

**BOND ADVISORY COMMITTEE
RECOMMENDATIONS RELATED TO
CAPITAL IMPROVEMENT PROJECTS
FUNDED THROUGH THE GENERAL
FUND**

FAIR OAKS RANCH BOND ADVIISORY COMMITTEE

Table of Contents

TRANSMITTAL MEMO	1
EXECUTIVE SUMMARY	2
FINANCIAL IMPACT DATA	5
ADDITIONAL COMMITTEE RECOMMENDATIONS AND SUGGESTED ACTIONS	6
RATIONALE FOR USE OF CERTAIN DEBT INSTRUMENTS	10
ROAD PROJECTS RECOMMENDED FOR FULL OR PARTIAL FUNDING FINANCED THROUGH ISSUANCE OF GENERAL OBLIGATION BONDS	13
Dietz Elkhorn Roadway Reconstruction.....	14
Ammann Road Reconstruction	15
Rolling Acres Trail Reconstruction	16
Battle Intense Reconstruction	17
ROAD PROJECTS NOT RECOMMENDED FOR FULL OR PARTIAL FUNDING FINANCED THROUGH ISSUANCE OF GENERAL OBLIGATION BONDS	18
Arbors Preserve Access Road	19
DRAINAGE PROJECTS RECOMMENDED FOR FULL OR PARTIAL FUNDING	20
28907 Chartwell Lane	21
8472 Rolling Acres Trail	22
8040 Rolling Acres Trail	23
7740 Pimlico.....	24
8426 Triple Crown	25
8312 Triple Crown	26
32030 Scarteen	27
31988 Scarteen	28
7644 Pimlico Lane.....	29
8045 Flagstone Hill.....	30
8402 Battle Intense Low Water Crossing.....	31
DRAINAGE PROJECTS NOT RECOMMENDED FOR FULL OR PARTIAL FUNDING	32
8622 Delta Dawn.....	33
29314 Sumpter Drive	34
OTHER PROJECTS CONSIDERED AND RECOMMENDED TO BE FUNDED BY THE MUNICIPAL DEVELOPMENT DISTRICT	35
Civic Center.....	36
Design and Construct a Gateway Feature.....	37
OTHER PROJECTS CONSIDERED AND NOT RECOMMENDED	38
Fire Station #3 Phase 2 Upgrades	39
APPENDIX	40
Recent “Peer City” General Obligation Bond Elections	41
Examples of Use of Bonds and Cash by City of Fair Oaks Ranch for Infrastructure Projects	42
Access and Roadway Easement – The Arbors	44
High Water Alert Lifesaving Technology (HALT)	62
Maintenance Reserve Account Financing For Capital Asset Major Maintenance And Component Replacement	65
REFERENCES	69

TRANSMITTAL MEMO

Date: January 8, 2024

To: The Honorable Mayor, Members of Council and Citizens of Fair Oaks Ranch

From: Bond Advisory Committee, Seth Mitchell, Chairman

Subject: Bond Advisory Committee Recommendations for Financing Capital Improvements

On behalf of the Bond Advisory Committee, I am writing to formally convey the recommendations made by our committee regarding the method of financing of certain road, drainage and other capital improvements for our city. A second report providing the Committee's recommendations concerning water/wastewater utility projects will be forthcoming.

Over the past few months, the Bond Advisory Committee has diligently assessed various capital projects that are essential to maintaining and enhancing the quality of life for our residents. After careful consideration and thorough analysis, we have reached a consensus on the project recommendations outlined in the following pages.

We trust that the City Council will give due consideration to these recommendations, as they are intended to serve the best interests of our community. We are available to provide any additional information or clarification required.

Thank you for your dedication to the well-being of our city and for allowing this committee to make these recommendations.

Bond Advisory Committee Membership

Joe DeCola
Marcus Garcia, Vice Chair
Dana Green
John Guidry
Jamin Kazarian

Ben Koerner
Paul Mebane, CIAC Chair
Seth Mitchell, Chair
Chris Weigand, CIAC Vice Chair
Emily Stroup, Council Liaison

EXECUTIVE SUMMARY

The Bond Advisory Committee (BAC) has completed a review of project details totaling approximately **\$29.0m** from the **General Fund** related to **roadway (\$19.2m), drainage (\$6.3m), and other capital improvement projects (\$3.5m)** prepared by the City Engineering and Finance departments.¹ In addition to project recommendations, this report provides: estimates from SAMCO as to household impact of financing projects; the BAC's reasoning behind debt instrument decisions; and other BAC recommendations related to both these projects, and related issues. **Note: The BAC is to deliver its recommendations concerning water/wastewater utility capital projects at a later date which this report will not address.**

Project Recommendations

Upon consideration of available information, on site visits and study, the BAC recommends:

- Use of General Obligation Bonds for roadway projects in the amount of \$14.0 million;
- Use Certificates of Obligation or cash for drainage projects in the amount of \$2.2 million; and
- For the city to apply to use Municipal Development Grants for the Community Center and Gateway Feature totaling approximately \$3.0 million

SEE Individual Project pages 13– 49 for details on all projects.

TABLE 1.0 - RECOMMENDED PROJECTS BY FUNDING TYPE

Certificates of Obligation Bonds		General Obligation Bonds	
Drainage Project	Cost	Roadway Project	Cost
28907 Chartwell Lane (CIP#35 SAP#3.3.22)	\$335,229	Dietz Elkhorn Reconstruction (CIP#5)	\$4,941,593
8472 Rolling Acres Trail (CIP#2 SAP#3.3.14)	\$229,840	Rolling Acres Reconstruction (CIP#7) (Includes Drainage CIP#6)	\$6,773,793
8040 Rolling Acres Trail (CIP#4 SAP#3.3.17)	\$229,840	Battle Intense Reconstruction (SAP#3.4.16)	\$312,000
7740 Pimlico Lane (CIP#42 SAP#3.3.18)	\$113,844	Ammann Road Maintenance (SAP#3.4.11)	\$2,000,000
8426 Triple Crown (CIP#41 SAP#3.3.12)	\$253,094	Total Roadways	\$14,027,386
8312 Triple Crown (CIP#43 SAP#3.3.20)	\$269,967		
3230 Scarteen (CIP#53 SAP#3.3.19)	\$266,184		
31988 Scarteen (CIP#44)	\$100,000		
Rocking Horse/Vestal Park (7644 Pimlico) (CIP#46)	\$100,000		
8045 Flagstone Hill (CIP#63)	\$100,000		
Battle Intense Low Water Crossing HALT	\$200,000		
Total Drainage	\$2,197,998		

¹ All project costs and financial impacts are estimated based on the best information available.

TABLE 2.0 PROJECTS NOT RECOMMENDED FOR FUNDING

Drainage Project	Cost	Roadway Project	Cost
8622 Delta Dawn (CIP#15 SAP 3.3.23)	\$122,500	Paving Arbors Preserve Road	\$500,000
29314 Sumpter Drive (CIP#32 SAP#3.3.6)	\$266,184	Ammann Road Reconstruction (CIP#6) (Includes Drainage CIP#1)	\$6,700,085
8402 Battle Intense Low Water Crossing (CIP#23)	\$3.8 million		
Total Drainage	\$4.2 million	Total Roadways	\$7,200,085

Road Projects Recommended

The BAC recommends asking voters to approve issuance of **General Obligation Bonds** necessary to implement **\$14,027,386** in road projects, including:

- Dietz Elkhorn Reconstruction - \$4,941,593
- Rolling Acres Reconstruction - \$6,773,793
- Battle Intense Reconstruction - \$312,000
- Ammann Road Maintenance - \$2,000,000

Two road projects, complete reconstruction of Ammann Road and paving Arbors Preserve Road, are not recommended.

Drainage Projects Recommended

The BAC recommends city council, after receiving appropriate public input, approve issuance of **Certificates of Obligation** necessary to implement **\$2,197,998 in drainage projects**, including the eleven shown in the Drainage Project pages 20 – 34.

Three drainage projects, 8622 Delta Dawn, 29314 Sumpter Drive, and the Battle Intense Bridge are not recommended.

Identified Funding Source for Certain Other Projects

The BAC recommends city follow procedures necessary to apply for **\$3,049,441 in Municipal Development District grants** for the Community/Civic Center and the City Gateway Feature.

The Fire Station #3 Phase 2 Upgrades are not recommended.

Note Regarding Total Amount Of Debt To Be Issued

Staff and SAMCO Capital have developed financing scenarios which include use of cash from the General Fund (i.e. derived from the M&O tax rate proceeds) as a means of partially funding certain projects. **The current estimate for this “cash funding” is \$2.2 million over six fiscal years, including \$574k funded in 2023-'24 fiscal year.**

Total estimated project costs	\$16.2 million (\$13.9 roads, \$2.2 drainage)
Less estimated cash funding	<u>\$. 2.2 million</u>
Estimated bond financing required	\$13.9 million

SEE the Drainage Funding Recommendation page 11 for discussion of how use of cash could fund drainage projects.

Estimated Household Financial Impacts

The city engaged SAMCO Capital to provide financial data and estimates related to issuance of bonds necessary to fund the recommended projects. SAMCO estimates an increase to the I&S (Interest and Sinking Fund) portion of the tax rate of **0.0166, or at its highest point during the term of debt, about \$17 per \$100,000 of taxable property value. SEE pg. 9.**

FINANCIAL IMPACT DATA

Documents Prepared by Samco Capital Related to the Committee's Affordability Charge

Council charged the committee to assess the potential financial impact to taxpayers and utility customers of financing the implementation of recommended certain capital projects funded by the City's General Fund (ad valorem taxes) and City's Utility Fund (utility revenue backstopped by ad valorem taxes) as a rough measure of "affordability".

SAMCO Capital with the assistance of city staff prepared the following charts addressing this issue.

NOTE: As the Committee has yet to analyze the Utility Projects, SAMCO assumed all the utility projects would be approved by the committee which is a prudent and conservative approach. The preliminary utility debt proposal projects a maximum monthly increase for water utility customers to be \$20.77, or \$249.24 annually, and \$18.39 monthly for wastewater customers, or \$220.68 annually. The impact for a user of both water and wastewater would be \$469.92. Both rates would decrease in subsequent years as the remaining debt balance declines.

Ad Valorem Tax Impact

SAMCO predicts financing the general fund projects could result in an increase to the city's I&S Tax Rate of .0166, or about \$17 per \$100k of taxable value. Individual homeowner impacts range from an annual increase of \$66.35 to a home with net taxable value of \$400,000 to \$248.80 on a home with net taxable value of \$1,500,000.

(Actual tax impacts dependent on interest rates and amount of bond at time of issuance.)

More generally, the average taxable value for homestead properties for FY 2023-'24 was \$626,093. Assuming an increase of 10% in 2024, the tax increase for the average homestead would be about \$114 in 2024.

**ADDITIONAL COMMITTEE RECOMMENDATIONS AND SUGGESTED
ACTIONS**

ADDITIONAL COMMITTEE RECOMMENDATIONS AND SUGGESTED ACTIONS

The committee recommends to council the following recommendations for consideration and potential adoption.

1. Bundle Drainage Projects to Achieve Cost Savings

Given many of the drainage projects involve similar implementation elements, the committee recommends bundling and bidding the drainage projects out as a package.

The thought is that in doing so the successful bidder may be able to achieve economies of scale and do the work more quickly and at an overall lower price.

2. Reconstruct Roads Within the Existing Footprint

Unless otherwise required, reconstructing roads within the current footprint, i.e. not adding improved shoulders where none currently exist, can reduce cost between 20 and 50% according to the city's engineering consultants.

3. Acquire Enhanced Traffic Analysis Tools

The city, if it already does not have access, should secure the ability to use digital traffic analysis tools such as STREETLIGHT or similar product which uses real-time cell phone data to analyze traffic flows and prioritize future funding.

4. Create Dedicated Maintenance Accounts

Although previous councils moved away from this model, the committee recommends revisiting the idea of creating maintenance reserve accounts within the general and utility funds so as to be able to address ongoing maintenance needs. These accounts should be based on analysis of past needs and be sufficient to fund reasonable and foreseeable maintenance requirements. **SEE pg. 12 and also Appendix Pgs. 65-68.**

5. Involve the Public in Making All Capital Project Design and Funding =Related Decisions

The committee recommends for council to engage and involve the public in all these capital projects no matter what the source of financing ultimately decided upon, 9or minimum legal requirements required in their issuance. A Town Hall meeting is an example format.

6. Use BAC/CIAC in a Follow-Up Role

If council desires, this Committee recommends that the BAC/CIAC could serve in a project follow-up capacity to help the city identify project management opportunities and review project delivery reports. This could not only serve as an educational tool for the city but also a means of providing additional transparency.

Fair Oaks Ranch, City of
Tax Rate Impact Analysis
January 3, 2024

FYE (9/30)	TAV ⁽¹⁾	Existing Debt Service	I&S ⁽³⁾	\$3,975,000 GO's, Series 2024 ⁽²⁾	\$275,000 CO's, Series 2025 ⁽²⁾	\$2,995,000 GO's, Series 2026 ⁽²⁾	\$255,000 CO's, Series 2027 ⁽²⁾	\$6,450,000 GO's, Series 2028 ⁽²⁾	Projected Debt Service	I&S ⁽³⁾
2023	\$ 2,046,397,330	\$ 552,130	\$ 0.0268						\$ 552,130	\$ 0.0268
2024	2,388,156,944	553,163	0.0229						553,163	0.0229
2025	2,626,972,638	552,475	0.0210	\$ 462,800					1,015,275	0.0394
2026	2,758,321,270	550,950	0.0200	489,600	\$ 22,150				1,062,700	0.0393
2027	2,896,237,334	548,575	0.0189	132,600	21,700	\$ 417,875			1,120,750	0.0395
2028	3,041,049,201	550,888	0.0181	132,600	21,250	452,875	\$ 18,256		1,175,869	0.0395
2029	3,193,101,661	552,825	0.0173	132,600	20,800	119,750	22,863	\$ 354,750	1,203,588	0.0385
2030	3,193,101,661	548,100	0.0172	132,600	20,350	119,750	22,338	354,750	1,197,888	0.0383
2031	3,193,101,661	-	-	309,000	19,900	217,250	21,813	563,838	1,131,800	0.0362
2032	3,193,101,661	-	-	306,700	19,450	217,125	21,288	566,600	1,131,163	0.0361
2033	3,193,101,661	-	-	309,100	19,000	216,750	20,763	563,675	1,129,288	0.0361
2034	3,193,101,661	-	-	311,100	18,550	216,125	20,238	565,063	1,131,075	0.0361
2035	3,193,101,661	-	-	307,800	22,988	220,125	19,713	565,625	1,136,250	0.0363
2036	3,193,101,661	-	-	309,200	22,313	218,750	19,188	565,363	1,134,813	0.0363
2037	3,193,101,661	-	-	310,200	21,638	217,125	18,663	564,275	1,131,900	0.0362
2038	3,193,101,661	-	-	310,800	20,963	220,125	18,138	562,363	1,132,388	0.0362
2039	3,193,101,661	-	-	311,000	20,288	217,750	22,481	564,488	1,136,006	0.0363
2040	3,193,101,661	-	-	310,800	19,613	215,125	21,694	565,513	1,132,744	0.0362
2041	3,193,101,661	-	-	310,200	18,938	217,125	20,906	565,438	1,132,606	0.0362
2042	3,193,101,661	-	-	309,200	23,150	218,625	20,119	564,263	1,135,356	0.0363
2043	3,193,101,661	-	-	307,800	22,250	219,625	19,331	561,988	1,130,994	0.0361
2044	3,193,101,661	-	-	306,000	21,350	215,250	18,544	563,475	1,124,619	0.0359
2045	3,193,101,661	-	-	-	20,450	215,500	22,625	563,588	822,163	0.0263
2046	3,193,101,661	-	-	-	-	215,250	21,575	562,325	799,150	0.0255
2047	3,193,101,661	-	-	-	-	-	20,525	564,550	585,075	0.0187
2048	3,193,101,661	-	-	-	-	-	-	565,125	565,125	0.0181
Total		\$ 4,409,105		\$ 5,811,700	\$ 417,088	\$ 4,587,875	\$ 411,056	\$ 10,867,050	\$ 26,503,874	

⁽¹⁾ Assumes 10% growth for 1 year and 5% for 4 years and no growth thereafter.

⁽²⁾ Preliminary, subject to change. Interest calculated to be 4.00% for Series 2024, 4.50% for Series 2025, 5.00% for Series 2026, 5.25% for Series 2027 and 5.50% for Series 2028 for illustrative purposes only.

⁽³⁾ FYE 2025 and beyond assume 98% tax collections.

Homeowner Impact Analysis (I&S Rate Only)				
Taxable Home Value (Net of Exemptions)		I&S Tax Rate Increase from Current (FYE 2024)		
			Monthly Tax Increase	Annual Tax Increase
\$	400,000	\$ 0.0166	\$ 5.53	\$ 66.35
	500,000	0.0166	6.91	82.93
	650,000	0.0166	8.98	107.81
	800,000	0.0166	11.06	132.69
	1,000,000	0.0166	13.82	165.86
	1,250,000	0.0166	17.28	207.33
	1,500,000	0.0166	20.73	248.80

**RATIONALE FOR COMMITTEE RECOMMENDATION TO USE GENERAL
OBLIGATION BONDS FOR ROAD PROJECTS AND CERTIFICATES OF
OBLIGATION FOR DRAINAGE PROJECTS**

The Debt Instrument Recommendations

Historically, the city of Fair Oaks Ranch has used both General Obligation Bonds, Certificates of Obligation, and cash to finance infrastructure projects. **(SEE APPENDIX pgs. 42-43 for specific historic use examples)**. Generally, the city has sought voter approval to issue General Obligation Bonds (GO's) for road projects and has used Certificates of Obligation (COO's) for utility-related projects. The city has used cash for buildings and other infrastructure projects.

The Road Bond Funding Recommendation

While the issuance of both GOs and COOs involves the public in some way, only the issuance of GO bonds require an election. The committee and citizens, who shared comments with the committee, strongly supported seeking voter approval to issue GO debt for the road projects. The reasons included:

1. The \$14.0 million total dollars related to the four recommended road projects;
2. The fact that historically the city had asked voters for approval to issue debt for road projects (November 2014 \$7 million proposition); and
3. The fact that elections have intrinsic value in themselves in terms of community input, public awareness, building public trust, and can act as an indirect voter assessment of the city and council's overall performance.

Drainage Funding Recommendation

One could use similar reasoning to recommend going to the voters to approve using General Obligation debt to fund the drainage projects. However, the committee saw that the drainage projects were dissimilar in their nature, their total costs and the importance of implementing them as soon as practicable because of their ability to protect against property damage, potential home flooding and general public safety.

Dissimilarity Between Road and Drainage Projects

1. Scale and Costs Different
 - a. The Road Projects are large-scale high-dollar capital projects; e.g. \$4.9m for Dietz Elkhorn, \$6.8m for Rolling Acres Trail
 - b. The Drainage Projects are small-scale maintenance projects involving culvert repairs/replacements, bar ditch regrading, silt removal
2. Nature of Projects Different
 - a. Road projects are primarily capital projects in nature
 - b. Drainage projects are primarily maintenance projects
3. Public Safety
 - a. Road projects certainly have public safety component, but not doing them does not present the same risk to property owners
 - b. Drainage projects can have immediate impact to lower risk of property damage, home flooding and improve personal safety

Because of these dissimilarities, the BAC therefore recommends use of either Certificates of Obligation (COOs) or cash. And for these particular projects, the BAC recommends cash as an option.

Use of Cash as Alternative for funding Drainage Projects

The BAC recognizes the council has sole authority and discretion over all budget matters – including use of cash. However, the BAC wants to highlight how cash could be used as an alternate to issuing debt in the instance of funding the \$2.2 million in recommended drainage projects.

Here are three alternatives should Council wish to explore this option:

- **Use Cash to Partially Fund** (M&O portion of tax rate) Recommended Drainage Projects as Currently Proposed by Staff and SAMCO Capital
Staff and SAMCO Capital propose using cash to fund \$1.7 million of the \$2.2 million in recommended drainage projects by paying for various small drainage projects each of the next five years. This leaves a \$.5 million balance to be funded by debt.
- **Use Cash to Fully Fund** (M&O portion of tax rate) Recommended Drainage Projects
While the \$.5 million balance could be bridged using COO's, the BAC suggests covering the \$.5 million balance using a portion of the September 30, 2023 Unallocated Surplus instead because of its lower overall cost.
- **Use Cash to Establish Drainage Maintenance Fund** to fund future drainage maintenance projects
Removing silt and replacing street culverts is an ongoing expense. The BAC recommends establishing as part of the General Fund a Drainage Maintenance Fund and allocate an amount between \$300k and \$500k per year to this fund. Then, annually as part of the budget process, council could decide either to use this fund for small projects or accumulate it so as to do larger projects on a “pay as you go basis”. This allocation/fund could be used to cover the entire \$2.2 million of drainage projects over the next five years. It could also be combined with an immediate allocation from the September 30, 2023 Unallocated Surplus to get started immediately on a small project or two, and/or lower the needed annual contribution for the next five years.

**ROAD PROJECTS RECOMMENDED FOR FULL OR PARTIAL FUNDING
FINANCED THROUGH ISSUANCE OF GENERAL OBLIGATION BONDS**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM – ROADWAY

Dietz Elkhorn Roadway Reconstruction (CIP #5; SAP#3.4.10)



Project Description: Roadway reconstruction; potential addition of pedestrian/bike amenities; drainage improvements; and utility adjustments.

Project Limits: From Fair Oaks Parkway to FM 3351

Project Need/Benefits as Detailed by Staff: Dietz Elkhorn Road has an Overall Condition Index (OCI) score below 40 in many segments between Fair Oaks Parkway and FM 3351. In less than 3 years, the average OCI for this segment of roadway will be below 20. Reconstruction of this segment of roadway will require close attention to traffic flow as this is one of the major routes for the city. Project stakeholders have voiced concerns about speeding issues, heavy truck traffic, "cut-through" traffic between I-10 and FM 3351, and overall corridor safety for the citizens of Fair Oaks Ranch. There are numerous pedestrians, bicyclists, and golf-cart drivers that "share" this segment of roadway with vehicles. This has led project stakeholders to request the incorporation of various pedestrian/bicycle amenities along the corridor. Fair Oaks Ranch elementary school is located at the eastern end of the project where safety is a concern for children crossing Dietz Elkhorn Road. Finally, there is a traffic signal at the End Project Limits that is maintained by TxDOT.

Total Estimated Project Cost \$4,941,593

Funding Sources

Cash \$610,150

Debt \$4,331,443

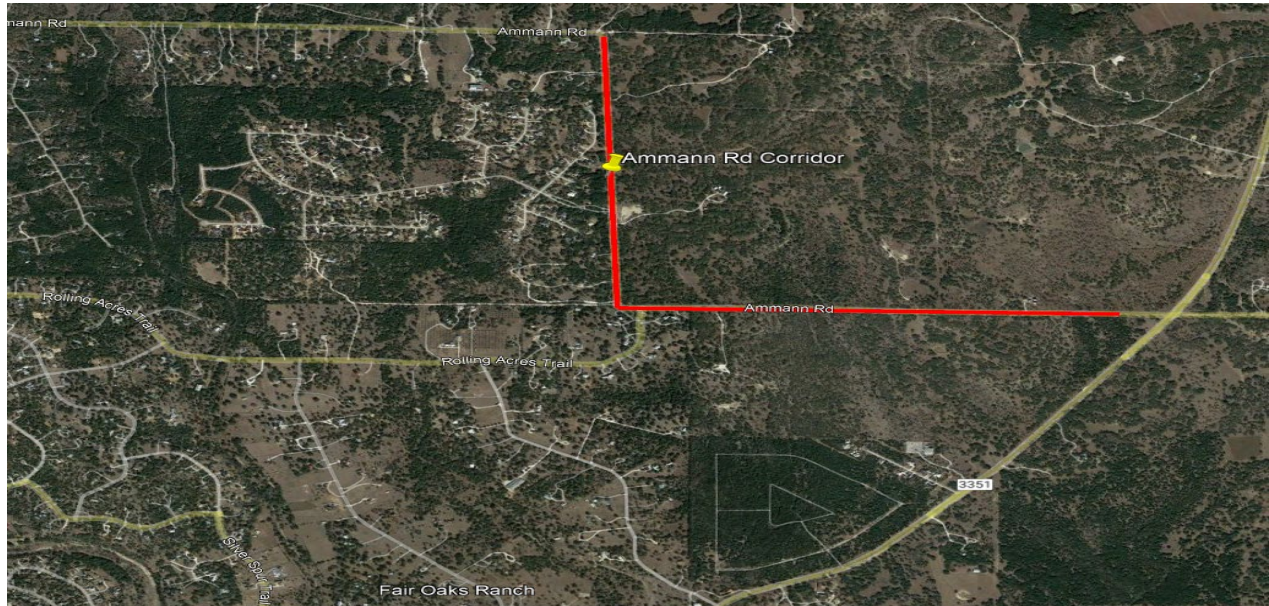
Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance debt using General Obligation Bonds
3. Prioritize as MUST DO

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM – ROADWAY

Ammann Road Reconstruction (CIP #6; SAP 3.3.11)

Includes Ammann Road Low Water Crossing drainage improvements



Project Location: Ammann Road

Project Limits: West to East City limits

Project Need/Benefits as Detailed by Staff: This project has drainage and road improvement components. The drainage component will replace an undersized culvert with an elevated concrete bridge. The road component provides improvements to a road categorized as being in poor condition (Overall Condition Index (OCI) below 40). Improvements include full depth reconstruction and addition of 4-foot-wide shoulders in both directions.

Total Estimated Project Cost - \$6.7 million

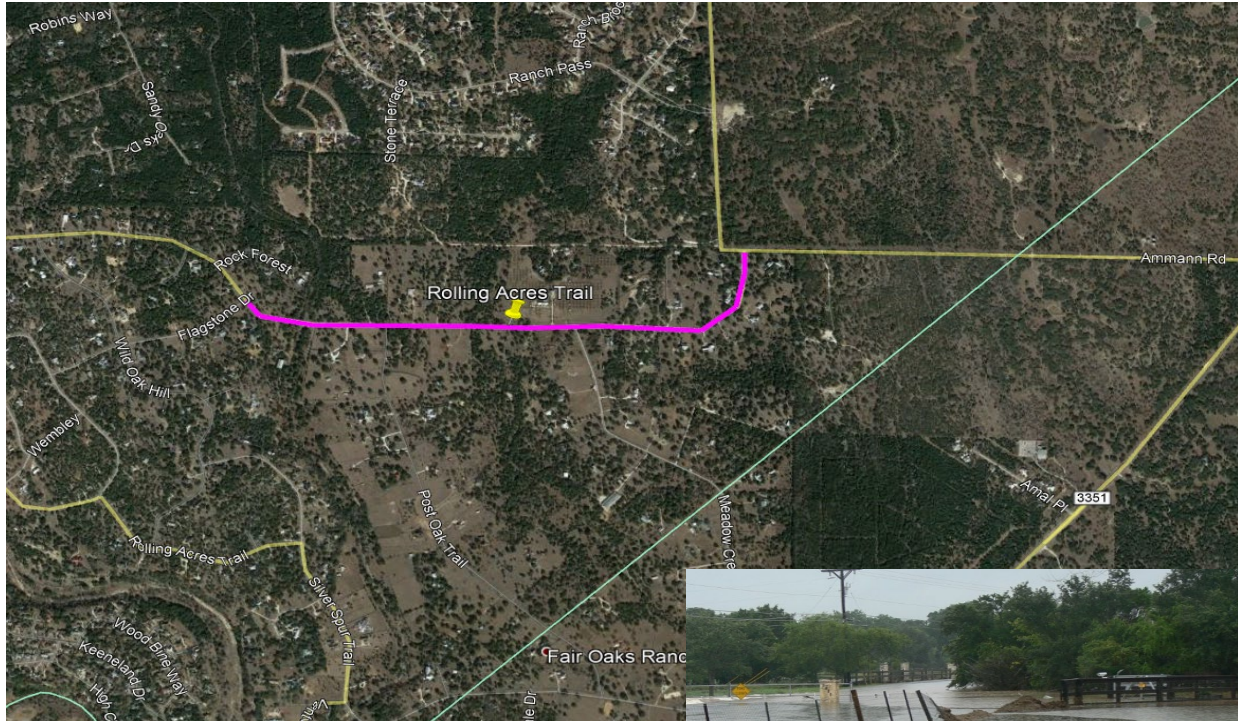
Funding Source - Debt

Bond Advisory Committee Recommendations:

1. Declined funding entire project because of the degree of uncertainty as to property development in the area and what the future alignment of Ammann Road might be.
2. The BAC recommends council allocate **up to \$2,000,000** for interim road repairs as identified by city engineers.
3. **Use General Obligation Bond to finance the \$2,000,000** interim maintenance.
4. Prioritize as **MUST DO**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM – ROADWAY

Rolling Acres Trail Reconstruction (CIP #7, SAP 3.4.12, Drainage CIP #6)



Project Location: Rolling Acres Trail

Project Limits: Rolling Acres Trail from Ammann Road intersection to Flagstone Hill

Project Need/Benefits as Detailed by Staff: Project has road and drainage components. The estimated \$5.5 million road component is needed to keep the road from further deterioration. In three years, the condition is expected to measure at an Overall Condition Index (OCI) of 33 (poor). Pavement reconstruction will increase the lifespan and lower maintenance cost. The estimated \$1.3 million drainage component will address unnamed tributary flooding in certain storm events. The existing culverts are undersized and the roadway is barely higher than the top of the culverts. Addition of culverts or construction of a 75- foot span bridge are alternatives under consideration.

Estimated Project Cost - \$6,773,793

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using General Obligation Bonds
3. Prioritize as **Should Do**

* During the design process, staff will provide low water crossing improvement alternatives for Council to consider.

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM – ROADWAY

Battle Intense Reconstruction near Trailside



Project Location: Battle Intense near Trailside Intersection

Project Limits: Cibolo Valley to Cibolo View

Project Need/Benefits as Detailed by Staff: Battle Intense is classified as a connector street and experiences heavy truck and school bus traffic. Extensive cracking pothole patching and loss of base material in some locations have led to poor to very poor pavement condition. The current Overall Condition Index (OCI) is less than 40 which indicates maintenance is no longer economical.

Estimated Total Project Cost - \$312,000

Funding Source – Debt

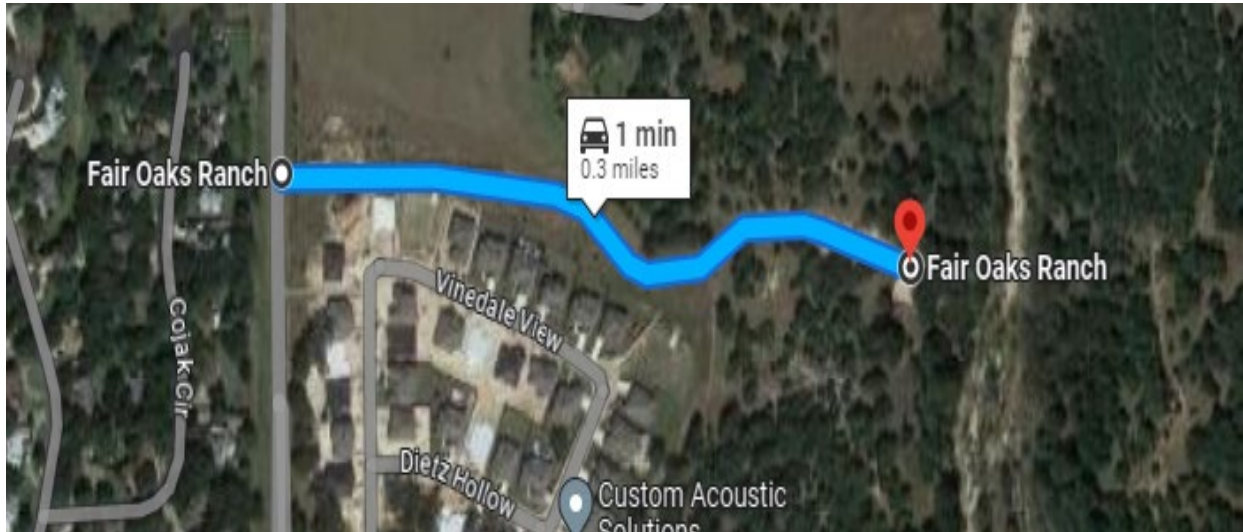
Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using General Obligation Bond
3. Prioritize as **Should Do**

**ROAD PROJECTS NOT RECOMMENDED FOR FULL OR PARTIAL FUNDING
FINANCED THROUGH ISSUANCE OF GENERAL OBLIGATION BONDS**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM – ROADWAY

Arbors Preserve Access Road



Project Location: Just north of the Arbors subdivision

Project Need/Benefits as Detailed by Staff: Project constructs a paved road, parking area, and drainage infrastructure to access the Arbors Preserve and City 5-acre parcel. The city owns an access easement and is responsible for maintenance of the access road and parking area. The unimproved road becomes unpassable to most vehicles after storm events.

Estimated Project Cost - \$500,000

Funding Source - Debt

Bond Advisory Committee Recommendations:

1. Committee declined the project for several reasons. First, the city has no plans for the 5- acre parcel it acquired in the Arbors Preserve Agreement which necessitates building an all-weather road. Second, while the city is responsible for maintenance of the road, there is no requirement that the road be maintained to allow all-weather access and there is no requirement that the road be paved. **(SEE pages 44-61 of the Appendix for the specific terms)**. Thirdly, the committee traveled the length of this road on its tour and found the road to be fit for purpose. Lastly, as not all Fair Oaks Ranch residents are FORHA members there is concern about the use of public funds to access a private facility.
2. The committee did not prioritize this project.

DRAINAGE PROJECTS RECOMMENDED FOR FULL OR PARTIAL FUNDING

*FINANCED THROUGH ISSUANCE OF CERTIFICATES OF OBLIGATION AND/OR
OTHER FINANCIAL SOURCES*

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

28907 Chartwell Lane (CIP #35, SAP 3.3.22)



Project Location – 28907 Chartwell Lane

Project Need/Benefits as Detailed by Staff: Drainage channel through the Chartwell subdivision experiences erosive stormwater velocities during storm events. Plat notes indicate property owners and the city share maintenance responsibilities. Past city efforts to stabilize the channel have failed and washed away. Erosion damage will grow unless condition addressed.

Estimated Project Cost - \$335,229

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Must Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8472 Rolling Acres Trail (CIP #2, SAP 3.3.14)



Project Location – 8472 Rolling Acres Trail near Sunland

Project Need/Benefits as Detailed by Staff: Undersized driveway culverts and silted-in bar ditches cause stormwater to back up and flow over driveways and across adjacent property towards Cibolo Creek. Bar ditches need to be restored to original profile and erosion mat installed to stabilize the channel. Existing single culverts will likely need to be replaced with multiple culverts due to large amounts of runoff in this area.

Estimated Project Cost - \$229,840

Funding Source –Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Must Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8040 Rolling Acres Trail (CIP #4, SAP 3.3.17)



Project Location – 8040 Rolling Acres Trail near Deer Summit

Project Need/Benefits as Detailed by Staff: Drainage does not have positive flow and backs up onto private property. Channel construction and improvements within the ROW are needed to convey stormwater towards the Rolling Acres Trail low water crossing. This involves regrading and significant earthwork to ensure adequate slope to convey stormwater.

Estimated Project Cost - \$229,840

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Must Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

7740 Pimlico (CIP #42, SAP 3.3.18)



Project Location – 7740 Pimlico southside of road between Aqueduct and Steeplechase

Project Need/Benefits as Detailed by Staff: Large amount of runoff flows over the road and through private property towards Salado Creek. This project is considered a "Should Do" project as water overtops a roadway and impacts private property. The property owner has constructed a berm to direct runoff away from his house.

Estimated Project Cost - \$113,844

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Must Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8426 Triple Crown (CIP #41, SAP 3.3.12)



Project Location – 8426 Triple Crown at Damascus Drive intersection

Project Need/Benefits as Detailed by Staff: Large amount of runoff flows down right-of-way and through a platted easement. Culvert is undersized and becomes obstructed and eventually backs up. The Drainage Master Plan proposes to replace the existing undersized culvert with a box culvert (2.417 feet x 3.75 feet) in order to increase the capacity. Increased maintenance is also needed to ensure clogging of the culvert does not become an issue. The box culvert would be capable of conveying the 10-year storm under the roadway.

Estimated Project Cost - \$253,094

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8312 Triple Crown (CIP #43, SAP 3.3.20)



Project Location – 8312 Triple Crown at Rocking Horse intersection

Project Need/Benefits as Detailed by Staff: Large amount of runoff moves down Triple Crown to Rocking Horse Lane and then to the south of the city. The Drainage Master Plan proposes to construct a culvert and channel along the south side of Triple Crown and the west side of Rocking Horse Lane in the right of way to catch stormwater running down the street before it enters and causes flooding on private property.

Estimated Project Cost - \$269,967

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

32030 Scarteen (CIP #53, SAP 3.3.19)



Project Location – 32030 Scarteen

Project Need/Benefits as Detailed by Staff: City installed berms and swales which have eroded and silted over time. Flooding occurs in driveway and has come close to entering the home. Undersized driveway culverts and silted-in bar ditches cause stormwater to back up and flow over driveways and across adjacent property towards the resident’s home. Bar ditches need to be restored to original profile and erosion mat installed to stabilize the channel. The existing driveway culvert will need to be replaced with a larger culvert to increase conveyance.

Estimated Project Cost - \$266,184

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

31988 Scarteen (CIP #44)



Project Location – 31988 Scarteen near Sky Blue Ridge

Project Need/Benefits as Detailed by Staff: Runoff from Sky Blue Ridge runs down road and heads in direction of home. Channel improvements and regrading needed. This project is considered a "Should Do" project as water overtops a roadway and impacts private property.

Estimated Project Cost - \$100,000

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

7644 Pimlico Lane (CIP #46) Vestal Culvert



Project Location – 7644 Pimlico Lane at Rocking Horse intersection adjacent to Vestal Park

Project Need/Benefits as Detailed by Staff: Channel and culvert improvements are needed to convey large amounts of stormwater under Rocking Horse towards Vestal Park. Channel and culvert improvements needed to convey large amounts of stormwater under Rocking Horse towards Vestal Park. The existing culvert is showing signs of degradation and requires repair or replacement.

Estimated Project Cost - \$100,000 (Headwall on Vestal Park side is cut limestone block installed by FORHA as part of Vestal Park improvements. Cost estimates assume culvert work can be accomplished without disturbing limestone block.)

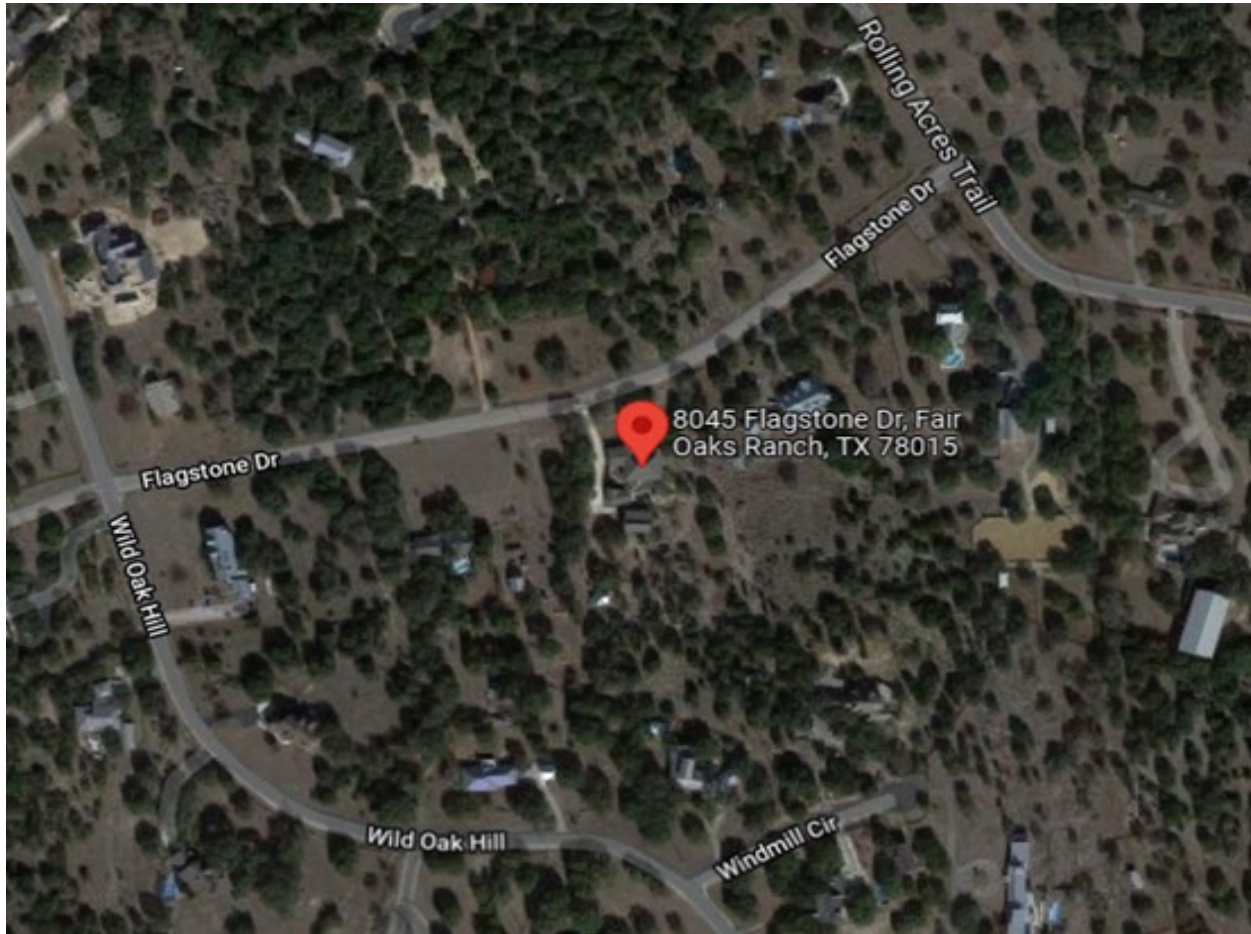
Funding Source – Debt

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8045 Flagstone Hill (CIP #63)



Project Location – 8045 Flagstone Hill at Rolling Acres Trail

Project Need/Benefits as Detailed by Staff: Water does not have a clear flow path along the street and makes its way through nearby yard. Regrading and culvert installation needed. This project is considered a "Should Do" project as water overtops a roadway and impacts private property.

Estimated Project Cost - \$100,000

Funding Source – Cash or Certificates of Obligation

Bond Advisory Committee Recommendations:

1. Agree to project
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Should Do**

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8402 Battle Intense Low Water Crossing (CIP #23)



Project Location – 8402 Battle Intense

Project Need/Benefits as Detailed by Staff: Battle Intense is often overtopped and shut down during large rain events. Debris collects and blocks the culverts which contributes to flooding. An elevated bridge structure is necessary to raise the road elevation and convey stormwater under the road.

Estimated Project Cost - \$3,768,171

Install HALT system at estimated cost of \$200k as substitute to building a \$3.8 million bridge

Funding Source – Cash or Certificates of Obligation

Bond Advisory Committee Recommendations:

1. As once completed, the TxDOT project to raise the FM 3351 bridge will provide all-weather access to the northern portion of Fair Oaks Ranch, the committee recommends not funding this improvement.
However, as the Cibolo will continue to overtop this low water crossing in certain rain events, the committee recommends installing a High-water Alert Live-saving Technology (HALT) device to substitute for the mechanical gates currently used to protect this crossing at an estimated cost of \$200,000.
2. Finance using Certificates of Obligation or Cash
3. Prioritize as **Must Do**

**DRAINAGE PROJECTS NOT RECOMMENDED FOR FULL OR PARTIAL
FUNDING**

*FINANCED THROUGH ISSUANCE OF CERTIFICATES OF OBLIGATION AND/OR
OTHER FINANCIAL SOURCES*

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

8622 Delta Dawn (CIP #15, SAP 3.3.23)



Project Location – 8622 Delta Dawn

Project Need/Benefits as Detailed by Staff: Erosion has caused a large ravine to open up near the city’s Deer Meadow Estates sewer lift station which gets larger and closer each year. If not addressed, the cost of remediation will increase as erosion grows. The lift station is approximately 14 feet from the edge of the ravine. If nothing is done, the erosion will eventually damage the lift station which serves over half of Deer Meadow Estates.

Estimated Project Cost - \$245,000

Funding Source – Currently funded through the FY2023-24 budget

Bond Advisory Committee Recommendations:

1. Committee after initial discussions and before touring this project, split the total cost 50/50 between the General Fund and Water Utility fund to recognize the infrastructure described as threatened belongs to the utility. However, after seeing the conditions on the tour, the committee found the existing conditions did not represent a near-term threat to the lift station and decided to not recommend any funding be directed to this project.–Note: Staff disagrees since the City owns the 0.25 acre lot per Kendall County Appraisal District records and is responsible for maintenance of the portion of the drainage easement which runs through it. Staff recommends this drainage issue be addressed now since delaying the project will lead to further erosion and higher costs. Planned drainage improvements will extend upstream and downstream of the City-owned property and will require coordination with adjacent land owners.
2. Committee **did not assign a priority**
3. Accepting the new facts noted above by city staff, the BAC continues to believe based on observations made during the field visit, the potential erosional impact to the lift station is neither immediate nor certain. The BAC recommends the project be deferred until objective data confirms corrective actions are necessary.

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - DRAINAGE

29314 Sumpter Drive (CIP #32, SAP 3.3.6)



Project Location – Across from commercial center at Dietz Elkhorn and FM 3351

Project Need/Benefits as Detailed by Staff: Runoff from commercial parking lot crosses FM3351 and floods the backyard of homes along Sumpter Drive. Severe slope accelerates runoff towards homes. The Drainage Master Plan proposes to construct a swale along the west side of FM3351 and redefine the existing outfall and channel on the east side. This project will require coordination with TxDOT since needed improvements are located within the FM3351 right of way. In past discussion with TxDOT, the eventual widening project will address this drainage issue but the City may undertake proposed drainage improvements if a Municipal Maintenance Agreement is executed with TxDOT.

Estimated Project Cost - \$266,184

Funding Source – Project Declined

Bond Advisory Committee Recommendations:

1. The committee **declined the project** as planned future widening of FM 3351 will resolve this issue which involves utility relocation and right of way acquisition.
2. The committee did not assign a priority.

**OTHER PROJECTS CONSIDERED AND RECOMMENDED TO BE FUNDED BY
THE MUNICIPAL DEVELOPMENT DISTRICT**

*AFTER CONSIDERATION AND APPROVAL OF GRANT APPLICATION TO BE
SUBMITTED BY THE CITY*

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - OTHER

Civic Center (SAP 3.5.5)



Project Location – City Hall Campus

Project Need/Benefits as Detailed by Staff: This project constructs a new Civic/Community Center to provide flexible, highly functional meeting and event space. Intended uses include City Council meetings, Commission/Board/Committee meetings, FORHA/HOA meetings, Townhall meetings, Elections/Voting location, and local business, civic organization, private events.

Estimated Project Cost - \$2.5 million

Funding Sources – MDD Grant – \$1.2 million

Cash \$500,000

Bond Advisory Committee Recommendations:

1. After consultation with the MDD President, the committee continued its work planning as if the full cost, including the funding gap, for the civic center would eventually be covered by an MDD grant. The process to update the MDD grant with the anticipated full amount of the civic center involves the city requesting an amendment to the MDD Grant contract to include amending costs and/or payment methodology. The MDD and city council would both need to vote to agree with the amendment.
2. The committee **did not assign a priority**.

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - OTHER

Design and Construct a Gateway Feature (SAP 5.2.6)

Project Location – Fair Oaks Parkway and Leslie Pfeiffer Drive

Project Need/Benefits as Detailed by Staff: Constructs a new Gateway Feature to capture the City's identity and distinguish it from surrounding areas. The planned location is at the intersection of Fair Oaks Parkway and Leslie Pfeiffer Drive. A Gateway Feature committee has been established and is expected to meet over the next several months with the final concept plan presented to City Council for approval.

Estimated Project Cost - \$500,000

Funding Source – Debt

Bond Advisory Committee Recommendations:

1. After consultation with the MDD President, the committee continued its work planning as if the full cost of the gateway feature would eventually be covered by a **MDD grant**.
2. The committee **did not assign a priority**.

OTHER PROJECTS CONSIDERED AND NOT RECOMMENDED

*TO BE FUNDED PENDING FURTHER ASSESSMENT FOLLOWING COMPLETION
OF ONGOING FIRE RESPONSE STUDY*

CITY OF FAIR OAKS RANCH CAPITAL IMPROVEMENT PROGRAM - OTHER

Fire Station #3 Phase 2 Upgrades (SAP 4.2.4)



Project Location – Fire Station #3 (Meadow Creek Trail)

Project Need/Benefits as Detailed by Staff: This project consists of various improvements to Fire Station #3 to allow housing of first responders in preparation for and during severe weather event. Bexar County Emergency Services District No. 4 has requested upgrades to Fire Station #3 to allow housing of first responders in preparation for and during severe weather events. These improvements include build-out of 2nd Floor to create six bunk rooms w/restroom facilities, renovation of 1st Floor men’s restroom to isolate shower, installation of bay door openers, building access control system, and backup emergency generator.

Estimated Project Cost - \$492,720

Funding Source – Project Declined

Bond Advisory Committee Recommendations:

1. The committee **declined the project** as the current fire response study has yet to be completed. Therefore, how this facility will fit into the city’s fire response plans remains to be determined. Additionally, the FY 2023-'24 budget allocated \$150,000 to install Open Path building access control and a back-up generator.
2. The committee **did not assign a priority**.

APPENDIX

Recent “Peer City” General Obligation Bond Elections

Calendar Year 2023

City of Hill Country Village - redirected \$3 million in unspent funds from a 2019 road improvement bond toward building new municipal complex; 77.8% approved. Sources: City of Hill Country Village website; Bexar County Elections Department website

Calendar Year 2022

City of Boerne - \$23 million Streets and Mobility; 60.28% approved
\$13 million Parks and Open Space; 59.81% approved
Sources: City of Boerne Website

City of Kerrville - \$45 million roads; 54% approved
Sources: Texas Bond Review Board 2022 Local Annual Report Table A.3, City of Kerrville website

City of Live Oak - \$18 million Street and Bridge; 66.68% approved
Sources: Texas Bond Review Board 2022 Local Annual Report Table A.3; Bexar County Elections Department website

City of Shavano Park - \$10 million road; 82.12% approved
Sources: Texas Bond Review Board 2022 Local Annual Report Table A.3; Bexar County Elections Department website

City of Windcrest - \$5 million Aquatic Center; 58.82% disapproved
Sources: Texas Bond Review Board 2022 Local Annual Report Table A.4; City of Windcrest website

Calendar Year 2021

City of Schertz - \$15.5 million Public Safety facilities; 71.9% approved
Sources: Texas Bond Review Board 2022 Local Annual Report Table A.5; City of Schertz website

Calendar Year 2020

City of Alamo Heights - \$13.3 million Austin Highway/Lower Broadway; 78.7% approved
Sources: Texas Bond Review Board 2021 Local Annual Report Table A.5; Bexar County Elections Department website

Examples of Use of Bonds and Cash by City of Fair Oaks Ranch for Infrastructure Projects

General Obligation Bonds

In May 1991, Fair Oaks Ranch voters by a 2-1 margin voted **against** issuing bonds to purchase 3 acres and construct a 3,000 sq.ft. administrative building near the intersection of Fair Oaks Parkway and Dietz Elkhorn.

Source: Vision to Reality, City of Fair Oaks Ranch, Texas, A Brief History of Fair Oaks Ranch. Gary D. Youngblood Piper Plus Publications 2013; pages 144-146

General Obligation Bonds, Series 2015

\$7 million roads approved in November 2014 with **64% in favor** (80% voter participation)

Source: The Fair Oaks Gazette, Volume 4, Issue 12 “From the Mayor’s Desk

Certificates of Obligation

1997/1998

City of Fair Oaks Ranch used **certificates of obligation to purchase Glenpool (water/wastewater utility) for \$4.1 million**

City held town hall meetings and sent postcards to residents soliciting their input. Out of 835 mail-in postcards returned, 821 were in favor of the purchase.

Sale of utility completed on December 2, 1997.

Source: Vision to Reality, City of Fair Oaks Ranch, Texas, A Brief History of Fair Oaks Ranch. Gary D. Youngblood Piper Plus Publications 2013; pages 165-169

September 3, 2020

City of Fair Oaks Ranch approved **\$2.7 million** “City of Fair Oaks Ranch, Texas combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020” to refinance a capital lease for Supervisory Control and Data Acquisition (SCADA) system for the Water/Wastewater Utility acquired in 2014.

City followed required legal notifications and public meeting approvals.

Source: Fair Oaks Ranch City Council Meeting September 3, 2020 agenda backup

Examples of Cash Funding Infrastructure

The city has used cash to fund the construction and recent renovation of city hall, maintenance buildings, the police station, the fire station on Meadow Creek Trail and most recently the Tivoli Way drainage project.

Sources: Vision to Reality, City of Fair Oaks Ranch, Texas, A Brief History of Fair Oaks Ranch. Gary D. Youngblood Piper Plus Publications 2013 and City of Fair Oaks meeting agendas.

Access and Roadway Easement - The Arbors

Doc# 20180249857 12/21/2018 12:45PM Page 1 of 18 Gerard C. Rickhoff, Bexar County Clerk

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ACCESS AND ROADWAY EASEMENT

THE STATE OF TEXAS §
 § KNOW ALL BY THESE PRESENTS:
COUNTIES OF BEXAR §
AND COMAL §

WHEREAS, SF FAIR OAKS DEVELOPMENT LLC, a Texas limited liability company ("**Grantor**"), is the owner of that certain real property, situated in Bexar County, Texas, described in **EXHIBIT "A-1"** ("**Easement Tract 1**") and **EXHIBIT "A-2"** ("**Easement Tract 2**") attached hereto and made a part hereof for all purposes (collectively, the "**Easement Area**"); and

WHEREAS, on February 22, 2016, Grantor's predecessor-in-interest and the **CITY OF FAIR OAKS RANCH, TEXAS**, a Texas home rule municipality ("**Grantee**") entered into that certain Development Agreement, recorded as Document No. 201606008213 in the Official Public Records of Comal County, Texas, and as Document No. 20160033611 in the Official Public Records of Bexar County, Texas (as the same has been amended from time to time, the "**Development Agreement**"), pursuant to which Grantor was to dedicate or cause to be dedicated to Grantee, without restriction, the land, situated in Comal County, Texas, described in the attached **EXHIBIT "B"** and made a part hereof for all purposes ("**Grantee's Property**"); and

WHEREAS, concurrently herewith, Grantor has caused **ARBORS OF FAIR OAKS RESIDENTIAL COMMUNITY, INC.**, to dedicate Grantee's Property to the City by separate instrument in fulfillment of Grantor's obligations under the Development Agreement to dedicate such land to the City; and

WHEREAS, Grantor and Grantee agree to the terms and conditions of this Agreement, which provides access to Grantee's Property by providing a non-exclusive easement in, upon, over under and across the Easement Area for the purpose of maintenance, improvement, repair, and upgrade of the improvements, facilities, public utilities and other appurtenances within the Easement Area, together with vehicular and pedestrian ingress and egress (the "**Easement**"). Further, Grantor warrants connectivity of the Easement to F.M. 3351 (Ralph Fair Road).

NOW, THEREFORE, KNOW ALL BY THESE PRESENTS, THAT Grantor, for a full and valuable consideration to Grantor in hand paid by, the receipt and sufficiency of which are hereby acknowledged and confessed, has this day **GRANTED, DEDICATED AND CONVEYED**, and by these presents does hereby **GRANT, DEDICATE AND CONVEY** unto Grantee, and Grantee's successors and assigns, the Easement for the purposes set forth herein above.

{W0832320.8}

TO HAVE AND TO HOLD the same unto Grantee, and Grantee's successors and assigns, subject to the terms hereof.

Grantor and Grantee hereby acknowledge and agree that this conveyance is subject to the following conditions, restrictions and limitations: (a) Easement Tract 1 was improved by Grantor by the installation of base material suitable for ingress and egress by vehicular traffic; (b) Grantee, at Grantee's sole cost and expense, shall maintain the Easement Area, including all improvements, facilities, public utilities, and appurtenances within the Easement Area, or which Grantee shall place within the Easement Area, in an attractive manner and in good condition and repair, as determined by Grantee, in its sole discretion; (c) subject to Grantee's approval, Grantor reserves and retains the right to improve the Easement Area for vehicular and pedestrian access purposes, roadway purposes, utility and drainage purposes and any and all other purposes which Grantee determines are not inconsistent with the rights granted to Grantee under this agreement; (d) Grantor reserves and retains the right to use the Easement in a reasonable manner that does not cause damage to the Easement Improvements; and (e) the Easement is nonexclusive and Grantor has the right to grant additional easements over and across the Easement Area.

Further, this conveyance is subject to those matters described on **Exhibit "C"**, attached hereto being the only exceptions from Grantor's Warranty of Title.

The Easement, and the terms, covenants and conditions set forth herein, shall be covenants running with the Easement Area and the Grantee Property and shall inure to the benefit of, and be binding upon, the heirs, personal representatives, successors and assigns of each of Grantor and Grantee.

TO THE EXTENT PERMITTED BY THE TEXAS CONSTITUTION AND STATE LAW AND WITH THE MUTUAL UNDERSTANDING THAT GRANTEE IS A HOME RULE MUNICIPALITY CHARTERED UNDER THE TEXAS CONSTITUTION AND A POLITICAL SUBDIVISION OF THE STATE OF TEXAS AND THAT AN INDEMNITY OBLIGATION CANNOT BE PAID FROM CURRENT REVENUES AND THAT NO ORDER, RESOLUTION, TAX NOR INTEREST AND SINKING FUNDS HAS BEEN SET, ADOPTED OR ESTABLISHED FOR PAYMENT OF THIS INDEMNITY OBLIGATION, AND WITHOUT EXPANDING GRANTEE'S LIABILITY BEYOND THE STATUTORY LIMITS OF THE TEXAS TORT CLAIMS ACT OR UNDER EXISTING LAW, AND FURTHERMORE, WITHOUT WAIVING OR DIMINISHING GRANTEE'S IMMUNITY BEYOND THE SCOPE OF THAT ALLOWED BY THE TEXAS TORT CLAIMS ACT OR EXISTING LAW GRANTEE SHALL INDEMNIFY GRANTOR AGAINST AND HOLD GRANTOR HARMLESS FROM ANY AND ALL COSTS, CLAIMS, LIENS OR LIABILITY OF ANY KIND OR NATURE (INCLUDING REASONABLE ATTORNEY'S FEES AND COURT COSTS) ARISING FROM GRANTEE'S USE, OPERATION OR MAINTENANCE OF THE EASEMENT AND THE EASEMENT AREA AND/OR ANY OTHER ACTIVITIES OF GRANTEE WITHIN THE EASEMENT AREA, INCLUDING, WITHOUT LIMITATION, THE INSTALLATION OF IMPROVEMENTS THEREIN. GRANTEE AGREES TO PROMPTLY REMOVE ANY MECHANIC'S LIENS WHICH ENCUMBER THE EASEMENT AREA AND ARISE OUT OF GRANTEE'S ACTIVITIES WITHIN THE EASEMENT AREA.

[signatures follow on the next page]

IN WITNESS WHEREOF, this instrument to be executed on this 12th day of December, 2018.

GRANTOR:

SF FAIR OAKS DEVELOPMENT LLC,
a Texas limited liability company

By: **CAPITOL REALTY ADVISORS, INC.**, a Texas corporation, its General Partner

By: [Signature]
Name: C.A. Elder
Title: Manager/Director

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 12th day of December, 2018 by C.A. Elder, Manager and Director of CAPITOL REALTY ADVISORS, INC., a Texas corporation, General Partner, of SF FAIR OAKS DEVELOPMENT LLC, a Texas limited liability company, on behalf of said limited liability company.

[Signature]
Notary Public Signature

(seal)



GRANTEE:

GRANTEE:

CITY OF FAIR OAKS RANCH, TEXAS,
a Texas General Law Type ~~X~~ City *Home Rule*

By: *Tobin E. Maples*
Name: Tobin E. Maples
Title: City Manager

THE STATE OF TEXAS §

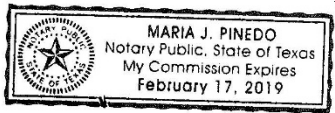
COUNTY OF Bexar §

This instrument was acknowledged before me on the 07 day of December, 2018
by Tobin E. Maples, _____ of the City of Fair Oaks Ranch
Home Rule City, on behalf of said City of Fair Oaks Ranch

M. Pinedo

Notary Public Signature

(seal)



AFTER RECORDING, PLEASE RETURN TO:

City of Fair Oaks Ranch
Attn: City Secretary
7286 Dietz Elkhorn
Fair Oaks Ranch, TX 78015

EXHIBIT "A-1"

EASEMENT TRACT 1

FIELD NOTES
FOR
A 0.9750 OF AN ACRE TRACT
(VARIABLE WIDTH INGRESS/EGRESS EASEMENT)

A 0.9750 of an acre tract of land for a Variable Width Ingress/Egress Easement, out of the Maria De La Luz Guerra Survey No. 172, Abstract 257, County Block 4741, Bexar County, Texas, and being over and across a 145.4 acre tract as conveyed to SF Fair Oaks Development, L.L.C., of record in Volume 17835, Page 1589 of the Official Public Records of Bexar County, Texas, and being more particularly described by metes and bounds as follows:

COMMENCING at a found $\frac{1}{2}$ " iron rod with a plastic cap stamped "CUDE" in the east line of F. M. 3351, also known as Ralph Fair Road, a 100.00 wide right-of-way, for the northwest corner of the 145.4 acre tract, the southwest corner of a 19.214 acre tract as conveyed to Bradley M. Kohls of record in Volume 16848, Pages 3-6 of the Official Public Records of Bexar County, Texas, from which a found 1" square iron rod in the east line of F.M. 3351 bears S 00° 30' 01" E, 1,334.26 feet;

THENCE: N 89° 34' 37" E, leaving the east line of F.M. 3351, along and with the south line of the 19.214 acre tract, the north line of the 145.4 acre tract, a distance of 5.00 feet to a point for the **POINT OF BEGINNING** and the northwest corner of the easement described herein.

THENCE: N 89° 34' 37" E, continuing along and with the south line of the 19.214 acre tract and the north line of the 145.4 acre tract, a distance of 383.92 feet to a point for an angle of the easement described herein.

THENCE: leaving the south line of the 19.214 acre tract, the north line of the 145.4 acre tract, and into and across the 145.4 acre tract the following thirty-one (31) courses:

1. S 83° 17' 29" E, a distance of 264.21 feet to a point for an angle of the tract described herein.
2. S 86° 50' 57" E, a distance of 58.72 feet to a point for a point of curvature to the right of the easement described herein.
3. With a curve to the right having a radius of 100.00 feet, an arc length of 24.82 feet, a delta angle of 014° 13' 17" and a chord bears S 79° 44' 19" E, a distance of 24.76 feet to a point for an end of curve of the easement described herein.
4. S 72° 37' 40" E, a distance of 38.23 feet to a point for a point of curvature to the right of the easement described herein.
5. With a curve to the right having a radius of 100.00 feet, an arc length of 41.41 feet, a delta angle of 023° 43' 29" and a chord bears S 60° 45' 56" E, a distance of 41.11 feet to a point for an end of curve of the easement described herein.
6. S 48° 54' 12" E, a distance of 154.48 feet to a point for a point of curvature to the left of the easement described herein.
7. With a curve to the left having a radius of 75.00 feet, an arc length of 56.36 feet, a delta angle of 043° 03' 14" and a chord bears S 70° 25' 48" E, a distance of 55.04 feet to a point for an end of curve of the easement described herein.
8. N 88° 02' 35" E, a distance of 153.90 feet to a point for a point of curvature to the left of the easement described herein.

{W0832320.8}

Exhibit "A-1" - 1

9. With a curve to the left having a radius of 40.00 feet, an arc length of 39.01 feet, a delta angle of 055° 52' 58" and a chord bears N 60° 06' 06" E, a distance of 37.49 feet to a point for an end of curve of the easement described herein,
10. N 32° 09' 37" E, a distance of 56.13 feet to a point for a point of curvature to the right of the easement described herein,
11. With a curve to the right having a radius of 50.00 feet, an arc length of 49.85 feet, a delta angle of 057° 07' 23" and a chord bears N 60° 43' 19" E, a distance of 47.81 feet to a point for an end of curve of the easement described herein,
12. N 89° 17' 00" E, a distance of 163.95 feet to a point for a point of curvature to the right of the easement described herein,
13. With a curve to the right having a radius of 100.00 feet, an arc length of 29.84 feet, a delta angle of 017° 05' 53" and a chord bears S 82° 10' 03" E, a distance of 29.73 feet to a point for an end of curve of the easement described herein,
14. S 73° 37' 07" E, a distance of 301.96 feet to a point for the northeast corner of the easement described herein, from which a found 1/2" iron rod with a plastic cap stamped "CUDE" for a south corner of a 154.12 acre tract of land as conveyed to Bradley Kohls and Cheryl Clemons in a Partition Deed as Exhibit C of record in Volume 9675, Page 2082 of the Official Public Records of Bexar County, Texas, same deed also recorded in Document Number 200206038282 of the Official Public Records of Conal County, Texas, bears N 86° 44' 46" E, a distance of 529.71 feet,
15. S 16° 05' 29" W, a distance of 83.23 feet to a point for the southernmost southeast corner of the easement described herein,
16. N 73° 23' 29" W, a distance of 74.85 feet to a point for an exterior corner of the easement described herein,
17. N 15° 45' 02" E, a distance of 42.15 feet to a point for a point of curvature to the left of the easement described herein,
18. With a curve to the left having a radius of 20.00 feet, an arc length of 31.20 feet, a delta angle of 028° 56' 02" and a chord bears N 28° 56' 02" W, a distance of 28.13 feet to a point for an end of curve of the easement described herein,
19. N 73° 37' 07" W, a distance of 207.32 feet to a point for a point of curvature to the left of the easement described herein,
20. With a curve to the left having a radius of 100.00 feet, an arc length of 29.84 feet, a delta angle of 017° 05' 53" and a chord bears N 82° 10' 03" W, a distance of 29.73 feet to a point for an end of curve of the easement described herein,
21. S 89° 17' 00" W, a distance of 143.08 feet to a point for a point of curvature to the left of the easement described herein,
22. With a curve to the left having a radius of 50.00 feet, an arc length of 49.85 feet, a delta angle of 057° 07' 23" and a chord bears S 60° 43' 19" W, a distance of 47.81 feet to a point for an end of curve of the easement described herein,
23. S 32° 09' 37" W, a distance of 50.46 feet to a point for a point of curvature to the right of the easement described herein,
24. With a curve to the right having a radius of 50.00 feet, an arc length of 48.77 feet, a delta angle of 055° 52' 58" and a chord bears S 60° 06' 06" W, a distance of 46.86 feet to a point for an end of curve of the easement described herein,
25. S 88° 02' 35" W, a distance of 163.79 feet to a point for a point of curvature to the right of the easement described herein,
26. With a curve to the right having a radius of 100.00 feet, an arc length of 75.14 feet, a delta angle of 043° 03' 14" and a chord bears N 70° 25' 48" W, a distance of 73.39 feet to a point for an end of curve of the easement described herein,
27. N 48° 54' 12" W, a distance of 137.36 feet to a point for a point of curvature to the left of the easement described herein,
28. With a curve to the left having a radius of 150.00 feet, an arc length of 90.03 feet, a delta angle of 034° 23' 17" and a chord bears N 66° 05' 50" W, a distance of 88.68 feet to a point for an end of curve of the easement described herein,
29. N 83° 17' 29" W, a distance of 335.41 feet to a point for an angle of the easement described herein,
30. S 89° 34' 37" W, a distance of 382.65 feet to a point for the southwest corner of the easement described herein,

{W0832320.8}

Exhibit "A-1" - 2

31. N 00° 30' 01" W, a distance of 20.00 feet to the POINT OF BEGINNING and containing 0.9750 of an acre or 42,470 square feet, more or less, in the City of San Antonio, Bexar County, Texas, and being described in accordance with an exhibit prepared by KFW Surveying. Bearings are based on the State Plane Coordinate System established for the Texas South Central Zone 4204, North American Datum (NAD) of 1983.

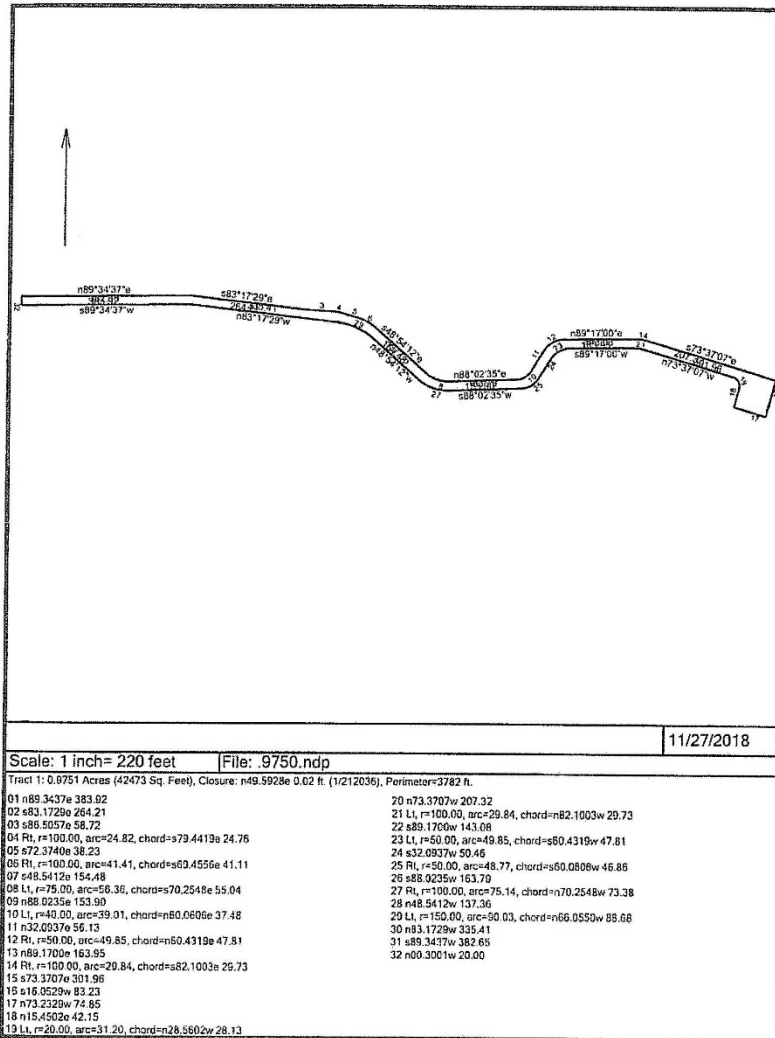
Job No.: 15-133
Prepared by: KFW Surveying
Date: November 13, 2017
Revised: November 26, 2018
File: S:\Draw 2015\15-133 145 ACRES\DOC\Field Notes 0.9750 ac.doc



James Janisse

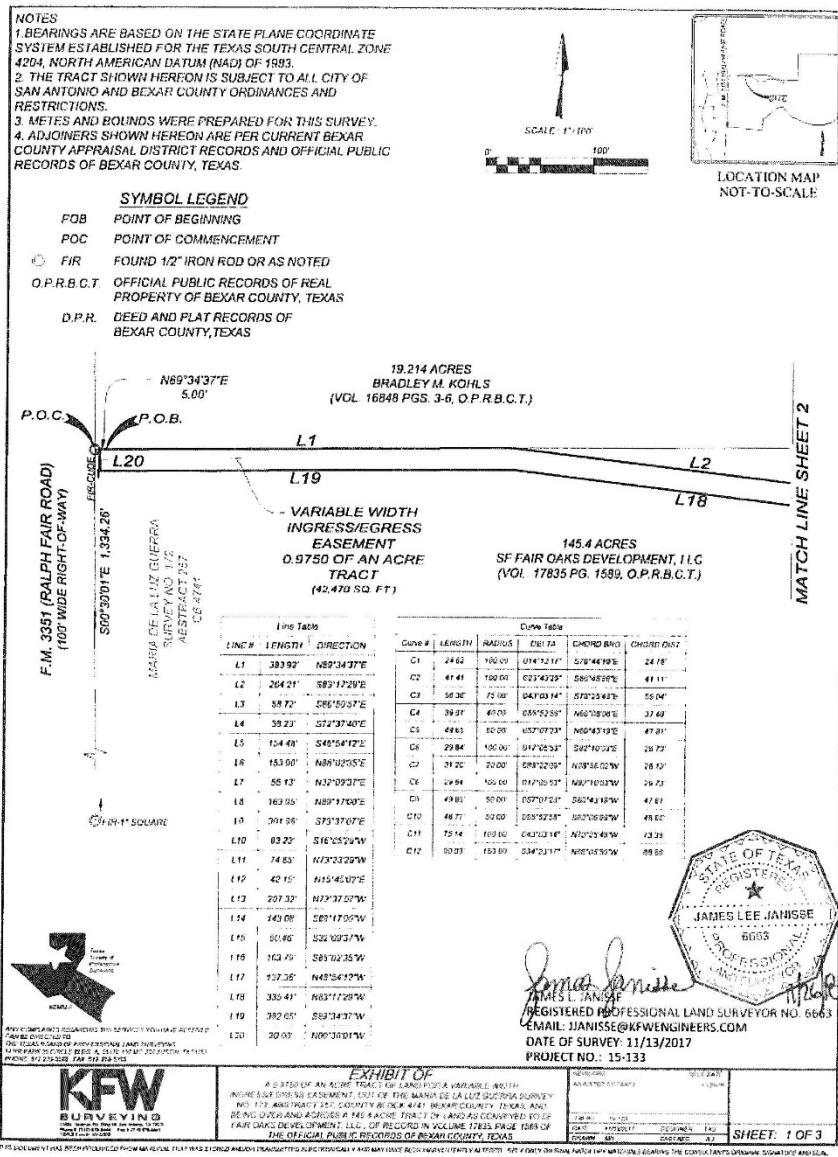
{W0832320.8}

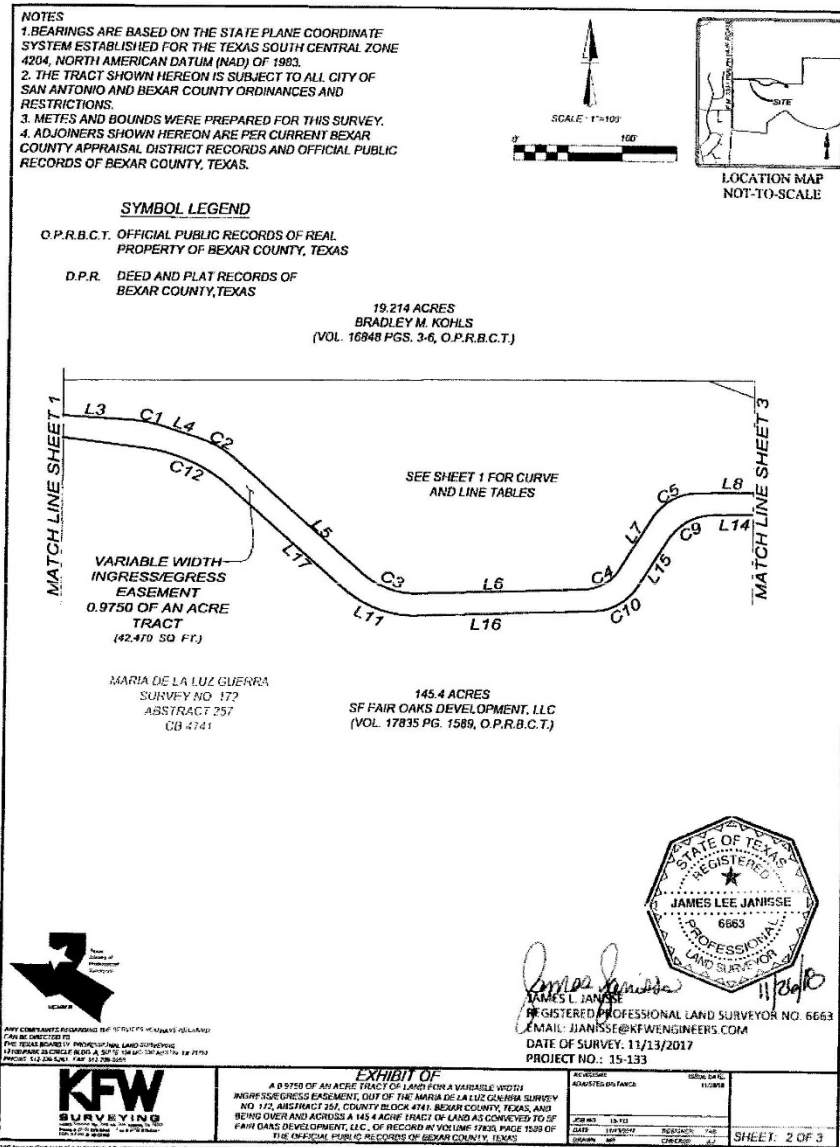
Exhibit "A-1" - 3



{W0832320.8}

Exhibit "A-1" - 4

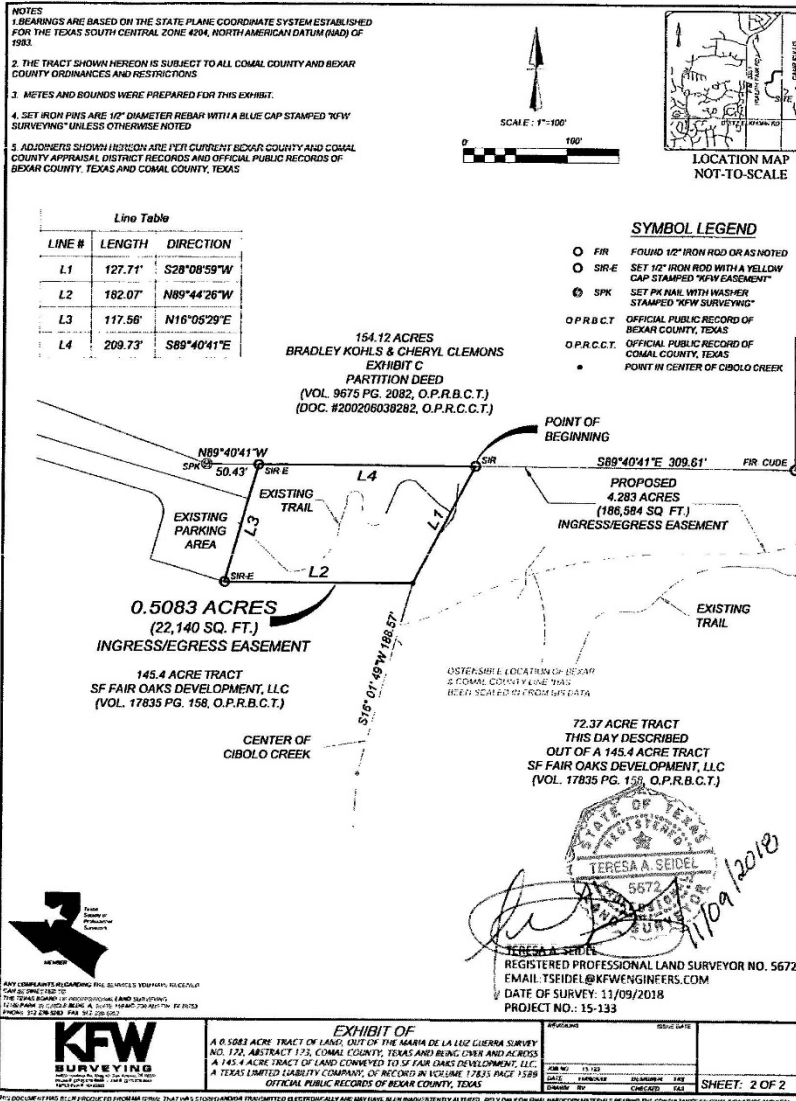




{W0832320.8}

Exhibit "A-1" - 6

EXHIBIT "A-2"
EASEMENT TRACT 2



{W0832320.8}

Exhibit "A-2" - 1

**FIELD NOTES
FOR
A 0.5083 ACRE TRACT
INGRESS/EGRESS EASEMENT**

A 0.5083 acre tract of land, out of the Maria De La Luz Guerra Survey No. 172, Abstract 173, Comal County, Texas and being over and across a 145.4 acre tract of land conveyed to SF Fair Oaks Development, LLC, a Texas Limited Liability Company, of record in Volume 17835 Page 1589 Official Public Records of Bexar County, Texas, being more particularly described by metes and bounds as follows:

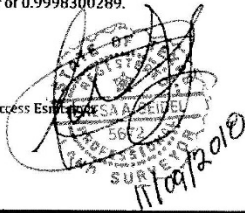
BEGINNING at a set 1/2" iron rod with a blue plastic cap stamped "KFW Surveying" in a south line of a 154.12 acre tract of land conveyed to Bradley M. Kohls and Cheryl Ann Clemons, described by Exhibit C, in a Partition Deed of record in Volume 9675 Page 2082 of the Official Public Records of Bexar County, Texas, in a north line of said 145.4 acre tract and for the most westerly northwest corner of the 72.37 acre tract this day described, and a northeast corner of the easement described herein, from which a found 1/2" iron rod with a red plastic cap stamped "CUDE" for an exterior corner of a called 154.12 acre tract, an interior corner of the 145.4 acre tract and the 72.37 acre tract this day described bears, S89°40'41"E, a distance of 309.61 feet;

THENCE: Over and across the 145.4 acre tract, the following three (3) courses:

1. **S 28° 08' 59" W**, a distance of **127.71 feet** to a point in the center of Cibolo Creek, for an angle point of the 72.37 acre tract this day described and the southeast corner of the easement described herein, from which a point for an angle point of the 72.37 acre tract this day described bears, S16°01'49"W, a distance of 188.57 feet,
2. **N 89° 44' 26" W**, a distance of **182.07 feet** to a set 1/2" iron rod with a yellow plastic cap stamped "KFW Easement", for a southwest corner of the easement described herein, and
3. **N 16° 05' 29" E**, a distance of **117.56 feet** to a set 1/2" iron rod with a yellow plastic cap stamped "KFW Easement" in a south line of the 154.12 acre tract, the north line of the 145.4 acre tract and for the northwest corner of the easement described herein, from which a set PK nail with washer stamped "KFW Surveying" for an exterior corner of a called 154.12 acre tract and an interior corner of the 145.4 acre tract bears, N89°40'41"W, a distance of 50.43 feet;

THENCE: **S 89° 40' 41" E**, along and with the common line between the 154.12 acre tract and the 145.4 acre tract, a distance of **209.73 feet** to the **POINT OF BEGINNING** and containing **0.5083 acres**, more or less, in Comal County, Texas. Bearings are based on NAD83 (2011) Texas State Plane South Central Zone, 4204. Distances recited herein are surface distances using an average combined scale factor of 0.9998300289.

Job No.:	15-133
Prepared by:	KFW Surveying
Date:	November 9, 2018
File:	S:\Draw 2015\15-133 145 Acres Owens Tract\DOCS\FN 0.5083 Acre Access Easement



{W0832320.8}

Exhibit "A-2" - 2

EXHIBIT "B"

GRANTEE PROPERTY

FIELD NOTES
FOR
A 5.00 ACRE TRACT
(DEDICATION AREA)

A 5.00 acre tract of land, out of the Maria De La Luz Guerra Survey No. 172, Abstract 173, Comal County, Texas and being out of a 145.4 acre tract of land conveyed to SF Fair Oaks Development, L.L.C., a Texas Limited Liability Company, of record in Volume 17835 Page 1589 Official Public Records of Bexar County, Texas, being more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2" iron rod with a blue cap stamped "KFW Surveying", in the southerly line of a called 154.12 acre tract of land conveyed to Bradley M. Kohls and Cheryl Ann Clemons, described by Exhibit C, in a said Partition Deed of record in Volume 9675 Page 2082 of the Official Public Records of Bexar County, Texas, the northerly line of said 145.4 acre tract and for a northerly northeast corner of a 72.37 acre tract this day described, a 4.283 acre Ingress/Egress easement this day described and the northwest corner of the tract described herein, from which a set PK nail with washer stamped "KFW Surveying" for an interior corner of said 154.12 acre tract and the most northerly northwest corner of said 145.4 acre tract bears, S 89° 31' 48" W, a distance of 972.80 feet;

THENCE: N 89° 31' 48" E, along and with the common line between the 145.4 acre tract and the 154.12 acre tract, a distance of 469.44 feet to a found 1/2" iron rod with a red plastic cap (unreadable) in the west line of Camp Bullis, for the southeast corner of the 154.12 acre tract, the northeast corner of the 145.4 acre tract and the tract described herein;

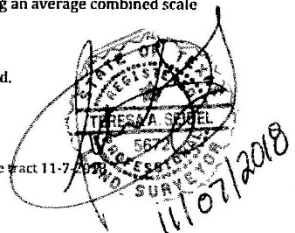
THENCE: S 00° 10' 23" W, along and with a west line of Camp Bullis and the east line of the 145.4 acre tract, a distance of 469.44 feet to a set 1/2" iron rod with a blue cap stamped "KFW Surveying", for the northeast corner of the 72.37 acre tract this the day described, the southeast corner of the tract described herein, from which a found 1/2" iron rod with a plastic cap (unreadable) and the southeast corner of the 72.37 acre tract this the day described and the 145.4 acre tract bears, S 00° 10' 23" W, a distance of 1438.97 feet;

THENCE: Into and across the 145.4 acre tract with a north and west line of the 72.37 acre tract this day called, the following two (2) courses:

1. **N 89° 49' 37" W**, a distance of 464.20 feet to a set 1/2" iron rod with a blue cap stamped "KFW Surveying", for an interior corner of the 72.37 acre tract this day described and the southwest corner of the tract described herein, and
2. **N 00° 28' 12" W**, a distance of 464.20 feet to the **POINT OF BEGINNING** and containing 5.00 acres, more or less, in Comal County, Texas. Bearings are based on NAD83 (2011) Texas State Plane South Central Zone, 4204. Distances recited herein are surface distances using an average combined scale factor of 0.9998300289.

This tract has benefit to a 4.283 acre Ingress/Egress easement this day described.

Job No.: 15-133
Prepared by: KFW Surveying
Date: November 7, 2018
File: S:\Draw 2015\15-133 145 Acres Owens Tract\DOCS\ FN-5.00 acre tract 11-7-2018



{W0832320.8}

Exhibit "B" - 1

EXHIBIT "C"

TITLE EXCEPTIONS

1. Easement, Right of Way and/or Agreement granted to City Public Service Board of San Antonio, by instrument dated November 13, 2002, recorded in/under Volume 9692, Page 1318 of the Real Property Records, Bexar County, Texas.
2. Terms, conditions and provisions of Development Agreement by and between the City of Fair Oaks Ranch, Texas, David and Dianne Owens, and Scott Felder Homes, LLC, recorded in Volume 17710, Page 996, as amended at Volume 18986, Page 957 and Volume 1896, Page 954 Real Property Records of Bexar County, Texas, and under Clerks File No. 201606008213 and as amended in Clerks File No.s 201806005787 and 201806005788, Official Public Records of Comal County, Texas. Said Agreement being assigned to SF Fair Oaks Development, LLC by instrument recorded in Volume 17835, Page 1596, Real Property Records of Bexar County, Texas and instrument recorded in Clerks File No.201606018220, Official Public Records of Comal County, Texas.
3. Oil, gas and mineral lease dated February 24, 1967, recorded in/under Volume 5739, Page 983 of the Deed Records of Bexar County, Texas in favor of J.M. McMillan, Jr. (Title to said lease not checked subsequent to its date of execution.)

{W0832320.8}

Exhibit "C" - 1

File Information

**eFILED IN THE OFFICIAL PUBLIC eRECORDS OF BEXAR COUNTY
GERARD C. RICKHOFF, BEXAR COUNTY CLERK**

Document Number: 20180249857
Recorded Date: December 21, 2018
Recorded Time: 12:45 PM
Total Pages: 18
Total Fees: \$90.00

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

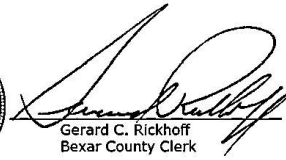
**** Do Not Remove ****

Any provision herein which restricts the sale or use of the described real property because of race is invalid and unenforceable under Federal law

STATE OF TEXAS, COUNTY OF BEXAR

I hereby Certify that this instrument was eFILED in File Number Sequence on this date and at the time stamped hereon by me and was duly eRECORDED in the Official Public Record of Bexar County, Texas on: 12/21/2018 12:45 PM




Gerard C. Rickhoff
Bexar County Clerk



HIGH WATER ALERT LIFESAVING TECHNOLOGY



There are 52 HALT locations in Bexar County.

Drivers will be alerted to dangerous high water with either flashing lights or a combination of flashing lights and gates.



The Bexar County HALT system is a tool to warn drivers when there is too much water over the road to drive through safely.



HALT uses a sensor to detect rising water and, once the water reaches a certain depth, the system will warn drivers to turn around with either flashing lights or a combination of flashing lights and gates.

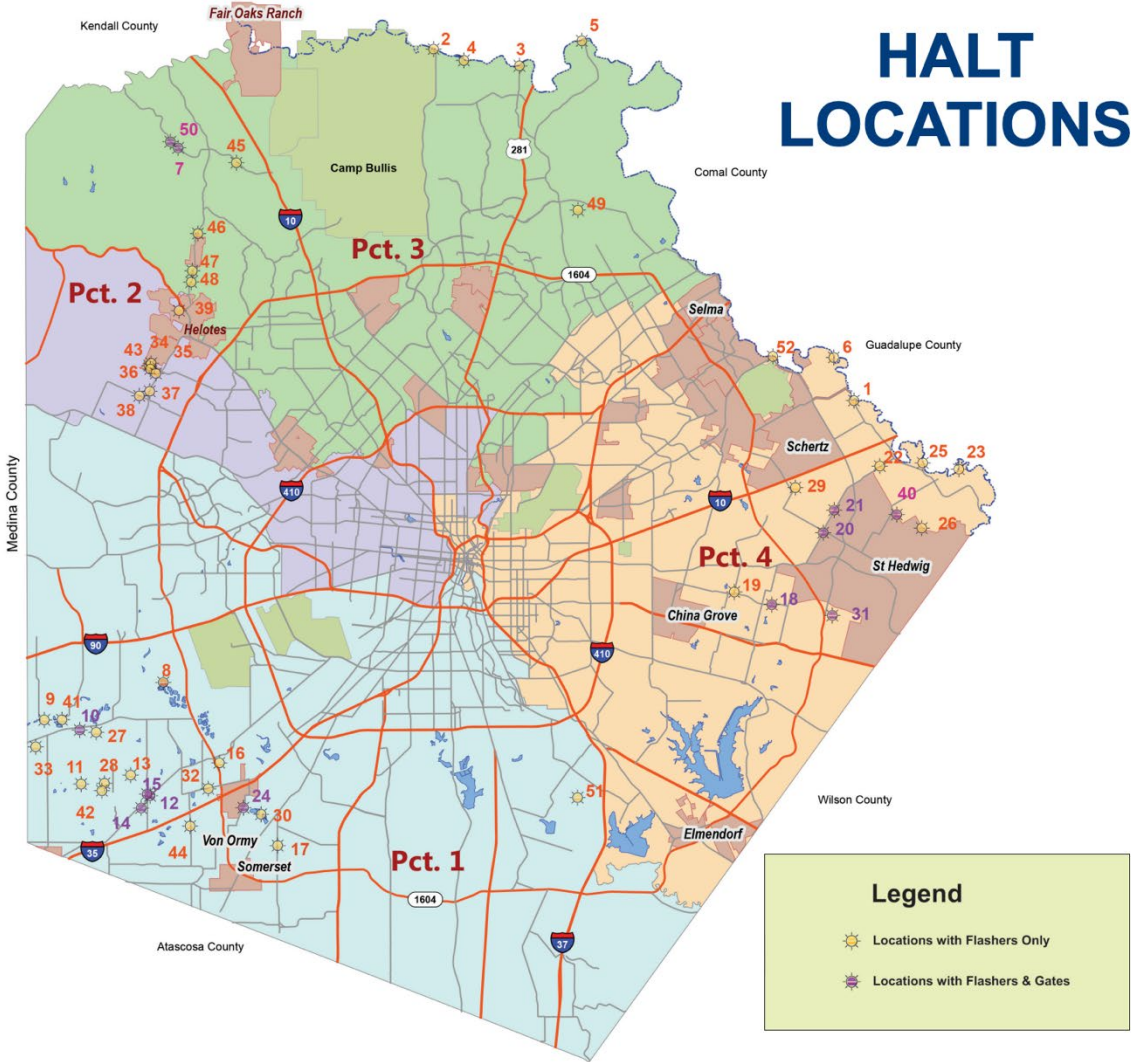


HALT will send real time information to the website www.bexar.org so drivers can see which roads are safe to travel.



WWW.BEXAR.ORG

HALT LOCATIONS



PRECINCT 1 LOCATIONS:

- 24 Benton City Rd @ Post Oak Creek
- 8 Cagnon Rd @ Medina River
- 9 Gross Ln @ Medina River
- 51 Henze Rd @ San Antonio River Tributary
- 27 Hollowell Rd @ Pole Cat Creek
- 11 Jarratt Rd @ Elm Creek
- 13 Jarratt Rd @ Live Oak Creek
- 42 Jarratt Rd @ Wheeler Rd
- 41 Jungman Rd @ Medina River
- 44 Kinney Rd @ Elm Creek
- 10 O'Brien @ Pole Cat Creek
- 14 Pearsall Rd @ Elm Creek
- 12 Pearsall Rd @ Live Oak Creek
- 32 Quintana Rd @ Post Oak Creek
- 16 Robert Glenn @ Live Oak Slough
- 30 S Evans Rd @ Post Oak Creek
- 33 S Keller Rd @ Pole Cat Creek
- 17 Senior Rd @ Elm Creek
- 15 Shepherd Rd @ Live Oak Creek
- 28 Wheeler Rd @ Elm Creek

PRECINCT 2 LOCATIONS:

- 39 Antonio Dr @ Los Reyes Creek
- 43 Baxtershire @ Culebra Creek
- 34 Beverly Hills @ Culebra Creek
- 36 Doheny @ Culebra Creek
- 37 FM 1560 @ Culebra Creek
- 38 Galm Rd @ Culebra Creek
- 35 Wickwilde @ Culebra Creek

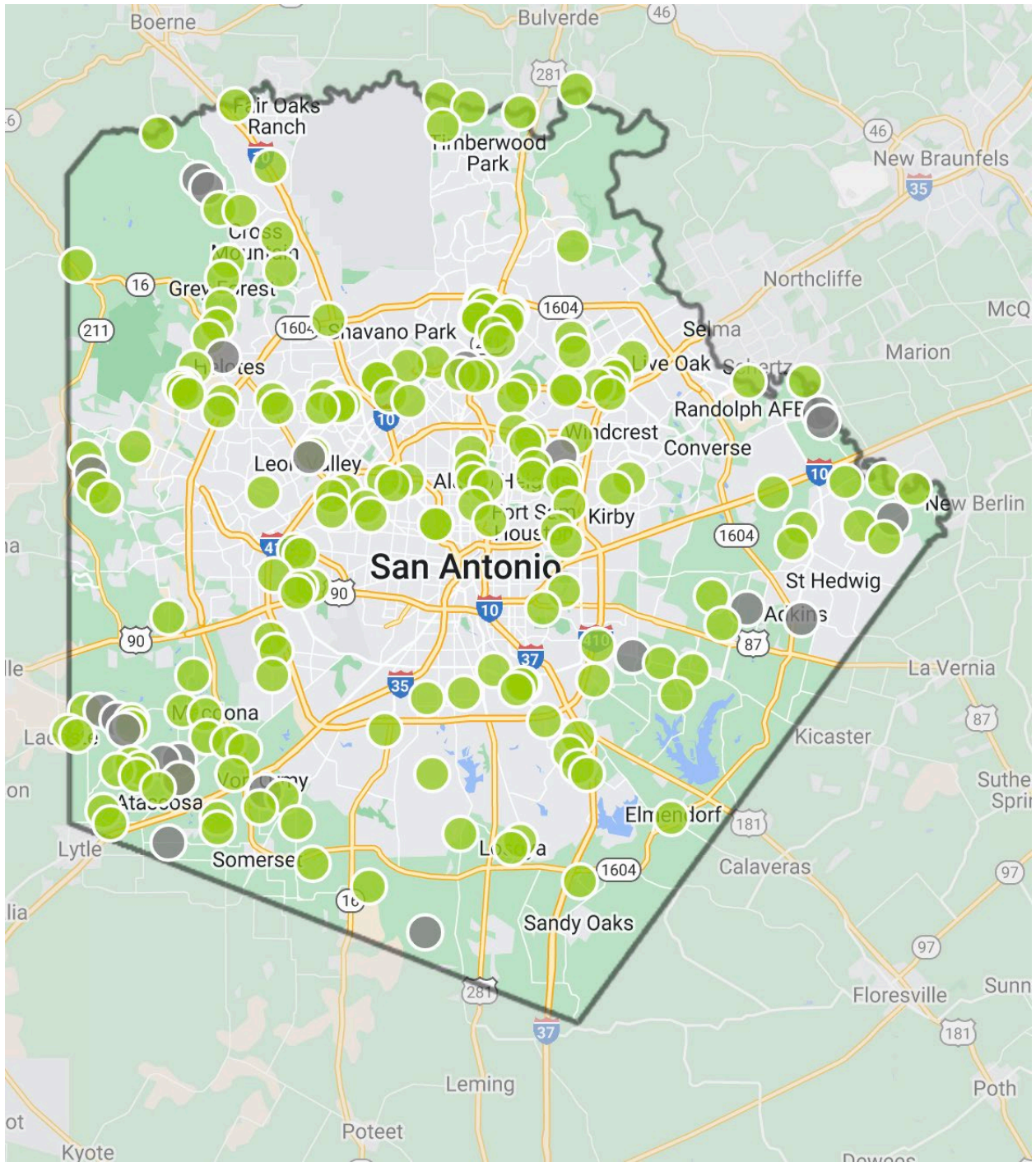
PRECINCT 3 LOCATIONS:

- 2 Blanco Rd @ Cibolo Creek
- 45 Boerne Stage Rd @ Leon Creek Tributary
- 3 Bulverde Rd @ Cibolo Creek
- 49 Menger Rd @ Elm Waterhole Creek
- 47 Scenic Loop Rd @ Helotes Creek North
- 48 Scenic Loop Rd @ Helotes Creek North 2
- 46 Scenic Loop Rd @ Helotes Creek South
- 5 Smithson Valley Rd @ Cibolo Creek
- 4 Specht Rd @ Cibolo Creek
- 7 Toutant Beauregard Rd @ Pecan Creek
- 50 Toutant Beauregard Rd @ Pecan Creek

PRECINCT 4 LOCATIONS:

- 21 Abbott Rd @ Saltrillo Creek
- 22 Abbott Rd @ Woman Hollering Creek
- 20 Abbott Rd @ Martinez Creek
- 25 Bexar Bowling @ Cibolo Creek
- 52 E Aviation Rd/Aztec Way @ Cibolo Creek
- 26 Gable Rd @ Martinez Creek
- 31 La Vernia Rd @ Dry Hollow Creek
- 18 Macaway Rd @ Macaway Creek Upper
- 40 New Berlin Rd @ Woman Hollering Creek
- 29 Pfeil Rd @ Saltrillo Creek Tributary
- 6 Schaefer Rd @ Cibolo Creek
- 23 Ullrich Rd @ Cibolo Creek
- 1 Weir Rd @ Cibolo Creek
- 19 Zigmont @ Chupaderas Creek Tributary

The HALT AP gives smartphone and computer users the ability to monitor the status of low water crossings in real time.



Maintenance Reserve Account Financing For Capital Asset Major Maintenance And Component Replacement

EXECUTIVE SUMMARY

An organization establishes a Maintenance Reserve Account to fund the future cost of major maintenance and component replacement of capital assets. Routine preventive maintenance and corrective maintenance are normally funded from the organization's Operating Accounts. In order to establish and properly fund a Maintenance Reserve Account, a reserve study should be conducted. The reserve study consists of both a physical analysis of the organization's capital assets and a financial analysis. The reserve study usually covers a period of twenty-five to thirty years. From the study, the total annual costs for major maintenance and component replacement of the capital assets are estimated for the study period. By comparing these costs to currently available funding, funding shortfalls can be identified. Once shortfalls are identified, Maintenance Reserve Account funding alternatives can be explored to ensure that funds are available to maintain the organization's capital assets in sound condition. Separate reserve studies can be performed and separate Maintenance Reserve Accounts can be established for divisions within an organization that represent separate revenue streams. Benefits from the reserve study are the creation of a long-term capital asset major maintenance plan and a long-term major maintenance financial plan.

DISCUSSION

Capital assets [buildings, roads, storm water systems, processes (water, wastewater), distribution / collection systems, etc.] require that major maintenance and/or component replacement be periodically performed in order to maintain these assets in sound condition. These major maintenance activities typically incur expenses that significantly exceed the costs of routine preventive and corrective maintenance. Through proper long-term planning an organization can ensure that it has sufficient funds on hand to pay for these periodic spikes in costs.

One method for dealing with the major maintenance / component replacement costs is the creation and appropriate funding of a maintenance reserve account. A maintenance reserve account should be funded such that the fund remains positive throughout the period of analysis. The funding requirements for a maintenance reserve account are determined by conducting a reserve study. A reserve study consists of two major activities: a physical analysis of the capital assets and a financial analysis. A reserve study can be conducted in-house, if the organization has the requisite expertise and manpower to perform the study. If not, the organization can contract with an engineering firm that specializes in reserve studies.

PHYSICAL ANALYSIS OF CAPITAL ASSETS

The physical analysis of the capital assets requires several inputs: initial operation dates, manufacturers' recommendations, current condition evaluation, maintenance history, current major maintenance / component replacement requirements, evaluation of remaining useful life, determination of component major maintenance / component replacement frequencies. This information can be utilized to estimate the years during which

the major maintenance / component replacement should take place within the period of study (typically twenty-five to thirty years). As a result, a long-term major maintenance schedule can be created. Such a schedule provides a basis for long-term major maintenance resource planning.

FINANCIAL ANALYSIS

From the major maintenance schedule developed during the physical analysis of the capital assets, the annual costs of performing this maintenance can be estimated for each year in the study period. These costs can be compared to the currently available sources of funding to determine the funding excess / shortfall in each year. With the objective of maintaining a positive funding scenario in each year, additional sources of funding can be explored to achieve this objective. **SEE Exhibit B for the form of a financial analysis spreadsheet (pg. 68)**

CONCLUSIONS / RECOMMENDATIONS

A reserve study can be utilized to create a long-term major maintenance plan. It can also be utilized to assess additional revenue requirements to fund a maintenance reserve account. A positive balance in the maintenance reserve account will facilitate the availability of funds to perform major maintenance as required. Utilizing long term technical and financial planning to establish a maintenance reserve account would preclude the need to fund intermediate term major maintenance with expensive long-term debt (avoiding financing period mismatch). Additionally, periodic temporary excesses in the maintenance reserve account can be prudently invested to bring in additional funding.

If a maintenance reserve account is established to fund major maintenance, the financial analysis should be reviewed and revised (if necessary) annually. The reserve study should be updated every five years. These updates will allow the technical and financial plans to be adjusted for current financial, capital asset and market conditions.

Routine preventive and corrective maintenance (**SEE examples in Exhibit A (pg. 67)**) should be funded out of operating accounts, not a maintenance reserve account.

EXHIBIT A
EXAMPLES: TYPES OF MAINTENANCE

Roads

- Preventive maintenance: crack sealing, surface sealing
- Corrective maintenance: pothole repair, alligator cracking patch
- Major maintenance / component replacement: surface replacement, full depth reconstruction

Process

- Preventive maintenance: cleaning, coating, lubrication, calibration, vibration analysis
- Corrective: faulty bearing replacement, packing replacement, valve replacement
- Major maintenance / component replacement: overhaul of a subsystem, replacement of a constant speed drive motor with a variable frequency drive motor

NOTE: These lists are illustrative and are not all inclusive.

**EXHIBIT B
FINANCIAL ANALYSIS ILLUSTRATION**

ASSET / YEAR	2024	2025	2026	2027	...	2051	2052	2053	2054
Roads									
Road 1		\$				\$			\$
Road 2				\$			\$		
Etc.								\$	
Water									
Pump 1									
Pump 2									
Control 1	\$		\$			\$		\$	
Etc.									
Waste Water									
Dewatering Unit	\$			\$			\$		
Pump 1		\$				\$			\$
Etc.									
Annual Total	\$	\$	\$	\$		\$	\$	\$	\$
Current Funds	\$	\$	\$	\$		\$	\$	\$	\$
Excess/Deficit	\$	\$	\$	\$		\$	\$	\$	\$
New Funding	\$	\$	\$	\$		\$	\$	\$	\$
Maintenance Reserve	\$	\$	\$	\$		\$	\$	\$	\$

NOTE: Separate reserve studies can be performed and separate Maintenance Reserve Accounts can be established for divisions within an organization that represent separate revenue streams.

REFERENCES

Roads

June 28, 2021 City Council Item 4 Legacy Engineering Group presentation on Pavement Preservation Plan and Pavement Condition Survey

Drainage

June 28, 2021 City Council Item 4 Stormwater Projects Budget Presentation provided overview of the 2018 Drainage Master Plan

November 15, 2018 City Council Item 4B Presentation of the Master Drainage Plan developed by CDM SMITH

City History

Vision to Reality, City of Fair Oaks Ranch, Texas, A Brief History of Fair Oaks Ranch. Gary D. Youngblood Piper Plus Publications 2013

PAGE INTENTIONALLY LEFT BLANK