjust prior long-term debt	130,032	
To adjust prior year capital assets	129,604	
To adjust PEDC capital assets	9,500,977	
To adjust prior city garage adjustment	(1,036)	
To adjust PEDC compensated absences	(118,765)	
To adjust property tax revenue	(1,809,333)	
To adjust pension liability	2,073,393	
To adjust OPEB liability	312,002	
		7,675,590
Total prior period adjustment		<u>\$ 18,030,316</u>

<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Proprietary Funds:		
<u>Enterprise Fund: Utility Fund</u>		
To correct accounts receivable	\$ (149,111)	
To correct construction in process	1,454,463	
To adjust pension liability	(82,408)	
To adjust OPEB liability	(556,801)	
To adjust prior year payables	(89,889)	
		<u>\$ 576,254</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

F. Prior Period Adjustment (Continued)

<u>Purpose of Prior Period Adjustment</u>	<u>Amount</u>	<u>Total</u>
Proprietary Funds:		
<u>Enterprise Fund: EMS Fund</u>		
To adjust revenues and receivables	(4,149,322)	
To adjust pension liability	(1,299,390)	
To adjust OPEB liability	<u>(196,416)</u>	
		<u>(5,645,128)</u>
 <u>Enterprise Fund: Event Center</u>		
To adjust balance to closeout fund	1,117	
		<u>1,117</u>
 <u>Enterprise Fund: Bridge Fund</u>		
To reflect GASB 87 prior year amounts	46,561	
To adjust pension liability	(203,924)	
To adjust OPEB liability	<u>(32,110)</u>	
		<u>(189,473)</u>
 <u>Enterprise Fund: Golf Fund</u>		
To adjust prior year lease payable	57,498	
To adjust lease GASB 87	(14,698)	
To adjust pension liability	(105,136)	
To adjust OPEB liability	<u>(18,557)</u>	
		<u>(80,893)</u>
Total Proprietary Fund Adjustment		<u><u>\$ (5,338,123)</u></u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

The 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 enough 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.

On September 30, 2022, the carrying amount of all the City's bank deposits was \$181,228, 925. The City has two depository accounts: Lone Star National Bank (LSNB) and Texas Regional Bank.

	Balance
<u>LSNB and Texas Regional Bank Depository Account-City of Pharr</u>	<u>September 30, 2022</u>
Insured	\$ 250,000
Security collateral issued by pledging bank's trust - Lone Star National bank	149,430,472
Security collateral issued by pledging bank's trust - Texas Regional Bank	34,137,279
(over-collateralized)/under-collateralized	<u>(2,588,826)</u>
Total deposits	<u><u>\$ 181,228,925</u></u>

Also, as of September 30, 2022, the carrying amount of PEDC was \$24,144,995. The blended component unit uses Lone Star National bank as a depository bank.

	Balance
<u>LSNB Depository Account- PEDC</u>	<u>September 30, 2022</u>
Insured	\$ 250,000
Security collateral issued by pledging bank's trust department in the City's name	26,008,593
(over-collateralized)/under-collateralized	<u>(2,113,598)</u>
Total deposits	<u><u>\$ 24,144,995</u></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. At some point during the year, Texas Regional Bank could not provide enough collateral to cover the City's deposits; the City addressed this issue, and as of the date of this report, money has been transferred to another institution to secure the funds.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

A. Deposits and Investments (Continued)

1. Deposits (Continued)

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- a. Depository: **LSNB and Texas Regional Bank**
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was **\$205,192,498.**
- c. The highest combined balances of cash accounts amounted to **\$193,486,998** and occurred during **April 2022.**
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000 during September 2022.

Restricted cash is defined as the cash balances restricted by the funder for a specific purpose. Total restricted cash at the end of September 30, 2022, amounted to \$158,950,878 with **\$4,906,558 that is classified as cash with fiscal agent,** which was covered by collateral held in the fiscal agents' trust departments, but not in the City's name. The balance on Texas Regional Bank of \$34.8M is under the City's name but has the Texas Water Development Board as escrow agent. The remaining balance are bond proceeds under the City's name. The trust department pledges a pool of collateral against all trust deposits it holds. Banc of America leasing company, U.S. Bank Corp. are the City's fiscal agents.

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 the 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 establishes appropriate policies. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

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:

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

A. Deposits and Investments (Continued)

2. Investments (Continued)

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.

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 emphasized.

The City followed its diversification investment guidelines. At the beginning of year, all deposits were placed into LSNB due to a previous depository agreement given a rate of return of 2%, now with a renewed agreement, rates are lower, and diversification is even needed more.

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's investment activity as of September 30, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Market Value
Texpool Investments	\$ 2,143,612	\$ 15,337	\$ -	\$ 2,158,949	\$ 2,158,949
Texpool Investments	5,000,329	35,517	-	5,035,846	5,035,846
LSNB-CD	309,473	-	309,473	-	-
LSNB-CD	300,000	-	300,000	-	-
Total	<u>\$ 7,753,414</u>	<u>\$ 50,854</u>	<u>\$ 609,473</u>	<u>\$ 7,194,795</u>	<u>\$ 7,194,795</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

A. Deposits and Investments (Continued)

2. Investments (Continued)

GASB No. 79 requires additional note disclosure requirements for qualifying external investment pools that measure all 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

1. Receivables for the City on September 30, 2022, were as follows:

	Governmental Activities			Business-Type Activities					
	General	Other	Total	Utility	Fiber	EMS	Bridge	Golf	Total
Property taxes	\$ 2,191,694	\$ 723,121	\$ 2,914,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Warrants	6,864,676	-	6,864,676	-	-	-	-	-	-
Sales Tax	3,641,952	1,213,984	4,855,936	-	-	-	-	-	-
Notes	-	521,857	521,857	-	-	-	-	-	-
Accounts	1,276,438	347,045	1,623,483	4,152,831	932	12,033,520	47,855	18,647	16,253,785
Intergovernmental	-	-	-	-	-	317,989	-	-	317,989
Lease	-	266,447	266,447	-	-	-	1,896,500	-	1,896,500
PHFC	-	-	-	-	-	-	-	-	-
Jackson Place Apts	4,139,822	-	4,139,822	-	-	-	-	-	-
Other	1,004,283	901,840	1,906,123	-	-	1,615	-	-	1,615
Gross receivables	19,118,865	3,974,294	23,093,159	4,152,831	932	12,353,124	1,944,355	18,647	18,469,889
Less; allowance for uncollectible	(6,552,769)	(415,444)	(6,968,213)	(921,014)	-	(11,033,520)	-	-	(11,954,534)
Net total receivable	\$ 12,566,096	\$ 3,558,850	\$ 16,124,946	\$ 3,231,817	\$ 932	\$ 1,319,604	\$ 1,944,355	\$ 18,647	\$ 6,515,355

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

B. Receivables (Continued)

In the Notes Receivable for the Pharr Economic Development Corporation, the loan to Rosita's Taste of the Valley was granted a loan forgiven with Covid relief awarded to small businesses by PEDC. As of September 30, 2022, the loan for Rosita's Taste of the Valley was paid off. Notes Receivable balances as of September 30, 2022, are as follows:

Note	Outstanding Balance As of 10/1/2021	Increases	Decreases	Outstanding Balance As of 9/30/2022
Reyes Garza, 05/13/2012, for the amount of \$27,022 at an interest rate of 6.00% with maturity on April 13, 2027.	\$ 14,794	\$ -	\$ -	\$ 14,794
Rosita's Taste of the Valley, 02/06/2017, for the amount of \$62,000 at an interest rate of 5% with maturity on February 06, 2022.	20,251	-	20,251	-
Trancasa, 02/15/18, for the amount of \$600,000 at an interest rate of 6.00% with maturity on March 15, 2026.	569,591	-	118,417	451,174
Totals	\$ 604,636	\$ -	\$ 138,668	\$ 465,968

C. Payables

Payables for the City on September 30, 2022, were as follows:

	Governmental Activities	Business-Type Activities						
	Governmental	Utility	EMS	TeamPharr.net	Bridge	Golf	Business- Type Total	Total
Vendors	\$ 9,491,911	\$ 777,747	\$ 283,225	\$ 57,527	\$ 1,081,640	\$ 79,891	\$ 2,280,030	\$ 11,771,941
Salaries & benefits	1,859,291	-	-	-	-	-	-	1,859,291
Retainage fees	886,404	-	-	-	-	-	-	886,404
Accrued interest	1,053,421	-	-	-	294,322	-	294,322	1,347,743
Customer deposit payable	-	653,164	-	-	-	-	653,165	653,165
Total payables	\$ 13,291,027	\$ 1,430,911	\$ 283,225	\$ 57,527	\$ 1,375,962	\$ 79,891	\$ 3,227,517	\$ 16,518,544

D. Escrows

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.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

D. Escrows (Continued)

At the end of the current fiscal year, the various components of unearned revenue were mainly escrow liability accounts, which are comprised of the following:

	<u>September 30, 2022</u>
Water & sewer	\$ 111,640
Police	123,573
Media	52,323
Fire	124,024
Library	256,821
Public works	67,771
Planning & zoning	276,047
Court	340,889
Communications	242,505
Subdivision and improvements	1,388,954
Other	243,117
Total	<u>\$ 3,227,664</u>

E. Interfund Balances

The City reports interfund balances due between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheets for governmental and enterprise funds. The interfund balances are operational and short-term in nature. Interfund balances on September 30, 2022, consisted of the following:

General Fund		PURPOSE
DUE FROM:		
<u>Governmental Funds:</u>		
CDBG	\$ 231,501	To advance funds for administrative expenditures
Grant Fund	193,537	To advance funds for expenditures
Utility	2,356,458	To advance funds for payroll expenditures/ general operations
Fiber	240,337	To advance funds for startup operating expenses
PEDC	270,392	To advance funds for expenditures
EMS	1,592,741	To advance funds for payroll/operations expenditures
City Garage	6,077	To advance funds for payroll expenditures
Bridge	44,688	To advance funds for payroll expenditures
PHFC	877,467	To advance funds for expenditures
TIRZ #1	10,000	To advance funds for expenditures
TIRZ #2	548,061	To advance funds for expenditures
Golf	24,823	To advance funds for payroll expenditures
General Fund	<u>\$ 6,396,082</u>	
Bridge	\$ 241,000	For PEDC Foundation scholarships
PEDC Fund	<u>\$ 241,000</u>	
Grant Fund	\$ 107,554	To advance funds for expenditures
Capital Projects	<u>\$ 107,554</u>	
Grand Total	<u>\$ 6,744,636</u>	

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets

Capital asset activity for the year ended September 30, 2022, 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>Lease assets under GASB No 87</i>					
Machinery and equipment	\$ -	\$ -	\$ -	\$ 2,681,571	\$ 2,681,571
Total leases assets under GASB No 87	-	-	-	2,681,571	2,681,571
<i>Capital assets, not being depreciated:</i>					
Land and right of way	14,818,552	2,627,523	-	-	17,446,075
Construction in progress	40,258,085	49,040,748	39,456,437	3,237,346	53,079,742
Total capital assets, not being depreciated	55,076,637	51,668,271	39,456,437	3,237,346	70,525,817
<i>Capital assets, being depreciated:</i>					
Buildings	43,440,091	39,456,437	-	-	82,896,528
Machinery and equipment	33,748,318	2,475,398	-	-	36,223,716
Improvements other than buildings	62,557,175	2,750,299	-	-	65,307,474
Infrastructure	90,537,597	662,854	-	-	91,200,451
Total capital assets, being depreciated	230,283,181	45,344,988	-	-	275,628,169
Less accumulated depreciation/amortization for:					
Buildings	16,144,339	1,173,406	-	(54,186)	17,263,559
Machinery and equipment	25,885,972	2,079,879	-	254,146	28,219,997
Improvements other than buildings	8,131,737	3,031,914	-	(98,885)	11,064,766
Infrastructure	61,877,655	1,715,355	-	-	63,593,010
Total accumulated depreciation	112,039,703	8,000,554	-	101,075	120,141,332
Total capital assets, being depreciated, net	118,243,478	37,344,434	-	(101,075)	155,486,837
Total capital assets	173,320,115	89,012,705	39,456,437	5,817,842	228,694,225

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Component Unit - Blended PEDC					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	\$ 4,858,106	\$ -	\$ -	\$ -	\$ 4,858,106
Construction in progress	3,237,346	-	-	(3,237,346)	-
Total capital assets, not being depreciated	8,095,452	-	-	(3,237,346)	4,858,106
<i>Capital assets, being depreciated:</i>					
Buildings	747,170	-	-	-	747,170
Improvement other than buildings	1,640,656	-	-	-	1,640,656
Machinery and equipment	193,685	49,441	-	-	243,126
Total capital assets, being depreciated	2,581,511	49,441	-	-	2,630,952
Less accumulated depreciation for:					
Buildings	490,113	28,089	-	-	518,202
Improvement other than buildings	563,648	96,468	-	-	660,116
Machinery and equipment	121,153	13,386	-	23,564	158,103
Total accumulated depreciation	1,174,914	137,943	-	23,564	1,336,421
Total capital assets, being depreciated, net	1,406,597	(88,502)	-	(23,564)	1,294,531
Total capital assets	9,502,049	(88,502)	-	(3,260,910)	6,152,637
Governmental activities capital assets	\$ 182,822,164	\$ 88,924,203	\$ 39,456,437	\$ 2,556,932	\$ 234,846,862

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

Business-Type Activities:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<i>Leases assets under GASB No 87</i>					
Machinery and equipment	\$ -	\$ -	\$ -	\$ 4,458,486	\$ 4,458,486
Total lease assets under GASB No 87	-	-	-	4,458,486	4,458,486
<i>Capital assets, not being depreciated:</i>					
Water rights	3,450,000	4,300,000	-	-	7,750,000
Land and right of way	6,897,338	-	-	-	6,897,338
Construction in progress	12,515,679	11,922,179	-	-	24,437,858
Total capital assets, not being depreciated	22,863,017	16,222,179	-	-	39,085,196
<i>Capital assets, being depreciated:</i>					
Buildings	34,748,599	-	-	-	34,748,599
Machinery and equipment	25,593,582	2,530,931	-	285,714	28,410,227
Improvements other than buildings	15,314,449	1,132,146	-	-	16,446,595
Infrastructure	157,319,779	1,419,293	-	(839)	158,738,233
Total capital assets, being depreciated	232,976,409	5,082,370	-	284,875	238,343,654
Less accumulated depreciation for:					
Buildings	19,757,063	758,109	-	-	20,515,172
Machinery and equipment	20,137,975	1,922,953	-	463,791	22,524,719
Improvements other than buildings	4,705,823	1,018,984	-	-	5,724,807
Infrastructure	56,706,854	4,762,155	-	15,809	61,484,818
Total accumulated depreciation	101,307,715	8,462,201	-	479,600	110,249,516
Total capital assets, being depreciated, net	131,668,694	(3,379,831)	-	(194,725)	128,094,138
Business-Type activities capital assets, net	154,531,711	12,842,348	-	4,263,761	171,637,820
Total Primary Government	\$ 337,353,875	\$ 101,766,551	\$ 39,456,437	\$ 6,820,693	\$ 406,484,682

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Component Unit - Discretely Presented Chamber					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-	-
<i>Capital assets, being depreciated:</i>					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	35,848	-	-	-	35,848
Total capital assets, being depreciated	35,848	-	-	-	35,848
Less accumulated depreciation					
Buildings	-	-	-	-	-
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	12,547	7,170	-	-	19,717
Total accumulated depreciation	12,547	7,170	-	-	19,717
Total capital assets, being depreciated, net	\$ 23,301	\$ (7,170)	\$ -	\$ -	\$ 16,131

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Component Unit - Discretely Presented Presented JPA					
<i>Capital assets, not being depreciated:</i>					
Land and right of way	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Total capital assets, not being depreciated	1,500,000	-	-	-	1,500,000
<i>Capital assets, being depreciated:</i>					
Buildings	26,502,558	-	-	-	26,502,558
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	153,683	-	-	-	153,683
Total capital assets, being depreciated	26,656,241	-	-	-	26,656,241
Less accumulated depreciation					
Buildings	2,944,728	588,946	-	(1,177,891)	2,355,783
Improvement other than buildings	-	-	-	-	-
Machinery and equipment	100,031	31,030	-	-	131,061
Total accumulated depreciation	3,044,759	619,976	-	(1,177,891)	2,486,844
Total capital assets, being depreciated, net	23,611,482	(619,976)	-	1,177,891	24,169,397
Total Discretely Presented Component Units Capital Assets	\$ 25,134,783	\$ (627,146)	\$ -	\$ 1,177,891	\$ 25,685,528

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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, 2022:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance	Due Within One Year
Governmental Activities						
Certificates of obligation	\$ 67,085,000	\$ 54,615,000	\$ 2,940,000	\$ -	\$ 118,760,000	\$ 3,220,000
Unamortized premium/(discount)	4,005,937	-	247,785	-	3,758,152	-
Capital equipment loans	6,159,708	1,608,000	1,716,460	(129,034)	5,922,214	1,898,670
CDBG section 108 note payable	2,950,000	-	295,000	-	2,655,000	295,000
LSNB tax notes	3,657,499	-	1,071,360	18	2,586,157	1,118,660
Other post employment benefits	1,384,039	171,373	-	(160,129)	1,395,283	-
Accrued compensated absences	5,774,454	3,474,160	2,935,401	-	6,313,213	1,554,390
Accrued compensated absences - PEDC	-	28,928	-	118,765	147,693	60,784
Net pension liability	5,655,804	8,277,867	-	(3,441,855)	10,491,816	-
Leases - GASB 87	-	-	-	2,444,306	2,444,306	-
Total Governmental Activities	\$ 96,672,441	\$ 68,175,328	\$ 9,206,006	\$ (1,167,929)	\$ 154,473,834	\$ 8,147,504
Business-Type						
Revenue bonds payable	\$ 89,999,000	\$ 20,945,000	\$ 2,384,000	\$ -	\$ 108,560,000	\$ 2,441,000
Refunding revenue bonds payable	11,865,000	-	2,240,000	-	9,625,000	1,590,000
Unamortized premium/(discount)	10,046,634	2,820,175	430,520	-	12,436,289	-
Capital equipment loans	2,722,238	2,548,000	2,023,643	(2,281)	3,244,314	775,929
Accrued compensated absences	823,244	660,258	551,674	(4,610)	927,218	232,381
Net pension liability	-	-	-	3,441,855	3,441,855	-
Other post employment benefits	-	-	-	457,725	457,725	-
Leases - GASB No 87	-	-	-	4,116,077	4,116,077	-
Total Business-Type Activities	\$ 115,456,116	\$ 26,973,433	\$ 7,629,837	\$ 8,008,766	\$ 142,808,478	\$ 5,039,310

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

Long-term bond and revenue supported obligations outstanding on September 30, 2022, are comprised of the following:

	Original Issuance	Series	Type	Name	Payment Installments		Installments		Interest Rates		Payment Through	Current Balance
					Installments	Lowest	Lowest	Highest	Lowest	Highest		
Governmental Activities	\$ 7,625,000	2012	Certificate of Obligation	CO	Annual	\$ 295,000	\$ 295,000	\$ 535,000	0.60%	4.98%	8/15/2032	\$ 3,380,000
	\$ 14,290,000	2016	Certificate of Obligation	CO	Annual	\$ 190,000	\$ 190,000	\$ 1,035,000	1.13%	3.60%	2/15/2036	12,805,000
	\$ 17,240,000	2017	Certificate of Obligation	CO	Annual	\$ 355,000	\$ 355,000	\$ 2,640,000	1.45%	2.79%	8/15/2031	13,085,000
	\$ 16,440,000	2018	Certificate of Obligation	CO	Annual	\$ 70,000	\$ 70,000	\$ 1,440,000	2.08%	3.52%	8/15/2038	14,305,000
	\$ 25,000,000	2020	Certificate of Obligation	CO	Annual	\$ 890,000	\$ 890,000	\$ 2,625,000	3.00%	3.00%	8/15/2039	20,570,000
	\$ 54,615,000	2021	Certificate of Obligation	CO - PEDC	Annual	\$ 1,645,000	\$ 1,645,000	\$ 3,740,000	4.50%	4.06%	8/15/2046	54,615,000
									Subtotal-Certificate of Obligation			118,760,000
	\$ 7,300,000	2017	Tax Notes	TN	Monthly	\$ 941,000	\$ 941,000	\$ 1,167,000	4.25%	4.25%	12/1/2024	\$ 2,586,157
									Subtotal-Tax Notes			2,586,157
	\$ 5,600,000	2017	HUD Section 108 Loan	HUD 108	Annual	\$ 294,000	\$ 294,000	\$ 295,000	1.28%	1.73%	8/15/2031	\$ 2,655,000
									Subtotal-Section 108 Loan			2,655,000
									Governmental Total			\$ 124,001,157
Business-Type Activities	\$ 13,310,000	2007A	Revenue Bonds - DWSFR	WW & SS	Annual	\$ 380,000	\$ 380,000	\$ 1,075,000	2.35%	3.50%	9/1/2027	\$ 5,080,000
	\$ 10,000,000	2007B	Revenue Bonds - NADBANK	WW & SS	Annual	\$ 385,000	\$ 385,000	\$ 685,000	3.75%	3.75%	9/1/2027	3,200,000
	\$ 8,725,000	2013	Revenue Bonds - DWSFR	WW & SS	Annual	\$ 255,000	\$ 255,000	\$ 400,000	0.00%	2.71%	9/1/2042	6,425,000
	\$ 1,762,000	2015	Revenue Bonds - DWSFR	WW & SS	Annual	\$ 72,000	\$ 72,000	\$ 117,000	0.59%	4.10%	9/1/2035	1,244,000
	\$ 18,150,000	2020A	Revenue Bonds - CWSFR	WW & SS	Annual	\$ 115,000	\$ 115,000	\$ 780,000	0.03%	0.22%	9/1/2049	17,730,000
	\$ 13,880,000	2020B	Revenue Bonds - CWSFR	WW & SS	Annual	\$ 115,000	\$ 115,000	\$ 590,000	0.04%	0.32%	9/1/2049	13,460,000
	\$ 37,425,000	2021	Revenue Bonds - CT&IBR	CT & IBR	Annual	\$ 1,395,000	\$ 1,395,000	\$ 2,850,000	3.00%	5.00%	8/15/2041	37,425,000
	\$ 3,157,000	2021	Revenue Bonds - CT&WR	WW & SS	Annual	\$ 105,000	\$ 105,000	\$ 106,000	0.00%	0.00%	8/15/2051	3,051,000
	\$ 20,945,000	2021	Revenue Bonds - CT&IBR	CT & IBR	Annual	\$ 580,000	\$ 580,000	\$ 1,355,000	2.00%	2.80%	8/15/2046	20,945,000
									Subtotal-Revenue Bonds			\$ 108,560,000
	\$ 9,755,000	2005A	Refunding Bonds	CT & IBR	Annual	\$ 510,000	\$ 510,000	\$ 740,000	3.63%	4.50%	8/15/2022	\$ -
	\$ 18,000,000	2017	Refunding Bonds	WW & SS	Annual	\$ 1,220,000	\$ 1,220,000	\$ 2,160,000	3.29%	3.62%	8/15/2028	9,625,000
									Subtotal-Refunding Bonds			\$ 9,625,000
									Business-Type Total			\$ 118,185,000

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

1. Bonds Payable

Debt service requirements of bonds payable on September 30, 2022, are as follows:

Year Ended September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 4,338,660	4,826,193	\$ 9,164,853	\$ 4,031,000	\$ 4,499,739	\$ 8,530,739
2024	4,782,593	4,716,777	9,499,370	5,557,000	2,509,676	8,066,676
2025	5,090,500	4,587,083	9,677,583	6,344,000	2,374,662	8,718,662
2026	5,220,000	4,404,829	9,624,829	6,587,000	2,168,026	8,755,026
2027	5,470,000	4,206,271	9,676,271	6,829,000	1,951,842	8,780,842
2028-2033	35,900,000	20,644,215	56,544,215	26,921,000	8,126,396	35,047,396
2034-2050	57,958,247	15,774,985	73,733,232	61,916,000	7,081,230	68,997,230
Grand total	<u>\$ 118,760,000</u>	<u>\$ 59,160,353</u>	<u>\$ 177,920,353</u>	<u>\$ 118,185,000</u>	<u>\$ 28,711,571</u>	<u>\$ 146,896,571</u>

2. Tax Notes Payable

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,118,660	\$ 115,247	\$ 1,233,907
2024	1,167,708	66,199	1,233,907
2025	299,789	15,472	315,261
Grand total	<u>\$ 2,586,157</u>	<u>\$ 196,918</u>	<u>\$ 2,783,075</u>

3. Notes Payable

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 295,000	\$ 83,662	\$ 378,662
2024	295,000	75,075	370,075
2025	295,000	66,345	361,345
2026-2030	1,770,000	205,084	1,975,084
Grand total	<u>\$ 2,655,000</u>	<u>\$ 430,166</u>	<u>\$ 3,085,166</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

4. Leases Liability under GASB No. 87

Year Ended September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 678,650	85,420	\$ 764,070	\$ 450,886	\$ 181,531	\$ 632,417
2024	706,299	57,771	764,070	455,491	1,645,098	2,100,589
2025	681,666	29,261	710,927	431,189	122,545	553,734
2026	377,691	5,698	383,389	437,551	105,295	542,846
2027	-	-	-	409,640	88,750	498,390
2028-2033	-	-	-	1,931,320	184,456	2,115,776
Grand total	<u>\$ 2,444,306</u>	<u>\$ 178,150</u>	<u>\$ 2,622,456</u>	<u>\$ 4,116,077</u>	<u>\$ 2,327,675</u>	<u>\$ 6,443,752</u>

5. Capital Equipment Leases Payable

Capital leases payable on September 30, 2022, is comprised of the following issues:

Capital Leases	Governmental	Business-Type	Total
\$2,685,000 lease payable, due in annual installments of \$325,947 including interest, through January 2026 at 3.69% LED Lighting Project Citywide.	1,191,850	-	1,191,850
\$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	38,648	-	38,648
\$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	418,602	-	418,602
\$482,200 lease payable, due in quarterly installments of \$25,638 including interest, through October 15, 2022; interest 2.62% All fund used to purchase Parks and Bridge equipment.	23,411	2,060	25,471
\$2,897,100 lease payable, due in quarterly installments of \$113,435 including interest, through October 15, 2024; interest 2.78% All funds used to purchase city vehicles, public utilities equipment, bridge office expansion and golf house renovations.	149,116	837,195	986,311
\$955,000 lease payable, due in quarterly installments of \$27,489 including interest, through October 15, 2027; interest 2.97% All funds used for citywide air conditioning repairs, fire equipment and irrigation repairs for the golf course.	460,087	72,498	532,585
\$200,000 lease payable, due in quarterly installments of \$10,827 including interest, through August 31, 2023; interest 3.41% All funds used for International Bridge security cameras.	-	42,400	42,400

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

5. Capital Equipment Leases Payable (Continued)

Capital Leases	Governmental	Business-Type	Total
\$212,000 lease payable, due in quarterly installments of \$11,374 including interest, through December 15, 2022; interest 3.02% All funds used to purchase fire and IT equipment, golf course replacement for old gator carts for greens.	52,459	3,148	55,607
\$138,000 lease payable, due in quarterly installments of \$5,462 including interest, through October 31, 2024; interest 3.12% All funds used to purchase general fund equipment and golf course equipment.	59,972	7,314	67,286
\$3,695,500 lease payable, due in quarterly installments of \$193,031 including interest, through December 6, 2024; interest 2.37% All funds used to purchase general fund equipment and fund the bridge office expansion.	762,113	-	762,113
\$1,788,000 lease payable, due in quarterly installments of \$70,435 including interest, through November 23, 2030; interest 1.385% All funds used to purchase general fund equipment .	1,327,277	-	1,327,277
\$4,156,000 lease payable, due in quarterly installments of \$157,372 including interest, through November 01, 2028; interest 1.756% All funds used to purchase general fund equipment and utility fund equipment.	1,438,679	2,279,699	3,718,378
	<u>\$ 5,922,214</u>	<u>\$ 3,244,314</u>	<u>\$ 9,166,528</u>

Assets purchased with the lease funds are included in the City's capital assets and depreciation expense. Debt service requirements of capital equipment loans obligations on September 30, 2022, are as follows:

Year Ended	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,898,670	\$ 134,316	\$ 2,032,986	\$ 775,929	\$ 72,373	\$ 848,302
2024	956,698	97,375	1,054,073	746,488	42,573	789,061
2025	997,446	72,914	1,070,360	453,530	32,223	485,753
2026	872,075	53,170	925,245	425,262	21,467	446,729
2027	760,508	14,839	775,347	366,978	12,469	379,447
2028-2030	436,817	19,156	455,973	476,127	6,289	482,416
	<u>\$ 5,922,214</u>	<u>\$ 391,770</u>	<u>\$ 6,313,984</u>	<u>\$ 3,244,314</u>	<u>\$ 187,394</u>	<u>\$ 3,431,708</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

6. Notes Payable

Long-term notes payable outstanding on September 30, 2022, is comprised of the following:

Original Issuance	Issuer	Name	Payment Installments	Installments		Interest Rates		Payment Through	Current Balance
				Lowest	Highest	Lowest	Highest		
\$5,600,000	Housing and Urban Development	CDBG HUD Section 108	Annual	\$ 294,000	\$ 295,000	0.49%	1.73%	8/1/2030	\$ 2,655,000
							Subtotal-City of Pharr Governmental		\$ 2,655,000
							Total		\$ 2,655,000

Debt service requirements of notes payable on September 30, 2022, are as follows:

Year Ended September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 295,000	\$ 83,662	\$ 378,662
2024	295,000	75,075	370,075
2025	295,000	66,345	361,345
2026-2030	1,770,000	205,084	1,975,084
	<u>\$ 2,655,000</u>	<u>\$ 430,166</u>	<u>\$ 3,085,166</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

7. Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are payable from the fund responsible for employee compensation. As of September 30, 2022, the owning fund of the liability is as follows:

Owning Fund of Liability	Amount
General	\$ 6,271,242
Community Development	3,683
Garage	38,288
Utility	460,331
EMS	99,359
Bridge	302,881
Golf	64,647
PEDC	147,693
	<u>\$ 7,388,124</u>

8. Arbitrage

The City has issued long-term debt for capital construction projects. These bonds are subject to arbitrage regulations. Arbitrage regulations call for the return of the difference in interest revenue against interest expense. On September 30, 2022, there was no liability of arbitrage that would have been owed to the federal government.

H. Interfund Transfers

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended September 30, 2022, consisted of the following:

		TRANSFER FROM Governmental Funds							
		General	Debt Service	PEDC	Hotel/ Motel	Covid Relief	CIP	Paving & Drainage	Total Governmental
TRANSFER TO	General	\$ -	\$ -	\$ 500,000	\$ 150,900	\$ -	\$ -	\$ -	\$ 650,900
	CIP	5,658,394	-	-	1,380,700	-	-	1,045,500	8,084,594
	Debt service	326,100	-	510,800	-	-	-	-	836,900
	Total governmental	5,984,494	-	1,010,800	1,531,600	-	-	1,045,500	9,572,394
	Utility	2,020,400	-	-	-	-	4,000,000	-	6,020,400
	Garage	6,000	-	-	-	-	-	-	6,000
	EMS	118,800	-	-	-	6,667,240	563,224	-	7,349,264
	Bridge	26,400	368,500	-	-	-	-	-	394,900
	Golf	-	-	-	-	-	-	-	-
	Total enterprise	2,171,600	368,500	-	-	6,667,240	4,563,224	-	13,770,564
Total		\$ 8,156,094	\$ 368,500	\$ 1,010,800	\$ 1,531,600	\$ 6,667,240	\$ 4,563,224	\$ 1,045,500	\$ 23,342,958

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

H. Interfund Transfers (Continued)

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 debt service is to cover debt service payment associated with the Envirolite City-wide project.
- Transfer from general fund to capital projects to cover main unrestricted projects.
- Transfer to health insurance fund to cover medical claims.

Other:

- The transfer from hotel funds to general fund for city festivals.
- The transfer from paving & drainage to CIP is to cover a portion of debt service payment for Tax Notes 2017.
- The transfer from general CIP to utilities is to advance payments on utility CIP projects.
- The transfer from hotel fund to CIP is to cover a portion of debt service payment for Tax Notes 2017.

Enterprise Funds:

		TRANSFER FROM Enterprise Funds				Total Internal Service
		Utility	Event Center	Bridge	Total Enterprise	
TRANSFER TO	General	\$ 578,700	\$ 248,285	\$ 10,563,100	\$ 11,390,085	\$ 755,243
	Grants	-	-	-	-	-
	Debt service	-	-	-	-	-
	Total governmental	578,700	248,285	10,563,100	11,390,085	755,243
	Utility	-	-	-	-	-
	Garage	-	-	-	-	-
	Health insurance	-	-	-	-	-
	EMS	-	-	-	-	-
	Bridge	-	-	-	-	-
	Golf	-	-	-	-	-
Total enterprise		-	-	-	-	-
Total		\$ 578,700	\$ 248,285	\$ 10,563,100	\$ 11,390,085	\$ 755,243

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

H. Interfund Transfers (Continued)

- The transfer from utility to the general fund is to pay annual service fees for administrative services.
- The transfer from health insurance fund to general fund is to cover for employee insurances.
- The transfer from bridge fund to the general fund is for the following:

Purpose	FY 21/22
General Fund Operations	\$ 10,037,670
Golf Operations	525,430
Total	\$ 10,563,100

I. Restricted Assets

The balances of restricted assets as of September 30, 2022, are as follows:

Governmental Funds

Capital outlay	\$ 2,358,487
Capital improvement projects	22,942,866
Grant receivables	408,736
Grant receivable - Covid	18,210,325
Total restricted assets-governmental funds	<u>43,920,414</u>

Business-Type Funds

Capital outlay	2,548,071
Capital financing - utility	40,565,878
Debt reserves - utility	6,157,093
Capital financing - bridge	60,693,368
Grants receivable - FY 15 DAP	103,802
Debt reserves - bridge	5,474,790
Total restricted assets - business-type funds	<u>\$ 115,543,002</u>

Total restricted assets **\$ 159,463,416**

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

J. Leases

During fiscal year 21-22, the City implemented GASB No. 87 which states that a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset.

The City entered into a contract with Kyocera for citywide printers. The contract started in October 2019 and is expected to be finished by December 2022. Payments of \$5,726 are made monthly with a discount rate of 4%.

Pharr EMS started a lease contract with Stryker Sales, LLC in 2021 for ambulances services. The contract is for 10 years with annual payments of \$498,390 with a discount rate of 4%.

Tierra del Sol has a lease with Yamaha to lease the golf carts used for operations. The lease ends in 2024 and the City pays monthly installments of \$5,390 with a discount rate of 4%.

The City entered into a lease agreement with Enterprise Fleet Management in 2021 to replace citywide fleet. The agreement is for 48 months for the public safety fleet and 36 months for the rest of the City's fleet. The amount paid per month is approximately \$27,847 plus maintenance repairs with a discount rate of 4%.

The international bridge serves as a lessor for three businesses. The first one is TABC. They pay the international bridge a monthly rent fee in the amount of \$550 for 60 months. Also, UETA rents land and makes monthly payments of \$12,500 for 120 months. Lastly cold storage with monthly payments of \$7,723 for 180 months. The last commitment ends in the year 2031.

VI. 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 economically justifiable by joining 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 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 more than 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

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

VI. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

1. Health Care Coverage

As of January 2018, the City transitioned from fully funded to self/partially funded. The health provider is United Health Care with Lone Star Insurance Services as the agent of record. The City now funds its claims monthly through a separate bank account managed by the agent. The City pays for 100% of the employees' insurance cost and 50% of the employees' dependents' insurance cost with the following plans:

Basic:

Coverage Type	Monthly Cost to Employee	Monthly Cost to City	Total Monthly Cost
Employee Only	\$ -	\$ 149.74	\$ 149.74
Employee and Spouse	\$ 206.08	\$ 149.74	\$ 355.82
Employee and Child(ren)	\$ 189.25	\$ 149.74	\$ 338.99
Employee and Family	\$ 408.28	\$ 149.74	\$ 558.02

Premium:

Coverage Type	Monthly Cost to Employee	Monthly Cost to City	Total Monthly Cost
Employee Only	\$ 16.97	\$ 149.74	\$ 166.71
Employee and Spouse	\$ 239.62	\$ 149.74	\$ 389.36
Employee and Child(ren)	\$ 221.42	\$ 149.74	\$ 371.16
Employee and Family	\$ 458.05	\$ 149.74	\$ 607.79

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.

VI. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

2. Post-Retirement Health Care Benefits (Continued)

- 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.
- 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 number 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 the one-year range 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 2.50% inflation rate and a 4.25% net real rate of return.

C. Pension Plan

1. Plan Description

The City of Pharr participates in the nontraditional, joint contributory, hybrid pension plan administered by the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent of multi-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.TMRS.com.

All eligible employees of the City are required to participate in TMRS.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

A. Pension Plan (Continued)

2. Benefits Provided (Continued)

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Governing Body of the City, within options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in the amount equal to 12, 24, or 36 payments, which cannot exceed 75% of the member's deposits and interest.

	Plan Year 2021	Plan Year 2022
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

Employee Covered by Benefits Terms.

At the December 31, 2021 valuation, and measurement date of the TRMS report, the following employees were covered by the terms of the benefits:

	<u>2021</u>
Membership	
Number of	
Inactives Employees currently receiving benefits	212
Inactives Employees entitled but not yet receiving benefits	49
Active Employees	750
Total	<u><u>1,011</u></u>
 Covered Payroll	 \$ 38,872,833

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

3. Contributions

The contribution rates for employees with TMRS is 7% of employee gross earnings, and the City matching percentage is 100% after 5 years of service, as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

The City's contributions to TMRS for the year ended September 30, 2022, were \$4,952,837.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual Pension Cost:			
Annual Required Contribution	\$ 4,952,837	\$ 5,694,187	\$ 4,642,463
Contributions Made	<u>(4,952,837)</u>	<u>(5,694,187)</u>	<u>(4,642,463)</u>
Net Pension Obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.5% to 11.50% including inflation
Discount rates	2.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

4. Net Pension Liability (Continued)

Actuarial assumptions used on December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014, through December 31, 2018.

Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

On September 30, 2022, the City reported a liability of **\$13,933,671.**

The net pension liability is based on an actuarial valuation performed as of December 31, 2021, and a measurement date of December 31, 2021; as such, no roll-forward was required.

For this valuation, a single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2021. This single discount rate was based on the expected rate of return on pension plan investment of 6.75%. Based on the stated assumptions and the projection of cash flow, the City's fiduciary net position and future contributions were enough 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.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

4. Net Pension Liability (Continued)

Changes in Net Pension Liability (Continued)

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.

The change in the City's net pension liability for TMRS pension for the fiscal year ended September 30, 2022, is as follows:

A Total pension liability	
1 Total service cost	\$ 5,640,448
2 Interest on total pension liability	7,442,313
3 Current period changes	12,390,200
4 Difference between expected and actual experience	357,274
5 Changes of assumptions	-
6 Benefit payments, including refunds of employee contributions	<u>(4,882,879)</u>
7 Net change in total pension liability	20,947,356
8 Total pension liability-beginning	<u>97,487,499</u>
9 Total pension liability-ending	<u>\$ 118,434,855</u>
B Plan fiduciary net position	
1 Contributions-employer	\$ 2,907,748
2 Contributions-employee	2,725,135
3 Net investment income	11,974,498
4 Benefit payments, including refunds of employee contributions	(4,882,879)
5 Administrative expense	(55,392)
6 Other	<u>379</u>
7 Net change in plan fiduciary net position	\$ 12,669,489
8 Plan fiduciary net position-beginning	<u>91,831,695</u>
9 Plan fiduciary net position-ending	<u>\$ 104,501,184</u>
C Net pension liability (A9-B9)	<u>\$ 13,933,671</u>
D Plan fiduciary net position as a percentage of the total pension liability (B9/A9)	88.24%
E Covered-employee payroll	38,872,833
F Net pension liability as a percentage of covered employee payroll (C/E)	35.84%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

4. Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
\$32,341,242	\$13,933,671	\$ (1,093,251)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized a pension expense of **\$14,658,041**.

1. Total service cost	\$	5,640,448
2. Interest on the pension liability		7,442,313
3. Changes in current period benefits including substantively automatic status		12,390,200
4. Employees contributions (reduction of expense)		(2,725,135)
5. Projected earning on plan investment (reduction of expense)		(6,198,639)
6. Administrative expense		55,392
7. Other changes in fiduciary net position		(379)
8. Recognition of current year outflow (inflow) of resources-liabilities		60,761
9. Recognition of current year outflow (inflow) of resources-assets		(1,155,172)
10. Amortization of prior year outflows (inflows) of resources-liabilities		36,822
11. Amortization of prior year outflows (inflow) of resources-assets		(888,570)
12. Total pension expense (income)	<u>\$</u>	<u>14,658,041</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The following is the schedule of outflows and inflows for current and future expense:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences in projected and actual earnings on pension plan	\$ (7,978,469)	\$ -
Differences in expected and actual experience		296,512
Contributions made subsequent to measurement date		1,471,611
Total	\$ (7,978,469)	\$ 1,768,123

Net Deferred Outflow \$ (6,210,346)

The deferred outflow reported balance as of September 2022 is \$1,768,123 with an associated deferred inflow of \$7,978,469 resulting a net reported deferred inflow of \$6,210,346.

The following is the schedule to be recognized in future pension expenses:

	Net deferred outflows (Inflows) of resources
2022	\$ (1,184,833)
2023	(2,621,842)
2024	(1,330,481)
2025	(1,126,659)
2026	53,469
Thereafter	-
Total	<u>\$ (6,210,346)</u>

IV. OTHER INFORMATION (Continued)

D. Other Post Employment Benefit (OPEB) Programs

1. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is an unfunded OPEB plan (i.e. no assets are accumulated).

The member 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.

GASB No. 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

The City's SDBF is considered a single-employer unfunded OPEB plan with benefit payments treated as being equal to the employee's contribution for retirees.

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.

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2022	0.18%	0.10%
2021	0.18%	0.10%
2020	0.13%	0.03%
2019	0.13%	0.03%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

D. Other Post Employment Benefit (OPEB) Programs (Continued)

3. OPEB Liability (Continued)

The Other Post-Employment Benefits (OPEB) was measured as of December 31, 2021, and the total liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability on December 31, 2021 actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	1.84%

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021

The change in the City's OPEB for City of Pharr for the fiscal year ended September 30, 2022, is as follows:

	<u>2021</u>
Membership	
Number of	
Inactives Employees currently receiving benefits	212
Inactives Employees entitled but not yet receiving benefits	49
Active Employees	<u>750</u>
Total	<u><u>1,011</u></u>
 Covered Payroll	 \$ 38,872,833
 Changes in the Total OPEB Liability	
 Total OPEB liability - beginning of year	 1,681,635
Changes for the year	
Service cost	128,280
Interest on total OPEB liability	34,527
Changes of benefits terms	-
Difference between expected and actual experience	(13,348)
Changes in assumptions or other inputs	60,787
Benefit payments	<u>(38,873)</u>
Net changes	<u>171,373</u>
Total OPEB liability-end of Year	<u><u>\$ 1,853,008</u></u>
 Total OPEB liability as a percentage of covered payroll	 4.77%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

B. Other Post Employment Benefit (OPEB) Programs (Continued)

3. OPEB Liability (Continued)

Sensitivity of the Net OPEB liability changes in the discount rate

	1% Decrease .84%	Current Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	\$2,299,576	\$1,853,008	\$1,511,538

4. OPEB Expense

For the year ended September 30, 2022, the City recognized OPEB expense of **\$217,297**.

Service cost	\$ 128,280
Interest on total OPEB liability	34,527
Changes in benefit terms including TMRS plan participation	-
Employer administrative cost	-
Recognition of deferred outflows/inflows of resources:	-
Difference between expected and actual experience	(18,072)
Changes in assumption or other inputs*	72,562
Total OPEB expense	<u>\$ 217,297</u>

* Generally, this will only be the annual change in the municipal bond index rate.

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (86,207)	\$ -
Changes in assumptions and other inputs		355,884
Contributions made subsequent to measurement date		86,837
Total	\$ (86,207)	442,721

Net Deferred Outflow \$ 356,514

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

C. Other Post Employment Benefit (OPEB) Programs (Continued)

5. OPEB Expense and Deferred Outflows of Resources and Deferred 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 OPEB expense as follows:

	Net Deferred Outflows/(Inflows) of Resources	
2022	\$	141,327
2023		54,490
2024		50,035
2025		47,648
2026		47,359
Thereafter		15,655
Total	\$	356,514

E. Commitments

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.

During FY 21-22, the US Department of Housing and Urban Development audited our CDBG program and fined the City for failing to submit proper compliance documents in one of their programs. The City failed to complete a required Environmental Review Record for the Jones Box Park Improvements project, therefore the City will repay the amount of \$877,794 during next fiscal year.

2. Litigation

The City is a defendant in various lawsuits. It is the opinion of the City's legal counsel and management that there is no potential unasserted claim as of September 30, 2022.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

E. Commitments (Continued)

3. Construction Commitments

The City has entered various significant construction commitments that are currently underway. As of September 30, 2022, they are as follows:

Governmental:			
	Original Commitment	Spent As of 9/30/2022	Remaining Commitment
<u>ADMINISTRATION</u>			
UTRGV Nursing School	\$ 2,000,000	\$ 1,507,025	\$ 492,975
Total Administration	2,000,000	1,507,025	492,975
<u>PUBLIC SAFETY</u>			
Fire Station	5,000,000	875,652	4,124,348
Total Fire	5,000,000	875,652	4,124,348
<u>PARKS</u>			
Jones Box - Splash Pad	307,000	289,533	17,467
Maintenance building	1,000,000	99,290	900,710
Total Parks	1,307,000	388,823	918,177
<u>STREETS</u>			
Veterans Hike & Bike	2,300,000	1,891,950	408,050
Various parking improvements	875,600	503,944	371,656
Anaya road	655,000	392,887	262,113
Owassa road	3,255,593	3,255,593	-
Railroad crossing replanking	500,000	497,703	2,297
Moore road to Veterans	1,800,000	572,646	1,227,354
Total Streets	9,386,193	7,114,723	2,271,470
<u>PEDC</u>			
TeamPharr.net	54,000,000	43,193,519	10,806,481
Total PEDC	54,000,000	43,193,519	10,806,481
Total Governmental	\$ 71,693,193	\$ 53,079,742	\$ 18,613,451

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

E Commitments (Continued)

4. Construction Commitments (Continued)

Business-Type:			
	Original Commitment	Spent As of 9/30/2022	Remaining Commitment
<u>UTILITY</u>			
South Detention Pound	\$ 3,882,000	\$ 568,467	\$ 3,313,533
Lift Station Elimination	1,491,500	906,921	584,579
South Region Interceptor	3,077,700	996,345	2,081,355
Raw Water Reservoir	4,454,600	431,264	4,023,336
LS-30 Rehabilitation	2,000,000	1,928,076	71,924
Water Treatment Plant Upgrade	1,700,000	466,750	1,233,250
Waste Water Treat Headworks	787,000	100,639	686,361
Total Utility	17,392,800	5,398,462	11,994,338
<u>BRIDGE</u>			
Bridge Expansion	45,000,000	6,242,839	38,757,161
FY 15 DAP	9,948,700	9,799,577	149,123
FY 16 DAP	14,141,300	2,996,980	11,144,320
Total Bridge	\$ 69,090,000	\$ 19,039,396	\$ 50,050,604
Total Business-Type:	\$ 86,482,800	\$ 24,437,858	\$ 62,044,942
Grand Total	\$ 158,175,993	\$ 77,517,600	\$ 80,658,393

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 an \$8,867,500 market value in land available for sale including demolitions and infrastructure. On February 2012, the City Commission approved to contribute all land that had been purchased to the PEDC; the transfer of all land titles was 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 in 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 in the financial statements as a special item during that year. The balance of land available for development is recorded as land available for sale in the PEDC fund.

The summary land transactions are stated on the following table:

Project/Land	NRV Recorded 9/30/2021	Added/ (Removed)	Adjustment	Gain/(Loss) on Appraised Value	NRV Recorded 9/30/2022
Jackson Development Project	\$ 1,240,000	\$ -	\$ -	\$ -	\$ 1,240,000
Produce Park	420,012	-	-	-	420,012
Water Reservoir Commercial Portion	750,000	-	-	-	750,000
Total	\$ 2,410,012	\$ -	\$ -	\$ -	\$ 2,410,012

IV. OTHER INFORMATION (Continued)

G. Related Party Transactions

None.

H. New Accounting Principles

In fiscal year 2022, GASB Issued Statement No. 100 and 101, it is summarized as follows:

GASB No. 100 - The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective for fiscal year after June 15, 2023, and all reporting thereafter. The City is currently evaluating the impact of the statement on its financial statements.

GASB No. 101 - The objective of this statement is to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences. Effective for fiscal year after December 15, 2023, and all reporting periods thereafter. The City is currently evaluating the impact of the statement on its financial statements.

The following pronouncements were also issued by GASB but not applicable to City of Pharr as of September 30, 2022.

- [GASB No. 92, Omnibus 2020](#)
- [GASB No. 93, Replacement of interbank offered rates.](#)
- [GASB No. 94, Public-private and public-public partnership and availability payment arrangements.](#)
- [GASB No. 96, Subscription-based information technology arrangements.](#)
- [GASB No. 97, Certain component unit criteria, and accounting and financial reporting for internal revenue code section 457 deferred compensation plans.](#)

I. Tax Abatements

The City of Pharr negotiates loans, grants, property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. These agreements are designed to promote local economic development and redevelopment within the City, estimate commercial activity, promote job creation, generate additional sales tax, and enhance the property tax base and economic vitality of the City. This program is authorized under Chapter 380.001 of the Texas Local Government Code.

The City has entered into various agreements that rebate a percentage of property, sales tax, and employment related reimbursement as well as economic development grants. The reimbursement amounts range per type of agreement once certain milestones are attained.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (Continued)

I. Tax Abatements (Continued)

Abatements as of September 30, 2022, are as follows:

<u>Commitment To</u>	<u>Pending</u>	<u>Obligator</u>	<u>Purpose</u>	<u>Length of Time</u>
City of Pharr	Varies	TIRZ	Infrastructure development	20 Years
Campero Legacy Properties	Varies*	City and PEDC	Commercial Development	5 Years
Pharr Town Center	Varies**	City of Pharr	Commercial Development	10 Years
CarMax	\$ 120,000	PEDC	Commercial Development	2 Years
Top Golf	Varies***	PEDC	Commercial Development	12 Years
Total	\$ 120,000			

*City and PEDC will reimburse a portion of property taxes each year.

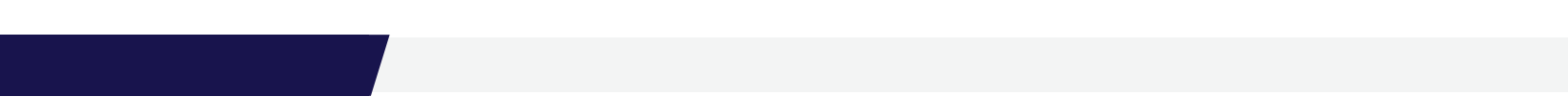
**City will reimburse 25% of sales tax received for 10 years.

***PEDC will reimburse 50% of total Sales tax for the next 12 years.

J. Subsequent events

To report subsequent events, management has considered events occurring through April 1, 2024, the date the report was available to be issued, and the following are considered significant to be disclosed:

- The City issued \$15,115,000 in tax notes in September of 2023 for the purpose of one-time payments of capital equipment, land, and contractual services. As of March 15, 2024, the tax notes unspent proceed balance of \$6,325,006.
- The TeamPharr.net number of accounts is 4,791 as of February 29th, 2024, compared to 100 as of September 22nd, 2023, and continues to growth.
- The City entered into a contract with Rio Grande Regional for ambulance transfers services.



REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014
1 Total service cost	\$ 5,640,448	\$ 3,749,532	\$ 3,734,670	\$ 3,533,893	\$ 3,320,128	\$ 3,146,078	\$ 2,746,650	\$ 2,377,944
2 Interest on the total pension liability	7,442,313	6,184,172	5,838,306	5,493,822	5,161,419	4,880,163	4,587,828	4,321,502
3 Change in benefit terms including substantively automatic status	12,390,200	-	-	-	-	-	-	-
4 Difference between expected and actual experience	357,274	(80,063)	(204,752)	(231,976)	677,911	(278,776)	435,455	(63,247)
5 Changes in assumptions	(4,882,879)	(4,217,477)	(213,606)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
6 Benefits payments, including refunds of employment contributions	20,947,356	\$ 5,636,164	\$ 5,295,874	\$ 5,069,067	\$ 5,422,594	\$ 4,148,837	\$ 6,615,598	\$ 4,089,038
7 Net change in total liability	97,487,499	91,851,335	86,555,461	81,486,304	76,673,830	72,524,993	65,909,395	61,820,357
8 Total pension liability - beginning								
9 Total pension liability - ending	<u>\$ 118,434,855</u>	<u>\$ 97,487,499</u>	<u>\$ 91,851,335</u>	<u>\$ 86,555,371</u>	<u>\$ 82,096,424</u>	<u>\$ 76,673,830</u>	<u>\$ 72,524,993</u>	<u>\$ 65,909,395</u>

B. Plan fiduciary net position

1 Contributions - employer	\$ 2,907,748	\$ 2,437,328	\$ 2,442,368	\$ 2,312,486	\$ 2,174,506	\$ 1,683,200	\$ 1,649,708	\$ 1,570,743
2 Contributions - employee	2,725,135	2,170,945	2,167,600	2,021,401	1,903,877	1,800,699	1,702,972	1,578,431
3 Net investment income	11,974,498	6,454,440	11,294,135	(2,238,218)	9,059,762	4,148,172	90,733	3,296,861
4 Benefit payments, including refunds of employee contributions	(4,882,879)	(4,217,477)	(3,858,744)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
5 Administrative expenses	(55,392)	(41,761)	(63,813)	(43,261)	(46,957)	(46,857)	(55,265)	(34,419)
6 Other	379	(1,629)	(1,917)	(2,260)	(2,380)	(2,525)	(2,730)	(2,830)
7 Net change in plan fiduciary net position	\$ 12,669,489	\$ 6,801,846	\$ 11,979,629	\$ (1,676,524)	\$ 9,351,944	\$ 3,984,061	\$ (99,209)	\$ 3,861,625
8 Plan fiduciary net position - beginning	91,831,699	85,029,853	73,050,224	74,726,749	65,374,805	61,390,744	61,489,953	57,628,328
9 Plan fiduciary net position - ending	<u>\$ 104,501,188</u>	<u>\$ 91,831,699</u>	<u>\$ 85,029,853</u>	<u>\$ 73,050,225</u>	<u>\$ 74,726,749</u>	<u>\$ 65,374,805</u>	<u>\$ 61,390,744</u>	<u>\$ 61,489,953</u>
C. Net pension liability (A9-B9)	<u>\$ 13,933,667</u>	<u>\$ 5,655,800</u>	<u>\$ 6,821,482</u>	<u>\$ 13,505,146</u>	<u>\$ 7,369,675</u>	<u>\$ 11,299,025</u>	<u>\$ 11,134,249</u>	<u>\$ 4,419,442</u>

D. Plan fiduciary net position as percentage of the total pension liability (B9/A9)

	88.24%	94.20%	92.57%	84.40%	91.02%	85.26%	84.65%	93.29%
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E. Covered payroll

	\$ 38,872,833	\$ 31,013,497	\$ 30,363,171	\$ 28,848,841	\$ 27,417,409	\$ 25,724,265	\$ 24,328,166	\$ 22,531,464
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F. Net pension liability as a percentage of covered payroll (C/E)

	35.84%	18.24%	22.47%	46.81%	26.88%	43.92%	45.77%	19.61%
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Note to City: GASB No. 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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,674,066	\$ 2,777,930	\$ 2,489,627	\$ 2,154,807	\$ 2,134,021	\$ 2,175,593	\$ 2,092,448	\$ 1,980,325
Contribution in relation to the actuarially determined contribution	\$ 2,923,926	\$ 2,792,076	\$ 2,305,875	\$ 2,178,843	\$ 2,120,938	\$ 2,236,749	\$ 2,005,126	\$ 1,715,919
Contribution deficiency (excess)	\$ (249,860)	\$ (14,145)	\$ 183,752	\$ (61,156)	\$ (61,156)	\$ (61,156)	\$ 87,322	\$ 264,406
Covered payroll	\$ 38,377,631	\$ 35,342,627	\$ 31,617,123	\$ 30,363,171	\$ 28,848,841	\$ 27,147,409	\$ 25,724,265	\$ 27,723,154
Contribution as a percentage of covered payroll	7.62%	7.90%	7.29%	7.18%	7.35%	8.24%	7.79%	6.19%

Note to City: GASB No. 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.

Valuation date: Actuarial determined contribution rates are calculated as October 1st.

Note: Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months later.

Methods and assumptions used to determine contributions rate:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of payroll, Closed
Remaining amortization period	24 Years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the public safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes Adopted 100% repeating USC.

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, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget Basis	Variance Budget Basis
REVENUES				
Taxes:				
Property	\$ 20,993,500	\$ 20,993,500	\$ 20,866,315	\$ (127,185)
Sales	19,752,400	20,852,400	21,319,181	466,781
Franchise	2,381,000	2,381,000	2,665,090	284,090
Other	192,600	192,600	282,120	89,520
Licenses and permits	993,000	993,000	1,326,575	333,575
Intergovernmental	750,000	63,000	97,729	34,729
Fees and charges:				
Sanitation	3,134,800	3,134,800	3,050,224	(84,576)
Brush	1,293,300	1,293,300	1,213,877	(79,423)
Other	826,800	826,800	1,046,261	219,461
Fines	542,400	542,400	498,560	(43,840)
Interest income	32,400	32,400	101,232	68,832
Other	48,600	48,600	1,127,999	1,079,401
Total revenues	<u>50,940,800</u>	<u>51,353,800</u>	<u>53,595,163</u>	<u>2,241,365</u>
EXPENDITURES				
Current:				
General government	15,457,700	16,542,700	15,471,768	1,070,932
Public safety	31,195,800	30,829,100	32,034,691	(1,205,591)
Highways and streets	6,059,700	5,318,200	5,644,743	(326,543)
Health and welfare	3,052,300	3,142,300	3,096,669	45,631
Culture and recreation	8,292,500	8,754,800	9,157,980	(403,180)
Economic development	1,206,100	1,349,500	2,018,870	(669,370)
Debt service:				
Principal	1,337,400	1,435,400	1,444,120	(8,720)
Interest	113,600	113,600	93,615	19,985
Total expenditures	<u>66,715,100</u>	<u>67,485,600</u>	<u>68,962,456</u>	<u>(1,476,856)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,774,300)</u>	<u>(16,131,800)</u>	<u>(15,367,293)</u>	<u>764,509</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,599,300	11,842,700	12,796,228	953,528
Transfers (out)	(2,433,000)	(2,833,200)	(8,156,094)	(5,322,894)
Contributions	-	-	(5,959)	(5,959)
Issuance of debt	1,608,000	1,608,000	4,289,571	2,681,571
Total other financing sources and uses	<u>15,774,300</u>	<u>10,617,500</u>	<u>8,923,746</u>	<u>(1,693,754)</u>
Net change in fund balance	-	(5,514,300)	(6,443,547)	(929,247)
Fund balance - beginning	29,398,896	29,398,896	29,398,896	-
Prior period adjustment	-	-	1,666,988	1,666,988
Fund balance - ending	<u>\$ 29,398,896</u>	<u>\$ 23,884,596</u>	<u>\$ 24,622,337</u>	<u>\$ 737,741</u>

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, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
REVENUES				
Sales	\$ 6,584,200	\$ 6,589,800	\$ 7,106,394	\$ 516,594
Interest income	30,000	30,000	204,397	174,397
Other	157,200	157,200	42,750	(114,450)
Total revenues	<u>6,771,400</u>	<u>6,777,000</u>	<u>7,353,541</u>	<u>576,541</u>
EXPENDITURES				
Current:				
Economic development	3,067,200	3,072,800	42,743,023	(39,670,223)
Debt service:				
Principal	1,330,700	608,800	2,540,285	(1,931,485)
Interest	1,212,700	1,934,600	754,296	1,180,304
Issuance cost	-	-	688,415	(688,415)
Total expenditures	<u>5,610,600</u>	<u>5,616,200</u>	<u>46,726,019</u>	<u>(41,109,819)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,160,800</u>	<u>1,160,800</u>	<u>(39,372,478)</u>	<u>(40,533,278)</u>
OTHER FINANCING SOURCES (USES)				
Other contributions	-	-	(112,500)	(112,500)
Transfers (out)	(13,160,800)	(13,160,800)	(1,010,800)	12,150,000
Issuance of debt	<u>12,000,000</u>	<u>12,000,000</u>	<u>54,615,000</u>	<u>42,615,000</u>
Total other financing sources and uses	<u>(1,160,800)</u>	<u>(1,160,800)</u>	<u>53,491,700</u>	<u>54,652,500</u>
Net change in fund balance	-	-	14,119,222	14,119,222
Fund balance - beginning	8,398,156	8,398,156	8,398,156	-
Prior period adjustment	-	-	571,248	571,248
Fund balance - ending	<u>\$ 8,398,156</u>	<u>\$ 8,398,156</u>	<u>\$ 23,088,626</u>	<u>\$ 14,690,470</u>

CITY OF PHARR, TEXAS
COVID RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget Basis	Variance Budget Basis
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 6,725,300	\$ 6,725,300
Total revenues	-	-	6,725,300	6,725,300
EXPENDITURES				
Current:				
Health and welfare	-	-	58,060	(58,061)
Total expenditures	-	-	58,061	(58,061)
Excess (deficiency) of revenues over (under) expenditures	-	-	6,667,240	6,667,239
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(6,667,240)	(6,667,240)
Total other financing sources and uses	-	-	(6,667,240)	(6,667,240)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Prior period adjustment	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER SUPPLEMENTARY
INFORMATION

Non-Major Governmental Funds

Combining Financial Statements

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.

Pharr Housing Finance Corporation— Created to account financial activities to carry out the purpose of the Texas Housing Finance Corporation Act, Chapter 394.

Capital Improvement—This fund accounts for governmental construction in process.

Debt Service — This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.

TIRZ No. 1&2—These Funds account for tax collections from City of Pharr and Hidalgo County for geographical areas designated as Reinvestment Zones.

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Asset Sharing	Community Development	Hotel/Motel	Parkland Dedication	Paving & Drainage	Grants
Cash	\$ 936,397	\$ 1,596,809	\$ 1,232,271	\$ 264,103	\$ 850,654	\$ -
Receivables (net of allowance for uncollectible):						
Property taxes	-	-	-	-	-	-
Notes	-	55,889	-	-	-	-
Accounts	-	-	-	-	115,795	-
Other	-	-	112,733	-	6,783	-
Due from other funds	-	-	-	-	-	-
Restricted assets:						
Cash	-	-	-	-	-	-
Intergovernmental receivable	-	107,618	-	-	-	301,117
Total assets	\$ 936,397	\$ 1,760,316	\$ 1,345,004	\$ 264,103	\$ 973,232	\$ 301,117

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES

Liabilities:						
Accounts payable	135,604.00	1,002,167	-	-	-	-
Due to other funds	-	231,501	-	-	-	-
Unearned revenue	-	-	-	-	-	301,090
Escrow accounts	-	-	-	-	-	-
Total liabilities	135,604.00	1,233,668	-	-	-	301,090
Deferred inflows of resources:						
Deferred property tax	-	-	-	-	-	-
Deferred accounts	-	-	-	-	115,795	-
Deferred notes	-	54,619	-	-	-	-
Total deferred inflows	-	54,619.00	-	-	115,795.00	-
Fund balances:						
Restricted:						
General government	-	-	-	-	-	27
Debt service	-	-	-	-	-	-
Street paving and drainage	-	-	-	-	857,437	-
Tourism	-	-	1,345,004	-	-	-
Public safety	800,793	-	-	-	-	-
Parkland	-	-	-	264,103	-	-
Community development	-	472,029	-	-	-	-
Economic development	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	800,793	472,029	1,345,004	264,103	857,437	27
Total liabilities and fund balances	\$ 936,397	\$ 1,760,316	\$ 1,345,004	\$ 264,103	\$ 973,232	\$ 301,117

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Cash
Receivables (net of allowance for uncollectible):
 Property taxes
 Notes
 Accounts
 Other
Due from other funds
Restricted assets:
 Cash
 Intergovernmental receivable
 Total assets

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES

Liabilities:
 Accounts payable
 Due to other funds
 Unearned revenue
 Escrow accounts
 Total liabilities

Deferred inflows of resources:
 Deferred property tax
 Deferred accounts
 Deferred notes
 Total deferred inflows

Fund balances:
 Restricted:
 General government
 Debt service
 Street paving and drainage
 Tourism
 Public safety
 Parkland
 Community development
 Economic development
 Unassigned
 Total fund balances

Total liabilities and fund balances

	Special Revenue Funds				Total	Debt Service	Total Nonmajor Governmental Funds
	Pharr Housing Finance Corp	General Capital Improvements	TIRZ No. 1	TIRZ No. 2			
\$	116	\$ -	\$ 2,707,455	\$ 2,481,316	\$ 10,069,121	\$ 2,450,957	\$ 12,520,078
	-	-	-	-	-	370,272	370,272
	-	-	-	-	-	-	55,889
	-	-	-	-	-	-	115,795
	-	231,250	578,836	140,894	1,070,496	-	1,070,496
	-	107,554	-	-	107,554	-	107,554
	-	1,070,358	-	-	1,070,358	-	1,070,358
	-	-	-	-	408,735	-	408,735
\$	116	\$ 1,409,162	\$ 3,286,291	\$ 2,622,210	\$ 12,897,948	\$ 2,821,229	\$ 15,719,177
	-	632,018	-	-	1,769,789	-	1,769,789
	877,467	-	10,000	548,061	1,968,119	-	1,968,119
	-	-	-	-	-	-	-
	-	1,053,421	-	-	1,053,421	-	1,053,421
	877,467	1,685,439.00	10,000	548,061	4,791,329	-	4,791,329
	-	-	-	-	-	-	-
	-	-	578,836	140,894	835,525	20,914	20,914
	-	-	-	-	54,619	-	835,525
	-	-	578,836.00	140,894.00	890,144	-	54,619
	-	-	-	-	-	20,914	911,058
	-	-	-	-	27	-	27
	-	-	-	-	-	2,800,315	2,800,315
	-	-	-	-	857,437	-	857,437
	-	-	-	-	1,345,004	-	1,345,004
	-	-	-	-	800,793	-	800,793
	-	-	-	-	264,103	-	264,103
	-	-	-	-	472,029	-	472,029
	-	-	2,697,455	1,933,255	4,630,710	-	4,630,710
	(877,351)	(276,277)	-	-	(1,153,628)	-	(1,153,628)
	(877,351)	(276,277)	2,697,455	1,933,255	7,216,475	2,800,315	10,016,790
\$	116	\$ 1,409,162	\$ 3,286,291	\$ 2,622,210	\$ 12,897,948	\$ 2,821,229	\$ 15,719,177

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Special Revenue Funds								
	Asset Sharing	Community Development	Hotel/Motel	Parkland Dedication	Paving & Drainage	Grants	Pharr Housing Finance Corporation	
REVENUES								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Other	-	-	786,620	-	-	-	-	-
Intergovernmental	338,397	1,287,536	-	-	-	1,132,960	-	-
Fees and charges:								
Other	-	-	-	230,349	1,127,644	-	-	-
Interest income	7,566	-	-	3,618	15,459	-	-	-
Other	-	5	28,757	-	-	-	-	-
Total revenues	345,963	1,287,541	815,377	233,967	1,143,103	1,132,960		
EXPENDITURES								
Current:								
General government	-	1,777,884	-	-	-	-	-	-
Public safety	526,778	-	-	-	-	1,132,960	-	-
Highways and streets	-	2,979	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	295,000	-	-	-	-	-	-
Interest	-	91,627	-	-	-	-	-	-
Total expenditures	526,778	2,167,490	-	-	-	1,132,960		
Excess (deficiency) of revenues over (under) expenditures	(180,815)	(879,949)	815,377	233,967	1,143,103	-		
OTHER FINANCING SOURCES (USES):								
Contributions	-	879,954	(68,400)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	(1,531,600)	-	(1,045,500)	-	-	-
Total other financing sources and uses	-	879,954	(1,600,000)	-	(1,045,500)	-	-	-
Net change in fund balances	(180,815)	5	(784,623)	233,967	97,603	-	-	-
Fund balance - beginning	981,608	470,113	2,130,201	30,136	668,293	-	-	-
Prior period adjustment	-	1,911	(574)	-	91,541	27		(877,351)
Fund balance - ending	\$ 800,793	\$ 472,029	\$ 1,345,004	\$ 264,103	\$ 857,437	\$ 27	\$	(877,351)

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	General Capital Improvements	TIRZ No. 1	TIRZ No. 2	Total		
REVENUES						
Taxes:						
Property	\$ -	\$ 510,100	\$ 371,500	\$ 881,600	\$ 5,555,824	\$ 6,437,424
Other	-	-	-	786,620	-	786,620
Intergovernmental	1,232,270	-	-	3,991,163	-	3,991,163
Fees and charges:						
Other	-	-	-	1,357,993	-	1,357,993
Interest income	-	18,214	16,370	61,227	-	61,227
Other	-	-	-	28,762	-	28,762
Total revenues	1,232,270	528,314	387,870	7,107,365	5,555,824	12,663,189
EXPENDITURES						
Current:						
General government	2,015,641.00	10,000	10,000	3,813,525	-	3,813,525
Public safety	875,652.00	-	-	2,535,390	-	2,535,390
Highways and streets	6,063,131.00	-	-	6,066,110	-	6,066,110
Culture and recreation	6,498,776.00	-	-	6,498,776	-	6,498,776
Economic development	-	-	-	-	-	-
Debt service:						
Principal	1,071,360.00	-	-	1,366,360	3,211,934	4,578,294
Interest	136,756.00	-	-	228,383	2,712,290	2,940,673
Total expenditures	16,661,316	10,000	10,000	20,508,544	5,924,224	26,432,768
Excess (deficiency) of revenues over (under) expenditures	(15,429,046)	518,314	377,870	(13,401,179)	(368,400)	(13,769,579)
OTHER FINANCING SOURCES (USES)						
Contributions	(877,794)	-	-	(66,240)	-	(66,240)
Transfers in	8,084,594	-	-	8,084,594	836,900	8,921,494
Transfers (out)	(4,563,224)	-	-	(7,140,324)	(368,500)	(7,508,824)
Total other financing sources and uses	2,643,576	-	-	878,030	468,400	1,346,430
Net change in fund balances	(12,785,470)	518,314	377,870	(12,523,149)	100,000	(12,423,149)
Fund balance - beginning	11,938,761	2,444,577	1,737,067	20,400,756	2,320,849	22,721,605
Prior period adjustment	570,432	(265,436)	(181,682)	(661,132)	379,466	(281,666)
Fund balance - ending	\$ (276,277)	\$ 2,697,455	\$ 1,933,255	\$ 7,216,475	\$ 2,800,315	\$ 10,016,790

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.

Capital Improvement - This fund accounts for governmental construction in progress.

Debt Service – This fund accounts for the accumulation of resources for and the payment of General and Certificates of Obligation.

TIRZ No. 1 & 2 – These Funds account for tax collections from City of Pharr and Hidalgo County for geographical areas designated as Reinvestment Zones.

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, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
	Property				
	Current	\$ 19,929,100	\$ 19,929,100	\$ 19,607,143	\$ (321,957)
	Delinquent	600,000	600,000	713,665	113,665
	Penalty & interest	464,400	464,400	545,507	81,107
	Total property taxes	20,993,500	20,993,500	20,866,315	(127,185)
	Sales	19,752,400	20,852,400	21,319,181	466,781
	Franchise				
	Telephone	150,000	150,000	107,841	(42,159)
	Electric	1,834,200	1,834,200	2,086,903	252,703
	Cable	286,500	286,500	315,103	28,603
	Gas	110,300	110,300	155,243	44,943
	Total franchise taxes	2,381,000	2,381,000	2,665,090	284,090
	Other	192,600	192,600	282,120	89,520
	Total taxes	43,319,500	44,419,500	45,132,706	713,206
Licenses and permits					
	Building	603,100	603,100	774,050	170,950
	Vocational	107,400	107,400	108,810	1,410
	Other	282,500	282,500	443,715	161,215
	Total licenses & permits	993,000	993,000	1,326,575	333,575
Intergovernmental					
	Local school districts	-	-	97,729	97,729
	Other	750,000	63,000	-	(63,000)
	Total intergovernmental	750,000	63,000	97,729	34,729
Fees and charges:					
	Sanitation	3,134,800	3,134,800	3,050,225	(84,575)
	Brush	1,293,300	1,293,300	1,213,877	(79,423)
	Other	826,800	826,800	1,046,261	219,461
	Total fees & charges	5,254,900	5,254,900	5,310,363	55,463
Fines					
	Court	513,300	513,300	464,610	(48,690)
	Other	29,100	29,100	33,950	4,850
	Total fines	542,400	542,400	498,560	(43,840)
Interest income		32,400	32,400	101,232	68,834
Other		48,600	48,600	1,127,998	1,079,398
	Total revenues	<u>\$ 50,940,800</u>	<u>\$ 51,353,800</u>	<u>\$ 53,595,163</u>	<u>\$ 2,241,365</u>

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, 2022

EXPENDITURES	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
Current:				
General government				
City manager	2,139,800	2,300,200	2,158,716	141,484
Finance	795,900	813,600	755,819	57,781
Purchasing	323,800	359,000	320,428	38,572
IT	2,734,700	2,759,300	3,071,265	(311,965)
Media	742,700	765,000	672,467	92,533
Grants	503,000	509,000	526,421	(17,421)
Office of strategic excellence	496,400	499,000	355,534	143,466
Legal	844,800	967,400	846,897	120,503
Human resources	770,600	895,200	816,148	79,052
Development services	1,757,000	1,817,500	1,564,903	252,597
Engineering	893,200	916,300	727,883	188,417
Non-departmental	3,455,800	3,941,200	3,655,286	285,914
Total general government	15,457,700	16,542,700	15,471,767	1,070,933
Public safety				
Police	17,766,300	17,529,500	18,389,781	(860,281)
Court	626,800	637,600	592,204	45,396
Fire	9,517,000	9,599,900	10,298,460	(698,560)
Communications	3,285,700	3,062,100	2,754,245	307,855
Total public safety	31,195,800	30,829,100	32,034,690	(1,205,590)
Highways and streets	6,059,700	5,318,200	5,644,743	(326,543)
Health and welfare				
Sanitation	2,143,100	2,143,100	2,080,965	62,135
Brush	780,200	780,200	779,527	673
Animal control	129,000	219,000	236,177	(17,177)
Total health and welfare	3,052,300	3,142,300	3,096,669	45,631
Culture and recreation				
Library	1,602,400	1,715,400	1,604,793	110,607
Parks	6,690,100	7,039,400	7,553,187	(513,787)
Total culture and recreation	8,292,500	8,754,800	9,157,980	(403,180)
Economic development	1,206,100	1,349,500	2,018,870	(669,370)
Debt service:				
Principal	1,337,400	1,435,400	1,444,120	(8,720)
Interest	113,600	113,600	93,615	19,985
	1,451,000	1,549,000	1,537,735	11,265
Total expenditures	66,715,100	67,485,600	68,962,454	(1,476,854)
Excess (deficiency) of revenues over (under) expenditures	(15,774,300)	(16,131,800)	(15,367,291)	(764,511)

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, 2022

OTHER FINANCING SOURCES (USES)	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
Transfers in				
Capital improvements	-	-	-	-
CDBG	50,000	50,000	-	(50,000)
Utility	578,700	578,700	578,700	-
Bridge	9,237,700	10,563,100	10,563,100	-
Hotel	150,900	150,900	150,900	-
EMS	3,286,400	-	-	-
Fiber	2,270,200	-	-	-
Event center	-	-	248,285	248,285
Golf	525,400	-	-	-
Health insurance	-	-	755,243	755,243
PEDC	500,000	500,000	500,000	-
Total transfers in	16,599,300	11,842,700	12,796,228	953,528
Transfers (out)				
CO Series 2019	-	(1,050,000)	(1,050,000)	-
Community development	-	(2,600)	(2,160)	440
Capital improvement project	(1,331,600)	(730,600)	(4,608,394)	(3,877,794)
Debt service	(326,000)	(326,000)	(326,100)	(100)
City garage	(250,000)	(6,000)	(6,000)	-
Utility	-	(20,400)	(2,020,400)	(2,000,000)
EMS	-	(118,800)	(118,800)	-
Bridge	-	(26,400)	(26,400)	-
Golf	(525,400)	(548,600)	-	548,600
Chamber	-	(3,800)	(3,800)	-
Total transfers (out)	(2,433,000)	(2,833,200)	(8,162,054)	(5,328,854)
Bond/loan proceeds	1,608,000	1,608,000	4,289,572	2,681,572
	1,608,000	1,608,000	4,289,572	2,681,572
Total other financing sources and uses	15,774,300	10,617,500	8,923,746	(1,693,754)
Net change in fund balance	-	(5,514,300)	(6,443,545)	(929,245)
Fund balance - beginning	29,398,896	29,398,896	29,398,896	-
Prior period adjustment	-	-	1,666,988	1,666,988
Fund balance - ending	<u>\$ 29,398,896</u>	<u>\$ 23,884,596</u>	<u>\$ 24,622,339</u>	<u>\$ 737,743</u>

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, 2022

			Actual	Final
			Budget	Variance
			Basis	Budget Basis
REVENUES				
Intergovernmental	\$	120,000	\$	120,000
Interest income		20,000		7,566
Total revenues		140,000		345,963
				205,963
EXPENDITURES				
Current:				
Public safety		350,000		526,778
Total expenditures		350,000		526,778
Excess (deficiency) of revenues over (under) expenditures		(210,000)		(180,815)
				29,185
Net change in fund balance		(210,000)		(180,815)
Fund balance - beginning		981,608		981,608
Fund balance - ending	\$	771,608	\$	800,793
				29,185

CITY OF PHARR, TEXAS
COMMUNITY DEVELOPMENT BLOCK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
REVENUES				
Intergovernmental	\$ 1,356,700	\$ 1,377,500	\$ 1,287,535	\$ (89,965)
Total revenues	1,356,700	1,377,500	1,287,535	(89,965)
EXPENDITURES				
Current:				
General government	970,000	993,400	1,777,885	(784,485)
Highways and streets	-	-	2,980	(2,980)
Debt service:				
Principal	295,000	295,000	295,000	-
Interest	91,700	91,700	91,627	73
Total expenditures	1,356,700	1,380,100	2,167,492	(787,392)
Excess (deficiency) of revenues over (under) expenditures	-	(2,600)	(879,957)	(877,357)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,600	879,954	877,354
Transfers out	-	(50,000)	-	50,000
Total other financing sources and uses	-	(47,400)	879,954	927,354
Net change in fund balance	-	(50,000)	(3)	49,998
Fund balance - beginning	470,113	470,113	470,113	-
Prior period adjustment	-	-	1,911	1,911
Fund balance - ending	\$ 470,113	\$ 420,113	\$ 472,021	\$ 51,909

CITY OF PHARR, TEXAS
HOTEL/MOTEL FUND PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
		Original	Final		
REVENUES					
Taxes:					
	Hotel tax	\$ 600,000	\$ 600,000	\$ 786,620	\$ 186,620
Other		-	-	28,757	28,757
	Total revenues	600,000	600,000	815,377	215,377
EXPENDITURES					
Current:					
	Culture and recreation	-	-	-	-
	Total expenditures	-	-	-	-
Excess (deficiency) of revenues					
over (under) expenditures		600,000	600,000	815,377	215,377
OTHER FINANCING SOURCES (USES)					
Transfers out		(600,000)	(600,000)	(1,600,000)	(1,000,000)
	Total other financing sources				
	and uses	(600,000)	(600,000)	(1,600,000)	(1,000,000)
	Net change in fund balance	-	-	(784,623)	(784,623)
	Fund balance - beginning	2,130,201	2,130,201	2,130,201	-
	Prior period adjustment	-	-	(574)	(574)
	Fund balance - ending	\$ 2,130,201	\$ 2,130,201	\$ 1,345,004	\$ (785,197)

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, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Fees and charges:					
Other		\$ 30,000	\$ 30,000	\$ 230,349	\$ 200,349
Interest income		500	500	3,618	3,118
	Total revenues	<u>30,500</u>	<u>30,500</u>	<u>233,967</u>	<u>203,467</u>
EXPENDITURES					
Current:					
Highways and streets		-	-	-	-
	Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues					
over (under) expenditures		<u>30,500</u>	<u>30,500</u>	<u>233,967</u>	<u>203,467</u>
Net change in fund balance		30,500	30,500	233,967	203,467
Fund balance - beginning		30,136	30,136	30,136	-
Fund balance - ending		<u>\$ 60,636</u>	<u>\$ 60,636</u>	<u>\$ 264,103</u>	<u>\$ 203,467</u>

CITY OF PHARR, TEXAS
PAVING AND DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
		Original	Final		
REVENUES					
Taxes:					
Other		\$ 1,043,400	\$ 1,043,400	\$ 1,127,645	\$ 84,245
Interest income		2,100	2,100	15,458	13,359
Total revenues		<u>1,045,500</u>	<u>1,045,500</u>	<u>1,143,103</u>	<u>97,604</u>
EXPENDITURES					
Current:					
Highways and streets		-	-	-	-
Total expenditures		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures		<u>1,045,500</u>	<u>1,045,500</u>	<u>1,143,103</u>	<u>97,604</u>
OTHER FINANCING SOURCES (USES)					
Transfers out		<u>(1,045,500)</u>	<u>(1,045,500)</u>	<u>(1,045,500)</u>	<u>-</u>
Total other financing sources and uses		<u>(1,045,500)</u>	<u>(1,045,500)</u>	<u>(1,045,500)</u>	<u>-</u>
Net change in fund balance		-	-	97,603	97,604
Fund balance - beginning		668,293	668,293	668,293	-
Prior period adjustment		-	-	91,541	91,541
Fund balance - ending		<u>\$ 668,293</u>	<u>\$ 668,293</u>	<u>\$ 857,437</u>	<u>\$ 189,145</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, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Intergovernmental		\$ -	\$ -	\$ 1,132,841	\$ 1,132,841
	Total revenues	-	-	1,132,841	1,132,841
EXPENDITURES					
Current:					
	Public safety	-	-	1,132,841	(1,132,841)
	Total expenditures	-	-	1,132,841	(1,132,841)
Excess (deficiency) of revenues over (under) expenditures		-	-	-	-
Net change in fund balance		-	-	-	-
Fund balance - beginning		-	-	27	27
Fund balance - ending		\$ -	\$ -	\$ 27	\$ 27

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, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
REVENUES				Basis	Budget Basis
Intergovernmental		\$ 30,092,200	\$ 30,092,200	\$ 1,232,268	\$ (28,859,932)
	Total revenues	30,092,200	30,092,200	1,232,268	(28,859,932)
EXPENDITURES					
Current:					
General government		42,750,000	42,750,000	2,015,641	40,734,359
Public safety		280,000	280,000	875,652	(595,652)
Highways and streets		3,575,700	3,575,700	6,063,131	(2,487,431)
Culture and recreation		3,549,000	3,549,000	6,498,776	(2,949,776)
Debt Service					
Principal		1,071,600	1,071,600	1,071,360	240
Interest		136,600	136,600	136,757	(157)
	Total expenditures	51,362,900	51,362,900	16,661,317	34,701,583
Excess (deficiency) of revenues					
over (under) expenditures		(21,270,700)	(21,270,700)	(15,429,049)	5,841,651
OTHER FINANCING SOURCES (USES)					
Transfers in		14,757,800	14,156,800	8,084,594	(6,072,206)
Transfers (out)		-	-	(4,563,224)	(4,563,224)
Proceeds from sale of assets		-	-	(877,794)	(877,794)
	Total other financing sources				
	and uses	14,757,800	14,156,800	2,643,576	(11,513,224)
Net change in fund balance		(6,512,900)	(7,113,900)	(12,785,473)	(5,671,573)
Fund balance - beginning		11,938,764	11,938,764	11,938,764	-
Prior period adjustment		-	-	570,432	570,432
Fund balance - ending		\$ 5,425,864	\$ 4,824,864	\$ (276,277)	\$ (5,101,141)

CITY OF PHARR, TEXAS
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget Basis	Variance Budget Basis
REVENUES					
Taxes:					
	Current taxes	\$ 5,288,900	\$ 5,288,900	\$ 5,203,447	\$ (85,453)
	Delinquent taxes	100,000	100,000	167,397	67,397
	Interest and penalty	100,000	100,000	127,688	27,688
Interest income		10,000	10,000	57,292	47,292
	Total revenues	<u>5,498,900</u>	<u>5,498,900</u>	<u>5,555,824</u>	<u>56,924</u>
EXPENDITURES					
Debt service:					
	Principal	3,212,000	3,212,000	3,211,934	66
	Interest	2,755,200	2,755,200	2,712,290	42,910
	Total expenditures	<u>5,967,200</u>	<u>5,967,200</u>	<u>5,924,224</u>	<u>42,976</u>
Excess (deficiency) of revenues					
	over (under) expenditures	<u>(468,300)</u>	<u>(468,300)</u>	<u>(368,400)</u>	<u>99,900</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		836,800	836,800	836,900	100
Transfers (out)		<u>-</u>	<u>-</u>	<u>(368,500)</u>	<u>(368,500)</u>
	Total other financing sources and uses	<u>836,800</u>	<u>836,800</u>	<u>468,400</u>	<u>(368,400)</u>
Net change in fund balance		368,500	368,500	100,000	(268,500)
Fund balance - beginning		2,320,849	2,320,849	2,320,849	-
Prior period adjustment		<u>-</u>	<u>-</u>	<u>379,466</u>	<u>379,466</u>
Fund balance - ending		<u>\$ 2,689,349</u>	<u>\$ 2,689,349</u>	<u>\$ 2,800,315</u>	<u>\$ 110,966</u>

CITY OF PHARR, TEXAS
TIRZ #1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
Property		\$ 977,500	\$ 977,500	\$ 510,100	\$ (467,400)
Interest Income		-	-	18,214	18,214
Total revenues		<u>977,500</u>	<u>977,500</u>	<u>528,314</u>	<u>(449,186)</u>
EXPENDITURES					
Current:					
General government		-	-	10,000	(10,000)
Total expenditures		<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Excess (deficiency) of revenues					
over (under) expenditures		<u>977,500</u>	<u>977,500</u>	<u>518,314</u>	<u>(459,186)</u>
Net change in fund balance		977,500	977,500	518,314	(459,186)
Fund balance - beginning		2,444,577	2,444,577	2,444,577	-
Prior period adjustment		-	-	(265,436)	(265,436)
Fund balance - ending		<u>\$ 3,422,077</u>	<u>\$ 3,422,077</u>	<u>\$ 2,697,455</u>	<u>\$ (724,622)</u>

CITY OF PHARR, TEXAS
TIRZ #2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

		Budgeted Amounts		Actual	Final
		Original	Final	Budget	Variance
				Basis	Budget Basis
REVENUES					
Taxes:					
Property		\$ 669,200	\$ 669,200	\$ 371,500	\$ (297,700)
Interest Income		-	-	16,370	16,370
Total revenues		669,200	669,200	387,870	(281,330)
EXPENDITURES					
Current:					
General government		-	-	10,000	(10,000)
Total expenditures		-	-	10,000	(10,000)
Excess (deficiency) of revenues					
over (under) expenditures		669,200	669,200	377,870	(291,330)
Net change in fund balance		669,200	669,200	377,870	(291,330)
Fund balance - beginning		1,737,067	1,737,067	1,737,067	-
Prior period adjustment		-	-	(181,682)	(181,682)
Fund balance - ending		\$ 2,406,267	\$ 2,406,267	\$ 1,933,255	\$ (473,012)

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.

EMS: is used to account for the City's ambulance emergency response service.

TeamPharr.net: is used to account for City's Internet services operations.

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 NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Budget Basis	Final Variance Budget Basis
	Original	Final		
OPERATING REVENUES				
Charges for sales and services:				
Water sales	\$ 9,672,400	\$ 9,672,400	\$ 9,344,391	\$ (328,009)
Sewer fees	7,274,000	7,274,000	7,260,631	(13,369)
Tap fees	313,800	313,800	231,266	(82,534)
Other	41,400	41,400	119,066	77,666
Total operating revenues	17,301,600	17,301,600	16,955,354	(346,246)
OPERATING EXPENSES				
Personnel services	4,533,700	4,657,600	3,620,136	1,037,464
Supplies and materials	2,383,700	2,462,400	2,269,564	192,836
Contractual services	7,429,000	7,246,800	4,272,212	2,974,588
Depreciation	-	-	6,111,095	(6,111,095)
Total operating expenses	14,346,400	14,366,800	16,273,007	(1,906,207)
Operating income (loss)	2,955,200	2,934,800	682,347	(2,252,453)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	20,000	20,000	50,615	30,615
Interest expense	(1,081,500)	(1,081,500)	(1,115,089)	(33,589)
Amortization expense	-	-	353,779	353,779
Intergovernmental	-	-	404,500	404,500
Other	-	-	430,482	430,482
Issuance of debt	2,548,000	2,548,000	-	(2,548,000)
Total nonoperating revenues/ (expenses)	1,486,500	1,486,500	124,287	(1,362,213)
Income before contributions and transfers	4,441,700	4,421,300	806,634	(3,614,666)
Transfers in	-	20,400	6,020,400	6,000,000
Transfers (out)	(578,700)	(578,700)	(578,700)	-
Capital Contributions	-	-	1,419,293	1,419,293
Changes in net position	3,863,000	3,863,000	7,667,627	3,804,627
Total net position - beginning	95,984,779	95,984,779	95,984,779	-
Prior period adjustment	-	-	576,254	576,254
Total net position - ending	\$ 99,847,779	\$ 99,847,779	\$ 104,228,660	\$ 4,380,881

CITY OF PHARR, TEXAS
PHARR EMERGENCY MEDICAL SERVICE
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget Basis	Variance Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
EMS	\$ 24,175,400	\$ 7,075,400	\$ 22,148,992	\$ 15,073,592
Total operating revenues	24,175,400	7,075,400	22,148,992	15,073,592
OPERATING EXPENSES				
Personnel services	11,160,300	8,115,200	7,562,117	553,083
Supplies and materials	650,000	650,000	444,764	205,236
Contractual services	7,279,600	5,279,600	16,820,500	(11,540,900)
Depreciation	-	-	1,156,685	(1,156,685)
Total operating expenses	19,089,900	14,044,800	25,984,066	(11,939,266)
Operating income (loss)	5,085,500	(6,969,400)	(3,835,074)	3,134,326
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	-	-	2,122	2,122
Interest expense	-	-	-	-
Amortization expense	-	-	(404,239)	(404,239)
Issuance cost	-	-	-	-
Total nonoperating revenues/(expenses)	-	-	-	-
Income before contributions and transfers	5,085,500	(6,969,400)	(4,237,191)	2,732,209
Transfers	-	118,800	7,349,264	7,230,464
Transfers (out)	(3,286,400)	-	-	-
Changes in net position	5,085,500	(6,850,600)	3,112,073	9,962,673
Total net position - beginning	3,578,132	3,578,132	3,578,132	-
Prior period adjustment	-	-	(5,645,128)	(5,645,128)
Total net position - ending	\$ 8,663,632	\$ (3,272,468)	\$ 1,045,077	\$ 4,317,545

CITY OF PHARR, TEXAS
TEAMPHARR.NET FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Services	\$ 6,146,300	\$ 619,900	\$ 25,505	\$ (594,395)
Total operating revenues	6,146,300	619,900	25,505	(594,395)
OPERATING EXPENSES				
Personnel services	1,424,000	196,300	1,025	195,275
Supplies and materials	751,900	471,900	169,737	302,163
Contractual services	1,717,200	1,148,300	96,760	1,051,540
Depreciation	-	-	1,903	(1,903)
Total operating expenses	3,893,100	1,816,500	269,425	1,547,075
Operating income (loss)	2,253,200	(1,196,600)	(243,920)	952,680
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	17,000	-	46	46
Total nonoperating revenues/(expenses)				
Income before contributions and transfers	2,270,200	(1,196,600)	(243,874)	952,726
Transfer out	(2,270,200)	-	-	-
	-	-	-	-
Changes in net position	-	(1,196,600)	(243,874)	952,726
Total net position - beginning	-	-	-	-
Prior period adjustment	-	-	-	-
Total net position - ending	\$ -	\$ (1,196,600)	\$ (243,874)	\$ 952,726

CITY OF PHARR, TEXAS
BRIDGE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget Basis	Variance Budget Basis
OPERATING REVENUES				
Toll fees	\$ 16,327,900	\$ 17,127,900	\$ 17,237,247	\$ 109,347
Other	422,900	422,900	325,462	(97,438)
Total operating revenues	16,750,800	17,550,800	17,562,709	11,909
OPERATING EXPENSES				
Personnel services	1,406,000	1,432,400	1,360,320	72,080
Supplies and materials	275,200	275,200	216,159	59,041
Contractual services	2,162,800	2,162,800	3,437,238	(1,274,438)
Depreciation	-	-	884,428	(884,428)
Total operating expenses	3,844,000	3,870,400	5,898,145	(2,027,745)
Operating income (loss)	12,906,800	13,680,400	11,664,564	(2,015,836)
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	14,000	14,000	452,057	438,057
Interest expense	(2,393,700)	(2,393,700)	(2,632,879)	(239,179)
Amortization expense	-	-	36,420	36,420
Intergovernmental	-	-	1,646,580	1,646,580
Total nonoperating revenues/(expenses)	(2,379,700)	(2,379,700)	(497,822)	(1,881,878)
Income before contributions and transfers	10,527,100	11,300,700	11,166,742	(133,958)
Transfers in	-	394,900	394,900	-
Transfers (out)	(9,763,100)	(8,963,100)	(10,563,100)	(1,600,000)
Debt proceeds	-	-	-	-
Changes in net position	764,000	2,732,500	998,542	(1,733,958)
Total net position - beginning	28,571,076	28,571,076	28,571,076	-
Prior period adjustment	-	-	(189,473)	(189,473)
Total net position - ending	\$ 29,335,076	\$ 31,303,576	\$ 29,380,145	\$ (1,923,431)

CITY OF PHARR, TEXAS
GOLF FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Golf services	\$ 723,400	\$ 723,400	\$ 977,002	\$ 253,602
Other	65,800	65,800	78,970	13,170
Total operating revenues	<u>789,200</u>	<u>789,200</u>	<u>1,055,972</u>	<u>266,772</u>
OPERATING EXPENSES				
Personnel services	844,500	858,800	762,661	96,139
Supplies and materials	145,100	164,500	191,301	(26,801)
Contractual services	284,800	274,300	540,810	(266,510)
Depreciation	-	-	216,076	(216,076)
Total operating expenses	<u>1,274,400</u>	<u>1,297,600</u>	<u>1,710,848</u>	<u>(413,248)</u>
Operating income (loss)	<u>(485,200)</u>	<u>(508,400)</u>	<u>(654,876)</u>	<u>(146,476)</u>
NON OPERATING REVENUES/(EXPENSES):				
Investment earnings	5,900	5,900	5,842	(58)
Interest expense	(46,100)	(46,100)	(55,065)	(8,965)
Amortization	-	-	(49,507)	(49,507)
Total nonoperating revenues/ (expenses)	<u>(40,200)</u>	<u>(40,200)</u>	<u>(98,730)</u>	<u>(58,530)</u>
Income before contributions and transfers	<u>(525,400)</u>	<u>(548,600)</u>	<u>(753,606)</u>	<u>(205,006)</u>
Transfers in	<u>525,400</u>	<u>548,600</u>	<u>-</u>	<u>(548,600)</u>
Changes in net position	-	-	(753,606)	(753,606)
Total net position - beginning	3,253,372	3,253,372	3,253,372	-
Prior period adjustment	-	-	(80,893)	(80,893)
Total net position - ending	<u>\$ 3,253,372</u>	<u>\$ 3,253,372</u>	<u>\$ 2,418,873</u>	<u>\$ (834,499)</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.

Health Care Fund - This fund is used to account for the semi self-funded health insurance benefits provided by the City.

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	City Garage	Health Care Insurance	Total
<u>ASSETS</u>			
Current assets:			
Cash	\$ 101,513	\$ 261,396	\$ 362,909
Inventories	41,401	-	41,401
Total current assets	<u>142,914</u>	<u>261,396</u>	<u>404,310</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)			
Buildings	307,150	-	307,150
Total capital assets, net of accumulated depreciation	<u>307,150</u>	<u>-</u>	<u>307,150</u>
Total noncurrent assets	<u>307,150</u>	<u>-</u>	<u>-</u>
Total assets	<u>450,064</u>	<u>261,396</u>	<u>711,460</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	60,923	-	60,923
Escrow	-	124,279	124,279
Due to other funds	6,077	-	6,077
Total current liabilities	<u>67,000</u>	<u>124,279</u>	<u>191,279</u>
Current liabilities payable from restricted assets:			
Matured accrued compensation	9,631	-	9,631
Total current liabilities payable from restricted assets	<u>9,631</u>	<u>-</u>	<u>9,631</u>
Noncurrent liabilities:			
Accrued compensation	28,716	-	28,716
Total noncurrent liabilities	<u>28,716</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>105,347</u>	<u>124,279</u>	<u>229,626</u>
<u>NET POSITION</u>			
Net assets:			
Invested in capital assets, net of related debt	307,150	-	307,150
Unrestricted	37,567	137,117	174,684
Total net position	<u>\$ 344,717</u>	<u>\$ 137,117</u>	<u>\$ 481,834</u>

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

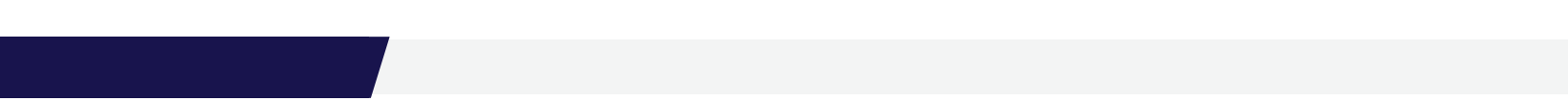
	City Garage	Health Care Insurance	Total
Charges for services	\$ 1,176,143	\$ -	\$ 1,176,143
Contributions	-	6,223,143	6,223,143
Total operating revenues	<u>1,176,143</u>	<u>6,223,143</u>	<u>7,399,286</u>
Operating expenses:			
Personnel services	219,790	-	219,790.00
Supplies and materials	4,690	-	4,690.00
Contractual services	943,197	-	943,197.00
Depreciation	14,466	-	14,466.00
Self insurance claims	-	5,467,900	5,467,900
Total operating expenses	<u>1,182,143</u>	<u>5,467,900</u>	<u>6,650,043</u>
Operating income (loss)	<u>(6,000)</u>	<u>755,243</u>	<u>749,243</u>
Transfers in	6,000	-	6,000
Transfers out	-	(755,243)	(755,243)
Changes in net position	-	-	-
Total net position- beginning	345,752	137,117	482,869
Prior period adjustment	(1,035)	-	(1,035)
Total net position - ending	<u>\$ 344,717</u>	<u>\$ 137,117</u>	<u>\$ 481,834</u>

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS - GARAGE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Other	\$ 515,100	\$ 515,100	\$ 1,176,143	\$ 661,043
Total operating revenues	<u>515,100</u>	<u>515,100</u>	<u>1,176,143</u>	<u>661,043</u>
OPERATING EXPENSES				
Personnel services	243,400	249,400	219,789	29,611
Supplies and materials	10,600	10,600	4,690	5,910
Contractual services	511,100	439,500	943,197	(503,697)
Depreciation	-	-	14,467	(14,467)
Total operating expenses	<u>765,100</u>	<u>699,500</u>	<u>1,182,143</u>	<u>(482,643)</u>
Operating income (loss)	<u>(250,000)</u>	<u>(184,400)</u>	<u>(6,000)</u>	<u>178,400</u>
Transfers in	<u>250,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Changes in net position	-	(178,400)	-	178,400
Total net position - beginning	345,752	345,752	345,752	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(1,035)</u>	<u>(1,035)</u>
Total net position - ending	<u>\$ 345,752</u>	<u>\$ 167,352</u>	<u>\$ 344,717</u>	<u>\$ 177,365</u>

CITY OF PHARR, TEXAS
INTERNAL SERVICE FUNDS - HEALTH INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Final
	Original	Final	Budget	Variance
			Basis	Budget Basis
OPERATING REVENUES				
Charges for sales and services:				
Other	\$ -	\$ -	\$ 6,223,143	\$ 6,223,143
Total operating revenues	-	-	6,223,143	6,223,143
OPERATING EXPENSES				
Self insurance claims	-	-	5,467,900	(5,467,900)
Total operating expenses	-	-	5,467,900	(5,467,900)
Operating income (loss)	-	-	755,243	755,243
Transfers out	-	-	(755,243)	(755,243)
Changes in net position	-	-	-	-
Total net position - beginning	137,117	137,117	137,117	-
Prior period adjustment	-	-	-	-
Total net position - ending	\$ 137,117	\$ 137,117	\$ 137,117	\$ -



STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Pharr's annual comprehensive 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.

	<u>Page</u>
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.	124
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source; property tax.	129
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	133
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	138
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.	141

City of Pharr, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(amount expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities net position										
Net invested in capital assets										
Restricted	\$ 39,362	\$ 64,274	\$ 62,451	\$ 69,610	\$ 76,686	\$ 72,654	\$ 79,387	\$ 76,805	\$ 100,102	\$ 114,491
Unrestricted	35,796	15,012	18,454	23,585	21,655	31,783	31,481	43,118	20,320	29,789
Total governmental activities net position	8,032	8,951	1,170	2,224	5,954	7,129	3,784	9,776	12,845	(7,614)
	<u>\$ 83,190</u>	<u>\$ 88,237</u>	<u>\$ 82,075</u>	<u>\$ 95,420</u>	<u>\$ 104,295</u>	<u>\$ 111,566</u>	<u>\$ 114,652</u>	<u>\$ 129,699</u>	<u>\$ 133,267</u>	<u>\$ 136,666</u>
Business-type activities net position										
Net invested in capital assets										
Restricted	\$ 86,011	\$ 85,304	\$ 88,401	\$ 91,942	\$ 95,760	\$ 98,709	\$ 103,809	\$ 74,496	\$ 83,306	\$ 139,090
Unrestricted	21,394	18,996	19,603	16,647	13,158	10,459	8,044	42,496	46,576	7,422
Total business-type activities net position	6,013	10,276	10,280	5,994	5,938	10,049	10,570	16,735	1,752	(9,704)
	<u>\$ 113,418</u>	<u>\$ 114,576</u>	<u>\$ 118,283</u>	<u>\$ 114,583</u>	<u>\$ 114,855</u>	<u>\$ 119,217</u>	<u>\$ 122,423</u>	<u>\$ 133,727</u>	<u>\$ 131,634</u>	<u>\$ 136,808</u>
Primary government net position										
Net invested in capital assets										
Restricted	\$ 125,374	\$ 149,577	\$ 150,852	\$ 161,552	\$ 172,445	\$ 171,363	\$ 183,197	\$ 151,302	\$ 183,408	\$ 253,582
Unrestricted	57,191	34,008	38,056	40,232	34,813	42,242	39,525	85,614	66,896	37,232
Total primary government net position	14,044	19,227	11,450	8,218	11,892	17,178	14,534	26,511	14,597	(17,319)
	<u>\$ 196,609</u>	<u>\$ 202,813</u>	<u>\$ 200,358</u>	<u>\$ 210,002</u>	<u>\$ 219,150</u>	<u>\$ 230,783</u>	<u>\$ 237,256</u>	<u>\$ 263,427</u>	<u>\$ 264,901</u>	<u>\$ 273,495</u>

City of Pharr, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Amount expressed in thousands)

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government										
Public safety	\$ 9,970	\$ 12,144	\$ 11,091	\$ 12,359	\$ 12,265	\$ 16,369	\$ 13,205	\$ 22,680	\$ 18,685	\$ 21,700
Streets	22,700	21,355	20,581	20,175	25,261	23,813	26,572	20,473	30,026	42,361
Sanitation	5,330	4,903	7,826	7,834	8,748	1,481	5,242	1,481	4,113	8,471
Culture and recreation	1,880	2,867	2,636	1,518	647	3,014	3,080	3,019	3,439	3,470
Economic development	4,306	6,155	5,530	5,790	5,358	5,607	7,420	13,952	9,002	7,471
Debt service	8,085	2,590	1,679	3,119	3,445	5,467	4,425	5,303	1,087	5,899
Total governmental activities	1,926	1,800	1,629	1,182	1,810	2,192	2,973	2,958	2,909	4,036
	54,196	51,814	50,973	51,978	57,535	57,943	62,917	73,525	69,261	93,408
Business-type activities:										
Utility	12,241	13,619	14,069	13,981	14,908	13,319	13,582	15,184	16,664	17,034
TeamPharr.net	-	-	-	-	-	-	-	-	-	269
Pharr Event Center	-	-	727	808	776	769	824	685	387	-
EMS	-	-	-	-	-	-	-	-	4,648	26,388
Toll Bridge	3,413	4,822	3,905	3,725	3,768	4,037	4,118	4,221	5,146	8,494
Tierra Del Sol Golf Course	1,279	1,394	1,428	1,338	1,337	1,415	1,536	1,446	1,493	1,817
Total business-type activities	16,933	19,836	20,128	19,851	20,788	19,540	20,060	21,536	28,338	54,002
Total primary government expenses	\$ 71,128	\$ 71,650	\$ 71,101	\$ 71,829	\$ 78,323	\$ 77,483	\$ 82,977	\$ 95,061	\$ 97,599	\$ 147,410
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,980	\$ 1,646	\$ 1,431	\$ 2,074	\$ 1,989	\$ 4,210	\$ 3,712	\$ 1,949	\$ 1,991	\$ 3,228
Public safety	1,210	1,355	1,607	2,953	2,576	-	447	3,180	165	179
Streets	878	859	1,008	1,026	1,048	472	512	1,782	1,133	1,359
Sanitation	3,658	3,825	3,924	4,018	4,079	4,095	4,248	4,226	4,446	4,622
Culture and recreation	579	1,629	582	409	436	390	391	318	416	652
Economic development	-	648	-	-	1,610	-	-	2,116	789	43
Debt service	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	9,493	3,132	2,568	3,289	3,784	1,014	-	12,392	7,183	4,088
Capital grants and contributions	1,111	1,435	1,477	222	59	2,170	1,911	7,259	9,885	6,725
Total governmental activities	18,910	14,529	12,597	13,991	15,580	12,351	11,221	33,222	26,008	20,896
Business-type activities:										
Charges for services:										
Utility	13,977	13,670	12,980	13,751	14,462	13,952	13,956	16,208	16,605	16,955
TeamPharr.net	-	-	-	-	-	-	-	-	-	26
Pharr event center	-	-	434	617	518	341	419	252	28	-
EMS	-	-	-	-	-	-	-	-	1,317	17,562
Toll bridge	11,915	12,572	12,781	13,438	13,905	13,978	14,341	14,595	16,964	22,149
Tierra Del Sol Golf Course	597	786	781	810	876	801	796	796	881	1,056
Operating grants and contributions	314	-	-	1,812	-	-	-	-	3,605	2,051
Capital grants and contributions	1,686	919	3,339	842	2,300	2,776	1,911	5,589	-	-
Total business-type activities	28,489	27,948	30,315	31,270	32,061	31,848	31,423	37,440	39,400	59,799
Total primary government	\$ 47,398	\$ 42,477	\$ 42,912	\$ 45,261	\$ 47,641	\$ 44,199	\$ 42,644	\$ 70,662	\$ 65,408	\$ 80,695
Net (expense)/revenue										
Governmental activities	\$ (35,286)	\$ (37,286)	\$ (38,375)	\$ (37,987)	\$ (41,955)	\$ (45,592)	\$ (51,696)	\$ (40,303)	\$ (43,253)	\$ (72,512)
Business-type activities	11,556	8,112	10,186	11,419	11,273	12,308	11,363	15,904	11,062	5,797
Total primary government net expense	\$ (23,730)	\$ (29,174)	\$ (28,189)	\$ (26,568)	\$ (30,681)	\$ (33,284)	\$ (40,333)	\$ (24,399)	\$ (32,191)	\$ (66,715)

City of Pharr, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(amount expressed in thousands)

	<u>2013</u>	<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>
General fund										
Reserved, nonspendable, restricted	\$ 10,752	\$ 12,879	\$ 12,841	\$ 13,573	\$ 16,422	\$ 12,634	\$ 14,411	\$ 18,992	\$ 19,874	\$ 12,719
Unreserved, undesignated, unassigned	3,593	219	794	5,839	6,333	3,218	4,560	4,237	3,142	-
Designated, committed, assigned	-	-	-	-	-	8,010	5,876	5,821	6,930	11,903
Total general fund	<u>14,346</u>	<u>13,098</u>	<u>13,636</u>	<u>19,413</u>	<u>22,755</u>	<u>23,862</u>	<u>24,847</u>	<u>29,050</u>	<u>29,946</u>	<u>24,622</u>
All other governmental funds										
Reserved, nonspendable,	\$ 1,212	\$ 1,677	\$ 2,405	\$ 3,052	\$ 3,145	\$ 3,074	\$ 2,365	\$ 2,419	\$ -	\$ 4,476
Restricted, reported in:										
Special revenue funds	-	-	-	-	-	4,066	5,913	4,618	4,280	3,739
Debt service fund	-	-	-	-	-	-	627	931	2,320	9,765
Economic development fund	20,014	23,094	12,169	12,816	12,869	3,320	1,923	10,656	3,633	7,199
Capital outlay	-	-	-	-	-	-	-	-	-	9,079
Unreserved, unassigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects fund	11,747	8,349	10,459	23,198	15,690	24,965	23,229	27,686	11,938	(1,153)
Debt service fund	37	157	317	203	251	676	-	-	-	-
Economic development	-	-	-	-	-	-	2,885	-	-	-
Total all other governmental funds	<u>33,009</u>	<u>33,278</u>	<u>25,350</u>	<u>39,269</u>	<u>31,955</u>	<u>36,101</u>	<u>36,942</u>	<u>46,310</u>	<u>22,171</u>	<u>33,105</u>
Total governmental fund balances	<u>\$ 47,355</u>	<u>\$ 46,376</u>	<u>\$ 38,986</u>	<u>\$ 58,681</u>	<u>\$ 54,709</u>	<u>\$ 59,963</u>	<u>\$ 61,789</u>	<u>\$ 75,360</u>	<u>\$ 52,120</u>	<u>\$ 57,727</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)

	<u>2013</u>	<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>
Revenues										
Taxes	\$ 31,504	\$ 33,978	\$ 36,550	\$ 37,335	\$ 38,434	\$ 44,716	\$ 44,983	\$ 48,780	\$ 48,826	\$ 59,463
Licenses and permits	818	762	681	734	657	722	808	966	1,105	1,327
Intergovernmental	9,521	4,468	2,964	3,289	3,784	1,015	4,037	19,652	17,068	10,814
Charges for services	5,778	6,326	5,933	6,048	6,332	6,718	6,374	6,224	5,870	6,668
Fines	936	1,086	1,178	1,309	1,641	1,068	798	550	556	499
Investment earnings	474	401	314	89	241	417	562	256	60	367
Miscellaneous	644	945	368	1,218	12,571	1,191	2,062	2,945	1,074	1,199
Total revenues	49,675	47,966	47,988	50,023	63,661	55,847	59,624	79,373	74,559	80,337
Expenditures										
Current:										
General government	10,337	11,933	10,784	11,498	11,037	16,384	12,218	22,055	20,350	19,343
Public safety	22,253	21,439	19,456	21,930	23,572	26,603	28,400	20,527	26,985	34,569
Highways and streets	7,056	5,012	8,412	11,107	13,846	8,764	8,696	10,337	8,066	11,711
Health and welfare	2,371	2,758	2,808	2,694	2,408	2,853	2,857	2,823	3,201	3,097
Culture and recreation	12,999	6,346	4,867	5,439	7,926	12,253	19,032	24,849	29,585	15,657
Economic development	1,163	2,775	1,698	2,720	3,340	8,690	4,717	4,481	719	44,762
Debt Service:										
Debt service - principal	9,339	7,811	7,994	15,162	17,161	12,046	8,622	10,298	6,630	8,563
Debt service - interest	1,750	1,866	1,636	1,267	2,052	2,393	3,222	3,357	3,267	3,788
Total expenditures	67,269	59,940	57,655	71,817	81,342	89,986	87,764	98,727	98,803	141,490
Excess of revenues over (under) expenditures	(17,594)	(11,974)	(9,667)	(21,793)	(17,681)	(34,139)	(28,140)	(19,354)	(24,244)	(61,153)
Other financing sources (uses)										
Transfers in	34,633	19,662	21,849	35,719	20,787	37,389	33,431	16,305	19,446	21,717
Transfers out	(28,316)	(11,981)	(11,090)	(24,419)	(9,612)	(29,503)	(25,077)	(11,796)	(9,052)	(23,342)
Proceeds from sale of assets	551	198	(953)	642	-	-	-	-	-	-
Other contributions	-	-	-	-	(9,900)	-	-	-	950	(184)
Issuance of debt	14,306	2,381	480	29,739	11,366	31,810	19,430	26,945	1,788	58,903
Issuance cost	-	-	-	-	-	-	-	-	-	(688)
Total other financing sources (uses)	21,175	10,260	10,286	41,680	12,641	39,696	27,784	31,454	13,132	56,406
Special Items										
Gain/(Loss) on land available for sale valuation	(6,371)	-	(7,629)	-	1,566	(356)	-	-	-	-
Total special items	(6,371)	-	(7,629)	-	1,566	(356)	-	-	-	-
Net change in fund balances	\$ (2,790)	\$ (1,714)	\$ (7,010)	\$ 19,887	\$ (3,475)	\$ 5,201	\$ (356)	\$ 12,100	\$ (11,110)	\$ (4,747)
Debt service as a percentage of noncapital expenditures	19.7%	19.3%	20.1%	29.7%	30.9%	19.1%	15.6%	16.1%	11.1%	9.6%

City of Pharr, Texas
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended	Tax Year	Residential Property	Commercial Property	Industrial Property	Minerals	Other	Total Assessed	Less: Ag Loss & Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	2011	\$ 1,913,524	\$ 574,336	\$ 13,337	\$ 11,027	\$ 256,980	\$ 2,769,204	\$ 604,760	\$ 2,164,444	\$ 0.68
2013	2012	\$ 1,978,273	\$ 591,866	\$ 12,310	\$ 11,038	\$ 265,359	\$ 2,858,847	\$ 662,530	\$ 2,196,317	\$ 0.68
2014	2013	\$ 1,989,015	\$ 623,074	\$ 12,350	\$ 9,132	\$ 320,085	\$ 2,953,655	\$ 687,001	\$ 2,266,654	\$ 0.68
2015	2014	\$ 2,130,562	\$ 665,903	\$ 12,239	\$ 6,201	\$ 316,074	\$ 3,130,979	\$ 753,721	\$ 2,377,258	\$ 0.68
2016	2015	\$ 2,255,602	\$ 734,905	\$ 11,444	\$ 4,972	\$ 377,209	\$ 3,384,132	\$ 812,816	\$ 2,571,316	\$ 0.65
2017	2016	\$ 2,302,343	\$ 826,519	\$ 11,971	\$ 3,175	\$ 374,763	\$ 3,518,771	\$ 827,461	\$ 2,691,310	\$ 0.65
2018	2017	\$ 2,384,074	\$ 951,399	\$ 12,021	\$ 5,914	\$ 385,546	\$ 3,738,955	\$ 896,151	\$ 2,842,804	\$ 0.65
2019	2018	\$ 1,936,602	\$ 1,370,234	\$ 23,038	\$ 4,586	\$ 660,766	\$ 3,995,226	\$ 808,535	\$ 3,186,691	\$ 0.65
2020	2019	\$ 2,141,472	\$ 1,441,537	\$ 21,637	\$ 2,812	\$ 657,520	\$ 4,264,978	\$ 803,940	\$ 3,461,038	\$ 0.65
2021	2020	\$ 2,347,876	\$ 1,506,505	\$ 18,262	\$ 1,786	\$ 682,648	\$ 4,557,077	\$ 857,906	\$ 3,699,171	\$ 0.72
2022	2021	\$ 2,831,473	\$ 1,613,943	\$ 18,938	\$ 1,942	\$ 531,409	\$ 4,997,705	\$ 894,137	\$ 4,103,568	\$ 0.72

Source: Hidalgo County Central Appraisal District

Note: Assessed values are determined as of July 17th, and relate to taxes levied on the first day of the following fiscal year. Assessed value equal 100% of estimated value. All property is assessed the same rate regardless of real or personal property, commercial, residential, or industrial.

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						Total		
	Drainage District #1			Hidalgo County			P.S.J.A ISD			Direct & Overlapping Rates		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
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
2018	\$ 0.58	\$ 0.072	\$ 0.65	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.53	\$ 0.05	\$ 0.58	\$ 1.17	\$ 0.21	\$ 1.38
2019	\$ 0.57	\$ 0.151	\$ 0.72	\$ 0.05	\$ 0.05	\$ 0.11	\$ 0.55	\$ 0.07	\$ 0.62	\$ 1.07	\$ 0.20	\$ 1.27
2020	\$ 0.57	\$ 0.151	\$ 0.72	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.57	\$ 0.16	\$ 0.73	\$ 1.05	\$ 0.22	\$ 1.27
2021	\$ 0.57	\$ 0.151	\$ 0.72	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.50	\$ 0.07	\$ 0.58	\$ 1.05	\$ 0.22	\$ 1.27
2022	\$ 0.57	\$ 0.151	\$ 0.72	\$ 0.05	\$ 0.07	\$ 0.13	\$ 0.51	\$ 0.06	\$ 0.58	\$ 0.97	\$ 0.21	\$ 1.18
Fiscal Year Ending	Overlapping Tax Rates						Total					
	South Texas ISD			South Texas College			South Texas College			Direct & Overlapping Rates		
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total
2013	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.11	\$ 0.04	\$ 0.15
2014	\$ 0.05	\$ -	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.15	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.11	\$ 0.04	\$ 0.15
2015	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.14	\$ 0.05	\$ 0.18
2016	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.14	\$ 0.05	\$ 0.18
2017	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.14	\$ 0.05	\$ 0.18
2018	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.05	\$ 0.18	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.14	\$ 0.05	\$ 0.18
2019	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.04	\$ 0.18	\$ 0.05	\$ 0.04	\$ 0.09	\$ 0.14	\$ 0.04	\$ 0.18
2020	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.03	\$ 0.17	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.14	\$ 0.03	\$ 0.17
2021	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.03	\$ 0.17	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.14	\$ 0.03	\$ 0.17
2022	\$ 0.05	\$ -	\$ 0.05	\$ 0.14	\$ 0.03	\$ 0.17	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.14	\$ 0.03	\$ 0.17

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 2022 and 2013
(amounts expressed in
thousands)

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AEP TEXAS INC-27H	\$ 55,207	1	1.35%	\$ 11,780	5	0.54%
PTC TX HOLDINGS LLC	\$ 46,766	2	1.14%	\$ -	-	0.00%
46TH STREET INVESTORS & PWIP LLC & ROWLAND ENTERPRISES	\$ 36,675	3	0.89%	\$ -	-	0.00%
HEB GROCERY COMPANY LP	\$ 24,114	4	0.59%	\$ 18,528	1	0.84%
PHARR BRIDGE INVESTMENT COMPANY LP	\$ 20,881	5	0.51%	\$ -	-	0.00%
BISSELL SOUTHWEST DC LEASING LLC	\$ 17,186	6	0.42%	\$ -	-	0.00%
WILDER CORPORATION OF DELAWARE	\$ 15,653	7	0.38%	\$ 12,873	3	0.59%
PTC TX HOLDINGS LLC	\$ 15,000	8	0.37%	\$ -	-	0.00%
TOYOTA OF PHARR SCION OF PHARR	\$ 14,522	9	0.35%	\$ -	-	0.00%
FJRS INVESTMENTS LTD	\$ 13,830	10	0.34%	\$ 10,220	7	0.47%
Totals	\$ 259,834		6.33%	\$ 53,401		2.43%
Assessed Taxable Value	\$ 4,103,568			\$ 2,196,317		

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
2013	2012	\$ 14,935	\$ 14,049	94.1%	\$ 179	\$ 14,228	95.3%
2014	2013	\$ 15,413	\$ 14,631	94.9%	\$ 96	\$ 14,727	95.6%
2015	2014	\$ 16,431	\$ 15,448	94.0%	\$ 243	\$ 15,691	95.5%
2016	2015	\$ 16,952	\$ 15,928	94.0%	\$ 298	\$ 16,226	95.7%
2017	2016	\$ 17,654	\$ 16,642	94.3%	\$ 293	\$ 16,935	95.9%
2018	2017	\$ 18,625	\$ 17,832	95.7%	\$ 80	\$ 17,912	96.2%
2019	2018	\$ 19,278	\$ 18,408	95.5%	\$ 143	\$ 18,551	96.2%
2020	2019	\$ 22,494	\$ 21,489	95.5%	\$ 125	\$ 21,614	96.1%
2021	2020	\$ 23,908	\$ 23,228	97.2%	\$ (206)	\$ 23,023	96.3%
2022	2021	\$ 25,143	\$ 24,954	99.2%	\$ (618)	\$ 24,336	96.8%

*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 Income¹	Per Capita¹	
	General		Certificates of Obligation	Notes	Capital Leases	Utility & Toll Bridge		Capital Leases				Notes
	Obligation Bonds					Bonds/Notes						
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	\$ 1,121	\$ 6,516	\$ 44,268	\$ 1,783	\$ -	\$ -	\$ 78,827	0.05%	\$ 1,019	
2018	\$ 5,898	\$ 32,565	\$ 6,819	\$ 7,377	\$ 41,097	\$ 3,539	\$ -	\$ -	\$ 97,295	0.04%	\$ 1,224	
2019	\$ 4,090	\$ 33,440	\$ 18,700	\$ 7,390	\$ 44,400	\$ 3,830	\$ -	\$ -	\$ 111,850	0.04%	\$ 1,403	
2020	\$ 1,430	\$ 47,560	\$ 4,683	\$ 6,478	\$ 65,613	\$ 3,249	\$ -	\$ -	\$ 129,013	0.03%	\$ 1,625	
2021	\$ -	\$ 67,085	\$ 3,657	\$ 6,358	\$ 101,864	\$ 2,722	\$ -	\$ -	\$ 181,686	0.02%	\$ 2,279	
2022	\$ -	\$ 64,145	\$ 2,586	\$ 5,922	\$ 118,185	\$ 3,244	\$ -	\$ -	\$ 194,082	0.02%	\$ 2,435	

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)

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2013	12,800	-	12,800	0.45%	\$ 177
2014	11,295	83	11,212	0.38%	\$ 154
2015	9,710	269	9,441	0.31%	\$ 133
2016	7,440	169	7,271	0.22%	\$ 97
2017	6,305	347	5,958	0.18%	\$ 82
2018	5,898	670	5,228	0.16%	\$ 74
2019	4,090	766	3,324	0.10%	\$ 51
2020	1,430	1,111	319	0.03%	\$ 18
2021	-	-	-	0.00%	\$ -
2022	-	-	-	0.00%	\$ -

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt of governmental activities, net of original discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (4) 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, 2022
(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	\$ 367,135	8.5%	\$ 31,354
Hidalgo Irrigation District #1	\$ 31,157	-	-
South Texas College	\$ 221,114	100.1%	\$ 221,379
South Texas ISD	\$ 11,165	-	-
Pharr San Juan Alamo Independent School District	\$ 302,376	12.6%	\$ 38,036
Overlapping debt			<u>\$ 290,769</u>
City of Pharr direct debt	\$ 194,082	100.0%	<u>\$ 194,082</u>
Total direct and overlapping debt			<u><u>\$ 484,851</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 2022.

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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 276,920	\$ 285,885	\$ 295,366	\$ 313,098	\$ 338,412	400,700	448,005	399,523	426,498	499,771
Total net debt applicable to limit	14,300	12,800	11,295	9,710	7,440	6,819	5,898	4,090	-	-
Legal debt margin	\$ 262,620	\$ 273,085	\$ 284,071	\$ 303,388	\$ 330,972	\$ 393,881	\$ 442,107	\$ 395,433	\$ 426,498	\$ 499,771

Total net debt applicable to the limit										
as a percentage of debt limit	5.2%	4.5%	3.8%	3.1%	2.2%	1.7%	1.3%	1.0%	0.0%	0.0%

Assessed value	\$ 4,103,568
Add back: exempt property	894,137
Total assessed value	4,997,705
Debt Limit (10% of total assessed value)	499,771
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 499,771</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		Principal	Interest		Coverage
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
2018	\$ 13,643	\$ 6,590	\$ 7,053	\$ 2,958	\$ 1,070				1.75
2019	\$ 14,132	\$ 6,886	\$ 7,246	\$ 3,084	\$ 880				1.83
2020	\$ 16,196	\$ 7,667	\$ 8,529	\$ 3,165	\$ 643				2.24
2021	\$ 16,605	\$ 8,927	\$ 7,678	\$ 3,919	\$ 1,067				1.54

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	Population ¹	Median Household Income	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling ²	School Enrollment ³	Unemployment Rate ⁴
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%
2018	79,487	39,445	14,826	31.1	63.3%	32,631	7.3%
2019	79,707	39,372	14,655	28.7	63.6%	32,481	6.4%
2020	79,112	39,884	15,015	28.8	64.5%	31,335	10.5%
2021	79,697	39,606	17,149	30.0	68.0%	26,143	8.8%

Data Sources: U.S. Census, Texas Workforce Commission, U.S. Bureau of Labor Statistics, and PSJA ISD

¹Population data from Population Census, April 1, 2021

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 includes enrollment for Pharr San Juan and Alamo School District. (As of 12/31/2021)

⁴Unemployment rate as of June 2021.

* Data Not Available

City of Pharr, Texas
Principal Employers
Fiscal Year Ending 2022 and 2012

2022			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pharr-San Juan-Alamo ISD	4,644	1	17.10%
City of Pharr	900	2	3.31%
Maximus	547	3	2.01%
Juniors Meat Market	450	4	1.66%
Walmart	400	5	1.47%
Atento Contact US Teleservices	360	6	1.33%
Dragados	350	7	1.29%
VDP Healthcare	333	8	1.23%
HEB	300	9	1.10%
Lack's Valley Store Ltd	230	10	0.85%
Total	8,514		31.35%

2012			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pharr-San Juan-Alamo ISD	3,000	1	11.05%
Ticketmaster	800	2	2.95%
Valley View ISD	700	3	2.58%
Convergy's	650	4	2.39%
VDP Healthcare	417	5	1.54%
City of Pharr	400	6	1.47%
Royal Freight	380	7	1.40%
Lack's Valley Store Ltd	361	8	1.33%
HEB	290	9	1.07%
Atento Contact US Teleservices	280	10	1.03%
Total	7,278		26.80%

Source: Workforce Solutions Lower RGV

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, 2022										
	<u>2013</u>	<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>
GENERAL FUND										
City manager	8.5	15.0	9.0	7.0	8.0	8.0	11.0	12.0	16.0	18.0
Finance	14.0	14.0	12.0	10.0	8.0	8.0	9.0	10.0	10.0	10.0
Police department	176.5	186.5	178.5	183.0	169.0	169.0	168.0	172.0	184.0	184.0
Purchasing	0.0	0.0	0.0	0.0	2.0	2.0	2.0	4.0	4.0	4.0
Municipal court	8.0	7.0	8.0	9.0	10.0	10.0	9.0	10.0	11.0	9.0
Fire protection	78.0	82.0	80.0	80.0	80.0	80.0	83.0	76.0	89.0	89.0
Public works	49.0	48.0	50.0	63.0	53.0	53.0	50.0	47.0	48.5	48.5
Information technology	5.0	10.0	12.5	19.5	13.5	13.5	14.0	14.5	44.0	33.0
Media	0.0	0.0	0.0	0.0	8.0	8.0	14.0	8.0	11.0	11.0
Municipal library	23.5	25.0	23.5	27.5	27.5	27.5	30.0	28.0	27.0	28.0
Grants	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0
Parks & recreation	62.1	56.8	112.6	31.0	54.0	54.0	53.0	79.0	88.0	85.0
OSE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0
Legal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	2.0
Public safety communication	0.0	0.0	0.0	6.0	23.0	23.0	25.0	27.0	45.0	40.0
Human resources	0.0	0.0	4.0	6.0	8.0	8.0	7.0	9.0	10.0	12.0
Development services	20.0	22.5	23.0	23.0	24.0	24.0	23.0	25.0	26.0	6.0
Engineer	5.5	4.5	6.5	7.5	8.5	8.5	7.0	9.5	10.5	11.0
Code enforcement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Total general fund	453.1	474.3	522.6	475.5	499.5	499.5	508.0	534.0	635.0	618.5
UTILITY FUND										
Administrative	9.0	9.0	9.0	9.0	10.0	10.0	10.0	10.0	12.0	12.0
Water production	13.0	15.0	15.0	15.0	15.0	15.0	15.0	16.0	17.0	17.0
Water distribution	27.0	30.5	30.5	28.5	32.5	32.5	30.0	36.5	36.5	38.0
Water treatment plant	18.0	19.0	19.0	19.0	19.0	19.0	15.0	19.0	20.0	20.0
Lift station	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total utility fund	67.0	73.5	73.5	71.5	76.5	76.5	70.0	81.5	85.5	87.0
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	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total internal svc fund	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
INT'L BRIDGE FUND										
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Others	22.0	27.0	23.5	23.5	19.0	19.0	21.0	23.5	23.0	23.0
Total int'l bridge fund	23.0	28.0	24.5	24.5	20.0	20.0	22.0	24.5	24.0	24.0
OTHER										
EMS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	109.5	161.5	48.0
Fiber	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
PEDC	0.0	0.0	0.0	0.0	7.0	7.0	6.0	6.0	8.0	8.0
Chamber	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0
CDBG	3.5	4.0	0.0	0.0	5.0	4.0	3.0	3.0	3.0	3.0
Golf course	17.0	23.5	20.5	22.0	24.0	24.0	24.0	22.5	22.0	22.0
Events center	8.0	17.5	18.5	4.0	4.0	4.0	5.0	12.0	0.0	0.0
Total other	28.50	45.00	39.00	26.00	40.00	39.00	41.00	156.00	199.50	84.00
GRAND TOTAL	576.6	625.8	664.6	602.5	641.0	640.0	646.0	801.0	949.0	818.5

City of Pharr, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	<u>2013</u>	<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>
Police										
Physical arrests	2,197	3,573	2,423	1,805	2,150	3,215	1,596	1,205	1,369	970
Parking & traffic violations	12,607	12,893	19,628	13,684	12,543	13,523	11,636	12,131	20,596	26,483
Fire										
Number of calls answered	2,491	2,488	2,899	2,926	1,527	1,711	2,714	2,398	2,584	2,301
Inspections	2,263	2,942	2,184	2,675	2,197	2,273	631	1,628	1,676	2,072
Highways and streets										
Street resurfacing (miles)	6.44	7.31	1.41	10	8	8	8	6.38	1.5	6.54
Potholes repaired	545	1,297	506	3,089	3,947	1,801	1,801	822	453	1,739
International bridge										
Car crossings	937,829	866,328	794,930	865,200	843,452	856,392	677,062	456,470	459,229	469,339
Truck crossings	485,299	508,180	523,373	548,172	566,918	578,617	623,155	643,396	720,294	751,385
Culture and recreation										
Pharr Events Center	60	91	69	160	74	76	54	57	0	0
Other community center events	442	0	0	382	41	0	0	0	0	0
Water										
New connections	372	256	303	447	425	420	340	696	771	1,157
Water mains breaks	~1,625	~1,642	~1,726	1,410	1,107	1,107	739	739	917	1,543
Average daily consumption (millions of gallons)	6.9 MGD	7.1 MGD	6.46 MGD	6.7 MGD	5.4 MGD	7 MGD	7.34 MGD	7.34 MGD	7.20 MGD	19.0 MGD
Wastewater										
Average daily sewage treatment (thousands of gallons)	4.8 MGD	5.1 MGD	5.2 MGD	4.9 MGD	4.8 MGD	4.57 MGD	4.97 MGD	4.97 MGD	5 MGD	5.59 MGD

Sources: Various City Departments

City of Pharr, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>2013</u>	<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>
Public Safety										
Police:										
Stations	2	2	2	2	3	3	3	3	3	3
Patrol units	61	68	68	83	93	98	100	96	85	74
Fire stations	3	3	3	3	3	3	3	3	4	4
Highways and streets										
Streets (miles)	214	214	214	214	214	214	348	348	219.3	219.3
Streetlights	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown	980	unknown
Traffic signals	68	72	75	77	77	77	100	100	80	88
Culture and recreation										
Parks acreage (developed)	46	57	57	57	57	57	127	122	130	130
Swimming pools	1	1	1	1	1	1	1	1	2	2
Tennis courts	2	2	2	2	2	2	2	2	1	1
Community and convention centers	4	4	4	7	7	7	7	7	3	3
Water										
Water mains (miles)	~304	~303	~304	~350.84	~356	~356	~351	~355	~367	~403
Fire hydrants	~2,214	~2,213	~2,214	~2,563	~2,219	~2,219	~2,665	~2,663	~2,711	~2,838
Maximum daily capacity (thousands of gallons)	10 MGD	19 MGD	20 MGD	20 MGD	19MGD	19MGD	19MGD	19MGD	19 MGD	7.8 MGD
Sewer										
Sanitary sewers (miles)	~267.00	~266.00	~267.00	~273.55	~280.00	~280.00	273.60	275.00	276.00	281.00
Storm sewers (miles)	96.63	95.63	95.64	97.34	98	98	97	97	101.91	104.41
Maximum daily treatment capacity (thousands of gallons)	7.4 MGD	6.4 MGD	7.3 MGD	6.44 MGD	8 MGD	8 MGD	8 MGD	9.52MGD	8 MGD	8.0 MGD

Sources: Various City Departments

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' 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 the City Commission
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-008, 2022-009 and 2022-010 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-011, and 2022-012 to be significant deficiencies.

Report on Compliance and Other Matters

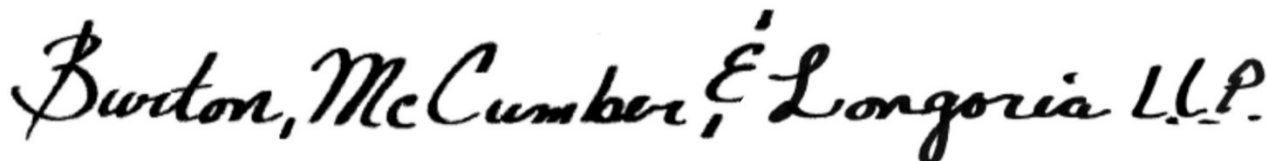
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-010 and 2022-012.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 large, stylized handwritten signature in black ink that reads "Burton, McCumber, & Longoria LLP". The signature is written in a cursive, flowing style with prominent loops and flourishes.

McAllen, Texas
April 1, 2024

INDEPENDENT AUDITORS' 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 Commission
City of Pharr, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Pharr, Texas' (City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-013 and 2022-014, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Burton, McCumber, & Longoria LLP

McAllen, Texas
April 1, 2024

CITY OF PHARR, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Community Development Block Grants	14.218	B-18-MC-48-0507	\$ 131,518
Community Development Block Grants	14.218	B-19-MC-48-0507	2,979
Community Development Block Grants	14.218	B-20-MC-48-0507	84,815
Community Development Block Grants	14.218	B-22-MC-48-0507	656,753
Community Development Block Grants (CARES ACT 2020) - COVID-19	14.218	B-20-MC-48-0507	411,471
			<u>1,287,536</u>
Total U.S. Department of Housing and Urban Development - Direct Programs			<u>1,287,536</u>
Total U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 1,287,536
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Equitable Sharing Program	16.922	112SA1599	\$ 79,573
			<u>79,573</u>
Total U.S. Department of Justice - Direct Programs			<u>79,573</u>
Passed Through Texas Office of the Governor-Criminal Justice Division (CJD)			
Crime Victims Assistance (Human Trafficking Liaison Grant)	16.575	2020-V2-GX-0004	57,572
Crime Victims Assistance (Crime Victims Liaison Grant)	16.575	2020-V2-GX-0004	61,623
Crime Victims Assistance (Domestic Violence Coordinator Project)	16.575	2020-V2-GX-0004	9,805
			<u>129,000</u>
Justice Assistance Grant	16.738	15P-BJA-21-GG-01893-JAGX	16,775
			<u>16,775</u>
Total Passed Through Texas Office of the Governor - Criminal Justice Division (CJD)			<u>145,775</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 225,348
U.S. DEPARTMENT OF TRANSPORTATION			
FEDERAL HIGHWAY ADMINISTRATION			
Passed Through Texas Department of Transportation (TXDOT)			
Highway Planning and Construction (TX DOT Grant)	20.205	CSJ#092102391	\$ 1,646,580
			<u>1,646,580</u>
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
Highway Safety Cluster			
State and Community Highway Safety (STEP - Commercial Motor Vehicle (CMV))	20.600	2022-PharrPD-S-CMV-00016	10,696
State and Community Highway Safety (STEP - Comprehensive Grant)	20.600	2022-PharrPD-S-1YG-00048	8,762
			<u>19,458</u>
National Priority Safety Programs (STEP - Impaired Driving Mobilization (IDM))	20.616	2022-PharrPD-IDM-00031	3,629
			<u>3,629</u>
Total Highway Safety Cluster			<u>23,087</u>
NHTSA Discretionary Safety Grants and Cooperative Agreements (Click it or Ticket)	20.614	2022-PharrPD-CIOT-00045	756
			<u>756</u>
Total Passed Through Texas Department of Transportation (TXDOT)			<u>1,670,423</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 1,670,423
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
2019 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2019-FF-01465	\$ 155,402
			<u>155,402</u>
Total U.S. Department of Homeland Security - Direct Programs			<u>155,402</u>
Passed Through Texas Governor's Office Division of Emergency Management:			
Homeland Security Grant Program (Operation Stonegarden Grant Program)	97.067	EMW-2020-SS-00054	\$ 304,561
			<u>304,561</u>
Total Passed Through Texas Governor's Office Division of Emergency Management			<u>304,561</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ 459,963
U.S. DEPARTMENT OF THE TREASURY			
Direct Programs:			
Coronavirus State and Local Fiscal Recovery Funds (American Recovery Act Plan (ARPA)) - COVID-19	21.027	746001875	\$ 6,725,300
			<u>6,725,300</u>
Total U.S. Department of the Treasury - Direct Programs			<u>6,725,300</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			\$ 6,725,300
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 10,368,570

City of Pharr, Texas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2022

1. General Statement

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all the federal award activity of the City of Pharr, Texas, under programs of the federal government for the year ended September 30, 2022. 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. as the City's basic financial statements. All federal awards received directly from Federal agencies 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 City of Pharr, Texas.

2. Summary of Significant Accounting Policies

The federal 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 measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, 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 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.

3. Indirect Cost Rate

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

4. Relationship to Federal Financial Status Reports

Amounts reported on the Schedule may not agree with the amounts reported in the related federal financial status reports filed with grantor agencies, because of the effect of accruals made in the Schedule.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal Control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major programs:

Assistance Listing Number (ALN)

21.027

14.218

97.067

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (ARPA) – COVID-19

Community Development Block Grants

Homeland Security Grants Program (Operation Stonegarden)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualifies as a low-risk auditee?

 X yes no

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-001

Compliance with Public Funds Investment Act

Criteria:

Cities must comply with Government Code 2256, also known as the Public Funds Investment Act (PFIA). Among other requirements, the PFIA requires the following:

Sec 2256.005(e) requires the governing body of an investing entity review its investment strategies not less than annually. The governing body shall adopt by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategy.

Sec 2256.023 requires that not less than quarterly the investment officer prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by the PFIA. The PFIA outlines the information required to be included in the quarterly reports.

Condition Found:

We noted the City did not comply with the provisions included in Sec 2256.005(e) and 2256.023 of the PFIA. An investment policy was not presented to the city commission for review and approval annually as required. As of September 30, 2022, the latest investment policy had been approved in 2019.

We requested from management all 4 quarterly investment reports presented to the city commission for the fiscal year ended September 30, 2022. Management was unable to provide 2 of the 4 quarterly investment reports, nor any other evidence such as minutes to city commission meetings that would indicate those two reports were presented to the city commission as required.

Context:

Condition noted was identified in testing for compliance with the Public Funds Investment Act.

Effect:

The City was not in compliance with the Public Funds Investment Act.

Cause:

Controls were not suitably designed to ensure compliance with all the provisions of the PFIA.

Recommendation:

We recommend the City review Government Code 2256, Public Funds Investment Act, and implement controls to ensure compliance with its requirements. Controls may include calendar reminders to ensure the investment policy is presented to review and approval to the City Commission annually and investment reports on a quarterly basis.

Repeat Finding from Prior Year(s): N/A

Views of Responsible Officials:

See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-002

Schedule of Expenditures of Federal Awards

Criteria:	The Code of Federal Regulations 2 CFR 200.510(b) requires the City to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the City's financial statements and must include the total awards expended. In complying with this requirement, controls should be suitably designed to ensure the SEFA is complete and accurate.
Condition Found:	We noted the SEFA for the fiscal year ended September 30, 2022 was not accurate. The following errors were noted: • One federal program included expenditures that had been incurred in the previous fiscal year and thus should not have been reported in the current year. • One federal program did not list the name of the federal award, the ALN, or the pass-through entity identifying number. Only the total amount expended was included. • Eight federal programs included an incorrect pass-through entity identifying number.
Context:	Condition was identified in auditing the SEFA for accuracy. For the one federal program that included prior year expenditures in the current year, this error was identified in reviewing supporting documentation for expenditures incurred as this program was originally selected as a major program for testing.
Effect:	An inaccurate SEFA may result in incorrect information reported to the federal government through the federal audit clearinghouse as part of the single audit reporting package. Additionally, errors in the SEFA results in inefficiencies in the audit process as errors may result, as it did in this case, in incorrect major program determination which then required additional audit work to reassess major program determination and reselection of major programs of testing.
Cause:	For errors in grant award titles, ALN, and pass-through entity identifying numbers, controls are not suitably designed to ensure this information is complete and accurate. For the error in reporting prior year expenditures in the current year, certain costs were not posted to the general ledger in the proper period (i.e., not posted in the period incurred, but rather in period in which reimbursement request was submitted).
Recommendation:	We recommend management review and strengthen controls over the preparation of the SEFA to ensure all costs are reported in the proper period and all pass-through identifying numbers and ALNs are correct and accurate. This process should include a thorough review of the SEFA by an individual other than the preparer including reconciling balances to the general ledger and tracing grant numbers to the respective grant agreements. This review and approval should be documented with a signature from the reviewer as evidence that the review was completed.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-003

P-Card Usage and Related Internal Controls

Criteria:	As a best practice, P-cards should be used in certain situations such as low-value purchases (office supplies, maintenance and repair items, etc.) for urgent or time-sensitive purchases provided that supporting documentation and explanation for purchases is maintained, and for City travel expenses. The City's P-card policy outlines certain cardholder responsibilities that cardholders must abide by.
Condition Found:	We noted P-card monthly limits vary significantly among employees with certain employees having a monthly limit of \$10,000 or greater, with the largest monthly limit being \$500,000. Purchases that require such limits should be procured through the City's purchasing department and payments to vendors be processed through the normal accounts payable process. A random sample of 20 P-card transactions were selected for review. The random sample included transactions from 17 different P-card holders. We noted the following: 1. For department directors, the P-card applications were signed and approved by the department directors themselves with no other secondary approval noted. 2. One instance was noted where an employee completed and submitted a P-card application, but no approval was noted from a supervisor or department director. 3. The City's policy outlines the cardholder's responsibility to ensure sales taxes are not charged. For 3 of 20 transactions reviewed, we noted sales taxes were paid on purchases made. 4. The City's policy outlines the cardholder's responsibility to ensure all receipts are obtained, signed and reconciled against weekly reports. For 2 of 20 transactions reviewed, supporting documentation for the transactions such as an invoice or receipt from the vendor could not be provided.
Context:	Condition noted was identified in reviewing P-Card policies as well as testing a random sample of 20 P-Card transactions during the fiscal year ended September 30, 2022.
Effect:	The large volume of P-card transactions, the number of users and the high monthly P-card limits may create opportunities for unauthorized purchases. It may also create an opportunity to circumvent the City's procurement and accounts payable policies and procedures.
Cause:	The lack of supervisor approvals on P-card applications may create an opportunity for unauthorized users to obtain P-cards. Additionally, the cardholder responsibilities outlined in the City's P-card policy are not effective controls as they rely on cardholders to abide by the policy and charges for expenditures that do not comply with the policy are still paid.
Recommendation:	We recommend a comprehensive review of P-cards be performed by management to include evaluating whether all current P-card holders need a P-card and whether the limits assigned to each are reasonable. This process should evaluate risk and controls should be strengthened over the P-card usage. Additionally, we recommend P-card users be trained to ensure all are educated over processes and procedures.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-004

Large Cash Transaction

Criteria:	The City has processes, procedures, and internal controls for the processing of vendor payments through the City's accounts payable process. The City should consistently apply these processes, procedures and internal controls to mitigate the risk of management override of controls.
Condition Found:	The City issued a check for \$80,000 to a City employee for the purpose of cashing the check and using the cash to pay a vendor and for petty cash related to Hub Fest 2023. This transaction did not follow the standard accounts payable process as the vendor was paid in cash rather than by check.
Context:	Condition was noted through inquiry with management.
Effect:	Not consistently applying the established accounts payable processes may result in opportunities for management to override controls. Additionally, the use of large sums of cash increases risk as follows: • The use of large sums of cash increases the risk of misappropriation, as cash transactions are inherently less traceable than checks or electronic payments. • Cash transactions often lack the level of accountability provided by checks or electronic payment methods, making it easier for unauthorized individuals to handle cash funds without proper scrutiny. • Employees carrying large sums of cash are exposed to the risk of theft, robbery, or harm which could have serious consequences to their well-being.
Cause:	Vendor requested cash payment the day of the event.
Recommendation:	We recommend all vendor payments follow the City's established processes, procedures and internal controls associated with the accounts payable process. We recommend the City limit its use of cash for vendor payments, particularly for those for large amounts.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-005

Inventory

Criteria:	An inventory listing should be maintained to support the general ledger balances. The listing should include all inventory items on hand as of the balance sheet date and, at a minimum, should include the department responsible, fund, descriptions of items, quantities on hand, unit costs, and total values. Periodic physical inventories should be conducted, and the results reconciled to the inventory listing and general ledger to ensure completeness and accuracy for financial reporting purposes.
Condition Found:	The City does not have a comprehensive inventory listing to support the general ledger balances reported at September 30, 2022.
Context:	Condition was noted as part of standard audit procedures over inventory. At September 30, 2022, the City reported \$2.1 million in inventory.
Effect:	The lack of a reconciled inventory listing increases the likelihood of errors and inaccuracies in financial reporting, potentially leading to misstatements in the City's financial statements.
Cause:	The City did not maintain a comprehensive listing of inventory to support the general ledger balance at September 30, 2022. Additionally, no physical inventories are performed.
Recommendation:	We recommend the City maintain a detailed listing of inventory to include the department responsible, fund, descriptions of items, quantities on hand, unit costs, and total values. The detail listing should be reconciled to the general ledger to ensure proper balances are reported. We also recommend periodic physical inventories be performed by personnel who are not directly responsible for the inventory management to ensure accuracy.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-006

Encumbrances

Criteria:	When a purchase order is issued, an encumbrance is created as a form of budgetary control to track the reservation of funds for such purchases and to track balances available and spent under each purchase order. The City should maintain a complete and accurate listing of encumbrances.
Condition Found:	The City's encumbrance report maintained on InCode, the City's accounting software, is not complete and accurate.
Context:	Condition was noted in testing encumbrances.
Effect:	Maintaining an incomplete and inaccurate encumbrance report hinders the City's ability to effectively monitor and control budgetary commitments.
Cause:	It is our understanding that outstanding encumbrances at the end of a fiscal year should be manually rolled forward into the new fiscal year. The finance department was unaware this process was needed and thus certain encumbrances from prior periods may not have been brought forward into the current fiscal year.
Recommendation:	We recommend the City maintain a complete and accurate encumbrance report and provide training to personnel responsible for updating the maintaining encumbrance information.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-007 Outstanding Checks in Bank Accounts

Criteria: As part of the monthly preparation and review of bank reconciliations, the City should review and investigate old outstanding checks that remain uncleared for long periods of time and dispose of such balances by either contacting the recipients and re-issuing their checks to them or by escheating the funds to the State as unclaimed property.

Condition Found: As of September 30, 2022, we noted many checks had been outstanding for greater than one year. The following is a summary by account:

	Number of Checks	Total Dollar Amount
Payroll Trust & Agency Account	26	\$ 7,262
Pooled Cash Account	2,615	474,314
Pooled Cash 70 Account	532	51,844
	<u>3,173</u>	<u>\$ 533,420</u>

Context: Condition was identified as part of our review of bank reconciliations at September 30, 2022.

Effect: Not taking steps periodically to dispose of old outstanding checks will result in the amount of outstanding checks to continue to grow.

Cause: No follow-up was conducted on old outstanding checks.

Recommendation: We recommend controls be strengthened by including a step in the bank reconciliation review process for reviewing old outstanding checks and taking steps to dispose of those items whether by re-issuing checks to recipients or by escheating the funds the State as unclaimed property. We recommend this process be conducted no less than annually.

Repeat Finding from Prior Year(s): N/A

Views of Responsible Officials: See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-008

Warrants Receivables

Criteria:	The City reports warrants receivables associated with fees charged by the municipal court, such as traffic tickets. At fiscal year-end, the finance department obtains a report from the municipal court of the total outstanding warrants receivables and adjusts the warrants receivables balance on the general ledger. Controls should be suitably designed to ensure the warrants receivable balance and warrants revenues are accounted for properly and reported accurately.
Condition Found:	In reviewing activity in the warrants receivable account, we noted no collections on this balance were reflected in the general ledger. Upon inquiry with the City's finance department, we noted this has been the case for years and the receivable balance continues to grow each year. Upon further inquiry, it was noted the reports used to adjust the receivable balance was not the correct report and collections were not properly being considered. As a result, warrants receivables at September 30, 2022 were significantly overstated.
Context:	Condition noted was identified in reviewing warrants receivable and inquiring about such balances.
Effect:	The use of an incorrect report resulted in the warrants receivable balance being materially misstated. An adjustment was needed to decrease the warrants receivable balance by \$7.3 million and the allowance for uncollectible by \$6.7 million.
Cause:	Internal controls are not suitably designed to ensure the warrants receivable balance and related revenue are stated fairly.
Recommendation:	We recommend the City strengthen controls to ensure warrants receivable are properly accounted for and reported accurately. The warrants receivable balance should be reviewed monthly rather than at fiscal year-end and balances collected should be reconciled against revenue and receivables.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-009

Fund Balance Classifications

Criteria:	GASB Statement No. 54 establishes fund balance classifications that comprise the hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Fund balance classifications should be reported in the correct classifications (nonspendable, restricted, committed, assigned and unassigned).
Condition Found:	We noted instances where fund balance classifications were not properly reported in the current year draft financial statements and in the prior year annual financial report. For example, bond funds to be used for capital projects were reported as assigned rather than restricted. A committed fund balance was reported for funds internally set aside by the finance department as a rainy day fund. This did not meet the definition of committed fund balance. Additionally, we noted the City's general ledger does not have separate accounts for each fund balance classification.
Context:	Condition was identified in reviewing fund balances for proper classification.
Effect:	Incorrect fund balance classification results in misstated financial statements.
Cause:	There appears to be a lack of understanding for the fund balance classifications and what should be included in each. Additionally, the City does not account for fund balance in the different fund balance classification throughout the year as separate general ledger accounts are not maintained. This is only done at fiscal year end for purposes of presentation in the annual financial report.
Recommendation:	We recommend fund balance classifications be reviewed to ensure they are properly reported as required under GASB Statement No. 54. We also recommend the City consider establishing separate general ledger accounts to ensure adjustments are made throughout the year.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-010

Procurement

Criteria:	Texas Government Code Section 2269.207 states that a governmental entity shall select a construction manager-agent on the basis of demonstrated competence and qualifications in the same manner that an architect or engineer is selected under Section 2254.004. Under Section 2254.004, the City is required to make a selection based on the most highly qualified provider for those services on the basis of demonstrated competence and qualifications. This process should be documented. Additionally, the City's Purchasing and Procedures Manual, Chapter IX, Procurement of Professional Services, outlines the City's requirement for procuring such services including the requirement for a formal solicitation for statements of qualification, an evaluation criteria and selection procedures.
Condition Found:	We requested procurement documentation for a construction management company including 1.) RFQ advertisement, 2.) solicitation packet outlining scope of work and bidder requirements, 3.) RFQ packets received from vendors, 4.) RFQ rank showing the selection process, 5.) listing of individuals who participated in the evaluation committee, 6.) city commission meeting minutes showing city commission approval, and 7.) copy of executed contract. Of these items, the City was only able to provide evidence of city commission approval and the executed contract. No evidence could be provided to support compliance with the City's policy or with the provisions of Texas Government Code 2254.004.
Context:	Condition was identified in reviewing processes and procedures related to internal controls over the purchasing process.
Effect:	The City did not comply with Texas Government Code 2269.207 and 2254.004. Texas Government Code Section 2254.005 states that any contract entered into, or arrangements made in violation of this subchapter is void as against public policy.
Cause:	The City did not follow its purchasing policies and procedures manual nor state law.
Recommendation:	We recommend internal controls be strengthened to ensure all contracts entered into have been properly procured in compliance with the City's purchasing policies and applicable procurement state statutes. For example, individuals involved in the approval of agenda items related to purchasing should ensure that a proper procurement method was used as part of that approval process.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-011

Capital Asset Additions - Infrastructure

Criteria:	Certain subdivision utility infrastructure is conveyed to the City and added to the City's capital assets subledger. Appropriate supporting documentation should be maintained for all capital asset additions. Supporting documentation should provide evidence that the asset was conveyed to the City as well as support for the value of the assets.
Condition Found:	We noted no documentation is maintained to show the subdivision utility infrastructure assets were conveyed to the City. Additionally, no documentary evidence is maintained to support the value of these assets added to the City's capital assets subledger.
Context:	Condition was identified as part of capital asset additions testing.
Effect:	The lack of documentation to support these capital asset additions is a deficiency in internal controls and provides for opportunities for errors or fraud, including overstating capital asset values added to the City's capital assets subledgers.
Cause:	Management was unable to provide supporting documentation. It is unclear how the value of these assets is determined when posting to the general ledger.
Recommendation:	We recommend appropriate supporting documentation is maintained to provide evidence that the assets are conveyed to the City and to support the value of the assets booked to the City's capital assets subledgers.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number 2022-012	Collateral for Public Funds
Criteria:	Texas Government Code 2257, Collateral for Public Funds, requires public funds to be secured by collateral. The City's investment policy requires the depository bank to maintain no less than 103% of the City's deposits maintained by the financial institution.
Condition Found:	We haphazardly selected the months of November 2021, March 2022, and July 2022 as well as September 2022 (fiscal year end) for review. Of the 4 months reviewed, we noted deposits were undercollateralized for 2 months for one of the City's banks.
Context:	Condition was identified as part of pledged securities review.
Effect:	The lack of sufficient pledged collateral to secure all of the City's deposits may expose the City to risk of loss in the event a bank were to become insolvent.
Cause:	It is unclear why adequate collateral was not maintained by the City's banks. For one of the instances noted, we reviewed audit evidence showing the City's finance department internally identified the deficiency and contacted the bank for explanation and correction.
Recommendation:	We recommend the City implement internal controls to ensure pledged securities are monitored on a monthly basis to ensure all of the City's deposits are fully collateralized as required by Texas Government Code 2257.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

ALN 97.067 - HOMELAND SECURITY GRANTS PROGRAM (HSGP)

Reference Number 2022-013

Payroll Costs

Criteria:	The Homeland Security Grants program (Operation Stonegarden) allows funds to be used for operational overtime costs associated with law enforcement activities, in support of border law enforcement agencies for increased border security enhancement. Internal controls should be in place to ensure such overtime costs are accurately tracked to ensure reimbursement is requested only for allowable costs and allowable activities.
Condition Found:	Internal controls are not suitably designed to ensure overtime costs charged to the program are correct and accurate. A sample of 40 payroll transactions were selected for testing and the following inaccuracies were noted. • One instance was noted where an employee worked 10 overtime hours performing Operation Stonegarden eligible activities, however, 16 overtime hours were charged to the program. • One instance was noted where an employee worked 12.5 overtime hours performing Operation Stonegarden eligible activities, however, only 5.5 overtime hours were charged to the program. • One instance was noted where an employee worked 8 overtime hours performing Operation Stonegarden eligible activities, however, the employee timesheet reflected 11.75 hours.
Context:	Condition was noted in conducting testing for internal controls over compliance and compliance. A random sample of 40 payroll transactions were selected for testing.
Effect:	Ineffective internal controls related to the tracking of overtime hours results in incorrect reimbursement requests submitted for reimbursement. Such errors may result in ineligible costs charged to the program.
Questioned Costs:	None reported.
Cause:	Controls are not suitably designed to ensure Operation Stonegarden hours are accurately tracked.
Recommendation:	We recommend the City strengthen internal controls related to the tracking of Operation Stonegarden overtime costs. As part of the process for requesting reimbursement, we recommend all supporting documentation be reviewed including employee timesheets, daily activity report summaries, OPSG overtime submission forms and reimbursement request forms.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

ALN 21.027 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (CSLFRF)

Reference Number 2022-014	Program Costs
Criteria:	Internal controls should be suitably designed to ensure only eligible costs are charged to the program. Only eligible costs should be charged to the program.
Condition Found:	The City elected to use the standard allowance for revenue loss as allowed under the CSLFRF. The City elected to apply EMS payroll costs as costs as such costs used to support public health as allowed under CSLFRF. The City identified the payroll costs applied to the program for an amount equal to the revenue loss claimed and provided a detail for sample selection and testing. In testing internal controls over compliance and compliance, we noted one employee in the sample selected was a library employee during the pay period tested rather than EMS.
Context:	Condition was noted in conducting testing for internal controls over compliance and compliance over allowable costs and allowable activities in a random sample of 40 payroll transactions. Sample size was expanded to 71 and no other exceptions were noted.
Effect:	The effect of this matter results in unallowed costs.
Questioned Costs:	None reported.
Cause:	The employee was a library employee and later transferred to the EMS department in March 2022. The employee was erroneously included in the listing of EMS employees for the fiscal year ended September 30, 2022 in the list of costs claimed to the program.
Recommendation:	We recommend the City implement controls to ensure all costs identified as having been charged to the program are allowable.
Repeat Finding from Prior Year(s):	N/A
Views of Responsible Officials:	See management's corrective action plan.



Pharr



MAYOR Ambrosio Hernandez, MD

COMMISSIONERS Michael Pacheco | Roberto "Bobby" Carrillo | Ramiro Caballero, MD | Daniel Chavez | Ricardo Medina | Itza Flores

Corrective Action for Financial Statement Findings

Reference Number 2022-001 Compliance with Public Funds Investment Act

Corrective Action: The City of Pharr's Finance Department has corrected this matter and presented all four Investment Quarterly Reports to City Commission in FY 2022-2023.

The City of Pharr's Finance Department also revised its Investment Policy on October 23rd of the current fiscal year.

Proposed Completion Date: 10/23/2023 (Completed)

Name of contact person: Jamison Merrick – Interim Finance Director.

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-002 Schedule of Expenditures of Federal Awards

Corrective Action: The City of Pharr's Finance and Grant Departments have worked to establish an efficient communication system to reconcile the timing of grant reimbursement requests. A notification will be sent to the Finance Accounting Staff each time a grant request is made. This will allow staff to properly identify the period in which the expenditures were incurred and record them properly in the Schedule of Expenditures of Federal Awards.

Proposed Completion Date: 9/30/2024

Name of contact person: Jamison Merrick – Interim Finance Director, Cynthia Garza – Director of External Relations.

Contact: Jamison.merrick@pharr-tx.gov Cynthia.garza@pharr-tx.gov

Reference Number 2022-003 P-Card Usage and Related Internal Controls

Corrective Action: A review of P-Card Transaction will be conducted so that it can be determined if each limit is reasonable. Training will be conducted for all p-card holders.

Proposed Completion Date: April 2024

Name of contact person: Mayra Gomez, Purchasing Director

Contact: Mayra.gomez@pharr-tx.gov

Corrective Action for Financial Statement Findings – Continued

Reference Number 2022-004 Large Cash Transaction

Corrective Action: The City of Pharr has adapted its best practices for the handling of all cash transactions.

Proposed Completion Date: 9/30/2023 (Completed)

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-005 Inventory

Corrective Action: The City of Pharr’s Finance and Purchasing Departments are working in conjunction with TMAC to develop and implement a new inventory control system.

Proposed Completion Date: 7/31/2025

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-006 Encumbrances

Corrective Action: The City’s Purchasing Department maintains a manual encumbrance report which will be provided to the Finance Department for financial reporting purposes for Fiscal Year 2022-2023. The City of Pharr’s Purchasing and Finance Departments will work with Tyler Technologies and the City’s IT department to develop a regular Encumbrance Report.

Proposed Completion Date: 9/30/2024

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-007 Outstanding checks in Bank Accounts

Corrective Action: The Finance Department will ensure that outstanding checks are identified and sent to the state comptroller in accordance with policy. The only checks considered to be outstanding will be those that are less than 90 days old. Any checks aged past 90 days will be moved to a payable. This payable will be monitored and the information will be sent to the state comptroller once the necessary criteria are met.

Proposed Completion Date: 9/30/2024

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Corrective Action for Financial Statement Findings – Continued

Reference Number 2022-008 Warrants Receivables

Corrective Action: The Finance Department has addressed the issue and is making sure receivables are accounted for accurately.

Proposed Completion Date: 9/30/2023 (Completed)

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-009 Fund Balance Classifications

Corrective Action: The City of Pharr's Finance Department will be implementing a weekly GASB review with the accounting staff that will concentrate on the GASB standards that apply to the City's Financial Statements.

Proposed Completion Date: 9/30/2023 (Completed)

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-010 Procurement

Corrective Action: Internal controls will be enforced. The Purchasing Department shall ensure that the proper procurement method is used as per the Purchasing Policy and State Law.

Proposed Completion Date: 9/30/2024

Name of contact person: Mayra Gomez, Purchasing Director.

Contact: Mayra.gomez@pharr-tx.gov

Reference Number 2022-011 Capital Asset Additions – Infrastructure

Corrective Action: The Finance Department will work with the Development Services Department to implement better processes to improve reporting for capital asset additions – infrastructure.

Proposed Completion Date: 9/30/2024

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Reference Number 2022-012 Collateral for Public Funds

Corrective Action: This finding has been resolved, the City's bank is currently sending monthly reports to verify that city funds are secure.

Proposed Completion Date: 9/30/2023 (Completed)

Name of contact person: Jamison Merrick – Interim Finance Director

Contact: Jamison.merrick@pharr-tx.gov

Corrective Action for Federal Award Findings

Reference Number 2022-013 Payroll Costs (ALN 97.067 – Homeland Security Grants Program)

Corrective Action: We acknowledge the errors in OT hours identified during the audit. It is noteworthy that our **diligent grant management staff** took immediate corrective action by rectifying the OT hours errors before submitting reimbursement costs to the grantor and fully disclosing them to your team during the auditing testing period. Consequently, no grant funds were incurred or deemed unallowable during this period by the grantor agency.

Strengthening Internal Controls:

- The city of Pharr recognizes the importance of robust internal controls, particularly in the tracking of OPSG overtime costs. We are committed to strengthening our internal controls to prevent future errors and enhance the accuracy of our reimbursement requests.

Comprehensive Review Process:

- As part of the process for requesting reimbursement, we recommend implementing a comprehensive review of all supporting documentation. This includes a meticulous examination of employee timesheets, daily activity report summaries, OPSG overtime submission forms, and reimbursement request forms.

Proposed Completion Date: 9/30/2024

Name of contact person: Robert Garcia, Grants Manager 1

Contact: Robert.garcia@pharr-tx.gov

Reference Number 2022-014 Program Costs (ALN 21.027 - CSLFRF)

Corrective Action:

Employee Classification Review:

- Conducts a comprehensive review of all employees claimed under the CSLFRF program.
- Verify that each employee included in the program's cost claims is correctly categorized based on their role and department.
 - Ensure that payroll records accurately reflect the departmental assignments of each employee for the relevant fiscal year.

Internal Controls Enhancement:

- Strengthen internal controls related to cost allocation for federally funded programs.
- Implement a review process for payroll costs charged to federal programs, including periodic audits or cross-checks against departmental records.
- Establish clear guidelines and documentation requirements for including employees in federally funded programs.

Training and Communication:

- Train relevant personnel, including payroll staff and departmental managers, on correctly classifying and documenting costs for federally funded programs.
- Ensure that all staff involved in cost allocation know the requirements and guidelines set forth by the CSLFRF program.

Corrective Action for Federal Award Findings – Continued

Regular Monitoring and Reporting:

- Develop a monitoring schedule to review costs claimed under the CSLFRF program regularly.
- Generate reports to track payroll costs associated with the program and compare them against departmental records.
- Implement a reporting mechanism to alert management of any discrepancies or inconsistencies in cost allocation.

Documentation and Record-Keeping:

- Maintain thorough documentation of employee assignments, payroll records, and cost allocation for the CSLFRF program.
- Establish a centralized repository for all documents related to federally funded programs for easy access during audits or reviews.

Management Oversight:

- Assign responsibility to a designated individual or team to oversee compliance with cost allocation requirements for the CSLFRF program.
- Regularly review the corrective action plan's implementation progress and address any issues or challenges.

Proposed Completion Date: 9/30/2024

Name of contact person: Robert Garcia, Grants Manager 1

Contact: Robert.garcia@pharr-tx.gov

City of Pharr, TX
Schedule of Status of Prior Year Findings
Year Ended September 30, 2022

II. FINANCIAL STATEMENT FINDINGS

Schedule Reference (2021-001) BRIDGE OPERATIONS - FINANCIAL MANAGEMENT SYSTEM

SIGNIFICANT DEFICIENCY

Criteria: The Bridge-Operations financial management system includes the related business processes relevant to financial reporting and communication of all financial transactions and individual crossings related to the Pharr International Bridge. This system should provide accurate and reliable financial information. The City should establish internal control procedures within both the financial management system and manual systems by which all transactions are initiated, authorized, recorded, processed, corrected as necessary, transferred to the general ledger, and reported in the financial statements.

Condition: During the audit, we noted ineffective controls related to the financial information provided by the financial management system of bridge operations. The daily bridge reports on several days throughout the fiscal year were materially inaccurate. Furthermore, the personnel reconciling the daily reports were aware they were not accurate and manually reported the amounts collected for the day in a separate excel spreadsheet. Though internal control procedures were in place, they were not followed as the supervisor still approved the financial information as reconciling to the bridge operation financial report knowing they were not matching. In interviewing the supervisor and personnel, we became aware the issue is a common occurrence with the system.

Cause: Controls relating to recording, processing, and correcting the financial management system of bridge operations were not adhered to. Personnel were not recording the information from the financial management system since they were aware it was inaccurate but were signing off on the daily reports that they did match, nor did they inform the finance department that the system was providing inaccurate information.

Effect: The lack of internal controls with the financial management system increases the risk of fraud. The deferred revenues and customer receivables cannot be accurately calculated based on reports generated from the system and create major discrepancies at year end with Finance Department for financial reporting purposes.

Recommendation: City Management should consider requiring the financial management system for bridge operations vendor to provide a Soc. 1, Type 2 report for their software. This will provide the City reliance that the software is suitably designed and provides operating effectiveness of controls. In addition, personnel related to reporting should comply with the internal controls that are in place.

Current Status: Corrected.



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 9.A.

DATE SUBMITTED: April 11, 2024

MEETING DATE: April 15, 2024

FROM: Jose Pena, IT Director

DEPARTMENT: IT

DIRECTOR: Jose Pena

Agenda Item: Consideration and action, if any, on the purchase of eighty (80) computers from Southern Computer Warehouse for an amount not to exceed \$71,756.80 (DIR-TSO 4159 Contract). **This item supports SG - Sound Governance and Fiscal Sustainability.**

Classification: Regular

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

Issue: The IT department budgeted for a computer replacement program, whereas older computers can get upgraded so that our software runs better, and we get fewer support requests to troubleshoot these computers. We will be purchasing (80) computers for this fiscal year. Replacement is based on computer age (older machines are replaced first) for various City departments. - Project No. 2324-01-518-P14-01

Fiscal Consideration: \$71,756.80

Staff Recommendation: Staff recommends approval of purchase from SCW.

Alternatives: NA

Exclude Material from Public Packet? No

Reason: NA

ROUTING:

Jose Pena
Mayra Gomez
Jamison Merrick
Ricardo Rodriguez
Hilda Pedraza
City Management Office

Created/Initiated - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
Approved - 4/11/2024
New -

**Southern Computer Warehouse**

1395 S. Marietta Parkway
Building 300
Marietta, Georgia 30067
United States
<http://www.scw.com>
(P) 877-GOTOSCW
(F) 770.579.8937

Quote (Open)**Date**

Apr 09, 2024 11:54 AM EDT

Modified Date

Apr 09, 2024 11:57 AM EDT

Quote #

1820904 - rev 1 of 1

Description

HP Workstation Z2 G9

SalesRep

Reardon, Josh
(P) 770-579-8927 ext. 291

Customer Contact

Morales, Rolando
Rolando.Morales@pharr-tx.gov

Customer

City of Pharr TX (CO7318)
Morales, Rolando
118 S. Cage Blvd.
Pharr, TX 78577
United States
(P) 956-702-5335

Bill To

City of Pharr TX
Payable, Accounts
118 S Cage Blvd
Pharr, TX 78577
United States

Ship To

City of Pharr TX
REF, PO
100 W Ferguson St
Pharr, TX 78577
United States
(P) 956-402-4911

Customer PO:	Terms: Undefined	Ship Via: GROUND
Special Instructions:		Carrier Account #:

#	Image Description	Part #	List Price	% off List	Qty	Unit Price	Total
1	 HP Inc. - HP Workstation Z2 G9 Wolf Pro Security - SFF - 1 x Core i5 13500 / 2.5 GHz - RAM 16 GB - SSD 512 GB - HP Z Turbo Drive, NVMe, TLC - UHD Graphics 770 - GigE - Win 11 Pro - monitor: none - keyboard: US - black - Smart Buy - with HP Wolf Pro Security Edition (1 year)	87C24UT#ABA	\$1,229.00	27.02%	80	\$896.96 (Aval. 696)	\$71,756.80

Contract

TX DIR-TSO-4159 HP Inc. - TX HP Inc Branded Hardware

Quote valid for 30 days unless formal bid provides different term. Promotional pricing is valid only during term of promotion and while supplies last. All returns must be authorized and clearly marked with a valid RMA number. RMA's are subject to restock fees when applicable.

These prices may not include applicable taxes, insurance, shipping, delivery, setup fees, or any cables or cabling services or material unless specifically listed above. Please note that expedited shipping charges are estimated, and could decrease or increase when invoiced. All prices are subject to change without notice. Supply subject to availability.



Subtotal: \$71,756.80
Tax (.0000%): \$0.00
Shipping: \$0.00
Total: \$71,756.80
(List Price: \$98,320.00)



AGENDA MEMORANDUM



BOARD: City Commission

AGENDA ITEM #: 10.A.

DATE SUBMITTED: April 10, 2024

MEETING DATE: April 15, 2024

FROM: Maritza Magallan, Contract
Compliance Officer

DEPARTMENT: Purchasing

DIRECTOR: Mayra Gomez

Agenda Item: Consideration and action, if any, authorizing City Manager to enter into fee negotiations and scope of services with Quantum Consultants from El Paso, Texas to develop the Comprehensive Plan Update for the City of Pharr. **This item supports QL - Quality of Life.**

Classification: Regular

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

Issue: On February 24, 2024, the Purchasing Department received four (4) Statements of Qualifications (SOQ) for the above reference project. The City of Pharr requested statement of qualifications for conducting a comprehensive plan update. Based on the review made by the City's evaluation committee, staff recommends selection of the top ranked firm, Quantum Consultants from El Paso, TX and seeks authorization to negotiate scope and fee for these services. Additionally, if negotiations are not successful with recommended firm, staff recommends that with City Manager approval, negotiations cease and commence with the next ranked firm, Able City from San Antonio, TX.

(Project No. 2324-01-527-S20-380)

Fiscal Consideration: N/A

Staff Recommendation: Selection of a firm to enter into contract negotiations to conduct a comprehensive plan update for the City of Pharr. Additionally, if negotiations are not successful with the recommended firm, staff recommends that with City Manager approval, negotiations cease and commence with the next ranked firm, Able City from San Antonio, TX.

Alternatives: N/A

Exclude Material from Public Packet? No

Reason: N/A

ROUTING:

Maritza Magallan
Mayra Gomez
Kimberly Mendoza
Hilda Pedraza

Created/Initiated - 4/10/2024
Approved - 4/10/2024
Approved - 4/10/2024
Approved - 4/10/2024

Ricardo Rodriguez
Jamison Merrick
City Management Office

Approved - 4/11/2024
Approved - 4/11/2024
New -



Pharr



**PROJECT NO., 2324-01-257-S20-380 REQUEST FOR STATEMENT OF
QUALIFICATIONS FOR THE COMPREHENSIVE PLAN UPDATE FOR THE
CITY OF PHARR**

DEADLINE: FEBRUARY 23, 2024 AT 4:00 PM (CST)

RESPONDENTS:	
COMPANY	CITY, STATE
ABLE CITY	SAN ANTONIO, TX
LEMC INC.	MANSFIELD, TX
QUANTUM ENGINEERING CONSULTANTS, INC.	EL PASO, TX
TRIMAD CONSULTANTS, LLC	PHARR, TX

CITY OF PHARR

Comprehensive Plan Update

April 1, 2024



Kim Mickelson
JD, FAICP

Presentation Team



Fred Lopez, FAICP CTP
Project Manager



Nate Baker, AICP
Assistant Project Manager



Chance Sparks, FAICP
FNI Group Manager/Team Lead



Kimberly Mickelson, FAICP
Planning and Land Use Law



Travis James
Economic Development



**Kim Mickelson
JD, FAICP**

Team Strengths

Collaboration on numerous plans and projects, including the McAllen Comprehensive Plan Rewrite (recipient of the 2023 APA Texas Comprehensive Planning Award)



- FAICP leadership
- APA and APA Texas advocacy
- National and Texas planning experience
- Leaders in municipal government
- Comprehensive plan experience in communities along the US – Mexico Border



Kim Mickelson
JD, FAICP

Team Strengths

- We live in a Border Community and our Team has significant planning experience along the US – Mexico Border
 - Opportunities
 - Population Growth
 - Transportation
 - Collaboration
 - Public Engagement
 - Economic Development
 - Challenges



Quantum Team



Kim Mickelson
JD, FAICP

Project Manager

Fred Lopez, FAICP CTP



23

years of experience

*APA Texas
President-Elect*

*APWA Texas 2017
Transportation
Manager of the
Year*

18

*years serving in
leadership roles
at the City of El
Paso, including
Zoning
Administrator,
Comprehensive
Plan Manager,
and Deputy
Director*

**expertise
includes:**

*public and private sector
experience in
comprehensive planning,
land use, transportation
planning, capital project
planning, project
management and
Federal/State project
funding strategies*



**Kim Mickelson
JD, FAICP**

Project Team



Fred Lopez, FAICP CTP, CNU-A
Project Manager, Principal In-Charge



Nate Baker, AICP
Assistant Project Manager



Johnathan Cereceres
Senior Planner



Iberty Trevino
Planner



Travis James
Economic Analyst



Chance Sparks, FAICP
Group Manager



Caitlin Admire
Planning Manager



Chris Wesseln
Urban Planner II



Juan Bujanosa
Senior Advisor

Kimberley Mickelson, JD, FAICP



Kimberley Mickelson, JD, FAICP
Land Use Attorney

Evolution of Comprehensive Plans - 20 years ago to today

- Plans are dimensional and cumulative
 - Two-dimensional = Land use, transportation, existing conditions, etc.
 - Three-dimensional = Focusing on how the urban environment looked (new urbanism, place-making, more resilient)
 - Four-dimensional = Plans are viewed through multiple lenses (equity, sustainability, social justice, economic development political)
- Clear and concise
- Visionary
- Implementable (should not be shelved)
- Collaborative process with stakeholders

METHODOLOGY AND APPROACH

PHASE 1: INITIATION AND ASSESSMENT

- Establish expectations and protocols
- Confirm the project plan and schedule
- Create engagement and communication plans
- Data and materials collection and review
- Assess existing frameworks, strengths, weaknesses, opportunities and constraints

PHASE 2: COMMUNITY VISION AND ALIGNMENT

- Robust community and stakeholder engagement
- Identify issues, needs and questions for the plans to address
- Create singular vision and guiding principles
- Identify areas of stability and change
- Outline measurable metrics and desired outcomes

PHASE 3: RECOMMENDATIONS

- Explore options and solutions
- Urban Form Element
- Population and Housing Element
- Economic Development Element
- Environmental and Cultural Characteristics Element
- Community Facilities Element
- Infrastructure Element
- Transportation Element
- Land Use Element
- Downtown Sustainability Element
- Historic Preservation Element
- Neighborhood Planning Element
- Overlay Districts Element
- Implementation Element

PHASE 4: IMPLEMENTATION

- Action plans for physical, operational and regulatory/policy
- Timelines, responsible parties and fiscal needs as appropriate for each action recommendation
- Metrics and Reporting Dashboard

PHASE 5: FINAL DELIVERABLES AND APPROVALS

- Draft plan
- Review and comment period
- Revisions
- Public hearings and adoption
- Final revisions and deliverables

PROVEN PROCESS



RECOMMENDED

STRATEGIES



**Project Branding and
Website**



**Focus Groups and
Stakeholder Interviews**



**Social Media
Strategies**



**Comprehensive
Virtual Engagement
Platform**



**Community
Workshops and Virtual
Open Houses**

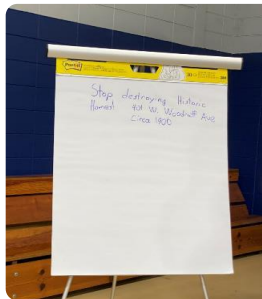
PUBLIC ENGAGEMENT

MEANINGFUL, INCLUSIVE ENGAGEMENT

- Educate
- Address known concerns early
- Draw from experience
- Focus on the positive
- Reach all ages and demographics
- Listen to what the community is saying



INNOVATIVE
COLLABORATIVE
FUN



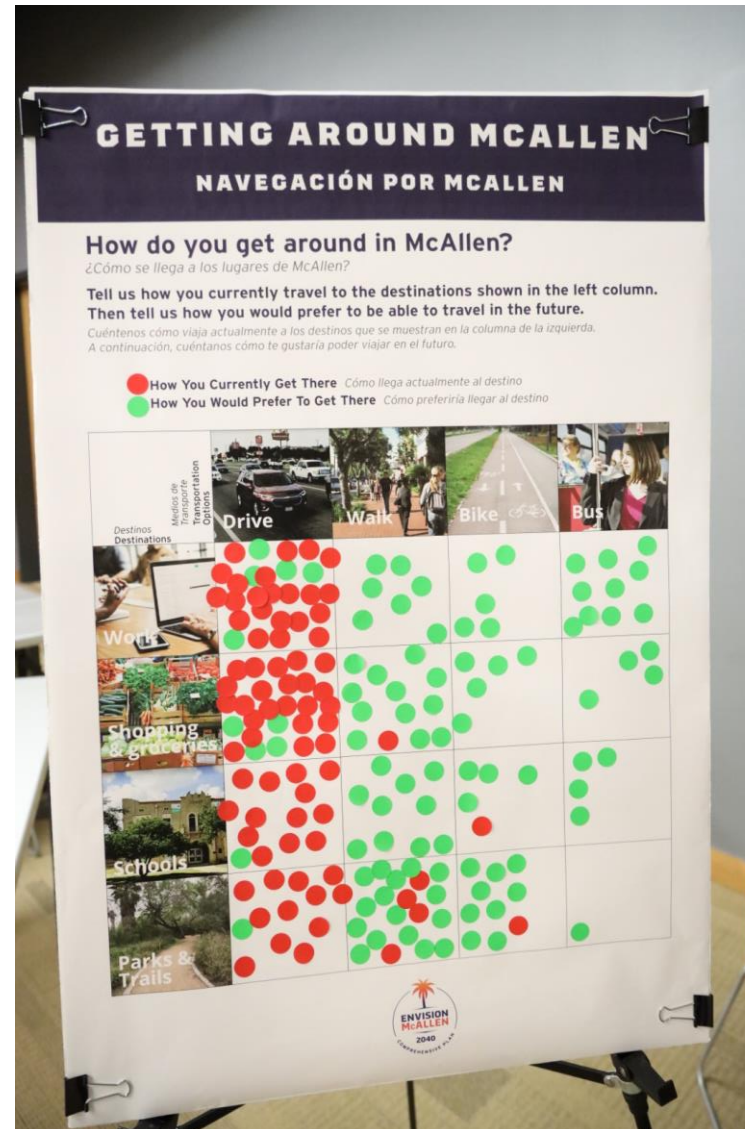
PUBLIC ENGAGEMENT

APPROACHES

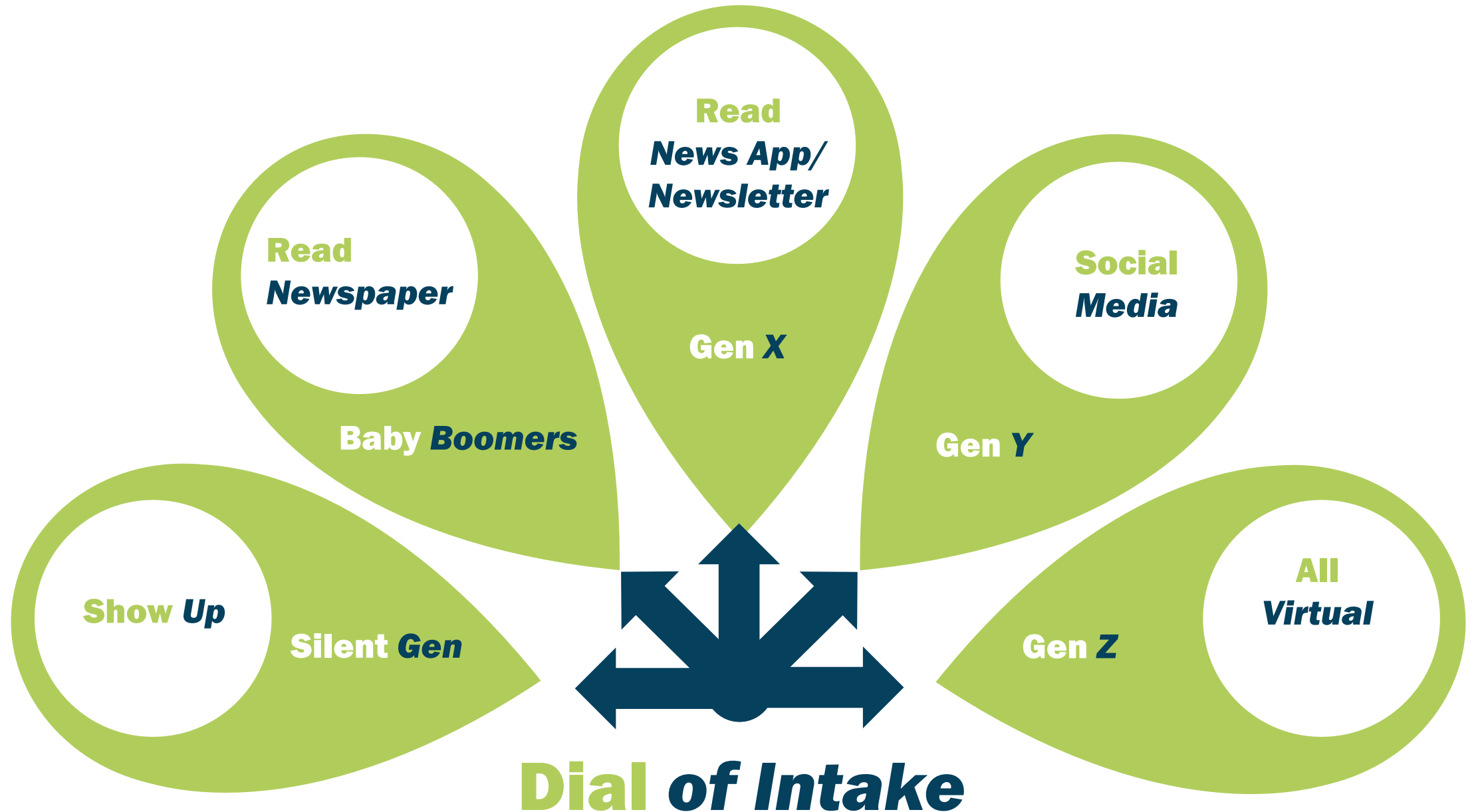
- Public Meetings
- Open House
- Advisory Committees
- Lunch Forums
- Workshops
- Store Front
- Online Surveys
- Walking Tours
- Site Tours
- Bus Tours
- Charrettes
- Stakeholder Interviews
- Public Hearings
- Council/Board Sessions
- Adoption Meetings
- Passport for Door Prizes
- Events



BUILDING CONSENSUS



PUBLIC ENGAGEMENT



SCHEDULE

[illegible]

Project Team



FNI Principal, Vice President & Group Manager

Chance Sparks, FAICP



21

years of experience

APA Texas

- *Past President*
- *Past TML/
Legislative Liaison*

Multiple award-winning projects in the Rio Grande Valley

15

years serving in leadership roles in municipal and state government, including Planning Director and Assistant City Manager

expertise includes:

public and private sector experience in comprehensive planning, land use, downtown/area/corridor planning, parks and recreation planning, plan implementation, development regulations and inclusive engagement



Kim Mickelson
JD, FAICP



**2023 COMPREHENSIVE
PLANNING AWARD**

City of McAllen, Texas

Comprehensive Plan and Unified Development Code

TOPIC OF INTEREST: MISSING MIDDLE HOUSING

Missing Middle Housing' is a term that describes a range of multifamily housing, including low-rise, low-density residential to duplexes to small apartment buildings that complement single-family neighborhoods. These housing types are important because they can provide buffers between low-density and high-density developments and promote incremental change and adaptation rather than transformations that can alter the culture and character of a neighborhood. They also help provide affordable housing options for people in different phases of the housing cycle, including young families, young professionals, and empty-nesters. It is possible to have a mixture of affordable and premium points within missing middle

housing. It also provides an easier path to embracing small-town character and avoiding displacement emphasized by so many in McAllen while simultaneously meeting McAllen's housing needs.

Some missing middle housing already exists in McAllen. There are townhomes and duplexes, but not enough to meet the needs of the community in the future. Additional housing types that could be considered for McAllen are accessory dwelling units, live/work spaces, courtyard apartments, triplexes, fourplexes, and bungalow courts.



FIGURE 2.1 - SPECTRUM OF MISSING MIDDLE HOUSING PRODUCTS



Duplex (7-14 units per acre). Two housing or dwelling units on a lot, usually attached via a shared wall. Can be side by side, or back to front. Similar in character and style to single-family detached housing.



Townhome/Rowhome (11-16 units per acre). Usually tall narrow houses (often 3 or more stories) with one unit on a small single lot, but the buildings are built right up to the side property lines so that they share walls with the other townhome units next to it.



Triplex/Quadplex (15-35 units per acre). Often similar in form and character to a large single-family detached home, but contains 3 or 4 units, often accessed from a single internal foyer or hallway so as to only require one external entry into the building.



Bungalow/Cottage Court (19-35 units per acre). Multiple small houses or cottages arranged to define a shared courtyard. The courtyard replaces each unit having a private yard.



23rd Street Trail, Midwest City, OK



STABILITY & *INNOVATION* THROUGH THE YEARS

- **130-year track record** of improving our communities and innovating along the way
- Commitment to quality and client service stems from our long-term relationships
- Continuing to innovate, collaborating with you to guide land-use decisions into future decades
- **Strong relationship with all Team Members for this proposal**

SIZE AND CAPABILITY

INNOVATIVE LOCAL TRUSTED TEAM

- *1,100+ FNI Employees*
- *Multidiscipline Firm*
- *250+ Municipalities Served*



Each one *unique and tailored*
to the place and people

WE KNOW

PLANNING

More than **250+** plans for cities with
populations between 2,000 and 200,000

ABILENE	COPPERAS COVE	HUDSON OAKS	ODESSA
ALEDO	CORINTH	HUTCHINS	OVILLA
ANDREWS	CRANDALL	IRVING	PALESTINE
ANGLETON	DALLAS	JACKSBORO	PARIS
ANNA	DECATUR	JERSEY VILLAGE	PEARLAND
ARGYLE	DENISON	KAUFMAN	PFLUGERVILLE
ARLINGTON	DENTON	KELLER	PLANO
ATHENS	DESOTO	KILLEEN	PORT ARANSAS
BALCH SPRINGS	EDMOND	LAGO VISTA	PORT ARTHUR
BARTONVILLE	EL PASO	LAKE DALLAS	PORT LAVACA
BASTROP	ENNIS	LAKEWOOD VILLAGE	PORTLAND
BEAUMONT	FAIRFIELD	LAMPASAS	PROSPER
BEE CAVE	FARMERS BRANCH	LANCASTER	RED OAK
BELTON	FATE	LEVELLAND	RENO
BIG SPRING	FERRIS	LEWISVILLE	RICHARDSON
BONNER SPRINGS	FOREST HILL	LITTLE ELM	RICHLAND HILLS
BRADY	FORNEY	LIVE OAK	ROWLETT
BROWNFIELD	FORT STOCKTON	LONGVIEW	SALADO
BROWNWOOD	FORT WORTH	LUBBOCK	SEABROOK
BRYAN	FREDERICKSBURG	LUFKIN	SEAGOVILLE
BUDA	FRISCO	MARBLE FALLS	SILOAM SPRINGS
BURKBURNETT	GARLAND	MCKINNEY	STAFFORD
BURLESON	GLEN ROSE	MELISSA	SUNNYVALE
CANTON	GLENN HEIGHTS	MIDLAND	TAYLOR
CARROLLTON	GRAND PRAIRIE	MIDLOTHIAN	TERRELL
CEDAR HILL	GRANITE SHOALS	MIDWEST CITY	TOMBALL
CEDAR PARK	GRAPEVINE	MINERAL WELLS	TULSA
CELINA	GREENVILLE	MISSION	TROPHY CLUB
CENTER	HEATH	MOUNT PLEASANT	TYLER
CHOCTAW	HEWITT	MURPHY	UVALDE
COCKRELL HILL	HIGHLAND PARK	NEW BRAUNFELS	WACO
COPPELL	HIGHLAND VILLAGE	NORMAN	WAXAHACHIE
COPPER CANYON	HILLSBORO	NORTH RICHLAND HILLS	WEATHERFORD



15 YEARS OF PLANNING AWARDS



2023

- **Comprehensive Plan Award** | Envision McAllen, City of McAllen, TX
- **Gold Achievement Award for Best Practice** | Unified Development Code, City of Bee Cave, TX
- **Gold Achievement Award for Implementation** | Downtown Master Plan, City of Midlothian, TX

2022

- **Comprehensive Planning Award** | 2040 Comprehensive Plan, City of Siloam Springs, AR
- **Comprehensive Plan Award** | Comprehensive Plan, City of Pflugerville, TX
- **Public Outreach Award, Gold** | Zoning Ordinance, City of Cleburne, TX
- **Planning Achievement Award – Urban Design, Gold** | Seabrook Livable Center Study, City of Seabrook, TX

2021

- **ACEC, National Recognition Award - Studies and Research** | Wastewater Master Plan, Dallas Water Utilities, TX
- **Planning Achievement Award – Best Practice, Gold** | UDC, City of Brownsville, TX
- **Planning Achievement Award – Public Outreach, Gold** | ADPs, City of Corpus Christi, TX

2020

- **Comprehensive Plan Award** | Comprehensive Plan, City of Lubbock, TX
- **Transportation Planning Award, Gold** | Transportation Plan, City of North Richland Hills, TX
- **Planning Achievement Award – Best Practice, Silver** | Bois d'Arc Lake Plan and Zoning, Fannin County, TX
- **Planning Achievement Award – Urban Design, Silver** | Colleyville Plaza Design, City of Colleyville, TX
- **National Planning Achievement Award, Gold** | Implementation of Lewisville 2025 Plan, City of Lewisville, TX

2019

- **Planning Achievement Award – Public Outreach, Gold** | Comprehensive Plan, City of Duncanville, TX

2018

- **Project Planning Award** | Unified Development Code, City of Buda, TX

2016

- **Honor Award** | Comprehensive Transportation Plan, City of Norman, OK
- **Project Planning Award** | Small Area Study, City of Wichita Falls, TX
- **Long-Range Planning Award** | Downtown Revitalization Plan, City of Port Arthur, TX



Project Team

Kim Mickelson
JD, FAICP

Planning and Land Use Law Attorney

Planning and Land Use Attorney

Kimberly Mickelson, FAICP



30

years of experience in municipal law and land use planning as in-house and outside special counsel.

Frequent speaker and author on land use issues. Editor of the Guide to Urban Planning in Texas

18

years serving in leadership roles at state and national levels:

*State Bar of Texas
Gov't Lawyers
Section Chair; APATX
Past President; APA
National Ethics
Committee.*

**expertise
includes:**

Guiding clients' projects to avoid legal issues in comprehensive planning, land use, historic and cultural preservation, exactions, floodplain management, and aviation projects.



Kim Mickelson
MPAff, JD, FAICP

Project Team



Economic Development Strategies

Economic Development

Travis D. James



27

*years of experience
in economic
development and
public policy
consulting*

TX border clients

*Brownville
Del Rio
Eagle Pass
El Paso
Harlingen
Laredo
McAllen
Cameron County
Hidalgo County*

expertise includes:

*public and private sector
experience in sub-regional
analysis that requires
blending economic
analysis, land use planning,
market analysis, GIS tools,
and long-term forecasting.*



**Kim Mickelson
JD, FAICP**

Our Team

- ✓ Focus on client service
- ✓ Innovative engagement
- ✓ Multidisciplinary
- ✓ Award-winning Planning Leaders
- ✓ US – Mexico Border Experience

