



# CITY COUNCIL REGULAR MEETING CITY OF BAY CITY

Tuesday, February 09, 2021 at 6:00 PM  
COUNCIL CHAMBERS | 1901 5th Street

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## COUNCIL MEMBERS

**Mayor:** Robert K Nelson

**Mayor Pro Tem:** Jason W. Childers

**Council Members:** Brent P. Marceaux, Becca Sitz, Floyce Brown, Jim Folse

*Bay City is committed to developing and enhancing the long-term prosperity, sustainability, and health of the community.*

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## AGENDA

**THE FOLLOWING ITEM WILL BE ADDRESSED AT THIS OR ANY OTHER MEETING OF THE CITY COUNCIL UPON THE REQUEST OF THE MAYOR, ANY MEMBER(S) OF COUNCIL AND/OR THE CITY ATTORNEY:**

*ANNOUNCEMENT BY THE MAYOR THAT COUNCIL WILL RETIRE INTO CLOSED SESSION FOR CONSULTATION WITH CITY ATTORNEY ON MATTERS IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE OPEN MEETINGS ACT (TITLE 5, CHAPTER 551, SECTION 551.071(2) OF THE TEXAS GOVERNMENT CODE).*

### CALL TO ORDER

### INVOCATION & PLEDGE

Texas State Flag Pledge: *"Honor The Texas Flag; I Pledge Allegiance To Thee, Texas, One State Under God, One And Indivisible."*

*Councilwoman Becca Sitz*

### CERTIFICATION OF QUORUM

### MISSION STATEMENT

The City of Bay City is a community that fosters future economic growth, strives to deliver superior municipal services, invests in quality of life initiatives and is the gateway to the great outdoors. We encourage access to our unique historical and eco-cultural resources while maintaining our small-town Texas charm.

Councilwoman Becca Sitz

### APPROVAL OF AGENDA

### PUBLIC COMMENTS

State Law prohibits any deliberation of or decisions regarding items presented in public comments. City Council may only make a statement of specific factual information given in

response to the inquiry; recite an existing policy; or request staff places the item on an agenda for a subsequent meeting.

## **REGULAR ITEMS FOR DISCUSSION, CONSIDERATION AND/OR APPROVAL**

- 1. Budget ~ Discuss, Consider, and/or approve Budget Amendments for the Bay City Community Development Corporation (BCCDC) as of January 31, 2021.**  
Jessica Russell, BCCDC Executive Director
- 2. Budget ~ Discuss, consider, and/or approve an Ordinance adopting Budget Amendments for the quarter ending December 31, 2020.**  
Scotty Jones, Finance Director
- 3. Report ~ Discuss, consider, and/or approve the City's Quarterly Financial and Investment Report for the quarter ending December 31, 2020.**  
Scotty Jones, Finance Director
- 4. Contract ~ Discuss, consider, and/or approve awarding a Depository Contract or multiple contracts for the City of Bay City and authorize the City Manager to execute a Depository Contract in a form approved by the City Attorney.**  
Scotty Jones, Finance Director
- 5. Appointment ~ Discuss, consider, and/or approve the Mayor's appointments of Jason Childers, Eli Cortines, Bill Frontz, and Otis Justice to the Variance Committee.**  
Shawna Burkhart, City Manager

## **CLOSED / EXECUTIVE SESSION**

- 6. Executive session pursuant to Texas Government Code Section 551.087, (1) to discuss commercial or financial information that BCCDC has received from a business prospect that BCCDC seeks to have locate, stay, or expand in Bay City and with which BCCDC is conducting economic development negotiations; and/or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).**

## **OPEN SESSION**

Discuss, consider and/or take action on item(s) listed in Executive/Closed Session, (if any).

## **ITEMS / COMMENTS & MAYOR AND COUNCIL MEMBERS**

## **ADJOURNMENT**

### **AGENDA NOTICES:**

**Action by Council Authorized:** The City Council may vote and/or act upon any item within this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, pursuant to and in accordance with Texas Government Code Section 551.071, to seek the advice of its attorney about pending or contemplated litigation,

settlement offer 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 conflict with the Open Meetings Act and may invoke this right where the City Attorney, the Mayor or a majority of the Governing Body deems an executive session is necessary to allow privileged consultation between the City Attorney and the governing body, if considered necessary and legally justified under the Open Meetings Act. The City Attorney may appear in person, or appear in executive session by conference call in accordance with applicable state law.

**Attendance By Other Elected or Appointed Officials:** It is anticipated that members of other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the other boards, commissions and/or committees of the City, whose members may be in attendance. The members of the boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that board, commission or committee subject to the Texas Open Meetings Act.

**Executive Sessions Authorized:** This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

### **CERTIFICATION OF POSTING**

This is to certify that the above notice of a Regular Called Council Meeting was posted on the front window of the City Hall of the City of Bay City, Texas on **Friday, February 5, 2021 before 6:00 p.m.** Any questions concerning the above items, please contact Mayor Robert K. Nelson at (979) 245-2137.

**BUDGET~ DISCUSS, CONSIDER, AND/OR APPROVE BUDGET AMENDMENTS FOR THE BAY CITY COMMUNITY DEVELOPMENT CORPORATION (BCCDC) AS OF JANUARY 31, 2021.**



**EXECUTIVE SUMMARY**  
**BUDGET AMENDMENTS**

**BACKGROUND:** The Bay City Community Development Corporation is a component unit of the City. In accordance with the CDC's articles of incorporation, the City Council approves the annual budget. City Council also approves amendments for the BCCDC.

The BCCDC Board approves amendments prior to submitting to City Council.

**FINANCIAL IMPLICATIONS:** Amending the budget provides a revised parameter for the budget.

**RECOMMENDATION:** Staff recommends City Council approve the budget amendments as presented.

**ATTACHMENTS:** Budget Amendments as approved by Board on January 25, 2021



**BUDGET AMENDMENT**

**Civic & Cultural Arts Fund**  
**General Fund- Main Street**

Date: 4/3/2018

**DEPARTMENT:**  
Reason for Budget Amendment:

- (Please indicate)
1. New revenues (originally unbudgeted) are available.
  2. Actual revenues (originally unbudgeted) have exceeded the original adopted budget.
  3. A new project, program or special expenditure has been authorized.
  4. Transfer reclassification of original adopted budget to realign budget to actual transaction activity as presently needed.

\_\_\_\_\_

**X**

\_\_\_\_\_

\_\_\_\_\_

EXAMPLE TEMPLATE

**Brief Description of Request:** FY2018:  
Increase budget for Christmas Decorations

			<i>Expenditure Increase</i>	<i>Exp. Decrease or Rev. Increase</i>	
Account Description	Fund #	Account #	Debit	Credit	Notes
Miscellaneous	11	416-4499	\$ 11,000		Increase Expense
Transfer In-Fund 25	11	3725		\$ 11,000	Revenue Increase
Transfer Out-Main Street	25	404-4712	\$ 11,000		Increase Expense
Hotel Tax Receipts	25	3220		\$ 11,000	Increase Revenue
<b>TOTAL</b>			<b>\$ 22,000</b>	<b>\$ 22,000</b>	

**The amendments above relate to the following:**  
City Council approved Christmas Decorations for an amount not to exceed \$11,000 on 10-26-17

**Dept. Supervisor Signature:** \_\_\_\_\_ Date \_\_\_\_\_

**Dept. Head Signature:** \_\_\_\_\_ Date \_\_\_\_\_

**Finance Director Signature:** \_\_\_\_\_ Date \_\_\_\_\_

**Authorized by:** \_\_\_\_\_ Date \_\_\_\_\_

Council Authorized Signature \_\_\_\_\_ ]

**BUDGET~ DISCUSS, CONSIDER, AND/OR APPROVE AN ORDINANCE ADOPTING BUDGET AMENDMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020.**



**EXECUTIVE SUMMARY**  
**BUDGET AMENDMENTS**

**BACKGROUND:** The legal level of budgetary control for the City of Bay City lies at the departmental level. Any revisions that alter the amount of total expenditures/expenses of the department must be approved by City Council.

**FINANCIAL IMPLICATIONS:** Amending the budget provides a revised parameter for the budget.

**RECOMMENDATION:** Staff recommends City Council approve the budget amendments as presented.

**ATTACHMENTS:** Ordinance and Budget Amendments







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

**AN ORDINANCE OF THE CITY OF BAY CITY, TEXAS, ADOPTING A "BUDGET AMENDMENT #1 TO THE "ANNUAL BUDGET OF THE CITY OF BAY CITY, TEXAS, FOR THE FISCAL YEAR 2021"; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; AND PROVIDING OTHER MATTERS RELATED TO THE SUBJECT.**

**WHEREAS**, by Ordinance No. 1651, the City of Bay City, Texas, adopted its "Annual Budget" for Fiscal Year 2021;

**WHEREAS**, the City Council has determined the revenues and/or reserves are available for supplement appropriation and/or transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting; and

**WHEREAS**, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2021; now, therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BAY CITY, STATE OF TEXAS:**

**Section 1.** The facts and matters set forth in the preamble of this Ordinance are hereby to be true and correct.

**Section 2.** The "Annual Budget" of the City of Bay City, Texas, for the Fiscal Year 2021, is hereby amended as shown on "Budget Amendment #1" to the Original Budget of the City of Bay City, Texas, for the Fiscal Year 2021, attached hereto. These amendments are for municipal purposes. Said Budget Amendment shall be attached to and made a part of such Annual Budget by the City Secretary and shall be filed as required by state law, a true ad correct copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes.

**Section 3.** In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held constitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Bay City, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or constitutional, whether there be one or more parts.

**PASSED AND APPROVED on first and final reading this 9th day of February 2021.**

**CITY OF BAY CITY, TEXAS**

\_\_\_\_\_  
Robert K. Nelson, Mayor

ATTEST:

\_\_\_\_\_  
Jeanna Thompson, City Secretary

APPROVED as to FORM:

\_\_\_\_\_  
Anne Marie Odefey, City Attorney

<u>Council Member:</u>	<u>Voted Aye</u>	<u>Voted No</u>	<u>Absent</u>
Brent Marceaux	_____	_____	_____
Jim Folse	_____	_____	_____
Floyce Brown	_____	_____	_____
Becca Sitz	_____	_____	_____
Jason Childers Mayor Pro-Tem	_____	_____	_____

\_\_\_\_\_  
Robert K. Nelson, Mayor

ATTEST:

\_\_\_\_\_  
Jeanna Thompson, City Secretary

APPROVED AS TO FORM AND SUBSTANCE:

\_\_\_\_\_  
Anne Marie Odefey, City Attorney

~ **DISCUSS, CONSIDER, AND/OR APPROVE THE CITY'S QUARTERLY FINANCIAL AND INVESTMENT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2020**

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## **EXECUTIVE SUMMARY**

### **QUARTERLY FINANCIAL & INVESTMENT REPORT**

**BACKGROUND:** Quarterly financial reports provide the most accurate reflection of the quarter activity for each major fund. Reports are provided to City Council via email with a formal presentation at the next available Council meeting. In addition, the Finance Committee meets quarterly to review the Investment Report in detail. This time also serves as an opportunity to discuss the City's finances. In the event that financial decisions or budgetary amendments need attention prior to this date-the Finance Director shall request a Special Called Meeting. All reports are posted to the City's website along with other financial information.

**FINANCIAL IMPLICATIONS:** Timely financial data provides City Council time to make informed decisions to prevent any negative financial implications.

**IMPACT ON COMMUNITY SUSTAINABILITY:** The report provides financial information to the public. (i.e., costs of services, revenue sources)

**RECOMMENDATION:** Staff recommends City Council approve the Quarterly Financial & Investment Report.

**ATTACHMENTS:** Quarterly Financial Report for Quarter Ending December 31, 2020



## CITY OF BAY CITY

### FY 2021 1st Quarter Financial Report

### As of December 31, 2020

The City of Bay City Finance Department is dedicated to excellence in local government, comprehensive fiscal management, compliance and reporting. The Monthly Report is used to provide our internal and external customers financial reporting with easy to read narratives regarding the City's financial position.

This report represents a general overview of financial operations through **December 2020**, the third month, and **25.00%** of FY 2021.

1. The **Financial Summaries** provide comparative data for revenues and expenditures by fund. Data shows current monthly and year to date information as it relates to budget. Beginning fund balances are estimates until the final audit is complete.
  - The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those accounted for in other specific funds. This fund includes all general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.
  - The **Public Utility Fund** accounts for the operations costs to provide water and sewer services to the citizens of Bay City.
  - The **Airport Fund** is used to account for the operations of the Airport, and to account for the rent generated from its T-hangers and fuel sold.
  - The **Hotel/Motel Occupancy Tax Fund** was established to directly enhance and promote tourism and the convention and hotel industry or other expenses as approved by State Law.
2. The **Investment Report** provides a description of investment activity during the quarter.

*This report does not include all funds related to the City of Bay City's Operations—please refer to the City's Comprehensive Annual Financial Report & the City's Annual Budget available on the City's website ([www.cityofbaycity.org](http://www.cityofbaycity.org)).*

*Go to the Finance Department's Web Page for all financial transparency information. This includes audits, budgets, quarterly reports, and check registers*

## General Fund Overview

### **Revenue Highlights**

Revenues total \$3,622,258 or 23.3% of the budget.

- Property Tax. The certified value totaled \$898 million. Through December, the City received \$1,032,589 or (23.5%) of the 4.4-million-dollar property tax maintenance and operation budget. Most property taxes will be received by January to avoid penalties.
- Sales tax. First Quarter Sales Tax Allocation to the City is **up** 6.5% (\$99,639) as compared to the first quarter in prior year.
- Franchise fees are in line with budget. Licenses & Permits are slightly under the budget target, however this should level out over time. (timing of permits pulled)
- Fines and penalties (Court Fines) are under budget expectations by \$10,000.
- Charges for services represents sanitation fees - \$641,833 (25% of budget).
- Miscellaneous Revenue appears below budget; however this is due to the timing of grant payments and/or interlocal agreements. (i.e. Bay City Gas Company, County, BCCDC)

### **General Fund Expenditure Highlights**

Expenditures total 3,433,615 or 21.7% of budget.

Most departments are under the 25% budget target. Budgets that are over the budget target are primarily due to the following:

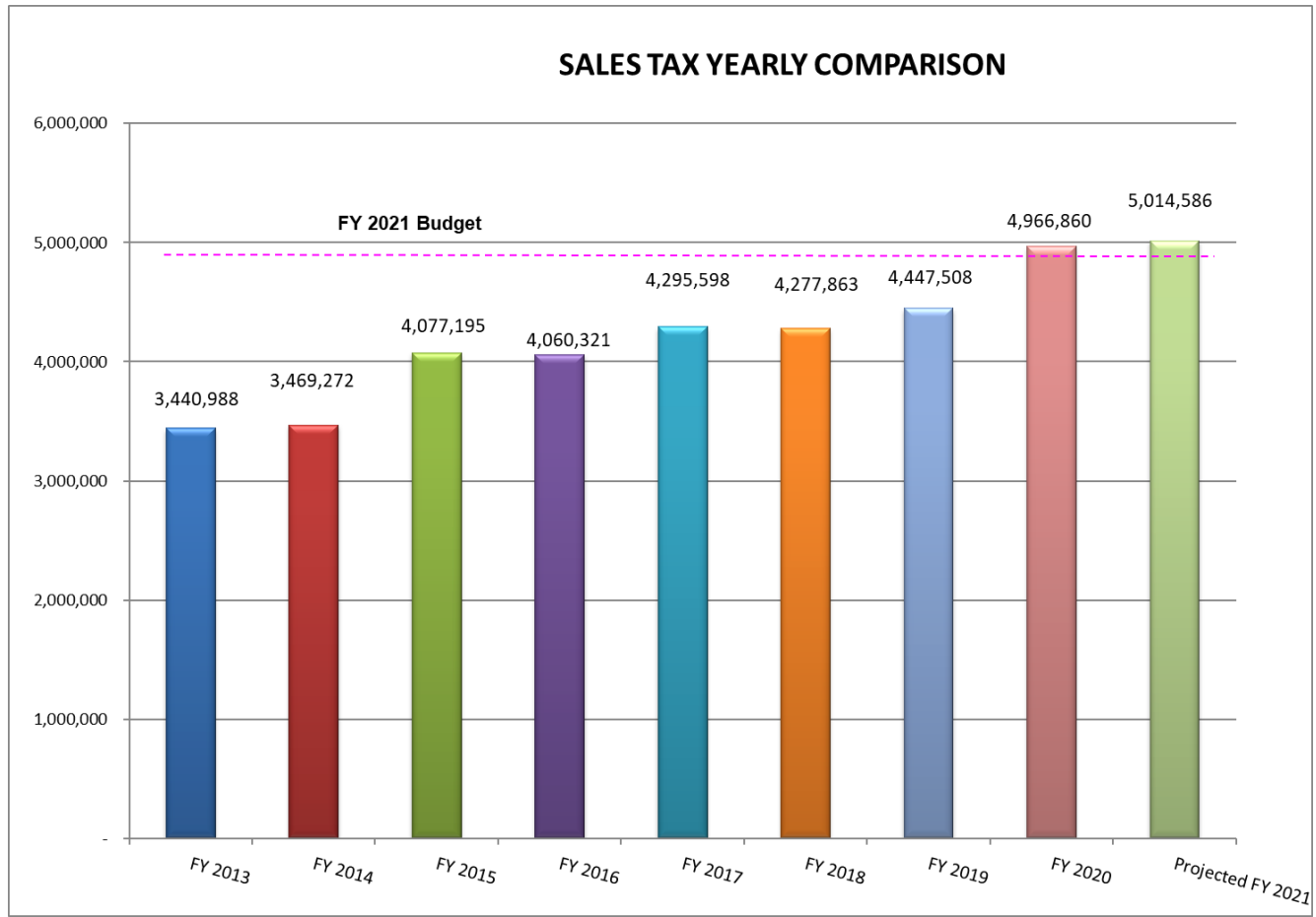
- Finance- personnel related costs (OT related to COVID-19); timing of supply purchases
- Police- personnel related costs (OT related to COVID-19); timing of capital purchases
- Recycling Center- HGAC grant (refurbishing bins)- amendment
- Recreation- timing of payments related to Christmas Tree lighting and July 4<sup>th</sup> show scheduled for 2021.

The General Fund's fund balance is budgeted to decrease by \$276,797. **The City's reserve level currently is above the minimum policy of 25%.** See bottom of page 3 for more clarification. The unaudited beginning cash position (October 1, 2020) was 4.5 million which represents approximately 30% operating expenditures including transfers. Transfers include departments/funds such as Information Technology, Facilities/Equipment Maintenance, and the Bay City Airport. The City plans to maintain reserves that meet or minimally exceed the 25% reserve requirement. The goal is to maintain reserves between 90 & 120 days. Reserves above 90 days or 25% may be used to fund non-reoccurring expenditures (i.e. capital projects).

## GENERAL FUND FINANCIAL SUMMARY

General Fund (Fund 11)					
Percent of Fiscal Year Complete	25%				
	<b>Total Budget</b>	<b>YTD Actual*</b>	<b>(Over)Under Budget to Date</b>	<b>% FY 2021 Budget</b>	
<b>Beginning Fund Balance (Unaudited)</b>	\$ 4,553,362	\$ 4,553,362	Pre-Audit		
<b>REVENUES</b>					
Property Taxes	4,391,617	1,032,589	3,359,028	23.5%	
Sales Tax	4,725,000	1,225,121	3,499,879	25.9%	
Other Local Taxes (Franchise)	1,326,000	346,862	979,138	26.2%	
Charges for Services (Sanitation)	2,565,000	641,833	1,923,167	25.0%	
Fines & Penalties	201,000	37,322	163,678	18.6%	
Licenses & Permits	192,500	34,305	158,195	17.8%	
Miscellaneous	1,489,586	136,350	1,353,236	9.2%	
Transfers (Hotel/Motel & Utility)	671,500	167,875	503,625	25.0%	
<b>Total Revenues</b>	<b>\$ 15,562,203</b>	<b>\$ 3,622,258</b>	<b>\$ 11,939,945</b>	<b>23.3%</b>	
<b>EXPENDITURES</b>					
City Secretary	111,745	21,817	89,928	19.5%	
City General Services	3,279,806	622,272	2,657,534	19.0%	
Administrative Council	307,405	77,747	229,658	25.3%	
Main Street	65,000	6,074	58,926	9.3%	
Human Resources	264,874	68,275	196,599	25.8%	
Municipal Court	344,249	72,562	271,687	21.1%	
Finance	341,670	93,029	248,641	27.2%	
Code Enforcement	312,750	45,581	267,169	14.6%	
Police	4,520,281	1,343,898	3,176,383	29.7%	
Animal Impoundment	170,712	42,246	128,466	24.7%	
Fire Department	198,863	16,473	182,390	8.3%	
Street and Bridge	3,513,461	566,187	2,947,274	16.1%	
Recycling Center	170,180	53,031	117,149	31.2%	
Parks	1,160,083	179,229	980,854	15.4%	
Riverside Park	201,909	35,271	166,638	17.5%	
Recreation	101,823	28,694	73,129	28.2%	
Pool Operations	286,352	48,358	237,994	16.9%	
Library	487,837	112,872	374,965	23.1%	
<b>Total Expenditures</b>	<b>\$ 15,839,000</b>	<b>\$ 3,433,615</b>	<b>\$ 12,405,385</b>	<b>21.7%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (276,797)</b>	<b>\$ 188,643</b>			
Ending Fund Balance	\$ 4,276,565	\$ 4,742,005			
% of Operating Reserves	27%	30%			
Fund Balance Target 90 days (25%)	<b>\$ 3,959,750</b>				
<b>Over/(Under) min Policy Level (25%)</b>	<b>\$ 316,815</b>				





	<i>1st Quarter</i>		<b>% Change from Prior Year</b>	<b>Variance</b>
	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2021</b>		
<b>October</b>	500,975.16	530,001.27	<b>5.79%</b>	<b>29,026.11</b>
<b>November</b>	522,356.43	569,017.64	<b>8.93%</b>	<b>46,661.21</b>
<b>December</b>	510,524.10	534,475.69	<b>4.69%</b>	<b>23,951.59</b>
<b>Total</b>	<b>1,533,855.69</b>	<b>1,633,494.60</b>	<b>6.50%</b>	<b>99,638.91</b>
<b>City General Fund (75%)</b>	1,150,391.77	1,225,120.95		74,729.18
<b>BCCDC (25%)</b>	383,463.92	408,373.65		24,909.73
	<b>1,533,855.69</b>	<b>1,633,494.60</b>		<b>99,638.91</b>

<b>Budget FY 2021</b>	<b>Projected Sales Tax</b>	<b>Exceeding Budget</b>
<b>4,725,000</b>	<b>5,014,586</b>	<b>289,586</b>

## Public Utility Fund Overview

### Revenue Highlights

- As a percentage of budget, total Water & Sewer Revenue is 25% and in line with budget expectations. (City bills one month in arrears)
- Miscellaneous Income is below the budget mark due to low interest rate environment.

### Expenditure Highlights

- Total expenditures for the Utility Fund are 21% of budget.
- All utility departments are within budget parameters.

### PUBLIC UTILITY FUND FINANCIAL SUMMARY

Utility Fund (Fund 61)				
Percent of Fiscal Year Complete	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget
<b>Beginning Fund Balance</b>	\$ 2,795,686	\$ 2,795,686	Pre-Audit	
<b>REVENUES</b>				
Charges for Services	8,177,000	2,052,524	6,124,476	25%
Fines & Penalties	140,000	27,992	112,008	20%
Miscellaneous	58,000	1,875	56,125	3%
<b>Total Revenues</b>	<b>8,375,000</b>	<b>2,082,390</b>	<b>6,292,610</b>	<b>25%</b>
<b>EXPENDITURES</b>				
Utility General	321,069	62,713	258,356	20%
Utility Maintenance	2,131,236	516,893	1,614,343	24%
Water & WWTP Division	1,959,599	319,362	1,640,237	16%
Warehouse Operations	3,963,096	881,402	3,081,694	22%
<b>Total Expenditures</b>	<b>\$ 8,375,000</b>	<b>\$ 1,780,370</b>	<b>\$ 6,594,630</b>	<b>21%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	\$ -	\$ 302,021		
<b>Ending Fund Balance</b>	\$ 2,795,686	\$ 3,097,707		
% of Operating Reserves	33%	37%		
<b>Target 90 days (25%)</b>	2,093,750			
<b>Over/(Under) Target</b>	<b>\$ 701,936</b>			
<i>Designated for capital projects</i>				
<i>Some encumbered from Prior Year</i>				
City is budgeting \$406,848 in depreciation until year 1 TWDB debt payment is known.				

## Airport Fund Overview

### Revenue Highlights

- As a percentage of budget, core Airport revenues are slightly under budget expectations.
- Timing of TXDOT RAMP Grant causes “Miscellaneous” revenue to appear under the budget target.
- General Fund (Transfers In) subsidizes the Airport by \$225,000-\$250,000 each year.
- The Bay City Community Development Corporation is contributing \$100,000 for the Taxiway project that is accounted for in a separate capital project fund.

### Expenditure Highlights

- As a percentage of budget, total expenditures are 20%.

### AIRPORT FUND FINANCIAL SUMMARY

Municipal Airport Fund (Fund 64)					
Percent of Fiscal Year Complete					
	25%				
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget	
<b>Beginning Fund Balance</b>	\$ 144,218	\$ 144,218	Pre-Audit		
<b>REVENUES</b>					
Charges for Services	-	-	-	0%	
Miscellaneous (Rentals, Grants)	157,500	34,391	123,109	22%	
Transfers (General Fund)	225,000	56,250	168,750	25%	
Other Revenue (Fuel Sales)	180,500	30,464	150,036	17%	
<b>Total Revenues</b>	<b>\$ 563,000</b>	<b>\$ 121,106</b>	<b>\$ 441,894</b>	<b>22%</b>	
<b>EXPENDITURES</b>					
Personnel	215,400	43,982	171,418	20%	
Supplies & Materials	175,400	35,410	139,990	20%	
Other Charges & Services	80,300	24,068	56,232	30%	
Repairs & Maintenance	126,900	18,013	108,887	14%	
Capital Expenditures	-	-	-	0%	
Transfers	-	-	-	0%	
<b>Total Expenditures</b>	<b>\$ 598,000</b>	<b>\$ 121,472</b>	<b>\$ 476,528</b>	<b>20%</b>	
*YTD does not include encumbrances					
<b>Net Revenue (Expenditures)</b>	<b>\$ (35,000)</b>	<b>\$ (366)</b>			
<b>Ending Fund Balance</b>	<b>\$ 109,218</b>	<b>\$ 143,852</b>			
<i>No minimum Fund Balance Policy</i>					
General Fund subsidizes approx. \$225,000-250,000 each year					

## Civic & Cultural Arts Fund (Hotel /Motel Fund) Overview

### Revenue Highlights

- As a percentage of budget, total Hotel/Motel Fund is below budget target of 25%, this is due the timing of hotel payments and ongoing COVID-19 suspected impact. Most hotels remit tax on a monthly or quarterly basis. (October-December receipts will not be remitted until January)
- Miscellaneous Income: Civic Center rentals are at 28% which is above the budget target.

### Expenditure Highlights

- As a percentage of budget, total expenditures are within budget parameters.
- Hotel General is above the budget target due to the timing of payment made to the Museum.

### HOTEL/MOTEL FUND FINANCIAL SUMMARY

Civic & Cultural Arts Fund (Fund 25)				
Percent of Fiscal Year Complete	25%			
	Total Budget	YTD Actual*	(Over)Under Budget to Date	% FY 2021 Budget
<b>Beginning Fund Balance</b>	\$ 619,007	\$ 619,007	Pre-Audit	
<b>Revenues</b>				
Hotel Occupancy Tax	\$ 650,000	\$ 22,410	\$ 627,590	3%
Interest Income	1,000	18	\$ 982	2%
Rental Fees- Civic Center	55,000	15,655	\$ 39,346	28%
Other Income- Special Events	1,500	30	\$ 1,470	2%
Other Income- Civic Center	2,500	825	\$ 1,675	33%
<b>Total Revenues</b>	<b>\$ 710,000</b>	<b>38,938</b>	<b>\$ 671,062</b>	<b>5%</b>
<b>Expenditures</b>				
Hotel General	\$ 126,500	74,955	51,545	59%
Tourism Department	287,020	30,146	256,874	11%
Civic Center	378,480	66,363	312,117	18%
Bay City Theatre	260,000	1,386	258,614	1%
<b>Total Expenditures</b>	<b>\$ 1,052,000</b>	<b>\$ 172,851</b>	<b>\$ 879,149</b>	<b>16%</b>
*YTD does not include encumbrances				
<b>Net Revenue (Expenditures)</b>	<b>\$ (342,000)</b>	<b>\$ (133,913)</b>		
Ending Fund Balance	\$ 277,007	\$ 485,094		
<i>Proposed to maintain \$50,000</i>				

# Departmental Highlights - Quarter Activity

## Building Department New Homes



**8 NEW RESIDENTIAL HOMES**

Value Added: Unknown

## Commercial Permits

**BUSINESS**

2

Value Added: \$330K (Shipley's 76K; TSO 254K)

Total Estimated Taxes= \$2,161

	Oct - Dec 2019	Oct - Dec 2020
Building Inspections	435*	505*
COC Issued	None	None
*City and Bureau Veritas (3 <sup>rd</sup> Party) handle inspections		

## Street and Bridge

## Utility

	Oct- Dec 2019	Oct-Dec 2020		Oct-Dec 2019	Oct-Dec 2020
Concrete Pavement Repair	3	3	Water Leaks	125	84
Ditch Cleaning	13	5	Meter Leaks	25	22
Asphalt Pavement Repair	58	33	Sewer Repairs	138	40
Utility/Asphalt/Concrete Repair	17	18	Low Pressure Reads	9	4
Signs	12	2	Meter Swaps	244	112
Traffic Control Devices	12	3	Water/Sewer Taps	6	13

## Police Statistics

	Oct - Dec 2019	Oct - Dec 2020
Calls for service	9,459	5,649
Arrests	364	160
Cases assigned to CID	484	511
Cases cleared by CID	587	507

## Civic Center

	Oct- Dec 2019	Oct-Dec 2020
Total Revenue	\$22,213	\$15,654
Total Expenditures	\$42,482	\$66,363

## OTHER FINANCIAL NOTES

### *Governmental Funds*

#### General Fund

Meeting reserve policy!

Amendments: Police Cars - \$212,000

### *Proprietary Funds*

#### Public Utility Fund

None

#### Airport

Amendment: Mowing Contract

### **Monitoring:**

**Sales Tax** – very good trend from October to December. January payment was lower than prior year.

**Hotel Tax Revenue**- Anticipate loss due to ongoing COVID-19. January hotel tax reports will be a better indicator of current and possible future impacts. Industrial activity in the area may offset some loss.

# Investment Report 1st Quarter Fiscal Year 2021

The City has a weighted average portfolio of 15 days with an average book yield of .50%. The City is liquid with 100% of the portfolio in a 0-1-year maturity. Average interest rates have declined since prior quarter except for fixed term investments. All short-term investments average less than 1%. Investment earnings are \$22,381 for the quarter and down \$11,282 as compared to the same quarter last year. The investment strategy currently is to stay short with diversification (Checking, Investment Pools, and Securities less than 2 years to maturity) to minimize interest rate risk in the future.

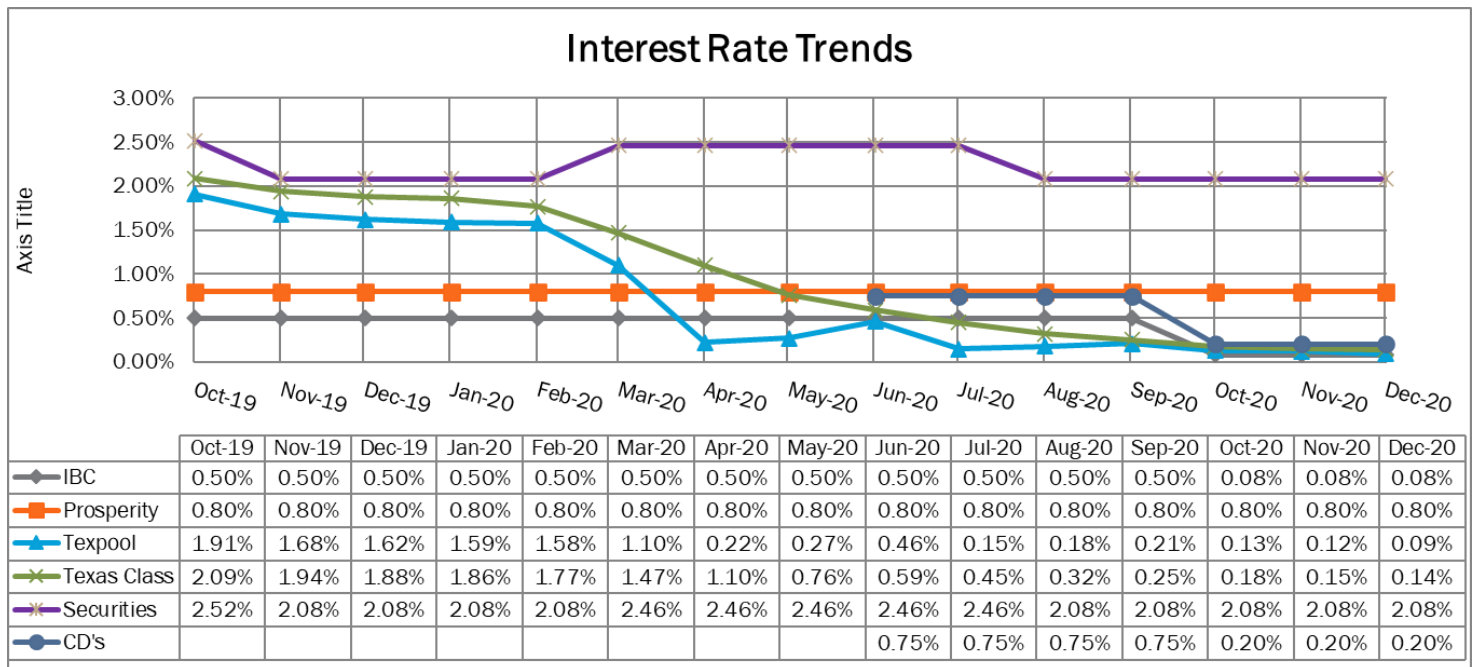
## December 31, 2020 Balances

	Total Bal by Type	% of Portfolio
IBC	\$ 1,295,885.52	8%
Prosperity Bank	\$ 210,094.58	1%
Prosperity Bank- Money Market	\$ 4,348,758.07	28%
Petty Cash/Cash Drawers	\$ 4,112.00	0%
Texpool	\$ 2,156,118.57	14%
Texas Class	\$ 3,310,351.44	22%
CD's	\$ 3,007,438.52	20%
Securities	\$ 989,000.00	7%
	<b>\$15,321,758.70</b>	<b>100 %</b>

## Interest Earnings

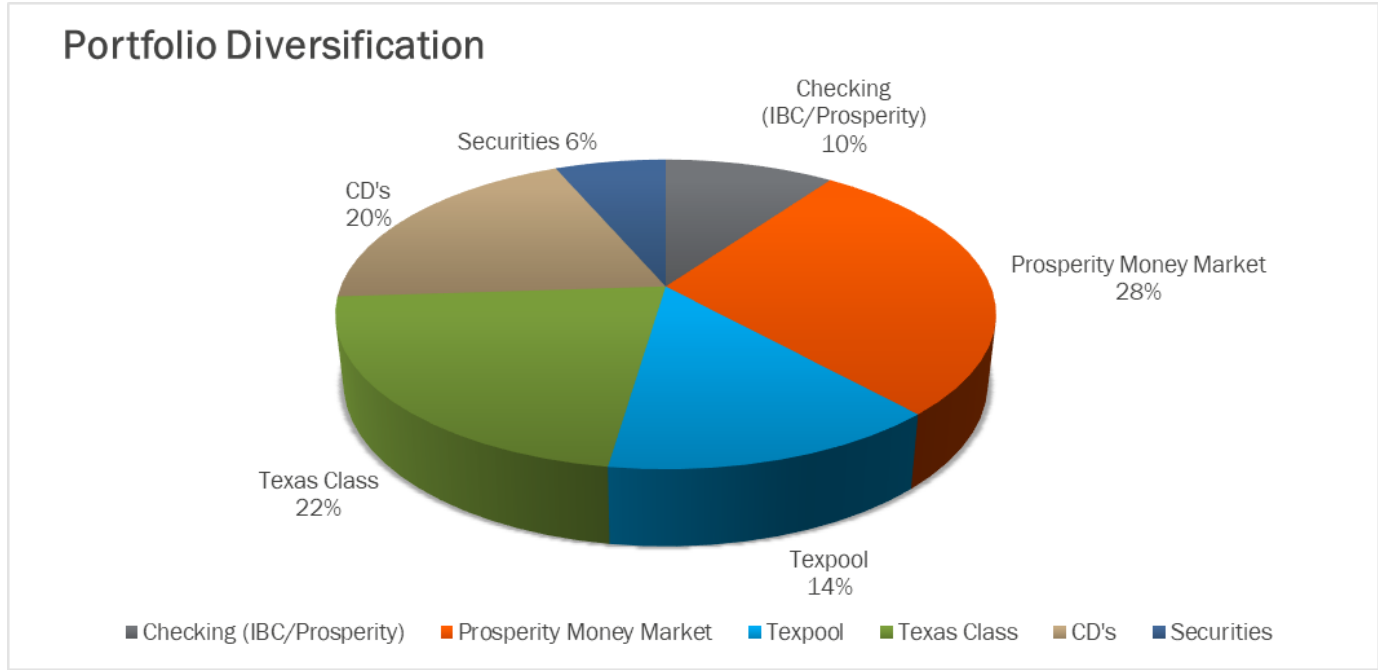
Interest received during the 1st quarter totaled \$ 22,381 and represents interest paid on checking accounts and investments.

Portfolio	Qtr 12-31-20	Qtr 12-31-19	Over Prior Year
Interest Received	22,381	\$33,663	<\$11,282>



### Portfolio Diversification


Portfolio Diversification is used to create a structure to reduce investment risks and a portfolio that will experience minimal volatility during economic cycles.



### Portfolio Maturity Schedule

The goal is to ladder the City’s portfolio. Due to some economic uncertainty and low interest rates, staying short for investment purposes is the strategy for any investments.

Years to Maturity	Face Value	% Total
0-1	\$15,321,758.70	100%
1-2	\$ 0	0%
<b>Total</b>	<b>\$15,321,758.70</b>	<b>100%</b>

 City of BAY CITY vs. Benchmarks for Quarter Ending December 31, 2020						
BOOK VALUE	MARKET VALUE	Unrealized Gain/<Loss>	Average Book Yield	Benchmark Pools	Benchmark 90 Day T-Bill	
\$ 15,321,759	\$ 15,330,498	8,739.00	0.50%	0.14%	0.09%	
Weighted Average						
<b>Maturity</b>	15.26 Day(s)		0.50% Yield			



**CONTRACTS-DISCUSS, CONSIDER, AND/OR APPROVE AWARDING A DEPOSITORY CONTRACT OR MULTIPLE CONTRACTS FOR THE CITY OF BAY CITY AND AUTHORIZE THE CITY MANAGER TO EXECUTE A DEPOSITORY CONTRACT IN A FORM APPROVED BY THE CITY ATTORNEY.**



## **EXECUTIVE SUMMARY**

### **BACKGROUND:**

The City awarded a depository contract to IBC on September 28, 2017 for a period of three (3) years, beginning October 1, 2017 and ending September 30, 2020. IBC continues to collateralize the City's deposits until another Depository is selected.

The City added a second depository contract with Prosperity Bank that commenced on March 1, 2018 that expires on February 28, 2021 with options to extend. This additional depository was used to satisfy investment safekeeping needs as required by the Public Funds Investment Act.

The Request for Proposals were advertised on December 30, 2020 and January 6, 2021. The City received 2 proposals (IBC and Prosperity). The new contract is anticipated to commence March 1, 2021. The term is 3 years with options to extend.

*Investment Training Instructors have promoted more than one banking depository to assure complete safety and liquidity of all City funds and to help maximize investment earnings. This is just a note to clarify the agenda language and not to be construed as the Selection Committee recommendation.*

**RECOMMENDATION:** Staff will review highlights of proposals and make a recommendation at the night of the meeting.

**ATTACHMENTS:** Sample Depository Contract

## BANK DEPOSITORY AGREEMENT

This Bank Depository Agreement (Agreement) is made and entered into this 9<sup>th</sup> day of February 2021 by and between the City of Bay City, Texas (City) and \_\_\_\_\_ Bank, Bay City, Texas (Bank) a bank chartered by the State of Texas and having a place of business in the City of Bay City, Matagorda County, Texas.

### **Section I Designation as Depository**

The City, through action of its City Council, hereby designates the Bank as its depository for banking services for a three (3) year period, commencing on March 1, 2021 and terminating on February 28, 2024. However, the termination date may be extended at the written request of the City until the City designates another depository for banking services.

### **Section II Designation of Custodian**

The City and Bank hereby designate the \_\_\_\_\_ (the "Custodian") to hold in trust, according to the terms and conditions of the City Request for Proposal, RFP No. R-122020-1 dated December 30, 2020, (the "RFP") and pursuant to a separate Municipal Depository, attached as **Exhibit A**, all securities pledged as depository collateral in accordance with the City's Investment Policy.

### **Section III Collateral**

City time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held in trust by the Custodian in an amount equal to at least 102% of the total of those funds. Custodian will provide a monthly report of the collateral directly to the City.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the City and (b) specifically authorized representatives of the Bank. The Bank shall have the right, with the prior written consent of the City, to substitute or replace, any or all of the pledged securities with collateral acceptable to the City.

### **Section IV Financial Position**

The Bank shall provide the City a statement of its financial position on at least a quarterly basis. The Bank shall provide an annual statement audited by its independent auditors including a letter as to its "fair representation".

### **Section V Authorized City Representative**

For the term of this Agreement, the City and Bank designate the individuals as listed in **Exhibit B** as authorized to represent and act for the City in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives must be made in writing.

### **Section VI Scope of Services**

The Bank's response to the City's RFP, dated December 30, 2020 (the "Response") is incorporated into this Agreement for all \_\_\_\_\_, including service charges, time deposit, demand deposit and loan rates, and attached as **Exhibit C**. If any provisions of

the Response and this Agreement are in conflict, this Agreement shall control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement, turn over to its successor all funds, City-owned securities, property, and things of value held as depository.

The City shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The City may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

### **Section VII Bank Compensation**

Bank will be compensated for any and all services rendered to City under this Agreement. Bank agrees to offset monthly service fees against its customary earnings credit for balances in City's on-interest bearing accounts.

### **FEE BASIS LANGUAGE**

Bank will be compensated for any and all services rendered to City under this Agreement on a cost per item or monthly charge basis as set forth in the service charges of the Bank's Response.

For new services not defined in this Agreement shall be negotiated by the City and Bank and mutually agreed upon in writing, but in no case shall the charge be in excess of the then current published price by the Bank.

### **Section VIII Default**

Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all securities pledged under this Agreement. The City is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

### **Section IX INTENTIONALLY OMITTED**

### **Section X Notice**

Any notice required to be given to Bank in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the Bank at the address Page 27 below. Notice may also be given by regular mail, personal delivery, courier or facsimile transmission, or other

commercially reasonable means and will be effective when actually received.

Bank  
Atten: Bank Officer  
Street Address  
Bay City, Texas 77414

Any notice required to be given to City in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the City at the address shown below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

City of Bay City, Texas  
Attn.: Finance Director  
1901 Fifth Street  
Bay City, Texas 77414

**Section XI Non-Assignability**

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

**Section XII Termination**

This Agreement may be terminated by either the City or the Bank by giving sixty (60) day's prior written notice to the other Party.

**Section XIII Law Governing**

All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement. Venue for any dispute under this Agreement shall be brought in a state district court in Matagorda County, Texas.

**Section XIV Bank Authorization**

The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

CITY

BANK

\_\_\_\_\_  
Robert K. Nelson, Mayor

\_\_\_\_\_  
Name and Title

ATTEST:

ATTEST:

\_\_\_\_\_  
Jeanna Thompson, City Secretary

**EXHIBIT B**

**AUTHORIZED REPRESENTATIVES**

The following individuals are authorized representatives of the City empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the City in any and all matters including execution of agreements and transfer of funds.

City Representative's Signature

Name and Title

_____	_____
_____	_____
_____	_____
_____	_____

Bank Representatives Name and Title

_____
_____
_____
_____

**Exhibit A**

**Municipal Depository Pledge Agreement**

SAMPLE