



# City of Sugar Land

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## City Council Agenda

Sugar Land City Hall  
2700 Town Center  
Boulevard North  
Sugar Land, TX 77479

**Tuesday, April 21, 2026**  
**City Council Meeting**  
**City Council Chambers**  
**5:30 PM**

### **I. Attention**

Members of the City Council, Board and/or Commission may participate in deliberations of posted agenda items through video conferencing means. A quorum of the City Council, Board and/or Commission will be physically present at the above-stated location, and said location is open to the public. Audio/Video of open deliberations will be available for the public to hear/view; and are recorded as per the Texas Open Meetings Act.

The meeting will live stream at <https://www.sugarlandtx.gov/1238/SLTV-16-Live-Video> or <https://youtube.com/live/8fqYS1-yzgM?feature=share>. Sugar Land Comcast/Xfinity Cable Subscribers can also tune-in on Channel 16.

### **II. Call to Order**

### **III. Invocation**

Council Member Sanjay Singhal

### **IV. Pledges of Allegiance**

Council Member Sanjay Singhal

### **V. Recognition**

#### **A. PUBLIC SERVICE RECOGNITION WEEK**

**Paula J. Kutchka, Director of People & Culture**

#### **B. DATATHON PARTICIPANTS RECOGNITION**

**Rachel Owens, Assistant Director of Data & Innovation**

#### **C. 2025 VOLUNTEER OF THE YEAR**

**Jacob Holland, Communications & Community Engagement Specialist**

### **VI. Public Comment**

Pursuant to Texas Government Code section 551.007, citizens are permitted to address the City Council, Board and/or Commission in person with regard to matters posted for consideration on the agenda. Each speaker must complete a "Request to Speak" form and give it to the City Secretary or designee, prior to the beginning of the meeting.

Each speaker is limited to 3 minutes, speakers requiring a translator will have 6 minutes, regardless of the number of agenda items to be addressed. Comments or discussion by City Council, Board, and/or Commission members, will only be made at the time the subject is scheduled for consideration.

For questions or assistance, please contact the Office of the City Secretary (281) 275-2730.

### **VII. Consent Agenda**

All Consent Agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

- A. **MINUTES**  
 Consideration of and action on the approval of the minutes of the April 7, 2026, meeting.  
**Linda Mendenhall, City Clerk**
- B. **CONTRACT WITH LOCKWOOD, ANDREWS & NEWMAN, INC**  
 Consideration of and action on authorizing the execution of a professional services contract with Lockwood, Andrews & Newnam, Inc. for the design of Sweetwater Blvd. Reconstruction Phase I, CIP CMB2803, in the amount of \$425,053.87.  
**Carla Barrios, Engineer II**
- C. **CONTRACT RENEWAL WITH CEDROS PAVING SERVICE, LLC**  
 Consideration of and action on authorization to renew a contract with Cedros Paving Service, LLC for the replacement of damaged sidewalks at various locations, in the amount of \$1,100,000.00 per year, with up to two (2) additional one-year renewals based on available budget, for CIP CST2501- Sidewalk Program Rehabilitation and Replacement Project.  
**Keisha Seals, Assistant Director of Public Works**
- D. **CONTRACT AMENDMENT WITH KIMLEY HORN AND ASSOCIATES, INC.**  
 Consideration of and action on authorizing the execution of a contract amendment for a professional services contract with Kimley Horn and Associates, Inc. for the Owens Road Mobility Project, CIP CST2003, in the amount of \$8,750.00.  
**Greg Nichols, Senior Project Manager**
- E. **CONTRACT WITH NORTHWEST COMMUNICATIONS, INC.**  
 Consideration of and action on authorizing the execution of Sugar Land Airport Air Traffic Control Tower Equipment Replacement contract with Northwest Communications, Inc., for the installation of a Zetron system at the Air Traffic Control Tower in the amount of \$189,853.15, and budget amendment to the Airport Fund expenditures of \$189,853.15.  
**Ryan Alonso, Airport Operations Manager**
- F. Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-19: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, ADOPTING THE CITY OF SUGAR LAND FINANCIAL MANAGEMENT POLICY STATEMENTS.**  
**Michelle McCrimmon, Assistant City Manager**

**VIII. Donations**

- A. **ACCEPTANCE OF MONETARY DONATIONS AND SPONSORSHIPS**  
 Consideration of and action on the acceptance of a \$413.61 donation from the Legacy Foundation; a \$5,000.00 sponsorship from Pierce Built Homes for the 2026 Lend a Hand Sugar Land event; and a \$1,035.00 sponsorship from Keep Sugar Land Beautiful for an environmental-focused children’s outdoor movie series, along with the associated budget amendments to the General Fund of \$5,413.61 and Public Art Fund of \$1,035.00.  
**Nicole Guevara, Assistant Director of Neighborhood Services**

**IX. Ordinances and Resolutions**

- A. Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-18**: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION.

**Michelle McCrimmon, Assistant City Manager**

- B. **FIRST READING OF ORDINANCE** Consideration of and action on **CITY OF SUGAR LAND ORDINANCE NO. 2404**: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, APPROVING THE UPDATE OF THE AIRPORT RATES AND CHARGES.

**Mitchell Davies, Director of Aviation**

## **X. Workshop**

- A. **FISCAL YEAR 2025 POLICE DEPARTMENT ANNUAL REPORT**

Review of and discussion on the Police Department Annual Report.

**Pedro Lara, Chief of Police**

## **XI. City Council and City Manager Reports**

In accordance with Texas Government Code section 551.0415, City Council Members and the City Manager may provide reports on items of community interest. No action, consideration or discussion will occur regarding these reports.

## **XII. Adjournment**

**The Mayor and City Council reserve the right, upon motion, to suspend the rules to consider business out of the posted order. In addition to any Executive Session listed above, the City Council reserves the right to adjourn into Executive Session at any time during this meeting for the purpose of consultation with the Attorney as authorized by Texas Government Code Sections 551.071 to discuss any of the matters listed above.**

**If you plan to attend this public meeting and you have a disability that requires special arrangements at the meeting, please contact the City Secretary, (281) 275-2730. Requests for special services must be received 48 hours prior to the meeting time. Reasonable accommodations will be made to assist your needs.**

**The agenda and supporting documentation is located on the [City Website](#) under meeting agendas.**

**Posted on this 15th day of April, 2026 at 5:00 P.M.**



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** V.A.

**Agenda of:** City Council Meeting

**Initiated by:** Nicole Fontenette, Agenda & Public Meeting Coordinator

**Presented by:** Paula J. Kutchka, Director of People & Culture

**Responsible Department:** People and Culture

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**Agenda Caption:**

PUBLIC SERVICE RECOGNITION WEEK

**Recommended Action:**

Recognition

**Executive Summary:**

Public Service Recognition Week is celebrated during the first full week of May (May 3 - 9, 2026).

Public Service Recognition Week is a powerful celebration of the individuals who bring the City of Sugar Land's mission to life through service, innovation, and an unwavering commitment to community. It is a time to recognize the extraordinary impact of our employees, whose dedication shapes a thriving, resilient, and forward-looking city every single day.

This year, that celebration is amplified by meaningful recognition from within our own organization. Through the 2026 Top Workplaces survey, 65% of employees across the City shared their voices, resulting in a strong Workplace Experience Score of 71%. More importantly, their feedback affirmed what makes Sugar Land exceptional: a culture where employees feel supported in their growth, respected in their contributions, and connected to a shared purpose.

That culture has been nationally recognized through Top Workplaces Culture Excellence Awards in Employee Appreciation, Employee Well-Being, and Professional Development. These honors are especially significant because they are driven entirely by employee feedback, reflecting an authentic and collective experience across the organization.

Together, Public Service Recognition Week and these Top Workplaces recognitions tell a powerful story. They highlight not only what our employees do for the community, but also how we invest in, support, and elevate one another. They affirm that our commitment to service extends beyond our residents and into the workplace experience we create every day.

As we celebrate this week, we recognize that our ability to deliver exceptional service is directly connected to the strength of our culture. Our employees are all-in, leading with purpose, growing through opportunity, and driving impact at every level. It is through their passion and dedication that Sugar Land continues to set the standard for excellence in public service and as an employer of choice.

## **Budget**

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**Expenditure Required:** n/a

**Current Budget:** n/a

**Additional Funding:** n/a

**Funding Source:** n/a

**Account Number (ORG-OBJ-Project):** n/a

## **Attachments**

None



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** V.B.

**Agenda of:** City Council Meeting

**Initiated by:** Justin Perez, Government Affairs Coordinator

**Presented by:** Rachel Owens, Assistant Director of Data & Innovation

**Responsible Department:** Strategic and Government Affairs

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**Agenda Caption:**

DATATHON PARTICIPANTS RECOGNITION

**Recommended Action:**

The Office of Data & Innovation recommends that the City Council recognize the Open Data Day 2026 Datathon participants.

**Executive Summary:**

**Open Data Day 2026 Datathon**

Open Data Day is an international celebration where cities around the world promote transparency, civic engagement, and the use of public data. As part of Sugar Land's Open Data Day 2026 event on March 6, 2026, the City hosted its first-ever Datathon, challenging members of the public to use datasets from the City's Open Data Portal (SL Insights) to build applications, dashboards, and analyses that address real community needs.

For the City of Sugar Land, the Datathon represents a direct extension of our commitment to data-driven governance and community engagement. It puts city data into the hands of residents and gives them an opportunity to show what's possible when government information is open and accessible. This aligns with our commitment to maintaining our What Works Cities Gold Certification through Bloomberg Philanthropies.

The Datathon ran from February 2 through March 1, 2026, with submissions evaluated across three challenge tracks: the Lumitracker Challenge, Mapping Sugar Land's Growth through Permit data, and a Create Your Own Challenge. Submissions were judged on impact, creativity, validity, relevance, and presentation.

**Recommended Action:**

The Office of Data & Innovation recommends that the City Council recognize all Open Data

Day 2026 Datathon participants with special recognition for the winners. The participants include: Kanika Aggarwal, Hasala Heiyanthuduwa, Adam Perschke, Caroline Liu, Imoni Ahmad, Jalisa Montgomery, Jacolby White-Lake, Vi Ly, Tushar Rameshkumar Kalal, Erick Rodriguez, Ria Advani, Pavana Lakshmi Durga Chikkala, and Zayna Dilawar.

The Open Data Day 2026 Datathon winners were:

- **Lumitracker Challenge:** Liam Nguyen
- **Permit Data Challenge:** Julio Gonzalez
- **Create Your Own Challenge:** Ezra Weng and Matthew Chen with a Municipal Operational Surveillance project

## **Budget**

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**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

## **Attachments**

None



## **City Council Agenda Request**

### **April 21, 2026**

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**Agenda Request No:** V.C.

**Agenda of:** City Council Meeting

**Initiated by:** Jacob Holland, Communications & Community Engagement Specialist

**Presented by:** Jacob Holland, Communications & Community Engagement Specialist

**Responsible Department:** Communications & Community Engagement

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**Agenda Caption:**

2025 VOLUNTEER OF THE YEAR

**Recommended Action:**

**Executive Summary:**

City Council Recognition - 2025 Volunteer of the Year

The City of Sugar Land will recognize outstanding community members through the 2025 Volunteer of the Year Recognition. This annual recognition highlights individuals who have demonstrated exceptional dedication, service, and impact across various City departments. For 2025, seven volunteers have been nominated by departments in recognition of their meaningful contributions to City programs, services, and the overall community. These individuals have generously given their time and talents to support operations, enhance resident experiences, and strengthen community connection.

## **Budget**

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**Expenditure Required:** None

**Current Budget:** None

**Additional Funding:** None

**Funding Source:** None

**Account Number (ORG-OBJ-Project):** None

**Attachments**

None





## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.A.

**Agenda of:** City Council Meeting

**Initiated by:** Nicole Fontenette, Agenda & Public Meeting Coordinator

**Presented by:** Linda Mendenhall, City Clerk

**Responsible Department:**

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**Agenda Caption:**

**MINUTES**

Consideration of and action on the approval of the minutes of the April 7, 2026, meeting.

**Recommended Action:**

Consideration of and action on the approval of the minutes of the April 7, 2026, meeting.

**Executive Summary:**

### **Budget**

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**Expenditure Required:** n/a

**Current Budget:** n/a

**Additional Funding:** n/a

**Funding Source:** n/a

**Account Number (ORG-OBJ-Project):** n/a

### **Attachments**

1. 4.7.26 City Council Meeting Minutes



# City of Sugar Land

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## City Council Minutes

Sugar Land City Hall  
2700 Town Center  
Boulevard North  
Sugar Land, TX 77479

**Tuesday, April 7, 2026**  
**City Council Meeting Minutes**  
**City Council Chamber**  
**5:30 PM**

### **I. Attention**

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### **II. Call to Order**

#### **QUORUM PRESENT**

Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Sanjay Singhal, Jim Vonderhaar, and Carol McCutcheon were present.

### **III. Invocation**

Council Member Suzanne Whatley

### **IV. Pledges of Allegiance**

Council Member Suzanne Whatley

### **V. Recognition**

#### **A. EARTH DAY 2026**

**Christian Eubanks, Environmental Manager**

#### **B. SUGAR LAND CITIZENS FIRE ACADEMY CLASS #23 GRADUATES**

**Mark Campise, Fire Chief**

## **VI. Public Comment**

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For questions or assistance, please contact the Office of the City Secretary (281) 275-2730.

No members of the public addressed the Council.

## **VII. Consent Agenda**

All Consent Agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

### **A. MINUTES**

Consideration of and action on approving the minutes of the March 17, 2026, and March 24, 2026, meetings.

**Linda Mendenhall, City Clerk**

A motion to **Approve consent agenda items A through G and I**, was made by Sanjay Singhal and seconded by Rick Miller, the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Sanjay Singhal, Jim Vonderhaar, Carol McCutcheon

### **B. CONTRACT AMENDMENT WITH HUITT-ZOLLARS, INC.**

Consideration of and action on authorizing the execution of a Professional Services Contract Amendment for Freshwater Mussel Survey and Relocation Services with Huitt-Zollars Inc. in the amount of \$251,295.00.

**Robert Wilson, Assistant City Engineer**

### **C. Consideration of and action on CITY OF SUGAR LAND RESOLUTION NO. 26-16: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, APPOINTING A HEALTH AUTHORITY FOR THE CITY OF SUGAR LAND, TEXAS TO SERVE FOR A TERM OF TWO YEARS.**

**Jarred Thomas, Emergency Management Administrator**

- D. Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-15**: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS ACCEPTING THE COMPLETED AUSTIN PARK AND CHIMNEYSTONE DRAINAGE IMPROVEMENTS PROJECT (CIP NO. CDR2101) FUNDED THROUGH THE TEXAS WATER DEVELOPMENT BOARD'S (TWDB) FLOOD INFRASTRUCTURE FUND (FIF); AND DESIGNATING THE CITY MANAGER, OR HIS DESIGNEE, AS AUTHORIZED OFFICIAL TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE SUCH ACCEPTANCE.  
**Greg Nichols, Senior Project Manager**
- E. **CONTRACT WITH UNDERGROUND CONSTRUCTION SOLUTIONS**  
Consideration of and action on authorizing the execution of a construction contract with Underground Construction Solutions for the Distribution System Water Rehabilitation Program on Industrial Boulevard and Hodges Bend Circle (CIP CWA2401), in the amount of \$2,352,810.  
**Paola DeLaTorre, Project Manager II**
- F. Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-17**: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, ESTABLISHING A LEGISLATIVE CITIZEN TASK FORCE AND THE ROLES AND RESPONSIBILITIES OF THE TASK FORCE.  
**Spencer Gutierrez, Intergovernmental Relations Manager**
- G. **CONTRACT AMENDMENT WITH AXON ENTERPRISES, INC.**  
Consideration of and action on the authorization of Amendment No. 1 to the contract with Axon Enterprise, Inc., adding scope of work to the Real-Time Crime Center software (Fusus).  
**Jesse Huang, Captain**
- H. **DONATION ACCEPTANCE FROM THE FINEST & BRAVEST FOUNDATION**  
Consideration of and action on the acceptance of a monetary donation in the amount of \$50,000.00 from the Finest & Bravest Foundation and the approval of a budget amendment in the amount of \$50,000.00 to revenues and expenditures.  
**Mark Campise, Fire Chief**

Mark Campise, Fire Chief, gave a presentation, made comments, and answered questions from the Council.

A motion to **Approve the donation acceptance from the Finest and Bravest Foundation**, was made by Suzanne Whatley and seconded by Jim Vonderhaar; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Sanjay Singhal, Jim Vonderhaar, Carol McCutcheon

- I. **SECOND CONSIDERATION**: Consideration and action on **CITY OF SUGAR LAND ORDINANCE NO. 2401**: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, AMENDING THE FEE SCHEDULE BY AMENDING CHAPTER 5, ARTICLE VIII, DIVISION 3 (RATES AND CHARGES), SECTION 5-249(C)(1) CONNECTION CHARGES.  
**Meredith Riede, City Attorney**

## VIII. Donations

### A. ACCEPTANCE OF MONETARY DONATIONS

Consideration of and action on the recognition and acceptance of donations to Sugar Land Animal Services in the amount of \$7,627.63.

**Melissa Hobson, Animal Services Administrator**

Melissa Hobson, Animal Services Administrator, gave a presentation, made comments, and answered questions from the Council.

A motion to **Approve the acceptance of monetary donations to Sugar Land Animal Services**, was made by Sanjay Singhal and seconded by Robert Boettcher; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Sanjay Singhal, Jim Vonderhaar, Carol McCutcheon

## IX. City Council and City Manager Reports

In accordance with Texas Government Code section 551.0415, City Council Members and the City Manager may provide reports on items of community interest. No action, consideration or discussion will occur regarding these reports.

Mayor McCutcheon and the City Council gave comments and reported on events and activities attended. Michael Goodrum, City Manager gave comments and reported on events and activities attended.

## X. Adjournment

A motion to **Adjourn at 5:56 p.m.**, was made by Sanjay Singhal and seconded by Carol McCutcheon; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Sanjay Singhal, Jim Vonderhaar, Carol McCutcheon

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**Linda Mendenhall, City Clerk**





## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.B.

**Agenda of:** City Council Meeting

**Initiated by:** Carla Barrios, Engineer II

**Presented by:** Carla Barrios, Engineer II

**Responsible Department:** Engineering

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**Agenda Caption:**

**CONTRACT WITH LOCKWOOD, ANDREWS & NEWMAN, INC**

Consideration of and action on authorizing the execution of a professional services contract with Lockwood, Andrews & Newnam, Inc. for the design of Sweetwater Blvd. Reconstruction Phase I, CIP CMB2803, in the amount of \$425,053.87.

**Recommended Action:**

Authorize the execution of a professional services contract with Lockwood, Andrews & Newnam, Inc. for the design of Sweetwater Blvd. Reconstruction Phase I, CIP CMB2803, in the amount of \$425,053.87.

**Executive Summary:**

In November 2023, Fort Bend County voters approved the 2023 Mobility Bond Program, which includes multiple mobility projects within the City of Sugar Land's jurisdiction. Building on this regional investment, Sugar Land voters approved Proposition B in November 2024, authorizing the City to issue up to \$118 million in bonds dedicated to streets, sidewalks, and mobility improvements.

On November 18, 2025, City Council approved the Interlocal Agreement (ILA) with Fort Bend County for City-Managed Mobility Projects, and the agreement was subsequently approved by the Fort Bend County Commissioners Court on December 4, 2025.

The partnership and associated projects directly support the priorities outlined in Sugar Land's 2023 Mobility Master Plan, which emphasizes enhanced mobility, multimodal connectivity, and safety. Regular reporting, coordination, and oversight measures included in the agreement ensure transparency and accountability throughout project delivery.

The Sweetwater Blvd Reconstruction Phase I Project advances these goals by providing enhanced accessibility, improving multimodal connectivity, and supporting safer travel along Sweetwater Boulevard between Austin Parkway and Palm Royale Boulevard. Key improvements include:

- Reconstruction of select concrete pavement panels
- Replacement of aging storm sewer inlets
- Widening the existing sidewalk to a 10-foot shared-use path on the north side of the corridor
- Construction of a 5-foot sidewalk on the south side.

Under the ILA’s Roles and Responsibilities, Fort Bend County selects consultants for design and related services from the City’s pre-qualified list, after which the City contracts with and manages the selected consultant. The City is responsible for project design using City standards, as well as bidding, contracting, and construction management, including oversight of change orders and payment processing. The County retains the ability to review project plans, conduct inspections, and provide comments. For the CIP CMB2803 project, the County selected Lockwood, Andrews & Newnam (LAN), Inc. as the design consultant.

LAN, Inc. will provide full design services for the Sweetwater Blvd Reconstruction Phase I Project, including:

- Project management
- Topographic surveying
- Subsurface utility engineering
- Tree inventory and tree protection plan
- Production of 30%, 60%, 90%, and 100% design submittals, including: roadway plans, shared-use path layout, traffic control plans, signing and pavement markings, construction cost estimates
- Bidding support
- Permitting support

Per the ILA’s Payments and Funding provisions, the County will contribute 50% of the total project costs (up to the maximum amount established for each project) and 100% of the design costs up front. A formal request for these funds will be submitted to the County once the contract is approved.

The Engineering Department has negotiated the above scope of work with LAN, Inc. for a fee in the amount of \$425,053.87. There is currently \$650,000 available in CIP CMB2803. Design is anticipated to start in May 2026 and be completed in May 2027.

The Engineering and Public Works Departments recommend that the City Council approve a professional services contract with LAN, Inc. for the design of Sweetwater Blvd Reconstruction Phase I, CIP CMB2803, in the amount of \$425,053.87.

## **Budget**

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**Expenditure Required:** \$425,053.87

**Current Budget:** \$650,000.00

**Additional Funding:** N/A

**Funding Source:** 2024 GO Bond, 2023 Fort Bend Mobility Bond

**Account Number (ORG-OBJ-Project):** 5013230-621015-CMB2803

## **Attachments**

1. 1.0 LAN Contract\_1st Page
2. CMB2803\_Map

**CITY OF SUGAR LAND CONTRACT  
FOR PROFESSIONAL ENGINEERING DESIGN  
SERVICES FOR CITY FACILITIES (MODIFIED)**

\$100,000 to \$999,999  
(Rev. 3-4-26)

**I. Signatures.** By signing below, the parties agree to the terms of this Contract.

**CITY OF SUGAR LAND**

**ENGINEER:**

**By:**

**By:**



*Matt Manges*

**Date:**

**Date:** 3/10/2026

**Title:**

**Title:** Vice President

**Company:** Lockwood, Andrews & Newnam, Inc

MATTER NUMBER: 8754M  
APPROVED AS TO FORM:

**II. General Information and Terms.**

Engineer's Name and Address: Lockwood, Andrews, & Newnam, Inc.  
3700 W. Sam Houston Pkwy S., Suite 400  
Houston, TX 77042

Project Description: Engineering Design Services - CIP CMB2803 Sweetwater Blvd. Reconstruction Phase I Project

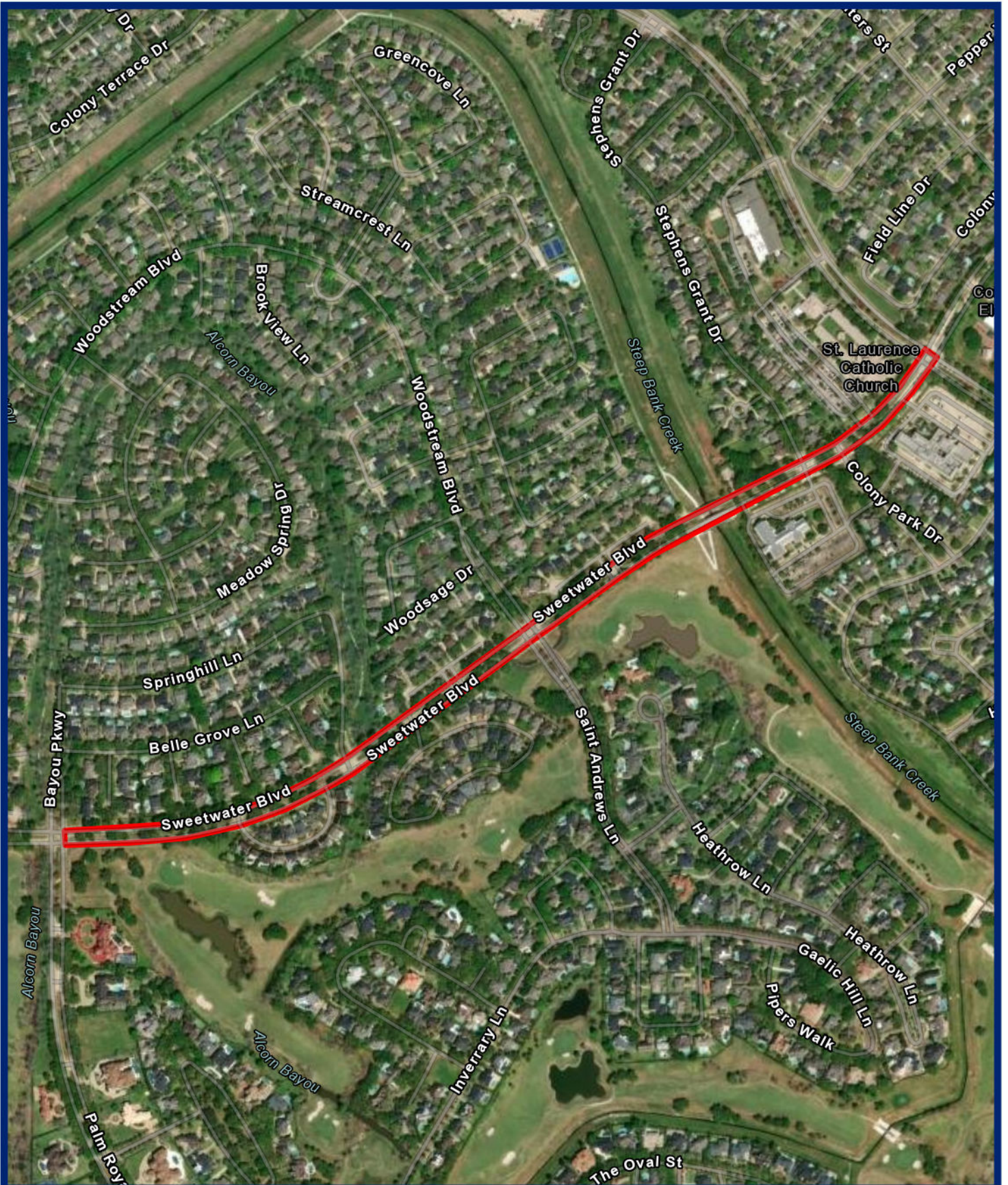
Maximum Contract Amount: \$425,053.87

Effective Date: On the latest date of the dates executed by both parties.

Termination Date: See III.F.

Contract Parts: This Contract consists of the following parts:

- I. Signatures
- II. General Information and Terms
- III. Standard Contractual Provisions
- IV. Additional Terms or Conditions
- V. Additional Contract Documents



**CITY OF SUGAR LAND**  
**CMB2803 - Sweetwater Blvd.**  
**Reconstruction Phase I**



This map has been produced from various sources. Every effort has been made to ensure the accuracy of this map. However, the City of Sugar Land assumes no liability or damages due to errors or omissions. This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. If any errors are detected, please contact the GIS Division of Information Technology at (281) 279-2379.



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.C.

**Agenda of:** City Council Meeting

**Initiated by:** Ray Song, Engineering Manager

**Presented by:** Keisha Seals, Assistant Director of Public Works

**Responsible Department:** Public Works

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**Agenda Caption:**

**CONTRACT RENEWAL WITH CEDROS PAVING SERVICE, LLC**

Consideration of and action on authorization to renew a contract with Cedros Paving Service, LLC for the replacement of damaged sidewalks at various locations, in the amount of \$1,100,000.00 per year, with up to two (2) additional one-year renewals based on available budget, for CIP CST2501- Sidewalk Program Rehabilitation and Replacement Project.

**Recommended Action:**

Authorize Amendment No. 1 to a contract with Cedros Paving Service, LLC for the replacement of damaged sidewalks at various locations, renewing the contract, reducing the amount to \$1,100,000.00 per year, changing the renewals from non-automatic to automatic, and making the contract additionally renewable for up to two (2) additional years based on available budget, CIP CST2501- Sidewalk Program Rehabilitation and Replacement Project.

**Executive Summary:**

The Streets Division of the Public Works Department is responsible for sidewalk maintenance, repairs, and ensuring pedestrian safety citywide. This includes approximately 850 miles of sidewalks in neighborhoods along major thoroughfares and trails. Each year, staff complete an assessment of all the sidewalks, recording the location of and severity of vertical trip hazards, of which there are three (3) classified types.

In addition to the assessment, the City receives approximately 650 service requests for sidewalk concerns on an annual basis. The City utilizes staff as well as a sidewalk rehabilitation contractor to complete the sidewalk replacement. Residential service requests are completed in the order in which they are received. The sidewalk repair contracts funded by the 2024 GO Bond – Proposition B: Streets, Sidewalks, and Mobility have already significantly improved the service levels. Since the start of FY25, the City's service level for repairs called in by residents has improved from an estimated timeline of 24 months to approximately 12 months to complete repairs.

An Invitation to Bid (ITB) was advertised on February 19, 2025, to establish unit prices for sidewalk repairs, including manhole/valve adjustments, restoration and ADA compliance improvements. Bids were opened on March 6th, and four (4) bids were received. One was deemed unresponsive due to a missing payment bond. The bid summary is as follows:

Contractor	Bid Amount
1. Cedros Paving Service, LLC	\$1,140,825.00
2. Teamwork Construction Services	\$1,318,055.00
3. Total Contracting Limited	\$1,733,890.00

In April 2025, the recommended contractor, Cedros Paving Services, LLC, negotiated the contract with city staff for the proposed amount of \$1,415,825.00 for sidewalk repairs. The contract was non-automatically renewable for up to three (3) additional years throughout FY25. This project is funded through CIP CST2501, the Sidewalk Program Rehabilitation and Replacement, which was approved by the voters in November 2024 through the GO Bond election, in a total funded amount of \$10,000,000 over five (5) years.

Cedros Paving Services, LLC was awarded the contract based on its competitive bid, extensive experience, and demonstrated history of delivering high-quality work on previous projects within the City of Sugar Land. The scope of work includes the replacement of damaged sidewalks citywide and addressing the existing backlog of repair requests. This project supports the City’s commitment to maintaining and enhancing public infrastructure in alignment with the objectives of the GO Bond.

After the completion of the FY25 contract, the City is looking to renew the contract and amend it to allow renewal for a reduced amount of \$1,100,000 in FY26. The amendment also makes the contract automatically renewable for two (2) additional years based on an available budget, totaling \$3,300,000.00. This structure safeguards the City against potential price increases for up to two (2) years while maintaining flexibility in contractor selection.

The project is anticipated to begin in May and should achieve completion in 240 days.

In accordance with Policy CO-110, Notification of Construction Impacts and Service Interruptions, this is classified as a Neighborhood Project. Notification will be provided to the residents via door-hangers, updates on the City’s website, and HOA notifications.

The Public Works Department recommends that the City Council authorize Amendment No. 1 to the construction contract with Cedros Paving Service, LLC for the replacement of damaged sidewalks at various locations, renewing the contract in the amount of \$1,100,000.00 per year, automatically renewable for two (2) additional years based on available budget, for a total contract amount of \$3,300,000.00, CIP CST2501- Sidewalk Program Rehabilitation and Replacement Project.

**Budget**

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**Expenditure Required:** \$1,100,000.00 (FY26)

**Current Budget:** \$1,130,219.00

**Additional Funding:** N/A

**Funding Source:** 2024 GO Bond

**Account Number (ORG-OBJ-Project):** CST2501

**Attachments**

- 1. Sidewalk Repair 2025-ITB-026 Contract Renewal 3 24 2026

**AMENDMENT NO. 1 TO THE CITY OF SUGAR LAND STANDARD CONTRACT FOR CIVIL ENGINEERING CONSTRUCTION PROJECTS BETWEEN THE CITY OF SUGAR LAND AND CEDROS PAVING SERVICE, LLC**

This Amendment No. 1 to the City of Sugar Land Standard Contract for Civil Engineering Construction Projects is entered into among the City of Sugar Land, Texas (“City”) and Cedros Paving Service, LLC (“Company”).

**RECITALS:**

WHEREAS, on or about April 15, 2025, the City and Company entered into a contract for sidewalk rehabilitation at various locations (2025-ITB-026) (the “Contract”); and

WHEREAS, the Contract included a non-automatic renewal clause, allowing for up to three additional one-year terms, based on available budget; and

WHEREAS, City and Company would like to amend the renewal clause to make it automatic; and

WHEREAS, the original Contract Price was \$1,415,825.00, which was later increased by 25% to \$1,769,781; and

WHEREAS, the City has identified that its ongoing budget for this contract is \$1,100,000.00 per year, and the Company has consented to that reduction in accordance with Local Government Code §252.048(d); and

WHEREAS, Section III.E. of the Contract requires that any amendment be in writing and signed by both parties; and

NOW THEREFORE, the City and Company desire to amend the Contract to change the renewal clause from non-automatic to automatic.

**AGREEMENT:**

In consideration of the mutual benefits to accrue to each, the Contract is amended as follows:

1. The Contract Price in Section II. of the Contract is reduced to \$1,100,000.00.
2. The Renewal clause is amended to read as follows:

This Contract will automatically renew for three (3) additional one-year terms, upon the same terms and conditions provided herein, unless written notice of a party’s intent not to renew is received by the other party on or before thirty (30) days prior to the end of the then-current term.

3. This Amendment No. 1 to the City of Sugar Land Standard Contract for Civil Engineering Construction Projects is effective on the latest of the dates executed by the parties and


CedrosPaving  
3/23/26

terminates when the Contract terminates.

**CITY OF SUGAR LAND, TEXAS**

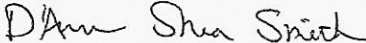
By: \_\_\_\_\_  
Name: Michael W. Goodrum  
Title: City Manager  
Date: \_\_\_\_\_

**CEDROS PAVING SERVICE, LLC**

By:  \_\_\_\_\_  
Printed Name: Santos Reyes  
Title: Owner  
Date: March 24, 2026

ATTEST/SEAL:

\_\_\_\_\_  
Linda Mendenhall, City Clerk

XAKIA MATTER NO. 8800M  
APPROVED AS TO FORM:  


AMENDMENT NO. 1 TO CITY OF SUGAR LAND STANDARD CONTRACT FOR CIVIL ENGINEERING  
CONSTRUCTION PROJECTS / Page 2

CedrosPaving  
2/23/26



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.D.

**Agenda of:** City Council Meeting

**Initiated by:** Greg Nichols, Senior Project Manager

**Presented by:** Greg Nichols, Senior Project Manager

**Responsible Department:** Engineering

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**Agenda Caption:**

**CONTRACT AMENDMENT WITH KIMLEY HORN AND ASSOCIATES, INC.**

Consideration of and action on authorizing the execution of a contract amendment for a professional services contract with Kimley Horn and Associates, Inc. for the Owens Road Mobility Project, CIP CST2003, in the amount of \$8,750.00.

**Recommended Action:**

Authorize the execution of a contract amendment for a professional services contract with Kimley Horn and Associates, Inc in the amount of \$8,750.00 for Owens Road Mobility Project, CIP CST2003.

**Executive Summary:**

The City's Comprehensive Plan identifies the redevelopment of the former Central Unit property and adjacent areas as a strategic opportunity for economic development. The vision includes creating a light industrial business park. To date, the City has completed demolition, environmental remediation, and developed a Public Safety Training Facility in the far northeast portion of the site. Drainage and site fill work is currently underway to protect the area from increased flooding risks for Tract 2, Central Unit Prison, Public Safety Training Facility site, and the City of Sugar Land Regional Airport runways during Brazos River flooding events.

As part of advancing this vision, the alignment and construction of Owens Road—including drainage—are critical for establishing a second point of access to the site. These improvements enhance the site's status as shovel-ready and move the City closer to realizing its long-term development goals.

In March 2019, City Council approved a contract with Kimley Horn and Associates, Inc. for Preliminary Engineering (PER) and intersection design services at US90A. These plans included upgrades to the US90A southbound lanes and intersection (a TxDOT facility) and crossing improvements over the Union Pacific Railroad (UPRR) double tracks. Both TxDOT and UPRR require extensive coordination and approval for the project to move into the construction phase.

A Preliminary Engineering Agreement with UPRR was approved by City Council and executed in September 2020, followed by an Advanced Funding Agreement (AFA) with TxDOT in February 2021. The intersection plans have been submitted to both agencies and are currently under review.

On June 21, 2022, City Council approved a design contract with Kimley Horn and Associates, Inc. for the segment of Owens Road located north of the US90A intersection on City property. Roadway construction responsibilities are divided among stakeholders:

- The developer of Tract II will construct the central portion within a dedicated easement on private property, between the City's and County's roadways.
- Fort Bend County (FBC) will construct the Western segment from the developer's property and connect to FM1464.
- The City is overseeing the Eastern segment, which includes approximately 3,000 feet of four-lane divided boulevard, a multi-lane roundabout, and 1,200 feet of two-lane roadway connecting to US 90A at Easton Avenue.

The project was included in the voter-approved Fort Bend County Mobility Bond for the years 2017 and 2020. Through the Mobility Bond Program, Fort Bend County allocated \$3,470,000 in 2017 and \$9,840,000 in 2020 towards the construction costs, bringing the total Fort Bend County allocation for Owens Road to \$13,310,000. The total estimated design and construction cost for the project is \$14,400,000.

Originally, the City planned to upgrade the Owens Road railroad crossing to six lanes; however, Union Pacific Railroad denied this plan. A revised agreement now allows for a three-lane crossing. As a result, design plans are being updated. Contract amendment No. 1 included the following scope of work:

- Coordination with the City of Sugar Land, UPRR, and TxDOT
- Updates to the Traffic Control Plan reflecting the new layout
- Revisions to drainage areas and typical sections
- Adjustments to pavement markings, grading, and cross-sections
- Modifications to Exhibit A: Plan and Profile, Rail Layout, and Typical Sections
- Inlet and storm line realignments based on revised paving limits

Kimley-Horn has also completed two previous change orders:

- Change Order #1 (April 17, 2024): \$19,500 to prepare a utility sleeve permit set and update the traffic study.
- Change Order #2 (October 2, 2024): \$20,900 to design a gravity wastewater system along Owens Road for future connections.

Per City Policy, maximum contract amount exceeding a twenty-five percent increase must be completed by contract amendment approved by City Council.

This contract amendment, No. 2, is for additional services to address comments received from UPRR during their plan review. The design updates will include the following:

- Addition of two (2) Pedestrian push buttons located within the existing Hwy 90 median.
- Redesign of the electrical schedule including conduits and cabling, revision of pole locations, ramps, sidewalks and stop bars.
- Revised sheets illustrating the placement of pedestrian poles, push buttons and conduit.

Staff negotiated with the design consultant to complete these services for a fee of \$8,750.00. There is currently \$13,343,100.00 available in CIP CST2003. Kimley Horn and Associates, Inc. was selected for the project per City Policy PU-109.

The Engineering and Public Works Departments recommend that the City Council approve a professional services contract amendment with Kimley Horn and Associates, Inc. for the Owens Road Project, CIP CST2003, in the amount of \$8,750.00.

**Budget**

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**Expenditure Required:** \$8,750.00

**Current Budget:** 13,343,100.00

**Additional Funding:** N/A

**Funding Source:** SLDC, Fort Bend County Mobility Bonds

**Account Number (ORG-OBJ-Project):** 1053205-621015-CST2003

**Attachments**

1. Kimley Horn Contract Amendment No 2 K-H signed

**AMENDMENT NO. 2 TO THE CITY OF SUGAR LAND STANDARD CONTRACT FOR  
PROFESSIONAL ENGINEERING DESIGN SERVICES FOR CITY FACILITIES  
BETWEEN THE CITY OF SUGAR LAND AND  
KIMLEY HORN & ASSOCIATES, INC.**

This Amendment No. 2 to the City of Sugar Land Standard Contract for Professional Engineering Design Services for City Facilities (Contract #3220943) is entered into between the City of Sugar Land, Texas (“City”) and Kimley Horn & Associates, Inc. (“Engineer”).

**RECITALS:**

WHEREAS, on or about June 27, 2022, the City and Engineer entered into a contract for the Owens Road roadway design project (the “Contract”); and

WHEREAS, over the course of the Contract, the Maximum Contract Amount (as defined in the Contract) has been increased by change orders (\$40,400.00) and Amendment No. 1 (\$85,000.00), for a total of \$590,400.00; and

WHEREAS, the City and Engineer have identified additional services that are needed under the Contract, which will increase the Maximum Contract Amount by an additional \$8,750.00; and

WHEREAS, Section III.J. of the Contract requires that any amendment be in writing and signed by both parties; and

NOW THEREFORE, the City and Engineer desire to amend the Contract to add the additional scope of services and increase the Maximum Contract Amount.

**AGREEMENT:**

In consideration of the mutual benefits to accrue to each, the Contract is amended as follows:

1. The Maximum Contract Amount in Section II. of the Contract is increased by \$8,750.00 for a total Maximum Contract Amount of \$599,150.00.
2. The Engineer’s additional scope of services, attached as an exhibit hereto, is added to the Contract as Exhibit A-7.
3. This Amendment No. 2 to the City of Sugar Land Standard Contract for Professional Engineering Design Services for City Facilities is effective on the latest of the dates executed by the parties and terminates when the Contract terminates.
4. All other terms and conditions of the Contract not specifically modified herein will remain in full force and effect.

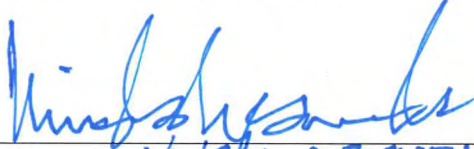
*[Signature Page Follows]*

KimleyHorn  
3/18/26

**CITY OF SUGAR LAND, TEXAS**

By: \_\_\_\_\_  
Name: Michael W. Goodrum  
Title: City Manager  
Date: \_\_\_\_\_

**KIMLEY-HORN & ASSOCIATES, INC.**

By:   
Printed Name: VIVEK DESHPANDE, PE  
Title: VICE PRESIDENT  
Date: 03/19/2026

ATTEST/SEAL:

\_\_\_\_\_  
Linda Mendenhall, City Clerk

XAKIA MATTER NO. 8852M  
APPROVED AS TO FORM:



Attachments:

EXHIBIT A-7: Engineer's Additional Services dated March 17, 2026



March 17, 2026

Mr. Greg Nichols  
Senior Project Manager  
Engineering Department  
City of Sugar Land  
2700 Town Center Blvd.  
Sugar Land, Texas 77479

**RE: *City of Sugar Land – Professional Engineering Services Proposal Owens Road Roadway Design Project – Additional Services related to US 90A Pedestrian Crossing Improvements***

Dear Mr. Nichols,

We are pleased to submit this additional scope of services and associated fees for engineering services related to Owen Road Roadway Design Project – US 90A Pedestrian Crossing Improvements in Sugar Land, Texas. This additional task is per your request to Kimley-Horn and will add the following services to the existing work authorized per our contract dated May 18<sup>th</sup>, 2022 (Contract #3220943).

### **SCOPE OF SERVICES**

#### **Task 3d – US 90A Pedestrian Crossing Improvements**

Kimley-Horn will update the design for the John Sharp Drive and US 90A intersection based on comments received from UPRR. The design updates will include the following:

- Addition of two (2) Pedestrian pushbuttons located within the existing median.
- Redesign of electrical schedule including conduits and cabling. Revision of pole locations, ramps, sidewalks, crosswalks and stop bars.
- Revised sheets illustrating the placement of pedestrian poles, pushbuttons, conduit routing, and associated traffic signal modifications as required.
- Addition of a raised median refuge area including curb, pavement, and striping modifications necessary to accommodate pedestrian crossing movements. These improvements will be incorporated into the existing construction documents.

**ADDITIONAL SERVICES**

Any services beyond the Scope of Services described in the tasks above shall be considered additional services. Kimley-Horn can provide these services, if needed, upon the Client’s issuance of a written Task Order. Any additional amounts paid to Kimley-Horn as a result of the material change to the Scope of the Project shall be agreed upon in writing by both parties before the services are performed.

**SCHEDULE**

Kimley-Horn anticipates completing the work identified above based on a mutually agreed schedule. Times for performance will be extended as necessary for delays due to circumstances that Kimley-Horn does not control. Kimley-Horn shall not be liable for or be deemed in breach because of delays caused by any factor outside of its reasonable control.

**FEE AND BILLING**

Kimley-Horn will perform the services in Task 3d for the total lump sum labor fee shown below. Individual task amounts are informational only. For all tasks, direct reimbursable expenses such as delivery services, mileage, in-house reproduction, and other direct expenses will be billed per the agreement to which this scope is attached. All permitting, application, and similar project fees will be paid directly by the Client.

<u>Task 3d- Project Management and Meetings</u>	<b>\$ 8,750.00</b>
<b>Total Lump Sum Fee</b>	<b>\$ 8,750.00</b>

Fees will be invoiced monthly based upon the percentage of services performed as of the invoice date. Payment will be due within 25 days of your receipt of the invoice.

We look forward to working with you on completing these services. If you have any further questions regarding this scope or fee, please don’t hesitate to contact me.

Sincerely yours,

Glen Marshall, P.E.  
Project Manager



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.E.

**Agenda of:** City Council Meeting

**Initiated by:** Mitchell Davies, Director of Aviation

**Presented by:** Ryan Alonso, Airport Operations Manager

**Responsible Department:** Airport

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**Agenda Caption:**

**CONTRACT WITH NORTHWEST COMMUNICATIONS, INC.**

Consideration of and action on authorizing the execution of Sugar Land Airport Air Traffic Control Tower Equipment Replacement contract with Northwest Communications, Inc., for the installation of a Zetron system at the Air Traffic Control Tower in the amount of \$189,853.15, and budget amendment to the Airport Fund expenditures of \$189.853.15.

**Recommended Action:**

Authorize the execution of a contract with Northwest Communications, Inc., for the installation of a Zetron system at the Air Traffic Control Tower in the amount of \$189,853.15 and corresponding budget amendment to Airport Fund expenditures of \$189,853.15.

**Executive Summary:**

The Air Traffic Control Tower at the Sugar Land Regional Airport relies on its communication system as mission-critical infrastructure to safely manage aircraft and ground operations. The existing Zetron communication panels serve as the primary interface for controllers to communicate with pilots, airport operations, emergency responders, and ground personnel. These panels were originally installed when the tower was built in 2001.

While aviation systems are built to last many years, the current Zetron system has reached end-of-life status and is no longer supported by the manufacturer or authorized vendors. Replacement parts are no longer available, and maintenance services can no longer be reliably performed. As a result, any system failure would present a significant operational and safety risk, including the potential loss of communication capabilities within the control tower.

A failure of this system would directly impact the tower's ability to:

- Issue takeoff and landing clearances
- Manage aircraft movement on runways and taxiways
- Coordinate with Airport Operations and emergency responders

- Maintain safe separation between aircraft and vehicles

Without a fully functional communication system, the Airport risks operational disruption, reduced capacity, and potential safety incidents, which could ultimately affect compliance with FAA operational standards.

To mitigate this risk, the Airport is pursuing an expedited replacement of the Zetron communication panels. The proposed system will restore reliability, ensure continued vendor support, and provide modern, supportable technology aligned with current operational requirements.

Timely replacement of this system is critical to ensure the continued safe, efficient, and uninterrupted operation of the Air Traffic Control Tower. This is not an upgrade, but the necessary replacement of unsupported, mission-critical equipment to avoid a potential loss of air traffic control communications. Northwest Communications, Inc. has provided a quote in the amount of \$189,853.15 for the replacement system. Procurement will be conducted through a cooperative purchasing agreement with Choice Partners, utilizing airport funds with a budget amendment, as this need was unforeseen and not previously budgeted. This approach will allow the Airport to expedite implementation while remaining compliant with procurement policies.

## **Budget**

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**Expenditure Required:** \$189,853.15

**Current Budget:** \$0.00

**Additional Funding:** \$189,853.15

**Funding Source:** Airport Fund

**Account Number (ORG-OBJ-Project):** 611-93-22-9310-0000-571025 Operations R&M Equipment

## **Attachments**

1. Northwest Communications Contract 4-7-2026

**CITY OF SUGAR LAND**  
**CONTRACT FOR GENERAL SERVICES (MODIFIED)**  
\$100K to \$999,999.99  
(Rev. 3/17/26)

**I. Signatures.** By signing below, the parties agree to the terms of this Contract:

**CITY OF SUGAR LAND**

**CONTRACTOR:**

**By:**

**By:** *Kevin J. Tester*

**Date:**

**Date:** April 7, 2026

**Title:**

**Title:** Sales Manager

**Company:** Northwest Communications Inc.

MATTER NUMBER: 8846M

APPROVED AS TO FORM:

**II. General Information and Terms.**

Contractor's Name and Address: Northwest Communications, Inc.  
10818 Barely Ln., #B  
Houston, TX 77070

Description of Services: Zetron's IP-based MAX Dispatch System

Maximum Contract Amount: \$189,853.15

Effective Date: On the latest of the dates signed by both parties.

Termination Date: See III.C.

Contract Parts: This Contract consists of the following parts:

- I. Signatures
- II. General Information and Terms
- III. Standard Contractual Provisions
- IV. Additional Terms or Conditions
- V. Additional Contract Documents

**III. Standard Contractual Provisions.**

A. Contractor's Services. The Contractor will provide to the City the services described in this Contract under the terms and conditions of this Contract.

B. Billing and Payment. Subject to the terms of the Contract, the City will pay the Contractor the sum(s) as shown in Section II above plus any additional sums approved by change order. The Contractor will bill the City for the services provided at intervals of at least thirty (30) calendar days, except for the final billing. The Contractor must bill or invoice the City within thirty (30) calendar days from the date of service and submit the final invoice no later than thirty (30) calendar days from the Contract termination or expiration date. The City is not responsible or liable for payment of any invoice submitted to the City more than sixty (60) calendar days after the date in which the services were rendered or for any work which is unsatisfactory to the City. The City will pay the Contractor for the services provided for in this Contract with current revenues available to the City, but all of the City's payments to the Contractor, including the time of payment and the payment of interest on overdue amounts, are subject to other requirements of this Contract and Chapter 2251 of the Texas Government Code. The City is not liable to the Contractor for any taxes which the City is not liable by law, including state and local sales and use taxes (Section 151.309 and Title 3, Texas Tax Code) and federal excise tax (Subtitle D of the Internal Revenue Code). The City will return all invoices containing errors to the Contractor with an explanation of the deficiency. The City will not pay the Contractor for any costs or expenditures that are not included in the scope of work or a change order under the Contract. If the City determines that the Contractor has been overpaid, the Contractor must refund the overpayment to the City within thirty (30) calendar days of the receipt of the notice from the City unless an alternate payment plan is specified by the City.

C. Termination Provisions.

(1) Unless terminated earlier as allowed by this Contract, this Contract terminates:

- (a) On the termination date, if any, specified in the General Information in Part II, but the obligation of a party to complete a contract requirement pending on the date of termination survives termination; or
- (b) If there is no termination date specified in the General Information in Part II, the Contract terminates when both parties have completed all their respective obligations under the Contract.

(2) The City's city manager may terminate this Contract during its term at any time for any reason by giving written notice to the Contractor not less than five business days prior to the termination date, but the City will pay the Contractor for all services rendered in compliance with this Contract to the date of termination.

(3) If the City's city council does not appropriate funds to make any payment for a fiscal year after the City's fiscal year in which the Contract becomes effective and there are no proceeds available for payment from the sale of bonds or other debt instruments, then the Contract automatically terminates at the beginning of the first day of the successive fiscal year.

(Section 5, Article XI, Texas Constitution)

A. D. Liability and Indemnity. A provision in the Contractor's Additional Contract Document is void and unenforceable if it: (1) limits or releases the Contractor from liability that would exist by law in the absence of the provision; (2) creates liability for the City that would not exist by law in the absence of the provision; or (3) waives or limits the City's rights, defenses, remedies, or immunities that would exist by law in the absence of the provision. The Contractor will be liable for all damages incurred and assume full responsibility for the work performed under the Contract.

E. Assignment. The Contractor may not assign this Contract without the City's prior written consent.

F. Law Governing and Venue. This Contract is governed by the law of the State of Texas and a lawsuit may only be prosecuted on this Contract in a court of competent jurisdiction located in or having jurisdiction in Fort Bend County, Texas.

G. Entire Contract. This Contract represents the entire Contract between the City and the Contractor and supersedes all prior negotiations, representations, or contracts, either written or oral. This Contract may be amended only by written instrument signed by both parties.

H. Independent Contractor. The Contractor will perform the work under this Contract as an independent contractor and not as an employee of the City. The City has no right to supervise, direct, or control the Contractor or Contractor's officers or employees in the means, methods, or details of the work to be performed by Contractor.

I. Dispute Resolution Procedures. If a party disputes any matter relating to this Contract, the parties agree to try in good faith, before bringing any legal action, to settle the dispute by submitting the matter to mediation before a third party who will be selected by agreement of the parties. The parties will each pay one-half of the mediator's fees.

J. Attorney's Fees. Should a party to this Contract bring suit against the other party for any matter relating to this Contract, neither party will seek or be entitled to an award of attorney's fees or other costs relating to the suit.

K. Severability. If a court finds or rules that any part of this Contract is invalid or unlawful, the remainder of the Contract continues to be binding on the parties.

L. Contractual Limitations Period. Any provision of the Contract that establishes a limitations period that does not run against the City by law or that is shorter than two years is void. (Sections 16.061 and 16.070, Texas Civil Practice and Remedies Code)

M. Conflicting Provisions. If there is a conflict between a provision in the Contractor's Additional Contract Documents and a provision in the remainder of this Contract, the latter controls.

N. Copyright. Any original work (the Work), including any picture, video, music, brochure, writing, trademark, logo or other work created by the Contractor for the use of the City under this Contract is a “work made for hire,” as defined by federal copyright law. If the Work is not by law a “work made for hire,” the Contractor by execution of this Contract assigns to the City all of its rights to the Work, including the copyright. The City, as the author and owner of the copyright to the Work, may alter, reproduce, distribute, or make any other use of the Work as it deems appropriate.

O. Standard of Care for Architects and Engineers. Services must be performed with professional skills and care ordinarily provided by competent licensed engineers or registered architects practicing in the same or similar locality and under the same or similar circumstances and professional license. Provided, however, if this is a construction contract for architectural or engineering services or a contract related to the construction or repair of an improvement to real property that contains architectural or engineering services as a component part, the architectural or engineering services must be performed with the professional skill and care ordinarily provided by competent architects or engineers practicing under the same or similar circumstances and professional license. (Tex. Civ. Prac. & Remedies Code § 130.0021 (a)).

P. Disclosure of Interested Persons for Council-Approved Contracts. Contracts that require City Council approval, such as contracts that exceed \$50,000, are subject to the requirements of Section 2252.908, Tex. Gov’t Code. Under the provisions of this statute:

(1) The City may not enter into a contract with a business entity that requires Council approval unless the business entity submits a disclosure of interested persons at the time the business entity submits a signed contract to the City;

(2) A disclosure of interested parties must be submitted on a form prescribed by the Texas Ethics Commission (Commission) that includes:

(a) A list of each interested party for the contract of which the contractor business entity is aware, an interested party being a person who has a controlling interest in the business entity or who actively participates in facilitating or negotiating the terms of the contract, including a broker, intermediary, adviser, or attorney for the business entity; and

(b) The signature of the authorized agent of the contracting business entity, acknowledging that the disclosure is made under oath and under penalty of perjury.

The Commission has approved a Certificate of Interested Persons form, which must be filled out, signed and notarized by the Contractor and submitted to the City at the time of execution of this Contract, along with the certification of filing generated from the Commission’s website at <https://www.ethics.state.tx.us/filinginfo/1295/>. The Certificate of Interested Persons form is available on the Commission’s website and the Contractor must follow the Commission’s filing process adopted pursuant to the statute.

Q. Compliance with Laws. The Contractor must comply with the federal, state, and local laws, rules and regulations applicable to the Project and its services under this Contract.

R. Prohibition on Contracts with Companies Boycotting Israel. Certain contracts for goods and services are subject to the requirements of Section 2271.002, Tex Gov't Code (H.B. 89, as amended by H.B. 793). Specifically, contracts for goods and services that:

- (1) are between the City and a company with ten (10) or more full-time employees; and
- (2) have a value of \$100,000.00 or more that is to be paid wholly or partly from public funds of the City.

Under the provisions of this statute, if the above conditions apply the City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it:

- (1) does not boycott Israel; and
- (2) will not boycott Israel during the term of the contract.

If this is a contract to which the verification requirement applies, the City has approved a verification form which must be filled out and signed by the Contractor and submitted to the City at the time of execution of this Contract.

S. Prohibition on Contracts with Companies Boycotting Certain Energy Companies. Certain contracts for goods and services are subject to the requirements of Section 2276.002, Tex. Gov't Code (S.B. 13). Specifically, contracts for goods and services that:

- (1) are between the City and a company with ten (10) or more full-time employees; and
- (2) have a value of \$100,000.00 or more that is to be paid wholly or partly from public funds of the City.

Under the provisions of this statute, if the above conditions apply the City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it:

- (1) does not boycott energy companies; and
- (2) will not boycott energy companies during the term of the contract.

If this is a contract to which the verification requirement applies, the City has approved a verification form which must be filled out and signed by the Contractor and submitted to the City at the time of execution of this Contract.

T. Prohibition on Contracts with Companies that Discriminate Against Firearm and Ammunition Industries. Certain contracts for goods and services are subject to the requirements of Section 2274.002, Tex. Gov't Code (S.B. 19). Specifically, contracts for goods and services that:

- (1) are between the City and a company with ten (10) or more full-time employees; and
- (2) have a value of \$100,000.00 or more that is to be paid wholly or partly from public funds of the City.

Under the provisions of this statute, if the above conditions apply the City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it:

- (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and
- (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association.

If this is a contract to which the verification requirement applies, the City has approved a verification form which must be filled out and signed by the Contractor and submitted to the City at the time of execution of this Contract.

This verification requirement does not apply if this contract is with a sole-source provider or, if this contract is subject to competitive bidding, the City did not receive any bids from a company that is able to provide the written verification required.

U. Prohibition on Contracts with Certain Foreign-owned Companies in Connection With Critical Infrastructure. Certain contracts for critical infrastructure are prohibited by Section 2275.0102, Tex. Gov't Code (S.B. 2116). Specifically, relating to a contract for critical infrastructure that:

- (1) would grant a company direct or remote access to or control of critical infrastructure in this state, excluding access specifically allowed by the governmental entity for product warranty and support purposes; and
- (2) where the City knows that the company is:
  - (A) owned by or the majority of stock or other ownership interest of the company is held or controlled by:
    - (i) individuals who are citizens of China, Iran, North Korea, Russia, or a designated country; or

- (ii) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or

(B) headquartered in China, Iran, North Korea, Russia, or a designated country.

In signing this Contract, Contractor represents and acknowledges that it is not a foreign-owned company under Section 2275.0102 and that this is not a contract prohibited by Section 2275.0102, Tex. Gov't Code (S.B. 2116).

V. Confidentiality. Any provision in the Contract that attempts to prevent the City's disclosure of information that is subject to public disclosure under federal or Texas law or regulation, or court or administrative decision or ruling, is invalid. (Chapter 552, Texas Government Code)

W. Records Retention. The City is subject to records retention requirements under Texas law. Any provision of the Contractor's attachment(s) that requires the City to destroy documents or give documents back to the Contractor or that otherwise conflicts with Texas law regarding retention of records is void.

#### **IV. Additional Terms or Conditions.**

A. This Contract is subject to, and incorporates, Choice Partners/HCDE Contract No. 25/018MF-43 for Technology Products and Services (the "Choice Partners Contract"), incorporated herein by reference. If there is a conflict between a provision in the Choice Partners Contract and a provision in the City's contract documents (Standard Contract for General Services and City's Additional Contract Documents), the latter controls.

**V. Additional Contract Documents.** The following documents attached to this Contract are part of this Contract:

Exhibit A. Contractor's Additional Contract Documents:

- A-1. Northwest Communications, Inc.'s Estimate #23377 dated March 16, 2026 (2 pages)
- A-2. Certificate of Interested Persons with Certification of Filing (1 page)
- A-3. House Bill 89 Verification (1 page)
- A-4. Senate Bill 13 Verification (1 page)
- A-5. Senate Bill 19 Verification (2 pages)

Exhibit B. City's Additional Contract Documents:

- B-1. Insurance Requirements (2 pages)
- B-2. Data Ownership, Sharing, and AI (2 pages)

**EXHIBIT A-1**

Northwest Communications, Inc.'s Estimate #23377 dated March 16, 2026

*(See Attached)*

**NORTHWEST COMMUNICATIONS, INC.**  
 10818 Barely Ln., #B  
 Houston, TX 77070-5909  
 Phone: 281-890-4724  
 Fax: 281-894-9494  
 www.nwradio.us

# Estimate

Date	Estimate #
3/16/2026	23377

Customer
City of Sugar Land Accounts Payable PO Box 110 Sugarland, TX 77487-0110

Ship To
Sugar Land Regional Airport 12888-B Highway 6 South Sugarland, TX 77478-0110 Attn: Ryan Alonso

## NOT AN INVOICE

Rep
KT

Quantity	Description	Rate	Total
	Choice Partners/HCDE: 25/018MF-43 Exp 5-20-26		
	Proposal for Zetron's IP-based MAX Dispatch System. Package includes 3 - Workstation Bundles, 4 - Gateways to connect to 8 - Radios, Software Care for 5 years, and Installation.		
3	MAX STANDARD WORKSTATION BUNDLE	8,994.35	26,983.05T
3	WORKSTATION SOFTWARE LICENSE	17,659.50	52,978.50T
	930-0222 Individual Call Software Feature Set 930-0223 Telephony Feature Set 930-0224 Tone Signaling/Paging Feature Set 930-0225 Event Replay 930-0226 MAX Dispatch Aux I/O Console Feature Set 950-1363 MAX D & FSA Multi-Function Button Kit 930-0240 MAX DISPATCH BASE SOFTWARE LICENSE		
3	WORKSTATION HARDWARE	4,140.50	12,421.50T
	957-0003 Wireless Headset Adapter, NC, NA Only 802-0115 HEADSET, MONURAL,W/NOISE CAN (X6) 950-1077 DUAL KNOB JACKBOX 950-1215 MAX CALL TAKING TO TRHI CABLE OPTION 901-9745 Desktop Microphone, 6' RJ45 950-9102 FOOTSWITCH W/ CABLE (10' CABLE) 709-0170-10F CABLE,Cat5e,SHLD,10',BLACK		
3	MAX RADIO GATEWAY INTERFACE	5,070.50	15,211.50T
	901-9675 MAX RADIO GATEWAY 709-7968-20F MAX Radio Gateway to Tail Cable (2 ea.)		

Thank you for the opportunity to give you an estimate!	<b>Subtotal</b>
	<b>Sales Tax (0.0%)</b>
	<b>Total</b>

**NORTHWEST COMMUNICATIONS, INC.**  
 10818 Barely Ln., #B  
 Houston, TX 77070-5909  
 Phone: 281-890-4724  
 Fax: 281-894-9494  
 www.nwradio.us

# Estimate

Date	Estimate #
3/16/2026	23377

Customer
City of Sugar Land Accounts Payable PO Box 110 Sugarland, TX 77487-0110

Ship To
Sugar Land Regional Airport 12888-B Highway 6 South Sugarland, TX 77478-0110 Attn: Ryan Alonso

## NOT AN INVOICE

Rep
KT

Quantity	Description	Rate	Total
1	MAX SYSTEM HARDWARE/SOFTWARE MAX Central Z-Node Manager ADD 10 Radio CHAN LIC Block Port LIC (1 LIC per input and output)	25,028.60	25,028.60T
1	MAX Dispatch Software Rack Mounting & Power Equipment MAX D Redundant 12VDC Power Sys Kit - 20 12VDC Power Distribution Panel (20A/20B) FUSE,3A,INDICATING TELECOM TYPE Single Unit Rack Mount Option RAD-INT MOD DUAL UNIT RKMT ADPTR OTP	5,593.00	5,593.00T
3	Monitor, LCD Flatpanel, 23"	395.00	1,185.00T
2	MAX Disp 24-Port (Non-POE) Mngd Switch	998.00	1,996.00T
1	CAT5E Cable, 1000' pull box, blue	265.00	265.00T
1	Installation Consumables	150.00	150.00T
1	System Installation	9,340.00	9,340.00T
1	MAX-PSP RMT CONFIG Services Systems & CS	5,380.00	5,380.00T
1	Onsite Console CONFIG	7,540.00	7,540.00T
1	Zetron Connected Care YR 2 - 5 Zetron Connected Care YR 1 (Included)	24,934.00	24,934.00T
1	Estimated Shipping & Handling Charges	847.00	847.00T

Thank you for the opportunity to give you an estimate!	<b>Subtotal</b>	\$189,853.15
<b>**This estimate will expire in 30 days from the date stated above.</b>	<b>Sales Tax (0.0%)</b>	\$0.00
	<b>Total</b>	\$189,853.15

**EXHIBIT A-2**

Certificate of Interested Persons with Certification of Filing

*(See Attached)*

**EXHIBIT A-3**

House Bill 89 Verification

*(See Attached)*

**EXHIBIT A-4**

Senate Bill 13 Verification

*(See Attached)*

**EXHIBIT A-5**

Senate Bill 19 Verification

*(See Attached)*

## EXHIBIT B-1

### REQUIREMENTS FOR GENERAL SERVICES CONTRACT

The Contractor shall comply with each and every condition contained herein. The Contractor shall provide and maintain the minimum insurance coverage set forth below during the term of its agreement with the City. Any Subcontractor(s) hired by the Contractor shall maintain insurance coverage equal to that required of the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The City of Sugar Land accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

### INSTRUCTIONS FOR COMPLETION OF INSURANCE DOCUMENT

With reference to the foregoing insurance requirements, Contractor shall specifically endorse applicable insurance policies as follows:

- A. The City of Sugar Land shall be named as an additional insured with respect to General Liability and Automobile Liability **by endorsement only.**
- B. A waiver of subrogation in favor of the City of Sugar Land shall be contained in the Workers Compensation and all liability policies and must be provided **by endorsement only.**
- C. All insurance policies shall be endorsed to the effect that the City of Sugar Land will receive at least thirty (30) days' written notice prior to cancellation or non-renewal of the insurance policy.
- D. All insurance policies, which name the City of Sugar Land as an additional insured, must be endorsed to read as primary and non-contributory coverage regardless of the application of other insurance.
- E. Chapter 1811 of the Texas Insurance Code, Senate Bill 425 82(R) of 2011, states that the above endorsements cannot be listed on the certificate of insurance. Separate endorsements must be provided for each of the above.
- F. All insurance policies shall be endorsed to require the insurer to immediately notify the City of Sugar Land of any material change in the insurance coverage.
- G. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.
- H. Required limits may be satisfied by any combination of primary and umbrella liability policies.
- I. Contractor may maintain reasonable and customary deductibles, subject to approval by the City of Sugar Land.
- J. Insurance must be purchased from insurers having a minimum AmBest rating of B+ or better, and/or otherwise acceptable to the City.
- K. All insurance must be written on forms filed with and approved by the Texas Department of Insurance. (ACORD 25) Coverage must be written on an occurrence form.
- L. Contractual Liability must be maintained covering the Contractor's obligations contained in the contract. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent and shall contain provisions representing and warranting all endorsements and insurance coverages according to requirements and instructions contained herein.
- M. Upon request, the Contractor shall furnish the City of Sugar Land with certified copies of all insurance policies.
- N. A valid certificate of insurance verifying each of the coverages required above shall be issued directly to the City of Sugar Land within ten (10) business days after contract award and prior to starting any work by the successful contractor's insurance agent of record or insurance company. Also, prior to the start of any work and at the same time that the Certificate of Insurance is issued and sent to the City of Sugar Land, all required endorsements identified in sections A, B, C and D, above shall be sent to the City of Sugar Land. The certificate of insurance and endorsements shall be sent to:

**City of Sugar Land  
Purchasing Office  
P. O. Box 110  
Sugar Land, TX 77487-0110**

**Emailed to: [purchasing@sugarlandtx.gov](mailto:purchasing@sugarlandtx.gov)  
Faxed to: 281 275-2741**

NOTE: The nature/size of a contract/agreement may necessitate higher limits than shown above. These requirements are only meant as a guide, but in any event, should cover most situations. Check with Purchasing & Risk Management if you need assistance or need additional information.

**INSURANCE REQUIREMENTS-PROJECT SPECIFIC**

Items marked “X” are required to be provided prior to approval of a contract with the City.

**Coverages Required & Limits (Figures Denote Minimums)**

Workers’ Compensation      Statutory limits, State of TX.  
 Employers’ Liability      \$500,000 per employee per disease / \$500,000 per employee per accident / \$500,000 by disease aggregate

Commercial General Liability:

	<input checked="" type="checkbox"/> <b>Very High/High Risk</b>	<input type="checkbox"/> <b>Medium Risk</b>	<input type="checkbox"/> <b>Low Risk</b>
Each Occurrence	\$1,000,000	\$500,000	\$300,000
Fire Damage	\$300,000	\$100,000	\$100,000
Personal & ADV Injury	\$1,000,000	\$1,000,000	\$600,000
General Aggregate	\$2,000,000	\$1,000,000	\$600,000
Products/Compl Ops	\$2,000,000	\$500,000	\$300,000
XCU	\$2,000,000	\$500,000	\$300,000

Automobile Liability: Owned, Non-Owned, Hired and Injury & Property coverage for all

	<input type="checkbox"/> <b>Very High/ High Risk</b>	<input checked="" type="checkbox"/> <b>Medium Risk</b>	<input type="checkbox"/> <b>Low Risk</b>
Combined Single Limits		Combined Single Limits	Combined Single Limits
\$1,000,000 Bodily		\$500,000 Bodily	\$300,000 Bodily

Garage Liability: for Bodily Injury & Property Damage  
 \$1,000,000 each accident for Auto, \$1,000,000 each accident Non-Auto  
 \$2,000,000 General Aggregate

Garage Keepers Coverage: for Auto Body & Repair Shops  
 \$500,000 any one unit/any loss and \$200,000 for contents

Umbrella Coverage: each-occurrence with respect to primary Commercial General Liability, Automobile Liability, and Employers Liability policies at minimum limits as follows:

- Contract value less than \$1,000,000: **not required**
- Contract value between \$1,000,000 and \$5,000,000: **\$4,000,000 is required**
- Contract value between \$5,000,000 and \$10,000,000: **\$9,000,000 is required**
- Contract value between \$10,000,000 and \$15,000,000: **\$15,000,000 is required**
- Contract value above \$15,000,000: **\$20,000,000 is required**
- Excess coverage over \$10,000,000 can be provided on “following form” type to the underlying coverages to the extent of liability coverage as determined by the City.

Professional Liability or Errors & Omissions: including, but not limited to services for Accountant, Appraiser, Architecture, Consultant, Engineering, Insurance Broker, Legal, Medical, Surveying, construction/renovation contracts for engineers, architects, constructions managers, including design/build Contractors  
 Minimum limits of \$1,000,000 per claim/aggregate.  
 This coverage must be maintained for at least two (2) years after the project is completed.

Cyber Liability: with Technology Errors & Omissions including, but not limited to products or services in installing computer software and hardware, software developers, website designers, computer consultants, hardware and electronics manufacturer, communication carriers, internet/application service providers, website hosting, storage of City data off-site. (This is not required for web-based vendors, where the vendor maintains its own website)  
 Minimum limits of \$1,000,000 per claim/aggregate.  
 This coverage must be maintained for at least two (2) years after the project is completed.

Builder's Risk: when project entails vertical construction, including but not limited to bridges and tunnels or as determined by the City of Sugar Land) Limit is 100% of insurable value, replacement cost basis.

Pollution Liability: when project entails possible contamination of air, soil or ground or as determined by the City of Sugar Land for property damage, bodily injury and clean up)  
 \$1,000,000 each occurrence  
 \$2,000,000 aggregate

Other Insurance Required: \_\_\_\_\_

## EXHIBIT B-2

### Data Ownership, Sharing, and AI

A. Definitions.

*Government Data* means any information, document, media, or machine-readable material regardless of physical form or characteristics, that is created or obtained by the City in the course of official City business.

*Government-Related Data* means any information, document, media, or machine-readable material regardless of physical form or characteristics that is created or obtained by a contractor through the storage, processing, or communication of Government Data. This does not include a contractor's business records (e.g., financial records, legal records, etc.) or data such as operating procedures, software coding, or algorithms that are not uniquely applied to the Government Data.

B. City Owns the Data. Contractor hereby assigns without any requirement of further consideration all right, title, or interest the Contractor may have to Government Data and Government-Related Data, including any copyrights or other intellectual property rights to the same.

C. Guarantee of Disencumbrance. Contractor warrants that any data provided to City under the terms of this Contract is in the public domain or otherwise unencumbered by intellectual property restrictions on its use by the City. Contractor warrants that the City's creation, maintenance, and modification of data provided to the City under the terms of this Contract shall not be restricted by Contractor's copyright, patent, or intellectual property considerations.

D. No Prior Restrictions. Contractor represents and warrants that it has the full right and power to assign its rights, titles, and interests in any data it provides under this Contract and otherwise performs its obligations hereunder, and that there are no outstanding agreements, assignments, or encumbrances inconsistent with the provision of said data or with any other provisions of this Contract. Contractor represents and warrants that it is not aware of any claims of infringement of intellectual property that have been brought against it by third parties for infringement of such third party's intellectual property.

E. Machine Readable Exports. Output created by Contractor under this Contract, if any, must be in a digital, reusable format, in whole and in parts, as a platform independent and machine-readable file. Such file formats include, but are not limited to, plain text files such as comma-delimited tables, extensible markup language, and javascript object notation. Government Data and Government-Related Data which is stored in binary formats, including but not limited to portable document format, JPEG, and portable network graphics files, shall instead be reproducible in the same format in which it was provided. This reusable copy must be made available in a publicly documented and non-proprietary format, with a clearly-defined data structure and a data dictionary for all terms of art contained in the data. For purposes of this

section, non-proprietary formats include formats for which royalty-free codecs are available to end-users.

- F. Waiving Right of Action. Contractor hereby agrees to waive any and all future rights of action against the City which may arise from the City's authorized use of Government Data and/or Government-Related Data, including but not limited to copyright, patent, and other intellectual property considerations.
- G. Indemnification. If a third party claims that the Government Data and/or Government-Related Data that is the subject of this Contract, due to the use of Contractor's products or services, infringes that party's copyright, patents, or trade secrets, Contractor will defend the City against that claim at Contractor's expense and pay all costs, damages, and attorney's fees that a court finally awards, provided that the City notifies Contractor in writing of any such claim within ten (10) business days of City's receipt of such claim.
- H. Copyright Retention. Contractor may keep its copyright interest in non-Government Data and non-Government-Related Data (i.e. its proprietary data) it may have, except when the City combines Government Data and/or Government-Related Data with the Contractor's data.
- I. Data Sharing. Contractor will not share, transfer, or disclose Government Data and/or Government-Related Data to any third party without the prior written consent of the City except as expressly authorized in this Contract and solely to the extent necessary to perform the services under this Contract. In the event Contractor is authorized to share Government Data and/or Government-Related Data with a subcontractor, Contractor will ensure its subcontractor complies with all terms and conditions of this Contract.
- J. No Commercial Use. Contractor shall not make use of the Government Data or Government-Related Data for any commercial purpose, whether to the benefit of Contractor or a third party, unless explicitly authorized in writing by the City. For the purposes of this provision, "commercial purpose" does not include the performance of services by Contractor under this Contract that are specifically authorized and intended for the benefit of the City.
- K. Artificial Intelligence Training. Government Data and Government-Related Data shall not be used by Contractor to train any artificial intelligence, machine learning, or large language models, without the City's express written consent.



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VII.F.

**Agenda of:** City Council Meeting

**Initiated by:** Betty Jurado, Administrative Coordinator

**Presented by:** Michelle McCrimmon, Assistant City Manager

**Responsible Department:** Finance

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**Agenda Caption:**

Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-19: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, ADOPTING THE CITY OF SUGAR LAND FINANCIAL MANAGEMENT POLICY STATEMENTS.**

**Recommended Action:**

Consideration and approval of Resolution No. 26-19 adopting the Financial Management Policy Statements for the City of Sugar Land.

**Executive Summary:**

**Background:**

The City of Sugar Land is committed to maintaining a comprehensive set of financial management policies to ensure the responsible stewardship of public resources, long-term financial sustainability, and continued public trust.

As part of the overall management of the City's finances, a set of policy statements was first adopted by the City Council in 2002 and reviewed and updated every two years thereafter. These Financial Management Policy Statements (FMPS) provide a strong framework for consistent, transparent, and accountable decision-making. The FMPS also provides high-level guidance to City staff in managing the City's financial operations. The regular review and revision of the FMPS allows Council to have input and also gives staff the opportunity to modify and update.

**Key FY2026 FMPS Proposed Changes:**

- Updated to reflect that the budget is prepared on a modified accrual basis vs. cash basis
- Removed specific reference to 3.5% but only to a general voter-approval rate
- Added "as economic conditions permit" in sections that noted the budgeted and forecasted tax rates would be prepared using a voter-approval rate
- Revised the "Sales Tax" section within the "Revenue Estimating for Budget" section to clarify that sales tax forecasts will be developed using conservative assumptions and a range of

economic and financial indicators, removing the use of CPI as the methodology.

- Added the provision that reviewing the cost of providing services would be a factor, in addition to CPI, when reviewing adjustments to user fees
- Updated the threshold of purchases that require City Council approval to \$100,000, consistent with the Purchasing policy
- Various administrative updates for roles and small clean-up and clarifications

**Recommendation:**

Staff recommends approval of Resolution No. 26-19 adopting the Financial Management Policy Statements for the City of Sugar land, reflecting the revisions made during the FY2026 review cycle. These changes were presented to City Council during the March 26, 2026 City Council Spring Retreat and discussed in detail with the Finance/Audit Committee on April 2, 2026.

**Budget**

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**Expenditure Required:** NA

**Current Budget:** NA

**Additional Funding:** NA

**Funding Source:** NA

**Account Number (ORG-OBJ-Project):** NA

**Attachments**

1. Resolution 26-19 and Exhibit A - FMPS

**RESOLUTION NO. 26-19**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS,  
ADOPTING THE CITY OF SUGAR LAND FINANCIAL MANAGEMENT POLICY  
STATEMENTS.**

**BE IT RESOLVED BY THE CITY COUNCIL  
OF THE CITY OF SUGAR LAND, TEXAS:**

**Section 1.** That it adopts the City of Sugar Land Financial Management Policy Statements as shown in Exhibit A, attached to and incorporated into this resolution by reference.

**Section 2.** That Resolution No. 24-27 is repealed.

APPROVED on \_\_\_\_\_, 2026.

\_\_\_\_\_  
Carol K. McCutcheon, Mayor

ATTEST:

\_\_\_\_\_  
Linda Mendenhall, City Clerk

APPROVED AS TO FORM:



Attachment: Exhibit A – City of Sugar Land Financial Management Policy Statements

# City of Sugar Land Financial Management Policy Statements

Adoption Date: 04-21-2026

<b>INTRODUCTION</b>	<b>1</b>
<b>ACCOUNTING, AUDITING &amp; FINANCIAL REPORTING</b>	<b>1</b>
<b>FINANCIAL CONSULTANTS</b>	<b>3</b>
<b>BUDGET AND LONG-RANGE FINANCIAL PLANNING</b>	<b>7</b>
<b>REVENUES AND OTHER RESOURCES</b>	<b>15</b>
<b>EXPENDITURES AND SERVICES</b>	<b>19</b>
<b>FUND BALANCE/WORKING CAPITAL</b>	<b>21</b>
<b>CAPITAL EXPENDITURES AND IMPROVEMENTS</b>	<b>24</b>
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# City of Sugar Land

## Financial Management Policy Statements

### Introduction

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The Financial Management Policy Statements, adopted by City Council, are an overview of the City's financial policies and provide guidelines to City staff in managing and planning the City's finances. Some policy statements are driven by requirements of state law or City Charter, while others are formally documented through policies and procedures. Statements that are driven by legal requirements will be noted as such.

In some cases, exceptions to the policy statements may be appropriate and/or necessary. Exceptions to stated policies will be specifically identified and the need for the exception will be documented and explained to City Council and/or the City Manager.

### Accounting, Auditing & Financial Reporting

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Maintain accounting practices that conform to generally accepted accounting principles and comply with prevailing federal, state, and local statutes and regulations. Prepare and present regular reports that analyze and evaluate the City's financial performance and economic condition.

#### Accounting Practices and Principles

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The City will maintain accounting practices that conform to generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. All city financial documents, except monthly interim financial reports and the budget, including official statements accompanying debt issues, Annual Comprehensive Financial Reports (ACFR) and continuing disclosure statements will meet GASB standards.

#### Financial and Management Reports

---

Pursuant to City Charter requirements, Interim Financial Reports will be provided monthly to management and City Council that explain key economic and fiscal developments and note significant deviations from the budget. These reports will be reviewed monthly with the City Manager and provided to City Council by the end of each month for the prior month, consistent with the City Charter.

#### Annual Audit

---

Pursuant to State Statute, the City shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The audit shall be performed by a certified public accounting (CPA) firm, licensed to practice in the State of Texas. Although the Texas Local Government Code, Section 103.003 Filing: Public Record requires the annual financial statement including the auditor's opinion on the statement to be filed with the City Secretary within 180 days after the last day of the fiscal year, it is the City's goal to file the

audit on the second City Council meeting in February. The audit firm shall provide a management letter to the City prior to the filing of the audit. The audit firm shall also provide a Single Audit of Federal and State grants, when necessary.

The objective of the ordinary audit of financial statements by the independent auditor is the expression of an opinion on the fairness with which they present, in all material respects, financial position, results of operations, and its cash flows in conformity with generally accepted accounting principles. The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The financial statements are management's responsibility. The auditor's responsibility is to express an opinion on the financial statements.

An official Annual Comprehensive Financial Report (ACFR) shall be issued no later than six (6) months following the end of the fiscal year. The ACFR shall be prepared to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program through GFOA. This program establishes criteria that go beyond the minimum requirements for Generally Accepted Accounting Principles to prepare ACFRs that evidence the spirit of transparency and full disclosure. The Controller shall be responsible for establishing a process to ensure timely resolution of audit recommendations.

## Finance/Audit Committee

---

The City Council shall designate a Finance/Audit Committee. The role of the committee is to review and guide financial policy and strategic financial issues as needed and determined by the City Manager or City Council.

The Finance/Audit Committee responsibilities related to the audit will include but not be limited to:

- Recommendation to the City Council on selection of the independent audit firm through a Request for Proposal process.
- Overview of the planning and timeline of the audit and risk assessment.
- Final audit review, results, findings, management letter as well as major audit adjustments as identified under Sarbanes-Oxley Act of 2002.
- Meet as soon as practical and appropriate after final audit review to assess the status of issues addressed in the management letter, if warranted.
- Meet during the audit regarding any major issues/concerns/findings that may arise.

## Continuing Disclosure

---

The Director of Finance will ensure that the Municipal Securities Rulemaking Board's EMMA® (Electronic Municipal Market Access) website is current, and all disclosures are filed timely with assistance from the City's Municipal Advisor and Bond Counsel. EMMA® is the official repository for information on virtually all municipal securities. Continuing disclosure includes annual disclosure required within 180 days of fiscal year end, as well as material event disclosure required under the Securities and Exchange Commission (SEC) Rule 15c2-12 within 10 days of the

occurrence of the event. The Director of Finance will work with the City's Bond Counsel and Municipal Advisors to ensure that any financial obligations that must be disclosed to the MSRB are filed timely.

## Signature of Checks

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All checks shall have two signatures. The following persons shall be authorized to sign checks: City Manager, Assistant City Manager, Chief Financial Officer, or Director of Finance. Signatures shall be affixed to all City checks via facsimile signatures, made with a secure laser check printing system or through handwritten signatures affixed to each check.

## FINANCIAL CONSULTANTS

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The City will employ qualified financial advisors and consultants as needed in the administration and management of the City's financial functions. These areas include but are not limited to audit services, debt administration, delinquent tax collection attorney, and financial modeling. The City shall implement evaluation criteria for each financial consultant to ensure the City receives the highest quality services available. The principal factors in the selection of these consultants will be experience/expertise, ability to perform, the services offered, references, and methodology to name a few. In no case should price be allowed to serve as the sole criterion for selection.

## Independent Auditors

---

In all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors. To emphasize independence from management, many corporations follow the practice of having an independent auditor appointed by the board of directors or elected by the stockholders. As such, the City has established a practice of the City Council appointing the auditor, and the auditor reporting to the City Council.

At least every five years, the City shall solicit proposals from qualified firms through an RFP process, including the current auditors if their past performance has been satisfactory. The City Council shall select an independent firm of certified public accountants to perform an annual audit of the accounts and records and render an opinion on the financial statements of the City.

- It is the City's preference, but not a requirement, to rotate audit firms every five years to ensure that the City's financial statements are reviewed and audited with an objective, impartial, and unbiased point of view. The selection of the audit firm will be based upon the proposals received, the reputation and qualifications of the firm, and the firm's ability to perform a quality audit.
- However, if through the RFP solicitation and review process, management and the Finance/Audit Committee recommend the current audit firm for another engagement term, then, under the Sarbanes Oxley Act of 2002, the lead audit partner must be rotated, as well as the lead reviewer, after a maximum of five years.
- Annually, the independent auditor will provide a letter of engagement to the City for annual audit services.

## Arbitrage Consultants

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While the City is responsible for ensuring that the records are in order, the calculations made, reporting completed, and filings made, the actual arbitrage calculation and reporting shall be contracted out to a qualified firm.

- The Director of Finance and the Arbitrage Consultant shall complete a risk assessment of positive arbitrage on each bond issue annually to determine the necessity for a calculation of positive/negative arbitrage in the current year.
- All bond issues in accordance with arbitrage regulation shall have each 5th year and final arbitrage calculations completed.
- Due to the complexity of the City's financial structure and the benefits that come with the history and knowledge of the City, the contract with the Arbitrage Consultant shall be considered evergreen, however with a termination clause.
- To ensure that the City is still receiving services for fair market value, staff will conduct a survey every five years of arbitrage calculation fees and present a comparison and analysis to the City Manager and Finance/Audit Committee.

## Delinquent Tax Collections

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Due to the nature and expertise required, the City shall hire a delinquent tax collection attorney to collect delinquent taxes, represent the City in filing bankruptcy claims, foreclose on real property, seize personal property, and represent the City in court cases and property sales.

- The City shall contract for a delinquent tax collection attorney either through Fort Bend County in conjunction with the contract for billing and collection of the City's property taxes or shall contract directly with an attorney.
- The City shall review delinquent tax collection services and determine if they choose to contract direct or contract through the County either at the end of a direct contract for delinquent tax services or annually if contracted with Fort Bend County.
- If the City chooses to contract directly for delinquent tax collection services, requests for proposals and statements of qualifications are to be solicited at least every five years.
- There is not a requirement for rotation.

## Bond Counsel

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Bond Counsel to the City has the role of an independent expert who provides an objective legal opinion concerning the issuance and sale of bonds and other debt instruments. As bond counsel are specialized attorneys who have developed necessary expertise in a broad range of practice areas, the City will always use a consultant for these services. Generally, bonds are not marketable without an opinion of nationally recognized bond counsel stating

that the bonds are valid and binding obligations stating the sources of payment and security for the bonds and that the bonds are exempt from State and Federal income taxes (if applicable).

Bond Counsel is responsible for the following tasks in a transaction:

1. Prepares ballot propositions, ordinances and notices to call a bond election;
  2. Files all relevant documents with the state Attorney General for approval;
  3. Prepares and oversees bond proceedings;
  4. Ensures that the City meets all the legal requirements and authorization of the bond offering;
  5. Discloses and analyzes all relevant legal proceedings that may have a bearing on the validity of the offering;
  6. Interprets relevant regulations and laws and assists in structuring the issue;
  7. Writes key financing documents.
- Due to the complexity of the City's financial structure and the benefits that come with the history and knowledge of the City, the contract with Bond Counsel shall be considered evergreen, however with a termination clause.
  - To ensure that the City is still receiving services for fair market value, staff will conduct a survey every five years of bond counsel fees and present a comparison and analysis to the City Manager and Finance/Audit Committee.

## Disclosure Counsel

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Disclosure Counsel is an independent firm, separate from bond counsel, retained by the City to provide a legal opinion concerning accuracy of the information presented in disclosure and bond documents. With scrutiny of municipal disclosure increasing by the SEC and Municipal Securities Rulemaking Board, the engagement of disclosure counsel provides an added layer of assurance that the City's financial position is accurately presented in bond documents. The City may choose to engage Disclosure Counsel on certain transactions, but it is not required.

## Municipal Advisor

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The Government Finance Officers Association (GFOA) recommends that issuers hire a municipal advisor (MA) prior to the undertaking of a debt financing unless the issuer has sufficient in-house expertise and access to current bond market information. The City issues various types of securities to finance its capital improvement program. Debt structuring and issuance requires a comprehensive list of services associated with municipal transactions, including but not limited to: method of sale; analysis of market conditions; size and structure of the issue; preparation of disclosure documents; coordinating rating agency relations; evaluation of and advice on the pricing of securities; assisting with closing and debt management; calculating debt service schedules; and providing recommendations on management of the City's finances, including evaluation of debt structures and refinancing opportunities.

- While retaining the services of an MA, the City shall post an IRMA Exemption Certificate on the City's website and on EMMA (Electronic Municipal Market Access, a service of the Municipal Securities Rulemaking Board). The IRMA Exemption Certificate states that the City has retained an independent registered municipal advisor (IRMA), and that the City will rely on the advice of the Municipal Advisor in the issuance of municipal securities.
- The Municipal Advisor must be registered with the Securities & Exchange Commission and Municipal Securities Rulemaking Board as a Municipal Advisor
- As municipal advisors to governmental entities have developed the necessary expertise in a broad range of services, the City will use a consultant for these services, until such time that the City wishes to bring these services in-house.
- Due to the complexity of the City's financial structure and the benefits that come with the history and knowledge of the City, the contract with the Municipal Advisor shall be considered evergreen, however with a termination clause.
- To ensure that the City is still receiving services of fair market value, staff will conduct a survey every five years of Municipal Advisory fees and present a comparison and analysis to the City Manager and Finance/Audit Committee.
- While a municipal advisor plays a key role on the financing team, it is important to note that the City remains in control of the decision-making process necessary for the issuance and sale of the bonds or implementing the financing.
- The selected Municipal Advisor shall not be permitted to serve as underwriter on any bond transactions while serving in the Municipal Advisor role. Upon termination of the Municipal Advisor contract, a period of at least one year must pass before the firm may be engaged as an underwriter on any bond transaction for the City.

## Depository Bank

Pursuant to State law, the City of Sugar Land may approve a contract for depository services whose term does not exceed five years. There is no requirement for rotation. The City of Sugar Land will select its official banking institution through a formal process based on best value to provide the City with the most comprehensive, flexible, and cost-effective banking services available. Bank accounts may only be opened by employees with authority specifically granted in the depository agreements approved by the City Council.

## BUDGET AND LONG-RANGE FINANCIAL PLANNING

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Establish guidelines for budgeting to ensure a financially sound City and to establish a long-range financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets.

### Balanced Budget

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The City Manager shall file annually a balanced budget for the ensuing fiscal year with City Council in compliance with state law and the City Charter.

In addition, it is expected that the annual operating budget will be structurally balanced. A structurally balanced budget is further defined as recurring revenues funding recurring expenditures and adherence to fund balance policies. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. If economic conditions dictate that the City Manager file a structurally imbalanced budget, it shall be accompanied by a plan to return the budget to structural balance and the resulting five-year financial forecast that reflects steps to be taken to return the budget to structural balance.

### *Current Funding Basis (Recurring Revenues)*

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The City shall budget and operate on a current funding basis. Revenues and expenditures shall be budgeted on the modified accrual basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues. Recurring expenses will be funded exclusively with recurring revenue sources to facilitate operations on a current funding basis. Recurring revenues are defined as revenues which are reasonably expected to occur each year and can be planned for with a level of certainty, such as property taxes, sales taxes and other revenues based on historical averages. One-time remittances due to audit adjustments or large payments, permit revenues from large construction projects, grants and other unpredictable sources are classified as non-recurring revenues.

### *Use of Non-Recurring Revenues*

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Non-recurring revenue sources, such as a one-time revenue remittance or fund balance more than policy can only be budgeted / used to fund non-recurring expenditures, such as capital purchases or capital improvement projects. This will ensure that recurring expenditures are not funded by non-recurring sources.

The following expenditures are considered non-recurring for budgetary purposes:

1. Transfers to Replacement Funds (Fleet and High Technology).
2. Capital Expenditures.
3. Contingency Funds.
4. Lump sum payments to employees.
5. Operating transfers to Self-Insurance Reserve in the Employee Benefits Fund.
6. One-time expenditures designated in the annual operating budget.

The following revenues are considered non-recurring in the definition of a structurally balanced budget:

1. Grant Revenues.
2. Annexation/Dissolution Proceeds.

3. Reimbursements for One Time Items.
4. Short Term/Inter-Fund Loans.
5. Use of fund balance over policy requirements.
6. Sales tax more than budgeted, if budgeted consistent with policy.

## Property Taxes

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### *Tax Rate*

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The no-new-revenue tax rate is defined by the State of Texas as the tax rate that raises the same amount of total tax revenue in the current year as the prior year's tax rate for properties taxed in both years. The no-new-revenue tax rate is calculated based on a formula established under Section 26.04 of the Texas Tax Code. The voter-approval tax rate provides for an adjustment in maintenance and operations (M&O) tax revenues compared to the no-new-revenue operations and maintenance tax rate, plus the debt rate needed to meet outstanding debt obligations for the year. A tax rate that exceeds the voter approval tax rate requires a mandatory election in November to approve the tax rate by voters. (Texas Tax Code Section 26.07)

By law, the City must levy a tax rate sufficient to generate revenues that will meet outstanding debt obligations, net of outside funding sources (transfers from other funds). The City Manager will recommend a budget based on property tax revenues that the City finances require to operate efficiently, yet effectively, and meets the City Council's expectations of services provided and service levels. In accordance with the voter-approval tax rate, the tax rate will be managed to maintain a tax rate that maintains an adjustment in tax revenues, excluding new growth and prior to implementation of new voter authorized debt.

### *Budgeting for Tax Revenues*

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As economic conditions permit, and in accordance with the voter-approval tax rate, the City Manager will recommend a tax rate that maintains the voter approval rate for operations to maintain existing service levels, recognizing that individual tax bills will vary based on several factors, including revaluation, residential vs commercial revaluation and exemptions. Adoption of the annual budget and tax rate will consider growth in the certified tax roll, adjustments to the nominal tax rate and the homestead exemption- with a long-term objective of stability in operating tax revenues and funding voter approved bond projects. Funding for increases to service levels may be considered for voter approval of the M&O tax rate over the voter-approval tax rate.

As stated in the GO bond section of the FMPS, after a GO bond election, the debt service tax rate will be adjusted based on the projected annual impact of the bonds-and consistent with state truth in taxation calculations with inclusion of new debt in the debt tax rate calculations. (see General Obligation Bonds section)

As economic conditions permit, for budgeting and forecasting purposes, the City will assume:

- An annual growth of M&O tax revenues consistent with the voter-approval tax rate.
- Debt service tax revenues will be forecasted to support the City's anticipated debt obligations plus the estimated annual tax adjustment based on the updated issuance plan for voter authorized debt.

- Funding for increases to service levels may be considered for voter approval of a tax rate over the voter-approval tax rate for operations.
- Depending on revaluation, the tax rate split may need to be adjusted between debt service and M&O to achieve the voter-approval tax rate.
- If residential revaluation consistently exceeds commercial revaluation, consider adjusting the homestead exemption to rebalance the tax roll.
- Homestead exemption adjustments will occur in the year following the significant valuation adjustment.
- Any new value to the tax roll will result in growth in the tax levy, which is needed to support services to the new development.
- Budgeted revenue from property taxes should include an allowance of 1% for potential reductions in value from court ordered reductions. (essentially budget revenues at 98.5% of the levy amount)

### *Homestead Exemption*

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The residential homestead exemption is a tool available to the City to manage residential tax bills in the long term. When the financial health of the City's finances and the economic and market conditions of the local economy justify, the City Manager may recommend an adjustment to the homestead exemption. City Council may direct the City Manager to pursue an adjustment to the homestead exemption as part of a broad financial management strategy to rebalance the tax roll, or to offset a planned adjustment to the tax rate, recognizing that increasing the homestead exemption reduces the tax revenue generated to the City from the existing tax rate. In accordance with state statute, a recommended change in the homestead exemption shall be presented to the City Council to allow approval through two readings of an ordinance prior to July 1.

The total exemption percentage granted cannot exceed the state limitation of 20%.

### *Over-Age Exemptions and Disabled Persons Exemption*

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The City shall grant a \$70,000 over-age exemption and disabled persons' exemption each year when economic and financial conditions allow. This amount shall remain stable during the period in which the City is considering adjusting the homestead exemption.

If a tax freeze were ever implemented for over-age and disabled persons, these exemptions would be reduced to zero. (Chapter 2 Article V Sec 2-119, Code of Ordinances)

### *Sales Tax*

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Sales tax used to fund recurring operations shall have a target of 50% of recurring operating expenditures. As sales tax revenue fluctuates due to changes in economic conditions, the City shall endeavor through long-term strategies to limit its reliance on sales tax revenues for funding recurring operating expenditures. The goal is to limit the percentage dependence on sales tax for recurring operations and set aside extra funds for one-time needs. Sales Tax revenue shall be estimated conservatively (See Revenue Estimating for Budgeting).

## Water/Wastewater Transfer for Pay-As-You-Go Capital Projects

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As discussed under Capital Expenditures, the transfer from the City's Utility Fund to fund pay-as-you-go capital projects will be budgeted at a target of \$2,500,000, when financially feasible. It will be based on the financial health of the Utility System Fund with the long-term goal of adequately funding rehabilitation.

## Revenue Estimating for Budgeting

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To protect the City from revenue shortfalls and to maintain a stable level of services, the City shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends. This approach should reduce the likelihood of actual revenues falling short of budget estimates and should avoid mid-year service changes.

### *Sales Tax*

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Given the City's reliance on sales tax as a primary source of operating revenue, sales tax forecasts shall be developed using conservative assumptions and a range of economic and financial indicators to reduce volatility and fiscal risk. The forecasting approach shall emphasize stability, sustainability, and long-term financial planning.

Sales tax revenue projections shall be based on the current fiscal year's projected revenue level, adjusted to exclude audit adjustments, prior-year reconciliations, and large one-time payments that are not expected to continue.

Growth assumptions applied to the revenue baseline shall reflect a combination of key financial and economic indicators, including but not limited to:

- Consumer Price Index (CPI)
- Local and regional economic conditions
- Historical sales tax performance and volatility
- Employment trends, consumer spending patterns, and inflationary pressures

### *Utility System Revenues*

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Utility System Fund revenues will be budgeted using consumption based on an average year's rainfall/consumption (excluding extremely wet and dry years). The City will anticipate neither drought nor wet conditions. Adjustments to water, wastewater and surface water rates shall be made based on revenue requirements over the five-year forecast for the utility system fund, and adjustments necessary to build and maintain revenue coverage requirements shall be made in advance of anticipated bond issues, if possible, to allow for smaller adjustments to be made over time.

When significant projects are identified that will require an increase in revenues to meet bond coverage requirements, rates shall be adjusted as early as possible to allow the revenues to be well established to minimize any downward pressure on the bond rating and potentially provide positive impacts for an upgrade.

If an extreme weather event should take place (like Winter Storm Uri in 2021) that causes customers to experience waterline breaks resulting in damage to property, City Council may consider an Ordinance to provide temporary relief from excess billings. Staff shall recommend a relief program to City Council based on the circumstances of the event.

## Employee Compensation

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When funding is available, the proposed budget shall include an amount adequate to cover market and tenure movements in the public safety and non-public safety compensation structures, and associated performance recognition programs as determined annually by the City Manager. This amount will be calculated for each department, based on budgeted salaries for the year, and will be placed in the appropriate budget accounts. The City does not give cost of living adjustments.

The City's compensation plan shall be approved by the City Council and administered by the City Manager as identified in the City Charter and the Council adopted Compensation Philosophy (Resolution No. 24-26). All employees shall be paid within the approved budget and established compensation structures and performance programs.

## Budget Management

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The budget is adopted by City Council through one reading of an ordinance, no later than the 25<sup>th</sup> day of September, as directed by Section 6.03b of the City Charter. Under Texas Tax Code Section 26.05(a), if the proposed tax rate is more than the voter-approval tax rate the budget and tax rate must be adopted not later than 71 days before the November election date. This is the deadline for an election to be called for November for voters to approve the tax rate that exceeds the voter approval tax rate. Upon approval, the budget can be either amended or adjusted based on the level of changes needed. Under Local Government Code 102.009(a)- The governing body may levy taxes only in accordance with the budget. This means that the budget must be adopted before an ad valorem tax rate may be adopted.

- Amendment- an increase to the overall appropriation in the fund or capital project. Must be approved by City Council through one reading of an ordinance.
- Adjustment- a reallocation of funds between departments without changing the total operating fund budget. Must be approved in accordance with interdepartmental policy AD-113: Operational Authority Limits.

Upon approval by the City Council, the budget must be filed with the County Clerk.

## Operating Budget Adjustments

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The City Manager is responsible for managing the operating budget after it is formally adopted by City Council, including the transfer of funds within program, between programs, between departments, and expenditure of contingency funds if there is no change in service levels as a result of the adjustments. The City Manager may further delegate levels of authority for the daily operation of the budget. See interdepartmental policy AD-113 for guidance on Operational Authority Limits.

## Contingency Funds

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The City recognizes that one-time expenditures cannot always be anticipated, and that it is not efficient for departments to set aside recurring funding for unanticipated expenses, such as run-off elections or emergency repairs that don't occur every year. A centralized contingency allows for management of one-time funds available to meet those needs, subject to approval by the City Manager.

The General Fund operating budget will target one-time funding for contingencies equal to 1% of operating expenditures in the adopted budget. The General Fund may also include a budgeted reserve of one-time funding to cover potential emergency response costs to cover expenses until reimbursed by FEMA. The Utility, Airport and Solid Waste funds will each budget a contingency of one-time funds appropriate to the potential unexpected operating needs for each fund.

Contingency funds are budgeted as a one-time expenditure. Use of contingency funds requires approval by the City Manager and are limited to funding one-time items that are not funded in the annual budget, or that could not have been planned for during the annual budget.

## Operating Budget Amendments

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Under State law, the budget must be adopted before a tax rate can be adopted. Should the adopted tax rate generate significantly more or less ad valorem tax revenue than the adopted budget, the operating budget shall be amended as soon as possible to ensure that budgeted expenditures remain balanced with anticipated revenue sources.

Budget reductions shall be targeted to regain structural balance and focused on reductions to recurring expenditures for non-core services when the imbalance is due to recurring a revenue shortfall.

To preserve projected fund balances/ ending balances based on projected revenues and expenditures for the current fiscal year, City Council will amend the annual operating budget for all funds, excluding capital improvements funds, as set forth in the projections. The City Council will amend the current fiscal year budget to projections annually through adoption of an ordinance amending the budget.

Contracts or purchases presented for City Council approval shall identify the budgeted amount for the item within the current approved budget. A budget amendment by the City Council is only necessary if the total appropriation for the fund is increased. This could occur under, but is not limited to, the following situations:

1. The budgeted appropriation will be exceeded at the fund level prior to year-end.
2. Acceptance of a grant that was not included in the annual budget.
3. Appropriation from fund balances for one-time items that were not budgeted.
4. A donation or sponsorship that exceeds budgeted revenues and cannot be absorbed within contingency funding.

To streamline the process, budget amendments are to be considered by the City Council on an as-needed basis and then formally adopted by ordinance periodically.

- Budget Amendment for Carryovers- appropriating funds for one-time items budgeted in the previous fiscal year that were in progress but not complete at year-end. Funding comes from fund balance more than policy requirements at the end of the fiscal year.
- Budget Amendment for Projections- as part of the annual budget process, the Budget Department re-estimates revenues and expenditures based on year-to-date actuals plus a projection for the remainder of the year. The budget is amendment to formally document the projections, which becomes the revised budget for the year.

Each budget ordinance shall summarize and include all budget amendments approved by City Council for affected funds since the last ordinance was approved. At year end, the annual operating budget will be amended by ordinance through projections and will reflect adjustments that were approved by the City Manager.

### Capital Projects Budget Amendments

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As capital projects are budgeted on a project length basis and not a fiscal year basis, a project budget needs approval of a budget amendment when one of the following applies:

1. Increase to project funding with a corresponding funding source, such as:
  - a. Inter-local agreements
  - b. Award of a grant to enhance or expand the project
2. Reallocation of funding from one capital project to another, except:
  - a. When splitting funding for a project into multiple projects for tracking purposes when the total amount budgeted for the overall project does not change or
  - b. When allocating additional funds from CIP fund balance to a project to accommodate a change order, if the additional funding needed does not exceed the lesser of 5% of the original project budget or \$50,000, and the change order does not need approval from City Council nor materially change the scope of the project.

3. Increase to project funding from the Capital Projects Fund Balance or other funding source, such as operating contingency.
4. Reduction to project budgets as discussed below:
  - Capital Project budgets shall be amended (reduced) when construction bids come in significantly less than estimated costs, project estimates shall be adjusted to reflect the construction bid plus a sufficient contingency and other project needs, and the remaining budget shall be reduced as necessary to reflect savings.
  - When a project is funded from the issuance of debt, if the debt has not been sold at the time of the budget reduction, the revenue budget for bond proceeds shall be reduced accordingly.

### Mid-Year Operating Deficits

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During the fiscal year, the City may find or anticipate revenues falling short of budgeted levels. If so, the City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year end. Corrective actions are to be implemented by the City Manager with a report to advise the City Council of the actions taken. Corrective actions in order of precedence are:

1. Manage Vacant Positions.
2. Deferral of capital purchases.
3. Expenditure reductions.
4. Hiring freezes.
5. Freeze or reduce planned merit increases.
6. Use of fund balance, including Replacement Fund balances.
7. Adjustment of fees.
8. Lay-off employees.

Short-term loans shall be avoided to balance the budget.

The use of fund balance, which is a one-time revenue source, may be used to fund an annual operating deficit, only with a plan prepared as part of the annual budget to replenish the fund balance within two years if it is brought down below policy level.

### Five-year Forecast of Revenues and Expenditures

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A five-year forecast of revenues and expenditures shall be prepared in conjunction with the annual budget process for the following funds:

- General Fund
- Debt Service Funds
- Tourism Fund

- Utility System Fund
- Airport Fund
- Economic Development Corporations
- Five-Year Capital Improvement Program

The forecast assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve the City's goals. The forecast will provide an understanding of available funding; evaluate financial risk; assess the likelihood that services can be sustained; assess the level at which capital investment can be made; identify future commitments and resource demands; and identify the key variables that may cause change in the level of revenue. The forecast will be used to identify anticipated financial issues so that a plan can be developed to correct anticipated issues before they become reality. As economic conditions permit, the assumptions used to prepare the five-year forecast shall be consistent with those used to prepare the annual operating budget, unless specifically directed by the City Council.

## REVENUES AND OTHER RESOURCES

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The City shall strive to maintain a balanced and diversified revenue system to protect the City from fluctuations in any one source due to changes in local economic conditions, which may adversely impact that source. The Budget Department shall maintain a revenue manual documenting the various revenue sources of the City and how those revenues are derived and estimated.

### Property Taxes

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- Taxes on Airport Value- Property taxes collected on taxable property at the Airport will be transferred to the Airport Fund to use for operations and development. This will ensure that users paying the property tax will see a direct benefit to the Airport.
- Rebates to Municipal Utility Districts (MUDs) – As stipulated in the individual utility agreements, the City has agreed to rebate a portion of City taxes collected on properties within in-city MUDs back to the districts through various utility agreements. Rebate payments shall be calculated based on the taxes collected by the City on properties within the district since the point of the last rebate calculation (quarterly or semi-annually depending on the MUD), less any refunds given on those properties during that period.
- Payments to Tax Increment Reinvestment Zones (TIRZ)- The City has several TIRZ established within the City. Taxes paid to the City on properties in each zone are paid to each TIRZ annually; payments due shall be adjusted for any refunds given on those properties since the last TIRZ payment was made.

### Sales Tax Revenue

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- Monthly, the Economic Development Corporations will be allocated their percentage of the actual monthly sales tax remittances.

- b. The City's portion will be deposited into the General Fund. Revenues over the budgeted recurring sales tax will be identified and set aside as one-time revenues for allocation as a one-time funding source during the next year's budget process.
- c. Sales Tax from Sale of Aircraft
  - 1. Sales/Use tax remitted to the City that is determined to be from the sale/purchase of aircraft at the City's Airport will be transferred to the Airport Fund, excluding the percent allocated to the Economic Development Corporations.
  - 2. The proceeds that are allocated to the Economic Development Corporations will be identified as potential funding for Airport projects that legally meet the requirements of the Corporations.

### Administrative Services Charges

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The City shall determine annually the administrative services charges due to the General Fund from the enterprise funds for overhead and staff support using a cost allocation model.

### Utility System Transfer to the Debt Service Fund for Assumed Water/Wastewater Debt

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The Utility System Fund shall transfer to the Debt Service fund an amount/percent calculated annually for water/wastewater infrastructure debt assumed by the City due to annexation and dissolution of municipal utility districts.

- a. The goal is to have water/wastewater debt funded by water/wastewater revenues as much as possible within the financial resources of the Utility Fund, without negatively impacting the utility fund.
- b. The City's intent is to fund a transfer amount that equates to 100% of the annual debt service requirements for water/wastewater debt in the Debt Service Fund.
- c. If the City should assume additional debt from municipal utility districts in the Debt Service Fund, the annual transfer for water/wastewater infrastructure debt will be reviewed and recalculated, if necessary. The overall percentage covered may need to be adjusted based on affordability.
- d. If the City refunds outstanding bonds assumed from municipal utility districts, the transfer to the debt service fund will be adjusted in the following year's budget to reflect the updated debt service schedule.

### Surface Water Revenues

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The City will account for revenues and expenses associated with the mandated reduction in groundwater usage within the Utility System Fund.

- a. All participants in the City's Groundwater Reduction Plan will pay into the fund an amount based on water supplied at a rate established per 1,000 gallons (GRP fee). This rate is set by Ordinance.
- b. The GRP fee shall be paid monthly based on metered water pumped from groundwater sources.
- c. City customers will be billed a surface water fee based on billed water consumption.

## Water/Wastewater Billings

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Water, wastewater, and surface water charges are billed in arrears, as customer meters are read monthly for the previous month's water usage. At year end, revenues are accrued to adjust revenues to full accrual basis but during the year, revenues are recorded on a modified accrual basis (when billed).

## Revenue Collections

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The City shall maintain high collection rates for all revenues by monitoring monthly receivables. The City shall follow an aggressive, consistent, yet reasonable approach to collecting revenues to the fullest extent allowed by law for all delinquent taxpayers and others overdue in payments to the City. Where possible, the City will implement collection improvement programs to improve payment of amounts owed to the City. These programs can include, but are not limited to, inter-local cooperation between government entities and prohibiting receipt of optional services when outstanding balances are due.

- a. The City shall contract for billing and collection services when it makes financial sense to do so.
  - a. Emergency Medical Services transport billing requires a high level of knowledge relating to medical billing; in this case, outsourcing the billing & collection of EMS transport fees is the most prudent thing to do.
  - b. Property tax billing & collection requires certification of a tax assessor/collector and significant staff time; contracting this service to Fort Bend County makes financial sense and the City will continue to do so if it makes financial sense.
- b. The City shall contract for collection of delinquent receivables when it makes economic sense for the City to do so. The City currently contracts directly for the following delinquent receivables:
  - a. Court Fines & Warrants
  - b. Emergency Medical Services Fees
  - c. Miscellaneous Receivables, including Alarm Response Fees
  - d. Property Taxes- through the contract with Fort Bend County Tax Office
- c. Write-off of Uncollectible Receivables (excludes court fines and warrants)
  - a. Receivables shall be considered for write-off as follows:
    - i. Undeliverable mail – accounts that remain outstanding for 6 months and all steps have been exhausted.
    - ii. State Statute authorizing the release or extinguishment, in whole or in part, of any indebtedness, liability, or obligation, if applicable.
    - iii. Accounts outstanding for 3 years, identified as uncollectible, and all attempts to collect have been taken.

- iv. The write-off of uncollected accounts is a bookkeeping entry only and does not release the debtor from any debt owed to the City.
  - v. The City shall estimate uncollectible accounts through an allowance for doubtful accounts in each fund with receivables.
- b. Annually, City Council approve the write-off of certain property taxes under the Tax Code that is not subject to a lawsuit (10 years for personal and 20 years for real property). The Tax/Assessor-Collector submits the amounts to the City to be written off, for approval by the City Council.

## User Fees

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The City shall design, maintain, and administer a revenue system that will assure a reliable, equitable, diversified, and sufficient revenue stream to support desired City services.

## General Fund

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- a. For services that benefit specific users the City shall establish and collect fees to recover the costs of those services.
- b. Where services provide a public benefit, the City shall finance those services through property and sales taxes.
- c. For services that provide both specific benefits and a public benefit, it may be appropriate to subsidize from property and sales tax revenues.
- d. Costs of Services are defined as full cost; direct, indirect, and overhead.
- e. Factors in setting of fees shall include but not be limited to: market and competitive pricing, effect on demand for services, and impact on users, which may result in recovering something less than full cost.

## Enterprise Funds

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- a. Utility rates and other fund user fees shall be set at levels sufficient to cover operating expenditures (direct and indirect), meet debt obligations and debt service coverage, provide pay-as-you-go funding for capital improvements, and provide adequate levels of working capital.
- b. The City shall seek to eliminate all forms of subsidization between the General Fund and Enterprise Funds
- c. The Five-Year Financial Plan shall serve as the basis for rate change considerations. Rate adjustments are to be recommended based on the revenue requirements identified in the utility rate model based on the five-year capital improvement program, consumption data and other factors that influence the utility system demands for services and capacity.
- d. If rate adjustments are necessary, the Five-Year Financial Plan shall be built around smaller rate adjustments annually versus higher rate adjustments periodically. Rates shall be set to ensure that the revenues exceed coverage requirements established in bond covenants based on anticipated system demands.

### *User Fee Creation and Revision*

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Working with the department or office, the Budget Department will determine the cost for each service and determine a full-cost price. Fees shall be set to recover an appropriate level of cost for each service, depending on what proportion of the cost has been determined to be supported by general revenues. Once a fee has been proposed for a particular service, the fee will be compared to market, evaluated for potential effects on users such as low-income households, market demands of service, etc. Fees will then be recommended to the City Manager and City Council based on all information gathered through the fee evaluation.

User fees shall be adjusted by the Houston- Sugar Land- Baytown MSA CPI annually or through a review of cost of providing the service as part of the budget process, and a fee ordinance shall be adopted at the beginning of each fiscal year to reflect the fee revisions. Fee changes are effective for all activity billed or generated on or after the effective date of the fee ordinance.

### *Non-Resident Surcharges*

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For services provided to municipal utility districts, facilities located outside the City limits or individuals who reside outside the city limits, the City may assess an out-of-city service fee or non-resident user fee. The surcharges shall be set either as an additional percentage fee or a separate fee for non-residents and can be established by ordinance or by contract.

## **EXPENDITURES AND SERVICES**

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### *Operating Expenditures*

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Identify services, establish appropriate service levels, and administer the expenditure of available resources to ensure fiscal stability and the effective and efficient delivery of those services within the service delivery plan.

### *Purchasing and Vendor Selection*

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The City Manager shall maintain policies and procedures to ensure compliance with state laws relating to procurement of goods and services.

It is the policy of the City that, when lowest qualified bid is not the sole determining factor for a contract award, the contract shall be awarded to the highest ranked vendor based on merit as determined by a thorough evaluation by a team of staff evaluators. Merit factors that can be taken into consideration include qualifications, experience, quality of team, equipment, scheduling, and proven performance. In accordance with state law, City Council approval is required on purchases that will expend more \$100,000 of City funds over the term of the contract. After purchasing staff verification that all applicable state laws, purchasing policies, and procedures have been followed, a recommendation for award is made to City Council by staff.

## Operational Performance Management Program

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The overall objective of the performance management program for the City of Sugar Land is to measure and track the city's progress in achieving its goals and objectives, and to provide valuable insights for decision making, resource allocation, and continuous improvement. By defining key performance indicators (KPIs) and implementing a systematic approach for reviewing and utilizing these metrics, this program aims to improve decision-making, resource allocation, and accountability.

The selection of performance measures should be based on the following principles:

1. **Alignment with City Goals:** Each metric should directly align with the strategic goals and priorities of the City of Sugar Land, as outlined in its long-term plans and vision.
2. **Relevance:** Metrics should be relevant to the specific focus area they are intended to measure, providing meaningful insights into the city's performance.
3. **Measurability:** Metrics should be quantifiable and measurable using available data sources or through specific data collection efforts
4. **Actionability:** Metrics should provide information that can be acted upon, helping identify areas for improvement and guiding resource allocation decisions.
5. **Accessibility:** Metrics should be easily understandable by stakeholders, including city officials, staff, residents and businesses.
6. **Balance:** A balanced set of metrics should be established to capture the different dimensions of performance in each focus area.
7. **Long-term Perspective:** Some metrics should focus on long-term trends and impacts to assess the city's progress over time.

## Annual Program of Services

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Annually, as part the budget document, a program of services for each department will be established for the ensuing year. The program of services will include a high-level summary of services from the service delivery plan, as well as key service level expectations and staffing levels.

## Maintenance of Capital Assets

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Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at a sufficient level to protect the City's investment, to minimize future replacement and maintenance costs, and to maintain service levels. Maintenance and repairs must be documented at an appropriate level to allow a third party to understand what was performed and when. This will ensure that if an asset is damaged in an emergency that the City will be reimbursed for the damages that are not due to normal wear & tear. Should damages occur to an asset, the damages should be carefully documented prior to making repairs to ensure the City can be reimbursed from insurance or FEMA funds, as appropriate.

## Periodic Operational Reviews

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The City Manager and staff shall undertake periodic operational reviews of City programs and services for both efficiency and effectiveness. The operational reviews can be conducted at the service level by the departments on a recurring basis with the use of the Service Delivery Models and sound performance measures and can be evaluated in-house by staff or contracted to a consultant with expertise in a particular area. This should be an ongoing continuous improvement process developed through the Operational Performance Management Program.

Outsourcing and contracting with other governmental agencies and/or the private sector can be evaluated as alternative approaches to service delivery, as well as insourcing services to achieve efficiency, preserve service levels and cost savings compared to contracting. Programs or services determined to be inefficient and/or ineffective shall be recommended through the annual budget process to be reduced in scope or eliminated.

## Outsourcing vs Insourcing of City Services

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The City provides many municipal services to its citizens covering a wide variety of disciplines. Attempting to perform all these services in-house could dilute the City's efficiency and not be cost effective. Two of the management tools utilized by the City to maximize efficiency and cost effectiveness are outsourcing and managed competition processes, the mere consideration of which provides economic benefits that flow from competition.

Services that are currently outsourced should be evaluated for delivery of services in-house only if insourcing results in improved service levels and/or cost savings. The economic benefits of competition include lower costs and improved quality of performance irrespective of whether a given service is ultimately performed in-house or outsourced.

## FUND BALANCE/WORKING CAPITAL

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Maintain the fund balance and working capital of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations. Should the budgeted fund balance drop below the minimum identified by the policy below, the City will establish a plan to replenish the balances within two years.

## Governmental Fund Balances

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There are five categories of Fund Balance in all governmental funds, not all will always be present. The categories are defined below:

1. Non-spendable- cannot be spent due to being non-spendable in form or the city being legally or contractually required to maintain this amount intact.
2. Restricted- balances are subject to external restrictions from creditors, grantors, contributors, or laws of other governments.

3. Committed- use of funds is only for specific purposes as determined by City Council. City Council will approve obligations of funds such as multi-year contracts prior to the end of the fiscal year.
4. Assigned- intended use of balances for specific purposes is established by the City Council or delegated to the City Manager that is neither restricted or committed and includes the remaining positive balance of all governmental funds except the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category.
5. Unassigned- balances are available for any purpose; excess fund balances after above categories have been deducted. This type of balance is reported in the General Fund and negative fund balances in other than General Fund.

### General Fund Unassigned Fund Balance

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The City must maintain a General Fund unassigned fund balance equivalent to at least three months of normal recurring operating costs, based on current year budgeted expenditures. If the fund balance exceeds this amount, the amount more than policy requirements may be utilized to fund one-time expenditures in the next fiscal year's budget.

Other governmental operating funds that do not have a policy minimum defined shall adhere to the general fund balance policy.

The City will typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

### Working Capital of Enterprise Operating Funds

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In enterprise operating funds, the City shall maintain working capital sufficient to provide for reserves for emergencies and revenue shortfalls, specifically in the Utility System and Airport Funds. Enterprise funds without major infrastructure or assets will have no minimum balance requirement. Minimum reserve balances exclude debt service reserves or restricted funding. A cash equivalent operating reserve will be established and maintained as follows:

1. Utility System Fund - 25% of the current year's budget appropriation for recurring operations and maintenance.
2. Airport Fund - 25% of the current year's budget appropriation for recurring operations and maintenance, excluding fuel for resale.
3. Solid Waste Fund – target balance of 5% of recurring operating expenditures.

The cash equivalent operating reserve is derived by dividing the total cash equivalents balance by recurring operating expenses. (Cash equivalents = Cash + Investments + Accounts Receivable – Accounts Payable)

### Use of Fund Balance/Working Capital

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Fund Balance/Working Capital shall be used only for emergencies, non-recurring expenditures/ expenses, or major capital purchases that cannot be accommodated through current year's savings. Should such use reduce balances below the level established as the minimum for that fund, the request/decision to utilize said balances will include a plan to replenish funds within two years.

## Inter Fund Loans

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Through the long-range financial planning process, the City may identify a short-term capital financing need that does not qualify for debt financing, and funds are available in special revenue or enterprise funds balances. An inter fund loan is a loan from one fund to another that specifies repayment terms and requires approval by City Council Resolution. Inter fund loans may not be used to support operating needs but are allowable for cash flow needs related to capital projects involving third party financial transactions, such as grants or reimbursements.

Inter fund loans may be considered in cases where a short-term loan is needed to cash-flow a project that does not qualify for tax-exempt bond financing. An example of this situation, but not limiting to this case, is a future reimbursement by a grant or developer for project funding that needs to move forward prior to funds being available. This is similar to how the IRS allows the City to reimburse itself from future bond proceeds, except the funds are coming from a source other than tax exempt bonds. Inter fund loans may be considered when one fund has excess reserves (over policy requirements) that are not anticipated to be needed prior to repayment.

The inter fund loan shall be documented by City Council Resolution and shall define the following:

1. Source of the Funding.
2. Use of the Funds (project).
3. Maximum Amount.
4. Repayment Schedule.
5. Interest accrual, consistent with City investment rates of return at the time of the loan.

The proposed inter fund loan shall be identified during the annual budget and CIP process as a funding source and discussed with the Council Finance/Audit Committee prior to the Resolution being considered by City Council. Any changes to repayment terms shall be approved by City Council via Resolution and clearly identified in the budget document. Completion of payments will be reported to City Council through a memorandum which will also document the status and terms of any other inter-fund loans. If any circumstances arise that could prevent payment of the loans as scheduled, the City Council will be notified in writing as soon as possible.

## Debt Service Funds

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The City shall maintain the debt service fund balance at 10% of annual debt service requirements OR a fund balance reserve as required by bond ordinances, whichever is greater.

The City shall maintain a separate Debt Service Fund for any taxable bonds. This debt service fund shall have a reserve requirement separate from the tax –exempt debt service fund to be defined in the bond documents as bonds are issued.

## Other Funds (Internal Service & Special Revenue)

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### Fleet Replacement Fund

The Fleet Replacement Fund reserve will be maintained based upon a lifecycle or useful life replacement plan to ensure adequate fund balance required for systematic replacement of fleet vehicles. Fund Balance shall not be less than 10% of the total inventory asset value.

### High-Technology Replacement Fund

The High-Technology Replacement Fund reserve will be maintained based upon a lifecycle or useful life replacement plan to ensure adequate fund balance required for systematic replacement of technology. Fund Balance shall not be less than 10% of the total inventory asset value.

### Employee Benefits Fund

The Employee Benefits Fund is funded through City and employee contributions. Estimated costs shall be determined during each budget year and the contributions adjusted accordingly. This fund should carry a reserve equal to the estimated maximum liability to the City before aggregate stop loss coverage kicks in, less budgeted funding. If the reserve falls below this level, the City should increase contributions to the fund over the next 2 years, until the aggregate stop loss liability is met.

### Tourism Fund

The Tourism Fund is supported by a 7% City tax on hotel occupancy within the City, which can fluctuate based on changes in the economy. A minimum fund balance of 10% of budgeted occupancy tax collections shall be maintained in the fund.

### Economic Development Corporations

As sales taxes fluctuate due to changes in the economy, the SLDC and SL4B Corporations shall maintain a minimum fund balance of 15% of budgeted annual sales tax revenues.

## CAPITAL EXPENDITURES AND IMPROVEMENTS

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City staff will review and monitor the state of the City's capital equipment and infrastructure annually, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

### Capitalization Threshold for Tangible Capital Assets

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Tangible capital items should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition or significantly extend the useful life of the existing asset and cannot be consumed, unduly altered, or materially reduced in value immediately by use and has a cost of not less than \$10,000 for any individual item.

The capitalization threshold of \$10,000 will be applied to individual items rather than to a group of similar items, (i.e.: desks, chairs, etc.) unless doing so would have a material impact on financial reporting. The capitalization threshold for infrastructure will be \$50,000 or more.

## Five-Year Capital Improvement Plan (CIP)

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The City shall annually prepare a five-year capital improvement plan based on the needs for capital improvements and equipment, the status of the City's infrastructure, replacement and renovation needs, and potential new projects. Capital projects are improvements or additions to the City's physical infrastructure and become part of the City's asset inventory. Capital projects can be further categorized into land, buildings, improvements other than buildings, and infrastructure, which includes roads, sidewalks, bridges, utility lines, etc. Capital costs typically consist of studies, preliminary design, final design, and construction, and may involve the acquisition of land or easements. For every project identified in the plan, a project scope and project justification will be provided. Also, project costs shall be estimated, funding sources identified, and annual operation and maintenance costs computed.

Citizens, PARCS Board and the Planning and Zoning Commission will be provided opportunities to review the list of CIP projects for the Five-Year Capital Improvement Plan and may suggest additions and/or changes to the plan as appropriate. Pursuant to the City Charter, the Planning & Zoning Commission makes recommendations to the City Council on the City's Five-Year Capital Improvement Plan.

The City Manager is charged with recommending a Capital Improvement Plan to City Council. Projects submitted, either by staff, through a neighborhood or citizen request, or through joint participation, will be reviewed in conjunction with the entire capital improvement program and submitted to City Council for final consideration. The Five-Year Capital Improvement Plan shall be filed and year one funding approved with the annual budget. Years two through five are for planning purposes only, and may move up, back, or be phased, and cost estimates might be revised as the project becomes more refined based on preliminary engineering and design work gets completed.

The Five-Year CIP shall be limited to the affordability limits identified in the long-range financial plans of the City, taking into consideration pay-as-you go funding, voter approved bond authorization, revenue debt capacity, operating costs, etc. Affordability shall be determined by the revenue assumptions used to build the five-year forecast.

Projects that cannot be funded in the Five-Year CIP using the affordability assumptions will be included in the CIP for future reference as an appendix of unfunded requests and considered for future funding or a bond referendum.

The City will establish and maintain Capital Project Funds based on various funding sources as identified below:

- General Capital Projects (non-bond) - includes projects funded from general fund one-time revenues and other funding sources. Projects recommended for funding from non-voter approved bond sources should be consistent with the overall prioritization and ranking of the five-year CIP.

- Corporation Capital Projects (non-bond)- supported by funding resolutions of the Sugar Land Development Corporation and Sugar Land 4B Corporation. Projects must qualify for funding by the respective corporation and meet all applicable public notice and public hearing requirements.
- General Capital Projects (tax-exempt bond funds)- supported by proceeds of tax-exempt bonds that are to be repaid from property taxes and interest earned thereon; projects funded from this source must be consistent with the uses identified in the bond documents. Use of remaining bond proceeds after project completion should be targeted to be consistent with the overall prioritization and ranking of the five-year CIP.
- Taxable Bonds Capital Projects- supported by proceeds of taxable bonds that are to be repaid from sources other than property taxes.
- Federal Grant Funded Capital Projects- funding for federally funded projects, which have additional requirements that must be met; this includes matching funds from the state, which are pass-through from federal funding sources.
- Utility System Enterprise CIP (non-bond) - includes projects funded from revenues of the utility system. Includes rehabilitation of infrastructure to extend its useful life. Revenues are budgeted as a transfer from the Utility System Operating fund.
- Utility System Enterprise CIP (bond funds) - supported by proceeds of tax-exempt bonds that are to be repaid from enterprise utility revenue sources. Bonds Payable is recognized in the Utility Enterprise Fund as long-term liabilities.
- Airport Enterprise CIP (non-bond) - includes projects funded from revenues of Sugar Land Regional Airport and outside funding sources. Revenues are budgeted as a transfer from the Airport Operating fund or as grants from third parties (FAA/TxDOT).
- Airport Enterprise CIP (bond funds) - supported by proceeds of tax-exempt bonds that are to be repaid from enterprise airport revenues. Bonds payable are recognized in the Airport Enterprise Fund as long term liabilities.

Annually, through the budget process and at year-end, projects are to be reviewed and if identified as complete will be closed according to the Project Close-out Procedures by Budget and Engineering, and any remaining funds closed to the CIP fund balance, which can then be re-appropriated during the next fiscal year capital budget. Funds remaining from bond proceeds will only be used in accordance with the legal use of those funds.

Appropriations for capital projects are for the life of the project; therefore, re-appropriation of capital funding for budgeted projects will not be necessary.

### *Infrastructure Evaluation and Replacement/Rehabilitation:*

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Water, wastewater, drainage, street lighting, streets and sidewalks, municipal facilities, and other infrastructure are fundamental and essential functions for public health and safety, environmental protections, and the economic well-being of the City. As a result, the City's operating budget should be funded at a level to ensure that infrastructure is replaced or rehabilitated as necessary to protect the City's investment, to minimize future

replacement and maintenance costs, extend the useful life of the asset, and to maintain existing levels of service and accommodate growth.

Infrastructure will be replaced or rehabilitated at the end of its useable service life if it is financially feasible to do so. If upgrades are warranted to meet current design standards, a cost/benefit analysis will be performed.

### *Community Redevelopment Projects*

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A Community Redevelopment Project is a capital project approved, funded, and implemented within an identified neighborhood for the purpose of upgrading public infrastructure to an established standard without regard to the remaining serviceable life of the infrastructure. Requests will be reviewed and prioritized in conjunction with the entire capital improvement program and within the City's financial ability for pay-as-you-go funding, not to exceed ½ of one percent of the total City operating budget. There will be a dollar-for-dollar match to City funds from non-City third-party sources. (See Capital Improvement Projects for Community Redevelopment Policy)

### *Joint Capital Improvement Projects*

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The City will establish guidelines for City participation in Joint Capital Improvement Projects with community-based organizations that would either add to or enhance the City's Five-Year Capital Improvement Plan (See Resolution 14-27, Policy No. 5000-09 Joint Capital Improvement Projects with Community Based Organizations using Sugar Land 4B Funds).

The projects must benefit the public and be located in the public right of way. In the proposed budget, \$200,000 will be set aside annually for the City's participation in these type projects, funded through the Sugar Land 4B Corporation, pending funds availability and subject to approval by the City Council. A maximum of \$75,000 will be contributed to any one project, and in no case will the Corporation contribute over 50% of project funding. The request will be reviewed, verified to ensure the request meets the criteria set forth in the policy, and prioritized within the financial ability of the Sugar Land 4B Corporation.

The City may also consider requests for participation in funding capital enhancements to projects that have been completed and are open to the public. (see Resolution No. 19-03, Policy on Requests for Funding Public Destination Venue Capital Enhancement Projects) Funding is to be provided through the Sugar Land 4B Corporation and projects must qualify under this policy to be considered for funding. One-time funding may be appropriated in the SL4B budget from fund balances available over the policy requirement or from Reserve for Opportunity Funding that has been appropriated in the budget.

### *Replacement of Capital Assets on a Regular Schedule (Fleet and Technology)*

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The City shall annually prepare a schedule for the replacement of its fleet and high technology capital assets. Funding for the replacement of these assets will be accomplished using an annual depreciation structure charged to each participating fund at 100% of annual depreciation based on lifecycle or useful life of the asset. Within the resources available each fiscal year, the City shall replace these assets according to the Fleet and High Technology Replacement Policies.

## Capital Expenditure Financing

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The City recognizes that there are three basic methods of financing its capital requirements: Funding from current revenues; funding from fund balance/working capital as allowed by the Fund Balance/Working Capital Policy; or funding through the issuance of debt. Types of debt and guidelines for issuing debt are set forth in the Debt Policy Statements.

### *Pay-As-You-Go Capital Improvements*

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1. The City may allocate one-time general revenue funding to capital improvements and capital purchases. When capital improvements are funded, the funds will be transferred to the non-bond CIP fund.
2. Unless CIP balances are sufficient to pre-fund pay-as-you-go projects, scheduling of pay-as-you-go capital improvement projects shall coincide with the transfer from system revenues. CIP projects funded by pay-as-you-go funding must receive approval from the Budget Department before they begin, to ensure funding is available.

### *Timing of Bond Funded Projects*

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When capital projects are funded by a planned bond issuance, under IRS regulations the projects may begin ahead of the actual issuance of the bonds, if the City Council has approved a Resolution stating the City's Intent to Reimburse from the proceeds of future tax-exempt bond issues. The resolution must be approved within 60 days of the first expenditure of funds to qualify for reimbursement.

### *Capital Projects Management*

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Capital project status reports shall be completed by project managers monthly, and project status and issues shall be reported to the City Council quarterly.

- a. Project Close Out- A project will be closed once the original scope of the stated project has been completed as determined by Engineering and the project manager.
- b. Remaining Funds- Funds left in a project after completion shall be closed out and fall to the CIP fund balance. Engineering, Accounting and Budget will identify and close out projects on a quarterly basis to facilitate identification of funds that can be used for other projects.

## **DEBT**

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Establish guidelines for debt financing that will provide needed facilities, land, capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

### *Use of Debt Financing*

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Debt financing, to include general obligation bonds, revenue bonds, certificates of obligation, certificates of participation, lease/purchase agreements, and other obligations permitted to be issued or incurred under Texas law, shall only be used to purchase capital assets that cannot be prudently acquired from either current revenues or fund balance/working capital and to fund infrastructure improvements and additions. Debt financing is utilized

to better ensure inter-generational equity by spreading payments of assets and infrastructure over their useful lives. Debt will not be used to fund operating expenditures.

The City may pay cash, when possible, for capital improvements within the financial affordability of each fund versus issuing debt when funding capital expenditures and capital improvements. Projects that are rehabilitative in nature shall be earmarked for funding from cash instead of debt when possible and funded within the department's operating budget. (This is not intended to include reconstruction projects that significantly extend the useful life of an asset.) Cash sources include, but are not limited to general fund one-time revenues, utility and airport system revenues, economic development corporation funding, developer fees, inter-local agreements, and state and federal grants.

## Bond Ratings

In evaluating the issuance of additional debt to finance projects, the City shall consider the statements of the rating agencies regarding the City's financial condition.

Ratings reflect the assessment of the following factors, and these must be evaluated to determine the impact of potential bond issues:

- Local economic activity
- Strong financial policies as evaluated under the Financial Management Assessment methodology
- Budgetary performance & flexibility
- Total liquidity and reserve balances
- Debt and contingent liability- evaluation of debt carrying costs as a percent of expenditures
  - With adjustments for self-supporting debt
- Impact of future debt issuance on bond ratings/debt profile and outlook
- Voter authorized bonds and tax rate impact

## Affordability

The City shall use an objective analytical approach to quantify the impact of new general-purpose debt, both General Obligation Bonds and Certificates of Obligation. This process shall compare City accepted standards of affordability to the current values for the City. These standards may include debt per capita, debt as a percent of taxable value, taxable value per capita, and overall tax rate. The process shall also examine the direct costs and benefits of the proposed expenditures.

The analysis will evaluate the capacity within the General Fund to take on the operating expenditures associated with the completion of the proposed capital improvements. When a project will have a significant impact on the operating budget, the M&O tax rate could be pushed over the voter-approval tax rate. This would cause the tax rate to need further approval by voters once the project is completed and placed into service. If additional capacity within voter-approval rate is available, this capacity can be reserved for future implementation of voter approved bond projects to support the O&M impacts of the projects.

## Debt Capacity

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The City shall complete an assessment of debt capacity and the tax impact of proposed bond funded projects as part of the GO bond planning process. The debt capacity is the upper limit on the dollar amount of capital improvements that the City can afford to fund from debt within the proposed debt service tax rate.

Debt capacity calculations for long-term planning shall assume market rates for the average annual interest costs at the time the capacity is determined. The analysis shall assume a debt structure that meets the policy requirement to pay 50% of principal within the first half of the maturity schedule. The analysis shall not assume future refunding of any outstanding bonds and shall consider both debt service requirements on current and proposed debt.

For property tax supported debt, current debt capacity shall be determined based on the amount of annual debt service that the City can fund within the anticipated debt service tax rate with normal growth in assessed valuation. The affordability shall include the anticipated impact to the tax rate necessary to support the proposed debt. This tax rate impact should be stated as a maximum impact based on the assumptions made by the governing body. The calculation shall include the estimated maximum annual increase in the amount of taxes that would be imposed on a residence homestead with an appraised value of \$100,000 to repay the debt obligations, if approved, based on the assumptions by the City. (Government Code Sec. 1251.052)

For revenue debt, maximum capacity shall be determined by the amount of annual debt service that the City can absorb within a proposed rate structure that has been reviewed with City Council and which can support the proposed debt within the additional bonds test as defined in the revenue bond covenants. The City shall not exceed debt capacity as defined through bond covenants or fall below bond coverage ratios for additional revenue bonds.

Factors that will be included in the annual debt capacity determination shall include:

- Existing debt obligations
- Evaluation of revenue and expenditure trends
- Various measures of debt burden on the community
- Debt per capita
- Debt to assessed value ratio
- Taxable value per capita
- Statutory or constitutional requirements
- Market factors such as interest rates, credit ratings or market status

## Certificates of Obligation (CO's)

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Certificates of Obligation may be issued without voter approval to finance any public works project or capital improvement, as permitted by State law. It is the policy of the City to utilize Certificates of Obligation to finance public improvements in limited circumstances and only after determining the City's ability to assume additional debt based on the standards identified above. CO's may not be issued to fund projects that have failed to be

approved by voters in a General Obligation bond proposition for the same purpose within the preceding three years (Local Government Code 271.047 (d)- HB 1378 84<sup>th</sup> legislature).

Given restrictions on the issuance of CO's, publication and notice requirements and increased transparency to residents, the issuance of CO's shall be reserved to limited circumstances. CO's must follow notice requirements under Local Government Code 271.049, be published once per week for two consecutive weeks with the first publication at least 45 days in advance of the tentative sale date.

Notices must include the following information:

1. Time and place for consideration of the ordinance to issue the CO's;
2. Purpose of the CO's;
3. How the CO's will be repaid- property taxes, revenues, or a combination;
4. Detail on debt obligations of the City:
  - a. Outstanding principal of all debt obligations (secured and paid from property taxes);
  - b. Combined principal and interest on outstanding debt obligations;
  - c. Maximum principal amount of the CO's to be authorized; and
  - d. Estimated combined principal & interest to repay the CO's.
5. Estimated interest rates for the CO's
6. Maximum maturity dates for the CO's.

Circumstances in which CO's might be issued include, but are not limited to the following:

- The City may issue CO's when emergency conditions require a capital improvement to be funded rapidly and it cannot wait for the next GO bond election.
- The City may issue CO's for projects when the City can leverage dollars from others (such as county mobility bonds, low interest loans, or partnerships) to reduce the City's capital cost for a community improvement and it is not prudent to wait for the next GO bond election;
- The City may issue CO's if it would be more economical to issue Certificates of Obligation rather than issuing revenue bonds, such as funding for airport or economic development projects that are self-supporting.

### CO's in the Definition of Debt for Tax Rate Calculations

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For CO's issued after September 1, 2021, the debt may be considered as part of the debt service tax rate calculation if it meets the following definition (HB1869 of the 87<sup>th</sup> session amending Texas Tax Code 26.012):

- A bond, warrant, certificate of obligation, or other evidence of indebtedness by a taxing unit that is payable [solely] from property taxes in installments over a period of more than one year, not budgeted for payment from maintenance and operations funds, and secured by a pledge of property taxes; and meets one of the following requirements:
  - has been approved at an election;
  - includes self-supporting debt;
  - evidences a loan under a state or federal financial assistance program;
  - is issued for designated infrastructure;

- is a refunding bond;
- is issued in response to an emergency under Section 1431.015, Government Code;
- is issued for renovating, improving, or equipping existing buildings or facilities;
- is issued for vehicles or equipment; or
- is issued for a project under Chapter 311, Tax Code, or Chapter 222, Transportation Code, that is in a reinvestment zone created under one of those chapters, or
- a payment made under contract to secure indebtedness of a similar nature issued by another political subdivision on behalf of the taxing unit.

Designated infrastructure means infrastructure, including a facility, equipment, rights-of-way, or land, for the following purposes:

- streets, roads, highways, bridges, sidewalks, parks, landfills, parking structures, or airports;
- telecommunications, wireless communications, information technology systems, applications, hardware, or software;
- cybersecurity;
- as part of any utility system, water supply project, water plant, wastewater plant, water and wastewater distribution or conveyance facility, wharf, dock, or flood control and drainage project;
- police stations, fire stations, or other public safety facilities, jails, juvenile detention facilities, or judicial facilities, and any facilities that are physically attached to these facilities;
- as part of any school district; or
- as part of any hospital district created by general or special law that includes a teaching hospital.

Refunding bond means a bond or other obligation issued for refunding or refinancing purposes under Chapter 1207 or 1371, Government Code.

Self-supporting debt means the portion of a bond, warrant, certificate of obligation, or other evidence of indebtedness described above designated by the governing body of a political subdivision as being repaid from a source other than property taxes.

## General Obligation Bonds (GO's)

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General Obligation Bonds require voter approval. To increase transparency and resident engagement, the City may strive to plan and propose General Obligation Bond packages on a regular cycle. As part of the annual budget and CIP process, staff will identify projects for funding within remaining voter approved GO bond authorization. When projects have been identified for funding that cannot be funded from the voted authorization, the City may begin planning for and call the next General Obligation Bond Election.

### 1. Bond Elections-

- a. Timing of general obligation bond elections shall be determined by the inventory of current authorized, unissued bonds remaining to be sold and the City's ability to fund projects in the five-year CIP.

- b. The total dollar amount of bond election propositions recommended to the voters may not exceed the City's estimated ability to issue the bonds within a five-year period after the election passes.
  - c. An analysis showing how the new debt impacts the City's tax rate and debt capacity must accompany every bond proposition proposal in accordance with state law. The analysis will also include the estimated impact on the operations and maintenance portion of the tax rate.
  - d. Each GO bond proposition must be consistent with Government Code Sec. 1251.052 (HB 477 - 2019) and include the following information:
    - 1. The ballot for GO Bonds shall specifically state:
      - i. General description of the purposes for the debt;
      - ii. Total principal to be authorized; and
      - iii. That taxes sufficient to pay the principal and interest on the debt will be imposed.
    - 2. The City must prepare a voter information document for each proposition to be voted on at the election.
      - i. The voter information document must distinctly state:
        - a) Language to be used on the ballot;
          - i. Principal to be issued;
          - ii. Estimated interest costs;
          - iii. Estimated combined principal and interest; and
        - iv. As of the date the election is called:
          - 1) Principal of current debt;
          - 2) Interest on outstanding debt; and
          - 3) Combined principal and interest on outstanding debt.
      - b) Estimated maximum annual increase in the amount of taxes that would be imposed on a residence homestead in the city with an appraised value of \$100,000 to repay the debt obligations, if approved, based upon assumptions by the City; and
      - c) Any other information that the City considers relevant or necessary to explain the information required by this subsection.
    - ii. The voter information document should include assumptions made in connection with the statements regarding the maximum annual increase in taxes, including:
      - a) Assumed amortization of debt – current and proposed;
      - b) Assumed changes in future appraised values; and
      - c) Assumed interest rates on the proposed debt.
2. General Obligation bonds must be used to accomplish projects identified in the bond referendum and associated material.
3. General Obligation bonds must be used for projects that are consistent with the wording in the bond propositions.
4. The tax rate shall be adjusted annually based on the projected impact from the GO bond election. If the tax rate is not adjusted to fully fund approved projects in that year's CIP, the projects will not be funded in the CIP nor bonds issued. The maintenance & operations tax rate will be adjusted at the time the projects are placed into service.

5. The City will strive to take a GO bond package to the voters on a regular cycle, approximately every five years, or as needed; GO bond packages shall be structured to provide sufficient funding in each proposition to complete the identified projects.
  - a. If a GO bond proposition fails to be approved by voters, the City may not issue Certificates of Obligation to fund projects from the proposition for the next three years (Local Government Code 271.047 (d)).
  - b. The City Council may consider placing a proposition back on the ballot for approval by voters within the three-year window, prior to the next scheduled GO bond election.

## Revenue Bonds

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For the City to issue new revenue bonds, revenues, as defined in the ordinance authorizing the revenue bonds in question, shall be a minimum of 125% of the average annual debt service and 110% of the debt service for the year in which debt requirements are scheduled to be the greatest. Annual adjustments to the City's rate structures for enterprise funds will be made as necessary to maintain the coverage factor.

When the City issues CO's for enterprise fund projects, the City shall prepare a five-year financial plan to ensure that the enterprise fund maintains appropriate reserves and coverage requirements.

## Debt Structures

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- The City shall normally issue bonds with a life not to exceed 25 years for general obligation bonds and 25 years for revenue bonds, but in no case longer than the useful life of the asset. The normal maturity structure is 20 years.
- The City shall seek level principal payments or declining debt repayment schedules and shall seek to retire 50% of the total principal outstanding within the first half of the maturity schedule.
- There should be no debt structures that include increasing debt service levels in subsequent years, with the first and second year of a bond payout schedule the exception or as special situations may warrant.
- There shall be no "balloon" bond repayment schedules, which consist of low annual payments and one large payment of the balance due at the end of the term.
- There shall always be at least interest paid in the first fiscal year after a bond sale and principal payments starting generally no later than the second fiscal year after the bond issue.
- Normally, there shall be no capitalized interest included in the debt structure except for debt issuances reimbursing developers for infrastructure, which shall not exceed 2 years of capitalized interest.

## Debt Refunding

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The City's financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a rule, the net present value savings of a particular refunding should exceed

3.0% of the refunded maturities unless (1) a debt restructuring is necessary or (2) bond covenant revisions are necessary to facilitate the ability to provide services or to issue additional debt.

### *Allocation of Savings from Taxable Refunding Bonds*

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When a taxable bond issue is refunded for savings, the savings shall be applied in a way that mutually benefits the City and the beneficiary of the taxable bonds. For Public Private Partnerships financed by Taxable CO's, the use of savings from the refunding should be agreed upon between the partners in advance of undertaking the refunding issue.

### *Interest Earnings and Remaining Bond Proceeds*

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Interest earnings on bond proceeds will be limited to funding changes to the bond financed Capital Improvement Plan in compliance with the voted propositions, cost overruns on bond projects, or be applied to debt service payments on the bonds issued. Issued but unspent bond proceeds may be appropriated for projects consistent with the ballot language after completion of projects identified in the approved bond propositions.

### *Sale Process*

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The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated sale. The City will utilize a negotiated process when the issue is, or contains, a refinancing that is dependent on market/interest rate timing, or if uncertainty in the bond market is such that a competitive issuance may not generate the required 3 bids to meet IRS requirements. The City shall award the bonds based on a true interest cost (TIC) basis. However, the City may award bonds based on a net interest cost (NIC) basis as long as the financial advisor agrees that the NIC basis can satisfactorily determine the lowest and best bid.

### *Underwriting Syndicates*

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In response to the MSRB Rule G-17, which recognizes that the motivations of an underwriter may not be consistent with the best interest of the City, the City shall refer underwriters to its Municipal Advisor to review potential refunding opportunities. The City's municipal advisor is prohibited from underwriting the City's bonds while under contract with the City for municipal advisory services, and for a period of one year after termination of the municipal advisory contract.

The City will consider past participation and results of competitive City of Sugar Land and component unit bond sales when engaging one or more firm to underwrite a negotiated bond transaction.

### *Rating Agency Presentations*

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Full disclosure of operations and open lines of communications shall be maintained with the rating agencies. City staff, with the assistance of financial advisors, shall prepare the necessary materials and presentation to the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, currently Standard & Poor's and Fitch Ratings Inc., as recommended by the City's municipal advisor.

### *Bond Ratings*

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The City will prudently manage the General, Economic Development Corporations, and Enterprise Funds and attempt to issue and structure debt to help maintain or increase the current bond ratings.

### *Direct Borrowings*

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A direct borrowing is when a government engages in a loan with a lender for funding (e.g. bank, credit union, private mortgage company, etc.). A direct placement is when a government issues a debt security directly to an investor.

The City will use lease/purchase agreements or direct borrowing contracts for capital items only when it is cost-efficient and provides for more attractive terms than issuance of bonds. Capital leases and bank loans must be disclosed as debt in the ACFR under GASB Statement No. 88 and should be disclosed to the MSRB through the EMMA website.

## **CASH MANAGEMENT AND INVESTMENTS**

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To maintain the City's cash in such a manner to ensure the absolute safety of principal, to meet the liquidity needs of the City, and to achieve the highest possible yield in compliance with the Public Funds Investment Act (Chapter 2256 of the Local Government Code) and the City's Investment Policy & Strategy, as adopted annually by City Council.

### *Investment Policy*

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All aspects of cash/investment management shall be designed to ensure safety and integrity of the City's financial assets. Cash/Investment management activities shall be conducted in full compliance with prevailing local, state, and federal regulations. Please reference the City's Investment Policy as adopted annually by City Council.

The City shall design and establish policies relating to a variety of cash/investment management issues, such as the eligibility and selection of various broker/dealers, safekeeping requirements, collateral requirements, delivery versus payment requirements, weighted average maturity requirements and such other aspects of the program, which necessitate standard setting in pursuit of appropriate prudence and enhanced protection of assets.

### *Investment Strategy*

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The City of Sugar Land maintains a consolidated portfolio in which it pools its funds for investment purposes. The City's investment program seeks to achieve safety of principal, adequate liquidity to meet cash needs, and reasonable yield commensurate with the preservation of principal and liquidity. Refer to the City's Investment Strategy as adopted by City Council annually for detail.

### *Interest Income*

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Interest earned from investments shall be distributed to the funds from which the funds were provided for investment.

### *Arbitrage Investments and Reporting*

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The City's investment position as it relates to arbitrage is as follows: Investments on bond proceeds will be made with safety of principal and liquidity in mind, but with a competitive rate of return. Investment of bond proceeds will be clearly tracked, and investment earnings recorded for arbitrage purposes.

### *Collateralization of Deposits*

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The City of Sugar Land shall have pledged collateral held at an independent third-party institution and evidenced by a written receipt.

The value of the pledged collateral should be marked to market monthly and shall be at least 102 percent of par or market value of the investments, whichever is greater. The City's depository bank monitors the required collateral and makes necessary adjustments to increase or decrease it.

Substitutions of collateral shall meet the requirements of the collateral agreement and have prior written approval. Collateral shall not be released until the replacement collateral has been received.

The pledge of collateral shall comply with the City's Investment Policy.

## **GRANTS**

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The City will seek, apply for, and effectively administer federal, state, and other grants, which support the City's current priorities and policy objectives. Any project that receives federal and or state funding, including pass-through funds, should be treated as a grant, as it must be reported in the Schedule of Expenditures of Federal and State Awards for single-audit consideration and review.

### *Grant Guidelines*

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The City will actively pursue grant funding from the state and federal government along with privately funded grants. The City shall apply and facilitate the application for only those grants that are consistent with the objectives and high priority needs identified by Council and City Management. When necessary, the City will retain consultants to assist with this process.

Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs.

The potential for incurring ongoing costs, to include assumptions of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

### *Grant Review and Acceptance*

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All grant submittals shall be reviewed for their local match requirements, their potential impact on the operating budget, and the extent to which they meet the City's goals. If there is a local match requirement, the source of funding shall be identified prior to application, and whether the local match must be made as cash or in-kind contributions. (Refer to City's Inter-Departmental Grant Policy AC104.)

All grants must be reflected in the budget. Grants must be officially accepted by action of the City Council, with funding appropriated during budget adoption or with a budget adjustment. If the funding is not already included in the annual budget, the budget shall be amended to reflect revenues and expenditures associated with the grant.

### *Grant Termination and/or Reduced Grant Funding*

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In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process, unless the City is obligated through the terms of the grant to maintain the positions.

The City shall terminate grant-funded programs and associated positions when grant funds are no longer available, and it is determined that the program no longer supports City goals and/or is no longer in the best interest of the City, unless the City has obligated itself through the terms of the grant to maintain the positions after the grant period ends.



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** VIII.A.

**Agenda of:** City Council Meeting

**Initiated by:** Nicole Guevara, Assistant Director of Neighborhood Services

**Presented by:** Nicole Guevara, Assistant Director of Neighborhood Services

**Responsible Department:** Public Works

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**Agenda Caption:**

**ACCEPTANCE OF MONETARY DONATIONS AND SPONSORSHIPS**

Consideration of and action on the acceptance of a \$413.61 donation from the Legacy Foundation; a \$5,000.00 sponsorship from Pierce Built Homes for the 2026 Lend a Hand Sugar Land event; and a \$1,035.00 sponsorship from Keep Sugar Land Beautiful for an environmental-focused children's outdoor movie series, along with the associated budget amendments to the General Fund of \$5,413.61 and Public Art Fund of \$1,035.00.

**Recommended Action:**

Consideration of and action on the acceptance of a \$413.61 donation from the Legacy Foundation, a \$5,000 monetary sponsorship from Pierce Built Homes for the 2026 Lend a Hand Sugar Land event, and a \$1,035 monetary sponsorship from Keep Sugar Land Beautiful for an environmental-focused children's outdoor movie series; and consideration of and action on the associated budget amendments to the General Fund of \$5,413.61 and Public Art Fund of \$1,035.00.

**Executive Summary:**

Public Works received monetary donations and sponsorships totaling \$5,413.61 for the 2026 Lend a Hand Sugar Land event. This includes a \$413.61 donation from the Sugar Land Legacy Foundation and a \$5,000 sponsorship from Pierce Built Homes. These funds supported the City's second annual volunteer event by providing supplies and resources to equip volunteers for service activities. The City also received in-kind sponsorships totaling \$7,060.64 from Republic Services, Printing by Nisha, Big Frog Sugar Land, Central Vietnam Coffee, and DJ Soni.

Additionally, a \$1,035.00 sponsorship from Keep Sugar Land Beautiful was used to host a children's outdoor movie night series centered around environmental stewardship, culminating on Earth Day with a screening of *Wall-E* in Town Square following the City's Earth Day event. Previous movie showings included *Fern Gully* and *The Lorax* at the Sugar Land Better Block site at Brooks and Hwy 90.

Public Works recommends City Council accept monetary donations and sponsorships totaling \$6,448.61 and approve the associated budget amendment to support community programming.

**Budget**

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**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** 217-178-0000-531040- \$1,035.00  
101-1635-0000-581000 - \$5,413.61

**Attachments**

None



**City Council Agenda Request**  
**April 21, 2026**

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**Agenda Request No:** IX.A.

**Agenda of:** City Council Meeting

**Initiated by:** Betty Jurado, Administrative Coordinator

**Presented by:** Michelle McCrimmon, Assistant City Manager

**Responsible Department:** Finance

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**Agenda Caption:**

Consideration of and action on **CITY OF SUGAR LAND RESOLUTION NO. 26-18:** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION.

**Recommended Action:**

Consider and Approve Resolution No. 26-18 Authorizing Publication of the Notice Of Intent To Issue Certificates of Obligation Series 2026.

**Executive Summary:**

**Background and Projects:**

The City of Sugar Land typically issues Certificates of Obligation (CO's) to fund public infrastructure projects. CO's are a form of municipal debt that does not require voter approval and are backed by property taxes.

The proposed CO, Series 2026 includes the following municipal airport capital improvement projects:

<b>Project Name</b>	<b>Budget</b>
New Fuel Farm	\$ 3,000,000
Runway Rehabilitation	10,000,000
Rental Car and Vertiport Parking	<u>2,500,000</u>
Total Projects- Airport	\$15,500,000

Additionally, the CO will fund \$1,742,312 of completed public infrastructure improvements in the Park at Eldridge Public Improvement District, in accordance with the related development agreement. A total of \$17,275,000 in improvements will be funded with the proposed issuance of the CO's, Series 2026.

**Notice Requirements:**

State law requires the City to publish a Notice of Intent To Issue (NOI) prior to issuing the CO's. The NOI must be published in a local newspaper once a week for two consecutive weeks with the first publication at least 45 days prior to the issuance. The NOI must also be posted on the City's website for at least 45 days before the final issuance.

Approval of Resolution 26-18 will authorize staff to proceed with the required publication and posting of the NOI. The sale of the CO's is currently planned for June 2026.

**Budget**

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**Expenditure Required:** NA

**Current Budget:** NA

**Additional Funding:** NA

**Funding Source:** NA

**Account Number (ORG-OBJ-Project):** NA

**Attachments**

- 1. City of Sugar Land - NOI 2026 COs(v1) Res 26-18

RESOLUTION NO. 26-18

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE  
OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

THE STATE OF TEXAS §  
COUNTY OF FORT BEND §  
CITY OF SUGAR LAND §

WHEREAS, the City Council of the City of Sugar Land, Texas (the “City”), deems it to be in the best interests of the City to issue certificates of obligation of the City in accordance with the notice hereinafter set forth; Now, Therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUGAR LAND:

Section 1. The facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

Section 2. The City Clerk is hereby authorized and directed to cause to be published in the manner required by law and in substantially the form attached hereto as Exhibit A, a notice of intention to issue certificates of obligation (the “Notice”).

Section 3. The Notice authorized in Section 2 above shall be published once a week for two (2) consecutive weeks in a newspaper which is of general circulation in the City, the date of the first publication to be before forty-five (45) days before the date tentatively set in said Notice for the passage of the ordinance authorizing the issuance of such certificates of obligation. Further, the Notice shall be continuously posted on the City’s Internet website, for at least forty-five (45) days before the date tentatively set for the passage of the order or ordinance authorizing the issuance of the certificates.

Section 4. The Mayor, City Clerk, and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

Section 5. This resolution shall take effect immediately upon its passage.

Section 6. For purposes of the Notice, the City hereby designates as self-supporting those public securities listed in the attached Exhibit B, the debt service on which the City currently pays from sources other than ad valorem tax collections.

Section 7. The notice and agenda relating to this meeting and heretofore posted by the City Clerk, and the posting thereof, are hereby authorized, approved, and ratified.

PASSED AND APPROVED the 21st day of April, 2026.

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Carol K. McCutcheon, Mayor  
City of Sugar Land, Texas

ATTEST:

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Linda Mendenhall, City Clerk  
City of Sugar Land, Texas

(SEAL)

APPROVED AS TO LEGALITY:

/s/ Thomas A. Sage

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Bond Attorney  
HUNTON ANDREWS KURTH LLP

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Sugar Land, Texas (the “City”), will meet at the City Hall, 2700 Town Center Blvd. North, Sugar Land, Texas 77479, at 5:30 p.m. on the 16th day of June, 2026 (the “Sale Date”), which is the time and place tentatively set for the passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of the City’s certificates of obligation, in the maximum aggregate principal amount of \$17,275,000 payable from ad valorem taxation and from a limited pledge of a subordinate lien on the net revenues of the City’s waterworks and sanitary sewer system, bearing interest at any rate or rates not to exceed the then current maximum interest rate authorized by law, as shall be determined within the discretion of the City Council at the time of issuance, and maturing over a period of years not to exceed forty (40) years from the date thereof, for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the (i) improvements to the City Airport, including rehabilitation of runways and the construction of a new fuel farm and additional parking, (ii) the construction or acquisition of and/or improvements to the City’s utility system, (iii) the construction or acquisition of and/or improvements to the City’s streets and sidewalks, and (iv) the cost of professional services incurred in connection therewith.

It is estimated that the combined principal and interest required to pay the certificates is \$25,322,792. Such estimate is provided for illustrative purposes only and is based on an assumed interest rate of 3.970%. As of the date of this notice, the aggregate principal amount outstanding of tax-supported debt obligations of the City is \$210,835,000, and based on the City’s expectations, as of the date of this notice the combined principal and interest required to pay all of the outstanding tax-supported debt obligations of the City (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting in Resolution No. 26-18, dated April 21, 2026, which resolution is available from the City upon request) on time and in full is \$261,433,150. Such amounts are derived from projections obtained from the City’s financial advisor based upon current market conditions and is provided from the City without assurance that such projections will be realized. The City cannot guarantee that such conditions will continue through the date of the sale of the Certificates.

WITNESS MY HAND this 21st day of April, 2026.

/s/ Linda Mendenhall  
City Clerk  
City of Sugar Land, Texas

EXHIBIT B

City of Sugar Land, Texas Self-Supporting Debt

<u>Series Outstanding</u>	<u>Total Self-Supporting 4/21/2026</u>
Combination Tax and Revenue Certificates of Obligation, Series 2013	105,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2014	6,755,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2014A	21,935,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2015	905,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2016	950,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2017	1,350,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2019A	1,275,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2023	5,290,000.00
Combination Tax and Revenue Certificates of Obligation, Series 2025	45,970,000.00
General Obligation Refunding Bonds, Series 2015	605,000.00
General Obligation Refunding Bonds, Series 2016	60,000.00
General Obligation Refunding Bonds, Series 2017	62,930,000.00
	<b>148,130,000.00</b>



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** IX.B.

**Agenda of:** City Council Meeting

**Initiated by:** Mitchell Davies, Director of Aviation

**Presented by:** Mitchell Davies, Director of Aviation

**Responsible Department:** Airport

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**Agenda Caption:**

**FIRST READING OF ORDINANCE** Consideration of and action on **CITY OF SUGAR LAND ORDINANCE NO. 2404**: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS, APPROVING THE UPDATE OF THE AIRPORT RATES AND CHARGES.

**Recommended Action:**

Approval of Ordinance No. 2404 First Reading to update the Airport Rates and Charges.

**Executive Summary:**

Ordinance No. 2404 proposes an update to the Airport's fuel discount program by introducing a new B6 tier for based customers purchasing 500,000 or more gallons of Jet-A fuel annually. As fuel sales represent the Airport's primary revenue source, the pricing structure is designed to incentivize higher fuel volume purchases by offering progressively larger discounts.

Currently, the Airport's fuel discount program is divided into Based and Transient customer categories, with five existing based tiers (B1–B5) providing discounts up to \$1.05 per gallon off retail for purchases exceeding 300,000 gallons annually. Historically, no based customer has significantly exceeded this threshold.

However, with the recent relocation of Chevron's corporate fleet to Sugar Land, fuel purchasing activity has demonstrated the potential to exceed and maintain 500,000 gallons annually. In response, staff evaluated the feasibility of a higher discount tier to appropriately recognize this level of business. The proposed B6 tier offers a \$1.30 per gallon discount, and a detailed financial analysis confirmed that this level remains consistent with the Airport's fuel discount policy and maintains overall profitability.

The B6 tier will be available to any based customer meeting the 500,000-gallon threshold, though Chevron is currently the only qualifying customer.

Below represents the proposed Based Volume Discount Tiers:

<b>Discount</b>	<b>Volume (Gal.)</b>	<b>Discount (\$)</b>
B1	<10,000	\$0.25 off retail
B2	10,000 - 19,999	\$0.45 off retail
B3	20,000 - 99,999	\$0.65 off retail
B4	100,000 - 299,999	\$0.85 off retail
B5	300,000 - 499,999	\$1.05 off retail
B6 (Proposed)	500,000 +	\$1.30 off retail

Additionally, staff identified and corrected several previously misaligned discount tiers, ensuring full consistency with the Airport’s adopted fuel discount policy.

Airport staff presented these updates to the Finance Audit Committee on April 2, 2026, where the proposed revisions to the Rates and Charges were reviewed and discussed. If approved, the second reading will be on May 5, 2026.

**Budget**

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**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

**Attachments**

- 1. Ord 2404 airport amendments FY26

**ORDINANCE NO. 2404**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS AMENDING THE FEE SCHEDULE BY AMENDING SUGAR LAND REGIONAL AIRPORT FEES AND CHARGES IN SECTION 2-139(B) CHAPTER 2, ARTICLE V, DIVISION 4 (FEES FOR VARIOUS CITY SERVICES).**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SUGAR LAND, TEXAS:**

**Section 1.** That section 2-139(b) is amended to read as follows:

**DIVISION 4. - FEES FOR VARIOUS CITY SERVICES**

**Sec. 2-139. Public property use fees.**

(b) *Sugar Land Regional Airport fees and charges:*

(1) Fuel and petroleum products pricing (Operational expenses and discount categories/rates to be determined annually through budget process to meet the annual operating requirements of the airport):

Customer	Price
Retail Price of Fuel	Cost of fuel sold (COFS) + applied margin rate
Government	COFS without tax + applied margin rate

(2) Fuel Discount programs:

a. Transactional Discounts:

<b>Jet A</b>	
Discount Category	Discount (per gal)
Less than 250 gal	0.00
250-749 gal	0.20
750 gal or more	0.45

<b>Avgas</b>
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Discount Category	Discount (per gal)
Less than 25 gal	0.00
Between 25 – 99.9 gal	0.25
100 gal or more	0.50

The director of aviation or designee may offer a \$0.03-\$0.05 discount per jet fuel gallon in addition to the current discounts if there is a situation where a customer is asking for an additional discount in order to take a larger fuel load.

b. Volume discount programs: (based on previous year's purchases)

<b>Jet A Volume Discounts*</b>	
Annual Volume	Discount (per gal)
10,000 – 19,999 gal	0.20
20,000 – 99,999 gal	0.40
100,000 – 299,999 gal	0.60
300,000 gal or more	0.80

\*Jet A Volume customer must use fuel provider credit card to receive discount

<b>Avgas Volume Discounts</b>	
Discount Category	Discount (per gal)
Itinerant Volume (1,000 gal annually)	0.35
Based Volume (1,000 gal annually)	0.55

c. Based customer discount programs:

<b>Jet A Based Customer Volume Discount*</b>	
Discount Category	Discount (per gal)
Less than 10,000 gal	0.25
10,000 – 19,999 gal	0.45
20,000 – 99,999 gal	0.65
100,000 – 299,999 gal	0.85

300,000 – 499,999 gal	1.05
500,000 or more	1.30

\*Jet A Based transactional customer must use fuel provider credit card to receive discount

<b>Avgas Based Transactional Discount</b>	
Discount Category	Discount (per gal)
Less than 25 gal	0.25
Between 25-99.9 gal	0.45
100 gal or more	0.85

d. Airport Management is authorized to adjust the Margin Rate for any fuel type during the year to ensure the margin does not fall below the established minimum margin revenue approved by City Management.

- (3) Self-Fueling facility fuel flowage fee = \$0.50 per gallon.
- (4) Oil: Cost + 100% + 8.25% sales tax
- (5) Leases:

Type	Price
T-Hangars	\$0.50/square foot/month
Banks A and B	\$483.00/month plus one month's rent deposit
Banks C and D	\$587.00/month plus one month's rent deposit
Bank E	\$640.00/month plus one month's rent deposit
Bank F	\$774.00/month plus one month's rent deposit
Hangar 104	\$2,950.00/month
Hangar 105	\$2,750.00/month

Hangars 106 and 107	\$750.00/month
Airport community hangars	\$0.75/square foot/month (\$1,237.50/month minimum)
Tie downs	\$120.00/month
Long-term hangar leases	Negotiable (approved by city council)
Short-term land lease	\$250.00/month
Long-term land leases	Negotiable (approved by city council)
Pipeline easement	Negotiable (approved by city council)

(6) Other space rental:

Type	Price
Occupying Tenant Maintenance Hangar without a Reservation	\$50 per calendar day after hangar reservation expires
Airport office space	\$1.75/square foot/month
Transient hangar storage:	
Heavy, Super Heavy, Transport	\$360.00/night plus ramp fee if applicable
Light turbo and up	\$240.00/night plus ramp fee if applicable
Piston	\$120.00/night plus ramp fee if applicable

(7) Miscellaneous aviation fees:

Type	Price
135 commercial aircraft fee <30 people	\$720.00/trip
135 commercial aircraft fee 30+ people	\$1,200.00/trip

Administrative fee	\$60.00/invoice
Aircraft jump start	\$12.00/jump—One free every six months
Avgas Surcharge – less than 15 gallons	\$12.00
Mobile aircraft washing permit fee	\$150.00/year
Mobile aircraft maintenance permit fee	\$30.00/aircraft serviced/week
Flying club permit fee	\$12.00/member/year
Car rental concession fee—Onsite	Negotiable (approved by city council)
Car rental concession fee—Offsite	15% on-airport gross income
Gift shop concession fee—Onsite	Negotiable (approved by city council)
Maintenance processing fee—Onsite	Ten percent of monthly gross revenue
Car wash service	Negotiable (approved by city council)
Catering processing fee—Onsite	Negotiable (approved by city council)
Catering processing fee—Offsite	15% pre-tax invoice total
Crew car coverage	\$60.00/hour—First two hours free
Customs agent call-out fees	\$336.00/service
Customs clearance fees:	
One to three passengers	\$300.00
Four to six passengers	\$420.00
Seven to ten passengers	\$600.00
11 + passengers	\$60.00/per additional person

Helistop/heliport permits:	
Annual	\$600.00/site/year + \$360.00 deposit
Temporary—Fewer than ten days	\$120.00/site
Temporary—Ten to 180 days	\$360.00/site
Airfield escort	\$84.00/man-hour
Incident response fee	\$600.00/hour; \$120.00/hour thereafter + recovery expenses
Incident/after-hours call-out fees	\$120.00/hour/person
International garbage	\$210.00/service
Lost key replacement	\$60.00/key
Parcel storage fee	\$30.00/week; One-week minimum
Pipeline field escort	\$84.00/hour/person plus \$24.00 equipment use
Returned check fee	Subsection 2-140.
Spill clean-up fee	\$300.00/barrel of absorbent + any fines incurred
Airport access card - new	no charge
Airport access card –additional cards	\$60.00
Airport access card – replacement	\$30.00
Toll violations in crew car	As billed/violation plus \$60.00 administrative fee
Towing	\$54.00/tow
Pull-out/push-back	\$12.00/service

Unlimited pull-outs/push-backs	\$60.00/month
Valet covered parking	\$9.00/day; \$54.00/week; \$120.00/month The director of aviation or designee may waive or discount valet covered parking fees as a promotional tool to promote the use of the covered parking.

(8) FBO service fees:

Ground power unit	\$18.00/15 minutes (15 minutes free with fuel)
Lavatory fees	\$60.00/service
Dishwashing	\$25.00/per bin
Potable Water Service (per request)	\$35.00 (waived for Jet A Volume Discount purchasers of 300,000 gallons or more)

The director or designee has the authority to waive FBO service fees for negotiation purposes to bring in additional business.

(9) Ramp fees:

- a. Ramp fees per day/overnight (charged by aircraft category and waived with purchase of minimum fuel load). The director or designee has the authority to waive ramp fees for negotiation purposes to bring in additional business.

	Minimum Gallons	Ramp Fee
Transport aircraft type	400	\$780.00
Super heavy jets	300	\$420.00
Heavy jet aircraft	200	\$300.00
Medium jet aircraft	150	\$240.00

Light jet aircraft	100	\$180.00
Very light jet (VLJ) aircraft	75	\$120.00
Heavy turboprop	75	\$120.00
Medium turboprop	60	\$96.00
Light turboprop	50	\$72.00
Heavy twin (AvGas)	30	\$60.00
Light twin engine (AvGas)	30	\$48.00
Single engine—Light aircraft (AvGas)	5	\$12.00

b. Special events ramp fee\* per day/overnight (charged by aircraft category and waived with purchase of minimum fuel load)

Reservation deposit, non-refundable, 10% charge for modification/cancellation:

Jets/turbine aircraft ...\$2,500.00  
Piston/single engine ...\$500.00

\*For this fee, "special event" means a sporting, cultural, business or other type of unique activity, occurring for a limited or fixed duration and presented to a live audience. Activities that are sponsored by the city are not deemed special events.

	Minimum Gallons	Ramp Fee
Transport aircraft type	500	\$5,000.00
Super heavy jets	500	\$4,500.00
Heavy jet aircraft	500	\$3,000.00
Medium jet aircraft	300	\$2,000.00

Light jet aircraft	200	\$1,500.00
Very light jet (VLJ) aircraft	150	\$1,200.00
Heavy turboprop	100	\$1,000.00
Medium turboprop	100	\$1,000.00
Light turboprop	75	\$1,000.00
Heavy twin (AvGas)	40	\$600.00
Light twin engine (AvGas)	40	\$600.00
Single engine—Light aircraft (AvGas)	20	\$600.00

The director of aviation or designee may waive or discount ramp fees to customers attending Houston area conferences as a promotional tool to promote the airport/FBO during a specific time period in advance and not longer than a week at a time.

(10) T-hangar damage (damage assessed at move-out):

Vehicular access card(s)	\$60.00
Hangar door keys	\$60.00
Damage to hangar exterior	
Access door:	
Door hardware	\$120.00
Access door dent(s)	Airport will provide a quote
Hangar door	Airport will provide a quote
Metal wall	Airport will provide a quote
Damage to hangar interior	

Metal wall	Airport will provide a quote
Fire partition damage	Airport will provide a quote
Ceiling/light	Airport will provide a quote
Floor:	
Major oil stains	\$120.00
Missing chocks	\$60.00
Door switch	\$240.00
Fire extinguisher	\$300.00
General clean-up	
Trash	\$60.00
Oil stain	\$60.00

- (11) Infrastructure fee (charged by aircraft category and waived with purchase of minimum fuel load).

	Infrastructure Fee	Minimum Gallons
Transport aircraft type	\$195.00	400
Super heavy jet	105.00	300
Heavy jet	75.00	200
Medium jet	60.00	150
Light jet	45.00	100
Very light jet (VLJ)	30.00	75
Heavy turboprop	30.00	75
Medium turboprop	24.00	60
Light turboprop	18.00	50
Heavy Twin (Avgas)	15.00	30
Light Twin (Avgas)	12.00	30
Single engine – light aircraft (Avgas)	3.00	5

**Section 2.** That the provisions of this ordinance are severable and the invalidity of any part of this ordinance will not affect the validity of the remainder of the ordinance.

**Section 3.** That this ordinance is effective upon second consideration.

APPROVED on first consideration on \_\_\_\_\_, 2026.

ADOPTED on second consideration on \_\_\_\_\_, 2026.

\_\_\_\_\_  
Carol K. McCutcheon, Mayor

ATTEST:

APPROVED AS TO FORM:

*Meredith Riedel*

\_\_\_\_\_  
Linda Mendenhall, City Clerk



## City Council Agenda Request April 21, 2026

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**Agenda Request No:** X.A.

**Agenda of:** City Council Meeting

**Initiated by:** Larysa Chiski, Senior Police Finance Manager

**Presented by:** Pedro Lara, Chief of Police

**Responsible Department:** Police

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**Agenda Caption:**

**FISCAL YEAR 2025 POLICE DEPARTMENT ANNUAL REPORT**

Review of and discussion on the Police Department Annual Report.

**Recommended Action:**

Review of and discussion on the City of Sugar Land Police Department 2025 Annual Report.

**Executive Summary:**

The Sugar Land Police Department submits the 2025 Annual Report presentation for review by the Mayor and City Council.

### **Budget**

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**Expenditure Required:** n/a

**Current Budget:** n/a

**Additional Funding:** n/a

**Funding Source:** n/a

**Account Number (ORG-OBJ-Project):** n/a

**Attachments**

None