



City of Azle Regular Meeting Agenda City Council

505 W. Main Street
Azle, Texas 76020

March 7, 2023

6:00 PM

Council Chambers

Pursuant to Section 551.071 of the Texas Government Code, the Council may convene into Executive Session(s) from time to time as deemed necessary during the meeting for any posted agenda item and may receive advice from its attorney as permitted by law.

CALL TO ORDER

INVOCATION

The City of Azle is accepting volunteers from all Religions and Denominations to provide the invocation at the beginning of the City Council meeting. If you are interested in giving the invocation at a future meeting, please call the city secretary's office at 817-444-7101 or email: yforgey@cityofazle.org

Dr. Larry Lormand, Minister of Education & Administration at Ash Creek Baptist Church in Azle.

PLEDGE OF ALLEGIANCE

PUBLIC PARTICIPATION

This is an opportunity for the public to address the City Council on posted agenda items or non-agenda items. In order to address the Council, please complete a Speaker's Request Form and submit to the City Secretary prior to the start of the council meeting. All comments must be directed to the Presiding Officer, rather than an individual council member or city staff. All speakers must refrain from personal attacks toward any individual. Comments are limited to three (3) minutes and must pertain to the subject matter listed on the Speaker's Request Form. Speakers requiring the assistance of a translator shall be provided four (4) minutes. Council may not comment publicly on non-agenda items, but may direct the City Manager to resolve the matter or request the matter be placed on a future agenda. Public comments regarding non-agenda items shall not include any "deliberation" as defined by Chapter 551 of the Government Code, as now or hereafter amended. If you have a subject that may require City Council action, you may obtain a form from the City Secretary and request the item be placed on a future agenda.

ACTION ITEMS

1. Consider any action approving the minutes of the February 21, 2023 regular council meeting.
Yael Forgey, City Secretary
2. Consideration and acceptance of the auditor's opinion and the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022.
Renita Bishop, Finance Director
3. Consider any action on Ordinance No. 2023-03 adopting the 2021 International Property Maintenance Code and other amendments pertaining to Code Enforcement.
David Hawkins, Director of Planning and Development
4. Consider any action on awarding the 2022 Sidewalk Improvement Project (Bid No. 2023-004) to RNO Construction LLC.
Rick White, Public Services Director
5. Consider any action on Ordinance No. 2023-05, prohibiting the sale of dogs and cats.
Tom Muir, City Manager

PUBLIC HEARING

6. Conduct a public hearing and take any action on Ordinance No. 2023-04 regarding a proposed zoning change request from the Single Family Five (SF-5) District to Heavy Commercial (HC)

District for approximately 0.36 acres of land, being described as Tract 2 in the G.W. McKinsey Survey, Abstract No. 1827, City of Azle, Tarrant County, Texas. The property is addressed as 109 Porter Drive and is generally located on the southwest corner of Porter Drive and Southeast Parkway (Hwy. 199).

David Hawkins, Director of Planning and Development

DISCUSSION ITEMS

7. Roadway Impact Fees

David Hawkins, Director of Planning and Development

8. Donation bins.

Tom Muir, City Manager

9. Food trucks.

Tom Muir, City Manager

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

EXECUTIVE SESSION

551.074 PERSONNEL MATTERS

- Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of City Manager.

10. Take any action pursuant to Executive Session.

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on 03/03/2023, at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.



**Yael Forgey,
City Secretary**

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101. Complete City Council agenda packet is available for review at the City Secretary's Office and on our website www.cityofazle.org.



Presenter: Yael Forgey, City Secretary

Agenda Item: Consider any action approving the minutes of the February 21, 2023 regular council meeting.

Background and Explanation:

Procedural.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

1. Minutes 02-21-23



MINUTES Regular Meeting Azle City Council

505 W. Main Street
Azle, Texas 76020

February 21, 2023

6:00 PM

Council Chambers

CALL TO ORDER

Mayor Brundrett called the meeting to order at 6:01 PM.

Members Present:

Mayor Alan Brundrett
Mayor Pro Tem Randa Goode
Councilmember Rouel Rothenberger
Councilmember Brian Conner
Councilmember Stacy Peek
Councilmember Amy Estes
Councilmember Derrick Nelson

Staff Present:

Tom Muir	City Manager
Lawrence Bryant	Assistant City Manager
Yael Forgey	City Secretary
Cara White	City Attorney
Susie Hiles	Assistant to the City Manager
Renita Bishop	Finance Director
Rick White	Director of Public Services
David Hawkins	Director of Planning and Development
Kristen Pegues	Community & Marketing Specialist
Will Scott	Fire Chief
Lee Godbold	Assistant Fire Chief
Sam Hernandez	Senior Code Enforcement Officer
Stephanie Koch-Bartley	Code Enforcement Officer

INVOCATION

Portia Jackson, Executive Director of Eagle Mountain Pregnancy Help Center, gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Brundrett led the Pledge of Allegiance

PUBLIC PARTICIPATION

None.

PRESENTATIONS

1. Quarterly Investment Report for the Quarter Ended December 31, 2022

Mayor Brundrett recognized Finance Director Renita Bishop who gave a brief review of the Quarterly Investment Report ending December 31, 2022, noting the book value of this quarter's investments at \$35,496,570 with the average quarterly yield at 3.65% and quarterly interest earnings of \$255,400.

ACTION ITEMS

2. Consider and take action approving the minutes of the February 7, 2023 Regular meeting.

Councilmember Rothenberger moved to approve the minutes of the February 7, 2023 regular meeting, as presented. Mayor Pro Tem Goode seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

3. Consider any action authorizing the City Manager to sign a project completion letter on the Endpoint Replacement Project (SWIFT Project No. 51047 CID-02).

Councilmember Conner moved to authorize the City Manager to sign a project completion letter on the Endpoint Replacement Project (SWIFT Project No. 51047 CID-02), as presented. Councilmember Rothenberger seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

4. Consider any action authorizing the Mayor to execute an amendment to the Tarrant County Fire Alarm agreement to allow the City of Everman to provide Fire/EMS dispatch services to the City of Azle Fire Department.

Mayor Brundrett recognized Fire Chief Scott, who explained that Tarrant County Fire Alarm Center has provided emergency dispatch services (through the City of Saginaw) for Azle Fire/EMS for the past ten (10) years. Tarrant County Fire Alarm Center has been relocated to the City of Everman Public Safety Dispatch Center. Therefore, Azle needs to sign an amendment transferring dispatch services from the Tarrant County Fire Alarm Center to the City of Everman for the remaining contract year. There is no additional cost.

Councilmember Rothenberger moved to authorize the Mayor to execute an amendment to the Tarrant County Fire Alarm agreement to allow the City of Everman to provide Fire/EMS dispatch services to the City of Azle Fire Department, as presented. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

5. Consider any action on Ordinance No. 2023-03 adopting the 2021 International Property Maintenance Code and other amendments pertaining to Code Enforcement.

Mayor Brundrett recognized Planning and Development Director David Hawkins, who introduced Senior Code Enforcement Officer Sam Hernandez and Code Enforcement Officer Stephanie Koch-Bartley. Code Enforcement Staff have been reviewing the current code enforcement procedures and ordinances and are recommending the City adopt the 2021 International Property Maintenance Code and a few other amendments. After some discussion, the Council requested Staff make some amendments to the IPMC and bring back an updated ordinance for Council review.

No action was taken.

DISCUSSION ITEMS

6. Prohibiting the sale of pets and other domesticated animals.

Council Member Peek explained her main concern with allowing the sale of puppies in pet stores is the puppies coming from puppy mills. She requested an ordinance prohibiting the sale of puppies in pet stores. Council discussed the pros and cons. City Attorney White will bring a draft ordinance at a future meeting that addresses prohibiting the sale of domesticated animals.

7. Update of the City's Facebook page

Mayor Brundrett recognized Assistant to the City Manager Susie Hiles, who updated the council on the issue of the City's Facebook page being hacked and staff's efforts to restore the page. She advised that has not been successful, and a new page has been created and went live February 21.

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

Review allowing food trucks in the City.

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

None

EXECUTIVE SESSION

Mayor Brundrett convened to Executive Session at 7:50 PM.

551.071 CONSULTATION WITH THE CITY ATTORNEY

Election Filing Process.

551.074 PERSONNEL MATTERS

Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of City Manager.

Mayor Brundrett reconvened to open meeting at 9:29 PM

ADJOURNMENT

Mayor Brundrett adjourned at 9:30PM

Presented and approved on 03-07-2023

Alan Brundrett, Mayor

Attest:

Yael Forgey, TRMC, CMC
City Secretary



Presenter: Renita Bishop, Finance Director

Agenda Item: Consideration and acceptance of the auditor's opinion and the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022.

Background and Explanation:

Chapter 103 of the Texas Local Government Code and Section 3.14 of the City Charter require preparation of an annual financial statement in accordance with generally accepted accounting principles and an annual audit of the City's financial records and accounts by an independent certified public accountant. BrooksWatson & Co., PLLC Certified Public Accountants has completed the annual audit for fiscal year ending September 30, 2022. The audit report was reviewed by the Audit Committee on February 27, 2023. A representative from the firm will be at the meeting to review the Annual Comprehensive Financial Report and present their opinion for City Council acceptance. Upon acceptance, a copy of the report will be filed with the City Secretary and placed on the City's website.

Both the Audit Committee and Staff recommend acceptance.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

1. 9.30.22 ACFR



ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2022

CITY OF
AZLE, TEXAS

505 W. MAIN STREET | AZLE, TX 76020
WWW.CITYOFAZLE.ORG | 817.444.2541



***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Azle, Texas

**For the Year Ended
September 30, 2022**

Prepared by

Renita Bishop
Finance Director

Kim Silas
Accountant

Amber Watson
Accounting Analyst



City of Azle, Texas

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INTRODUCTORY SECTION





February 27, 2023

Honorable Mayor, Members of the City Council, and Citizens of the City of Azle:

The City Charter requires the City to provide, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Azle's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the City's financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BrooksWatson & Co., PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2022 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Azle's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Azle, incorporated on April 23, 1957, is a suburban community with a rural quality of life. It is just 14 miles northwest of Fort Worth, which provides the convenience of the big city without losing the appeal of a small town. The City is 25 miles from Alliance Airport and 35 miles from Dallas/Fort Worth International Airport. The City encompasses 8.8 square miles and as of 2022 has an estimated 13,610 residents. The City of Azle is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City has operated under the council-manager form of government since 1969. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six (6) council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, the Municipal Court Judge, and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances approved by the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments.

The City provides a full range of municipal services, including public safety, municipal court, streets, parks, community development, library, golf course, and public utilities. The City is financially accountable for the Azle Crime Control and Prevention District and Azle Municipal Development District. Additional information on these component units can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's planning and financial control. All departments are required to submit requests for appropriation to the City Manager during June of each year. The City Manager uses these requests as the starting point for developing the proposed budget. The City's Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council prior to the start of the fiscal year as soon as is practical and in accordance with state law. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th of each year. The appropriated budget is prepared by fund, function, and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Economic Outlook and Financial Planning

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.

Coronavirus Pandemic – The region has been tasked with responding to the novel coronavirus ("COVID-19") pandemic since March 2020. The initial onset resulted in a worldwide downturn that had negative impacts across Texas's economy and disrupted the normal operations of many businesses and organizations. Recovery has been more robust and quicker than initially expected. The region has regained many of the jobs lost and consumer spending levels have increased. Supply chain issues continue to prove challenging for many manufacturers and consumers. While the impacts of the COVID-19 have been widespread and far reaching, the pandemic appears to be waning and it is expected that the public health and national emergency declarations that have been in place since early 2020 will expire in May 2023.

Local economy – Development within the City remains strong despite the COVID-19 pandemic. During the fiscal year, the City issued 275 new residential construction permits and seven (7) new commercial construction permits. There are six (6) new subdivisions with over 590 lots in various stages of development throughout the City. New home starts are expected to slow due to rising mortgage interest rates.

The labor market has been recovering following the unprecedented downturn in 2020. The local unemployment rate fell to 3.5% in September 2022 compared to 4.5% in 2021. While hiring has picked up, recovery efforts are still negatively impacted by labor shortages.

Sales tax collections have been robust during the pandemic and increased by 8.8% in 2022 following an increase of 8.4% in 2021. This growth is due in part to growth in the retail business community in the City and record inflation driven by supply chain issues and the war in Ukraine. The City's assessed taxable values increased 11.56% for the 2022 tax year following a 10.91% increase for 2021.

Azle currently has a growth rate of 1.4% annually and its population has increased by 1.8% since the most recent census in 2020. While Azle continues to show signs of growth, the City remains conservative with revenue forecasts and reviews departmental expenses to identify cost savings.

Long-term financial planning – The City's ability to maintain adequate reserves is critical in allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. At the end of the current fiscal year, the general fund which is the main operating account of the City had unassigned reserves of 220 days, well above the City's goal of maintaining reserves of at least 120 days of operations.

It is the City's policy to issue debt only to fund capital projects that cannot be funded by excess reserve funds or annual revenues. The length of any long-term financing matches the estimated life of the asset purchased. The City will generally use finance purchase options for purchases of larger pieces of equipment with an estimated useful life of at least five (5) years. Certificates of obligation, general obligation or revenue bonds are issued for projects and other significant capital improvements with longer useful lives.

The City did not issue any debt during the 2022 fiscal year, however, the City is currently considering a debt issuance in the amount of approximately \$6,000,000 for the reconstruction of the entire length of Dunaway Lane. This project is included in the 2021 Tarrant County Transportation Bond Program and the total cost is currently estimated at \$7,604,992. Of this amount, \$2,817,500 would be funded by Tarrant County.

Economic development continues to be a major focus for the City. In 2013, voters authorized the creation of the Azle Municipal Development District and an additional ½-cent sales tax on all sales in the Tarrant County portion of the City. The District sales tax collections are used to generate economic development and growth within the boundaries of the District. Collections totaled \$754,002 in 2022 and \$706,441 in 2021.

Major initiatives – The City strives to promote and sustain a superior quality of life. The City's annual budget process involves incorporating the goals and strategies identified by the City

Council to provide for the community's highest priority needs. The City Council and staff worked together to identify the following goals and strategies:

- Plan and prepare for future needs of a growing city.
- Achieve excellence in City government services.
- Promote livability and community pride.

Major initiatives included in the 2022-2023 budget:

Plan and prepare for future needs of a growing city

- The street maintenance fund includes \$1,129,000 for the reclamation of five (5) streets.
- The utility capital improvement project budget includes \$603,242 for the emergency process generator and onshore generator intake station project.
- The capital improvement project budget includes \$470,000 for trail lighting projects at Central Park and Shady Grove Park.
- The economic development program is funded by the general fund and the Azle Municipal Development District - \$129,356 and \$638,589, respectively for a total budgeted amount of \$767,945.
- The Comprehensive Land Use Master Plan will be revised and updated at an estimated cost of \$200,000.

Achieve excellence in city government services

- Added six (6) new positions including a marketing specialist, code enforcement officer, community affairs/crime analyst, water plant operator, wastewater plant operator, and a 2nd assistant golf professional.
- The City Council approved the continuation of the step-pay plan which includes a one-step pay increase for all full-time employees effective on the anniversary of their hire date.
- Continued essential staff training and development programs.
- The budget also includes funding for two (2) ¾-ton pickup trucks (animal control and streets), a utility vehicle with top dresser equipment for the golf course, and two (2) ambulances.

Promote livability and community pride

- The general fund budgeted \$214,476 for the code enforcement department to continue efforts to improve the overall appearance of the City.
- The general fund includes \$933,943 budgeted for park maintenance.
- Continued the Façade and Signage Improvement Program.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the twentieth consecutive year the City received this prestigious award. In order to be awarded a Certificate of

Achievement, the government published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City was also awarded the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2021. This is the City's nineteenth consecutive year to obtain this achievement. In order to qualify for the Distinguished Budget Presentation Award, the budget document must be judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

The City was also awarded the GFOA's Popular Annual Financial Reporting Award for fiscal year 2021. This is the City's seventh consecutive year to obtain this achievement. In order to qualify for the award, the City must produce an annual financial report that is designed to be readily accessible and easily understandable by the general public and other interested parties without a background in public finance.

The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. These individuals worked many hours and exhibited extraordinary effort in ensuring the accuracy of this report, and their contribution to this effort is greatly appreciated. We would also like to express our appreciation to those employees throughout the organization who assisted in and contributed to the preparation of this report. Credit also must be given to the Mayor, the City Council and the City Manager's office for their unfailing support of maintaining the highest standards of professionalism in the management of the City of Azle's financial operations.

Respectfully submitted,



Thomas J. Muir
City Manager



Lawrence Bryant
Assistant City Manager



Renita Bishop
Finance Director



Government Finance Officers Association

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

Presented to

**City of Azle
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

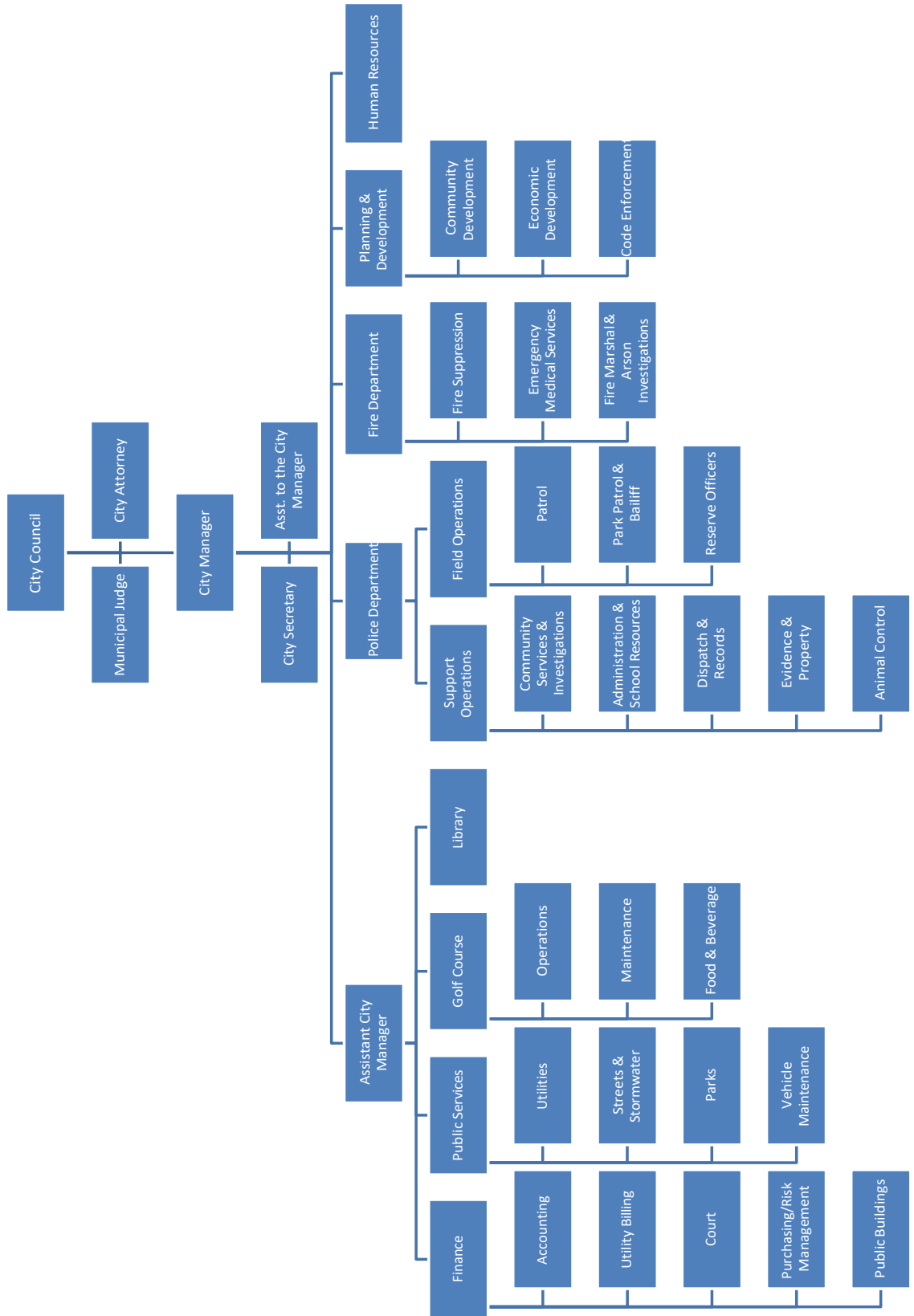
Christopher P. Morill

Executive Director/CEO

City of Azle, Texas

Organizational Chart

September 30, 2022



City of Azle, Texas
ELECTED AND APPOINTED OFFICIALS
September 30, 2022

City Council

Alan Brundrett	Mayor
Randa Goode	Mayor Pro Tem
Derrick Nelson	Council Member 1
Amy Estes	Council Member 2
Stacy Peek	Council Member 3
Rouel Rothenberger	Council Member 5
Brian Conner	Council Member 6

Appointed Officials

Tom Muir	City Manager
Lawrence Bryant	Assistant City Manager
Renita Bishop	Finance Director
Yael Forgey	City Secretary
Ben Hall	Police Chief
David Hawkins	Planning and Development Director
Curren McLane	Library Director
Will Scott	Fire Chief
Richard White	Public Services Director

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Azle, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Azle, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Azle, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Azle, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note V.D. to the financial statements, due to the recognition of developer capital asset contributions received in the prior year, the City restated beginning net position for governmental

activities, business-type activities, the utility fund, and storm water utility fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Brooks Watson & Co.

Brooks Watson & Co.

Certified Public Accountants

Houston, Texas

February 27, 2023

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

As management of the City of Azle, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2022 by \$96,008,030. Of this amount, \$13,466,430 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$14,871,635. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$14,601,196 at September 30, 2022, an increase of \$1,478,037 from the prior fiscal year; this includes a decrease of \$281,143 in the general fund, an increase of \$11,712 in the debt service fund, an increase of \$498,217 in the capital projects fund, and an increase of \$1,249,251 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$8,327,353 or 60% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer utilities, golf course, and storm water utility operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate component units, the Crime Control and Prevention District and the Municipal Development District, which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-23 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects, and debt service fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 24-31 of this report.

Proprietary Funds

The City's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its utility, golf course, and storm water utility operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility, golf course, and storm water utility, all of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 32-41 of this report.

Component Units

The City maintains the accounting and financial statements for three component units. The Azle Crime Control and Prevention District and the Azle Municipal Development District are both discretely presented component units displayed on the government-wide financial statements.

The TIRZ No. 1 fund is a special purpose fund that collects property taxes within its boundaries for the purpose of infrastructure development. The fund's board consists of the City Council and is reported as a blended component unit, as it functions similar to a department of the City.

Notes to Financial Statements

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

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2022

The notes to the financial statements can be found on pages 43-84 of this report.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Azle, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$96,008,030 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$71,837,282 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Azle, Texas's net position of \$10,704,318 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,466,430 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Azle, Texas is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 20,236,721	\$ 14,596,757	\$ 34,833,478	\$ 16,837,957	\$ 12,054,361	\$ 28,892,318
Capital assets	39,524,716	53,366,230	92,890,946	36,052,363	47,248,124	83,300,487
Total Assets	59,761,437	67,962,987	127,724,424	52,890,320	59,302,485	112,192,805
Deferred Outflows	1,311,400	327,320	1,638,720	1,026,840	267,525	1,294,365
Other liabilities	5,742,839	3,636,281	9,379,120	3,915,907	3,031,873	6,947,780
Long-term liabilities	13,296,207	8,587,432	21,883,639	14,601,499	10,119,379	24,720,878
Total Liabilities	19,039,046	12,223,713	31,262,759	18,517,406	13,151,252	31,668,658
Deferred Inflows	1,422,486	669,869	2,092,355	546,956	135,161	682,117
Net Position:						
Net investment in capital assets	27,933,578	43,903,704	71,837,282	24,032,848	37,132,186	61,165,034
Restricted	5,865,272	4,839,046	10,704,318	4,045,435	4,141,809	8,187,244
Unrestricted	6,812,455	6,653,975	13,466,430	6,774,515	5,009,602	11,784,117
Total Net Position	\$ 40,611,305	\$ 55,396,725	\$ 96,008,030	\$ 34,852,798	\$ 46,283,597	\$ 81,136,395

Current and other assets for the primary government increased by \$5,941,160 or 21% primarily due to greater cash and investments on hand, resulting from operating surpluses during the year. Government-wide capital assets increased by \$9,590,459 or 12% due to continued investment in the City's infrastructure and equipment, as well as significant developer contributions related to new subdivisions. Other liabilities increased in governmental activities by \$1,826,932 primarily due to deferred grant revenue that was received in advance of being eligible for revenue recognition. Long-term liabilities for the primary government decreased by \$2,837,239 or 11% primarily as a result of principal payments made in the current year.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Statement of Activities:

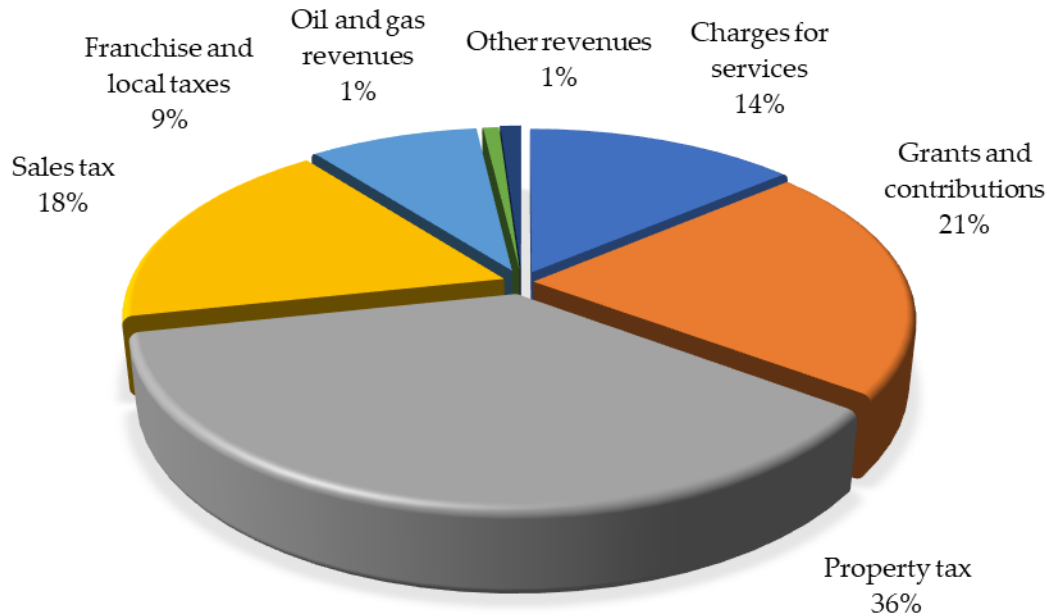
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities	Primary Government	Activities	Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,791,432	\$ 12,668,234	\$ 15,459,666	\$ 2,000,120	\$ 11,300,869	\$ 13,300,989
Operating grants	1,584,969	-	1,584,969	1,173,707	-	1,173,707
Capital contributions	2,737,544	6,973,273	9,710,817	1,614,330	2,699,498	4,313,828
General revenues:						
Property tax	7,378,119	-	7,378,119	6,805,217	-	6,805,217
Sales tax	3,628,226	-	3,628,226	3,335,906	-	3,335,906
Franchise and local taxes	1,738,868	-	1,738,868	1,697,254	-	1,697,254
Investment income	130,913	76,554	207,467	47,980	25,461	73,441
Oil and gas revenues	166,338	105,702	272,040	76,161	46,905	123,066
Other revenues	83,528	7,388	90,916	202,605	24,522	227,127
Total Revenues	20,239,937	19,831,151	40,071,088	16,953,280	14,097,255	31,050,535
Expenses						
General government	2,855,206	-	2,855,206	2,582,629	-	2,582,629
Public safety	7,531,306	-	7,531,306	7,168,093	-	7,168,093
Public works	1,850,360	-	1,850,360	1,778,963	-	1,778,963
Recreation and leisure	1,620,531	-	1,620,531	1,600,244	-	1,600,244
Community development	722,043	-	722,043	530,993	-	530,993
Interest and fiscal charges	239,439	147,024	386,463	284,153	169,893	454,046
Utility	-	8,332,477	8,332,477	-	7,752,465	7,752,465
Golf course	-	1,523,809	1,523,809	-	1,264,368	1,264,368
Storm water utility	-	377,258	377,258	-	281,021	281,021
Total Expenses	14,818,885	10,380,568	25,199,453	13,945,075	9,467,747	23,412,822
Change in Net Position						
Before Transfers	5,421,052	9,450,583	14,871,635	3,008,205	4,629,508	7,637,713
Transfers	337,455	(337,455)	-	671,733	(671,733)	-
Total	337,455	(337,455)	-	671,733	(671,733)	-
Change in Net Position	5,758,507	9,113,128	14,871,635	3,679,938	3,957,775	7,637,713
Beginning Net Position	34,852,798	46,283,597	81,136,395	31,172,860	42,325,822	73,498,682
Ending Net Position	\$ 40,611,305	\$ 55,396,725	\$ 96,008,030	\$ 34,852,798	\$ 46,283,597	\$ 81,136,395

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

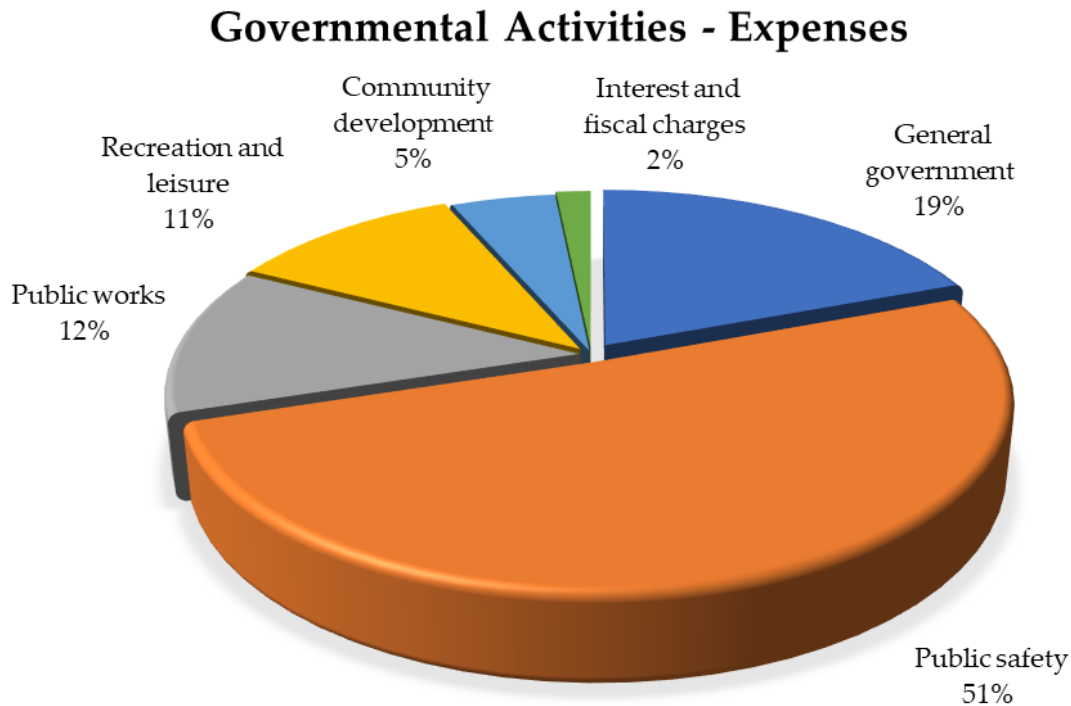
Governmental Activities - Revenues



For the year ended September 30, 2022, revenues from governmental activities totaled \$20,239,937. Property tax, grants and contributions, and sales tax are the City's largest general revenue sources. Overall revenue increased \$3,286,657 or 19% from the prior year. Sales taxes increased by \$292,320 or 9% primarily due to economic growth fueled by local purchases. Property taxes increased by \$572,902 or 8% due to ascending appraisal values compared to the prior year. Charges for services increased by \$791,312 or 40% due primarily to greater building permit/inspection fee revenue and ambulance services fees in the current year. Capital and operating contributions increased by \$1,534,476 primarily due to nonrecurring developer contributions and federal grants received in the prior year. Investment income increased by \$82,933, which was a result of greater interest-bearing accounts over the course of the year. Other revenues decreased by \$119,077 primarily as a result of nonrecurring insurance recoveries and animal shelter donations received in the prior year. All other revenues remained relatively stable when compared to the previous year.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

This graph shows the governmental function expenses of the City:

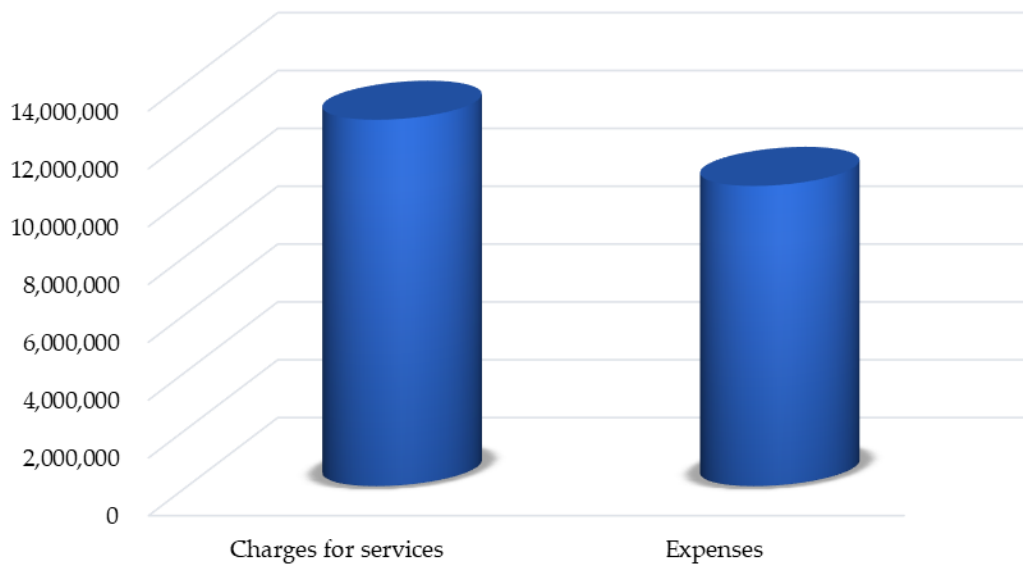


For the year ended September 30, 2022, expenses for governmental activities totaled \$14,818,885. This represents an increase of \$873,810 or 6% from the prior year. The City's largest functional expense is public safety totaling \$7,531,306, which increased by \$363,213 or 5%. This increase is primarily a result of greater personnel costs, as the City completed a compensation study and adjusted pay rates to the market in the current year. General government expenses increased by \$272,577 or 11% due to the aforementioned pay raises and nonrecurring claims/judgements fees incurred in the current year. Community development expenses increased by \$191,050 or 36% primarily due to nonrecurring monthly inspection services performed by SAFEbuilt during the year. Interest and fiscal charges decreased by \$44,714 or 16% primarily resulting from outstanding long-term debt approaching maturity. All other governmental activities expenses remained relatively consistent with the prior year.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2022, charges for services by business-type activities totaled \$12,668,234. This represents an increase of \$1,367,365 or 12% from the previous year, which is a direct result of an increase in the City's customer base and greater sewer and water service consumption by the local citizens. In addition, garbage service rates increased approximately 10% during the year. Capital contributions increased by \$4,273,775 as a result of nonrecurring developer contributions received in the current year for utility infrastructure projects.

Total business-type activity expenses increased \$912,821 or 10% to a total of \$10,380,568. Utility expenses totaled \$8,479,501, while golf and storm water utility operations totaled \$1,523,809 and \$377,258, respectively. Utility expenses increased by \$580,012 or 7% primarily due to greater water purchases, garbage collection service expenses, utility system maintenance, and supply costs over the course of the year. Golf course expenses increased by \$259,441 or 17% primarily due to greater contract personnel expenses, food/beverage purchases, merchandise expenses, and fuel costs. These expense increases are consistent with greater green fees and clubhouse sales compared to the prior year. Storm water utility expenses increased by \$96,237 or 26% primarily due to greater capital asset depreciation expenses, as the City received developer contributions for new infrastructures projects in the current year.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2022

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2022, the City's governmental funds reported combined fund balances of \$14,601,196, an increase of \$1,478,037 in comparison with the prior year. Approximately 57% of this amount, \$8,327,353, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form \$408,571 or 2) restricted for particular purposes \$5,865,272.

As of the end of the year the general fund reflected a total fund balance of \$9,105,157. Of this, \$777,804 is considered not in spendable form or restricted and \$8,327,353 is unassigned. General fund balance decreased by \$281,143 during the current year primarily due to greater than anticipated transfers out to other funds. In addition, current year expenditures increased by over \$1 million compared to the prior year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$8,327,353 is 60% of total general fund expenditures.

The debt service fund had an ending fund balance of \$162,870 at September 30, 2022, an increase of \$11,712 primarily due to greater than anticipated revenue during the year. The slight increase in fund balance is consistent with the prior year change. During the year, the fund recorded total principal and interest payments totaling \$786,026 and property tax revenue of \$796,602.

The capital projects fund had an ending fund balance of \$759,872 at September 30, 2022, an increase of \$498,217 when compared to the prior year. This increase is primarily attributable to greater than anticipated revenues and transfers received from other funds. The fund did not record transfers from other funds in the prior year. During the current year, this fund recorded \$1,500,000 of transfers from other funds.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the utility fund, totaled \$44,128,772. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to \$6,653,975, an increase of \$1,644,373 over the previous year. Total investment in capital assets, net of related debt was \$43,903,704, and capital assets, net of depreciation totaled \$53,366,230.

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of \$13,719,898 were less than actual revenues of \$14,652,353, resulting in a total positive revenue variance of \$932,455. All actual revenues were greater than the budgeted amounts with the exception of property taxes and other revenue. Total budgeted expenditures of \$15,035,408 were more than actual expenditures of \$13,824,874, resulting in a total positive expenditure variance of \$1,210,534. All departmental expenditures were less than the budgeted amounts. The City also increased various revenue categories by \$1,292,009 due to revised estimates. The most significant was an increase to licenses and permits due to new development permitting fees. Final budgeted public safety and community development expenditures increased due to a revised estimate of overall expenditures to account for higher salaries and wages as well as professional services for third party building inspections.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$39,524,716 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$53,366,230 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

Major capital asset events during the current year include the following:

- Developer contributions for Rosewood Estates street improvements – phase 2 totaling \$406,942.
- Developer contributions for Auburn Terrace street improvements totaling \$943,395.
- Developer contributions for Azle Grove street improvements totaling \$1,135,518.
- Purchase of land (5.752 acres) for \$1,201,301.
- Purchased new splash pad in Central Park for \$441,780.
- Constructed restrooms in Central Park for \$656,767.
- Purchase new golf carts through financing for \$469,035.
- Purchased 2020 John Deere tractor in storm water utility department for \$228,027.
- Ash Avenue drainage infrastructure improvements of \$422,169.
- Purchase emergency process generator for \$135,290.
- Major developer contributions were received for utility infrastructure as follows –
 - Auburn Terrace - \$1,592,469
 - Rosewood Estate Phase 2 – \$400,000
 - Shady Creek Estate - \$372,837
 - Stone Eagle - \$747,061
 - Azle Grove Phase - \$2,414,421

City of Azle, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2022

LONG-TERM DEBT

The City's outstanding bonds, tax notes, leases and certificates of obligation payable, net of all premiums and discounts, decreased by \$1,772,612 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year was \$20,225,692, net of all premiums and discounts. Of this amount, \$19,300,000 (excluding unamortized premium/discount) comprises of bonded debt backed by the full faith and credit of the City, and the remaining represents bonds secured solely by self-supporting activities. More detailed information about the City's long-term liabilities is presented in note IV.E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the budget, tax rates, and fees for fiscal year ending 2023. The cost of providing City services continues to rise. While the City continues to experience new commercial and residential growth, inflationary costs coupled with rising interest rates will negatively impact construction. The City issued 275 new residential construction permits during FY 2022 compared to 187 in the previous year. In addition, seven (7) commercial construction permits were issued during the year, compared to four (4) in the prior year. General sales tax revenue increased approximately 8.8% from \$2.67 million in 2021 to \$2.9 million in 2022. The taxable assessed valuation of property within the City for the 2022 tax year increased by 11.56% from \$1,136 million to \$1,268 million. This increase includes \$32.9 million in new construction.

Utility fund revenue is projected to increase \$538,634 primarily due to growth in our customer base. Water and sewer rates are budgeted to remain unchanged. Operating expenses are budgeted to increase \$362,861 from the prior year adopted budget and includes funding for pay plan step increases, moving the City to a 7% retirement plan effective January 2023 and two (2) additional employees. A purchase of a one-ton pickup truck for utility maintenance and continued slip lining of sewer lines in the Shoreline Drive area are also included.

General fund revenues, exclusive of transfers, are projected to be \$15,199,049. This is an increase of \$1,427,349 (10.36%) from the prior year amended budget. Of this amount, \$1,160,000 is grant revenue from Tarrant County's American Rescue Plan Act (ARPA) funds. Expenditures, excluding transfers, for the general fund are budgeted at \$16,498,476. This is an increase of \$1,463,069 (10.16%) from the prior fiscal year.

Other key factors include:

- Sales tax collections are projected to increase by \$145,000 (5.5%) from the original FY 2022 budget projection and franchise fees are projected to remain flat.
- New construction building permits increase of \$221,000 due to the rapid rise in the number of buildable lots available.
- New positions in this budget include a marketing specialist, code enforcement officer, and a community affairs/crime analyst.
- Upgrade two (2) part-time kennel techs to a full-time animal control officer and full-time kennel tech (\$76,401).

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2022

- Replace two (2) ambulances (\$1,160,000) which will be funded by a grant from Tarrant County's ARPA funds.
- Moving the City to a 7% retirement plan (\$252,093).
- New shade structure at Ash Creek Park \$(98,000).
- A one step pay increase of approximately 3.6% was added for all full-time employees (\$149,246).

Additionally, the City's ad valorem tax rate decreased to \$0.6234 per hundred dollars of assessed value, which will produce a total increase in property tax revenue of \$560,865 due to increased property values and new construction.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Azle, Texas, Finance Department, P.O. Box 1378, Azle, Texas, 76098. This information can also be accessed on the City's website at www.cityofazle.org.

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BASIC FINANCIAL STATEMENTS

City of Azle, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 11,484,413	\$ 5,390,431	\$ 16,874,844
Investments	1,511,039	1,511,040	3,022,079
Taxes receivable, net	407,671	-	407,671
Receivables, net	1,649,679	1,368,762	3,018,441
Lease receivables, current	-	79,263	79,263
Due from component units	8,468	-	8,468
Internal balances	(167,159)	167,159	-
Inventories	30,674	308,070	338,744
Prepaid and other assets	35,281	5,335	40,616
Restricted assets - cash	4,934,039	544,706	5,478,745
Total Current Assets	19,894,105	9,374,766	29,268,871
Noncurrent assets:			
Restricted assets - cash	-	3,991,181	3,991,181
Restricted assets - investments	-	1,324,230	1,324,230
Lease receivables, noncurrent	-	249,196	249,196
Interfund advances	342,616	(342,616)	-
Capital assets:			
Non-depreciable	3,270,250	4,145,973	7,416,223
Net depreciable capital assets	36,254,466	49,220,257	85,474,723
Total Noncurrent Assets	39,867,332	58,588,221	98,455,553
Total Assets	59,761,437	67,962,987	127,724,424
<u>Deferred Outflows of Resources</u>			
Pension contributions	688,873	166,778	855,651
Pension expected experience vs. actual	573,758	140,967	714,725
OPEB contributions	3,549	676	4,225
OPEB expected experience vs. actual	45,220	8,613	53,833
Deferred charge on refunding	-	10,286	10,286
Total Deferred Outflows of Resources	1,311,400	327,320	1,638,720

Component Units			
Crime District		Municipal District	
\$	247,310	\$	1,583,240
	-		1,708,698
	121,315		136,404
	-		1,287
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	368,625		3,429,629
	-		-
	-		-
	-		-
	-		-
	-		-
	478,327		-
	478,327		-
	846,952		3,429,629
	17,531		4,338
	14,732		2,769
	-		-
	-		-
	-		-
	32,263		7,107

City of Azle, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	486,200	1,004,573	1,490,773
Accrued liabilities	393,862	111,628	505,490
Due to other governments	427,391	-	427,391
Due to primary government	-	-	-
Deposits payable	-	659,855	659,855
Grants received in advance	2,726,910	-	2,726,910
Unearned revenue	731,977	21,570	753,547
Compensated absences, current	386,237	113,974	500,211
Accrued interest payable	31,220	20,298	51,518
Long-term debt due in one year	559,042	1,704,383	2,263,425
Total Current Liabilities	5,742,839	3,636,281	9,379,120
Noncurrent liabilities:			
Net pension liability	1,901,723	692,836	2,594,559
OPEB liability	392,233	74,711	466,944
Compensated absences	96,559	28,494	125,053
Long-term debt due in more than one year	10,905,692	7,791,391	18,697,083
Total Noncurrent Liabilities	13,296,207	8,587,432	21,883,639
Total Liabilities	19,039,046	12,223,713	31,262,759
Deferred Inflows of Resources			
Pension investment earnings	1,422,486	349,409	1,771,895
Lease related	-	320,460	320,460
Total Deferred Inflows of Resources	1,422,486	669,869	2,092,355
Net Position			
Net investment in capital assets	27,933,578	43,903,704	71,837,282
Restricted for:			
Municipal court	69,860	-	69,860
Public works	1,332,463	-	1,332,463
Capital projects	1,024,497	205,050	1,229,547
Debt service	162,870	339,656	502,526
Public safety	369,233	-	369,233
Bond reserve	-	821,718	821,718
Impact fees	-	3,472,622	3,472,622
Economic development	2,626,347	-	2,626,347
Tourism	280,002	-	280,002
Unrestricted	6,812,455	6,653,975	13,466,430
Total Net Position	\$ 40,611,305	\$ 55,396,725	\$ 96,008,030

See Notes to Financial Statements.

Component Units	
Crime District	Municipal District
29,195	14,974
5,681	906
-	-
7,632	836
-	-
-	-
-	-
4,320	-
1,798	-
18,216	-
66,842	16,716
53,999	616
-	-
1,080	-
57,505	-
112,584	616
179,426	17,332
34,586	6,888
-	-
34,586	6,888
402,606	-
-	-
-	-
-	-
-	-
262,597	-
-	-
-	-
-	3,412,516
-	-
-	-
\$ 665,203	\$ 3,412,516

City of Azle, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,855,206	\$ 860,665	\$ 544,065	\$ 251,688
Public safety	7,531,306	540,452	874,712	-
Public works	1,850,360	26,685	-	2,485,856
Recreation and leisure	1,620,531	41,114	166,192	-
Community development	722,043	1,322,516	-	-
Interest and fiscal charges	239,439	-	-	-
Total Governmental Activities	14,818,885	2,791,432	1,584,969	2,737,544
Business-Type Activities				
Utility	8,479,501	10,336,841	-	5,343,128
Golf course	1,523,809	1,803,664	-	-
Storm water utility	377,258	527,729	-	1,630,145
Total Business-Type Activities	10,380,568	12,668,234	-	6,973,273
Total Primary Government	\$ 25,199,453	\$ 15,459,666	\$ 1,584,969	\$ 9,710,817
Component Units				
Crime Prevention District	754,071	-	-	-
Municipal Development District	427,820	-	-	-
Total Component Units	\$ 1,181,891	\$ -	\$ -	\$ -

General Revenues:

Taxes
Property taxes
Sales taxes
Franchise and local taxes
Oil and gas revenues
Insurance recoveries
Other revenues
Investment income
Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Crime District	Municipal District
\$ (1,198,788)	\$ -	\$ (1,198,788)	\$ -	\$ -
(6,116,142)	-	(6,116,142)	-	-
662,181	-	662,181	-	-
(1,413,225)	-	(1,413,225)	-	-
600,473	-	600,473	-	-
(239,439)	-	(239,439)	-	-
(7,704,940)	-	(7,704,940)	-	-
-	7,200,468	7,200,468	-	-
-	279,855	279,855	-	-
-	1,780,616	1,780,616	-	-
-	9,260,939	9,260,939	-	-
(7,704,940)	9,260,939	1,555,999	-	-
			(754,071)	-
			-	(427,820)
			(754,071)	(427,820)
7,378,119	-	7,378,119	-	-
3,628,226	-	3,628,226	702,590	754,002
1,738,868	-	1,738,868	-	-
166,338	105,702	272,040	-	-
53,923	-	53,923	-	-
29,605	7,388	36,993	8,331	3,333
130,913	76,554	207,467	2,247	21,357
337,455	(337,455)	-	-	-
13,463,447	(147,811)	13,315,636	713,168	778,692
5,758,507	9,113,128	14,871,635	(40,903)	350,872
34,852,798	46,283,597	81,136,395	706,106	3,061,644
\$ 40,611,305	\$ 55,396,725	\$ 96,008,030	\$ 665,203	\$ 3,412,516

City of Azle, Texas

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	Capital Projects
<u>Assets</u>			
Cash and cash equivalents	\$ 6,884,597	\$ 161,574	\$ -
Investments	1,511,039	-	-
Restricted assets - cash	3,442,190	-	1,491,849
Taxes receivable, net	233,897	38,490	-
Accounts receivable, net	1,140,575	-	-
Intergovernmental receivable	509,104	-	-
Due from component units	8,468	-	-
Inventories	30,674	-	-
Prepaid and other assets	35,281	-	-
Advance to other funds	342,616	-	-
Total Assets	\$ 14,138,441	\$ 200,064	\$ 1,491,849
<u>Liabilities</u>			
Accounts payable	\$ 485,971	\$ -	\$ -
Accrued liabilities	393,862	-	-
Due to other governments	427,391	-	-
Grants received in advance	2,726,910	-	-
Unearned revenue	-	-	731,977
Due to other funds	167,159	-	-
Total Liabilities	4,201,293	-	731,977
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	220,210	37,194	-
Unavailable revenue - fines and forfeitures	34,073	-	-
Unavailable revenue - charges for EMS services	577,708	-	-
Total Deferred Inflows of Resources	831,991	37,194	-
<u>Fund Balances</u>			
Nonspendable:			
Inventories	30,674	-	-
Prepaid items	35,281	-	-
Advances	342,616	-	-
Restricted for:			
Debt service	-	162,870	-
Municipal court	-	-	-
Public safety	369,233	-	-
Street maintenance	-	-	-
Tourism	-	-	-
Economic development	-	-	-
Capital projects	-	-	759,872
Unassigned	8,327,353	-	-
Total Fund Balances	9,105,157	162,870	759,872
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,138,441	\$ 200,064	\$ 759,872

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,438,242	\$ 11,484,413
-	1,511,039
-	4,934,039
135,284	407,671
-	1,140,575
-	509,104
-	8,468
-	30,674
-	35,281
-	342,616
<u>\$ 4,573,526</u>	<u>\$ 20,403,880</u>
\$ 229	\$ 486,200
-	393,862
-	427,391
-	2,726,910
-	731,977
-	167,159
<u>229</u>	<u>4,933,499</u>
-	257,404
-	34,073
-	577,708
<u>-</u>	<u>869,185</u>
-	30,674
-	35,281
-	342,616
-	162,870
69,860	69,860
-	369,233
1,332,463	1,332,463
280,002	280,002
2,626,347	2,626,347
264,625	1,024,497
-	8,327,353
<u>4,573,297</u>	<u>14,601,196</u>
<u>\$ 4,573,526</u>	<u>\$ 19,534,695</u>

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City of Azle, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2022

Fund Balances - Total Governmental Funds	\$ 14,601,196
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	3,270,250
Capital assets - net depreciable	36,254,466
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	869,185
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time	
Pension investment earnings	(1,422,486)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then	
Pension contributions	688,873
Pension expected experience vs. actual	573,758
OPEB expected experience vs. actual	45,220
OPEB contributions	3,549
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(31,220)
Deferred charges:	
Bond premium	(115,692)
Net pension liability	(1,901,723)
OPEB liability	(392,233)
Compensated absences	(482,796)
Non-current liabilities due in one year	(559,042)
Non-current liabilities due in more than one year	(10,790,000)
Net Position of Governmental Activities	\$ 40,611,305

See Notes to Financial Statements.

City of Azle, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects
<u>Revenues</u>			
Property tax	\$ 6,536,620	\$ 796,602	\$ -
Sales tax	2,902,581	-	-
Franchise and local taxes	833,709	-	-
License and permits	1,322,516	-	-
Intergovernmental	1,387,527	-	31,250
Charges for services	859,576	-	-
Fines and forfeitures	516,613	-	-
Investment income	97,414	1,936	10,255
Other revenue	29,605	-	166,338
Donations	166,192	-	-
Total Revenues	14,652,353	798,538	207,843
<u>Expenditures</u>			
Current:			
General government	2,329,682	-	-
Public safety	7,060,809	-	-
Public works	939,958	-	-
Recreation and leisure	1,331,000	-	-
Community development	726,123	-	-
Debt Service:			
Principal	18,485	530,000	-
Interest and fiscal charges	864	256,026	-
Administrative charges	-	800	-
Capital outlay:			
General government	4,342	-	1,209,626
Public safety	142,999	-	-
Recreation and leisure	1,270,612	-	-
Total Expenditures	13,824,874	786,826	1,209,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	827,479	11,712	(1,001,783)
<u>Other Financing Sources (Uses)</u>			
Insurance recoveries	53,923	-	-
Transfers in	639,650	-	1,500,000
Transfers (out)	(1,802,195)	-	-
Total Other Financing Sources (Uses)	(1,108,622)	-	1,500,000
Net Change in Fund Balances	(281,143)	11,712	498,217
Beginning fund balances	9,386,300	151,158	261,655
Ending Fund Balances	\$ 9,105,157	\$ 162,870	\$ 759,872

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 7,333,222
725,645	3,628,226
905,159	1,738,868
-	1,322,516
-	1,418,777
-	859,576
22,455	539,068
21,308	130,913
-	195,943
-	166,192
<u>1,674,567</u>	<u>17,333,301</u>
12,250	2,341,932
-	7,060,809
413,066	1,353,024
-	1,331,000
-	726,123
-	548,485
-	256,890
-	800
-	1,213,968
-	142,999
-	1,270,612
<u>425,316</u>	<u>16,246,642</u>
1,249,251	1,086,659
-	53,923
-	2,139,650
-	(1,802,195)
<u>-</u>	<u>391,378</u>
1,249,251	1,478,037
3,324,046	13,123,159
<u>\$ 4,573,297</u>	<u>\$ 14,601,196</u>

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City of Azle, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	\$ 1,478,037
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,619,254
Developer contributions	2,485,856
Depreciation expense	(1,884,445)
Capital asset contributions from component unit	251,688

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	115,169
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(5,359)
Accrued interest	11,955
Pension expense	171,593
OPEB expense	(40,022)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium	6,296
Principal payments	548,485

Change in Net Position of Governmental Activities	\$ 5,758,507
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See Notes to Financial Statements.

City of Azle, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
September 30, 2022

	<u>Utility</u>	<u>Golf Course</u>	<u>Storm Water Utility</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 3,292,015	\$ 837,826	\$ 1,260,590
Investments	1,511,040	-	-
Accounts receivable	1,336,113	9,805	22,555
Lease receivable, current	79,263	-	-
Interest receivable	289	-	-
Inventories	219,915	88,155	-
Prepaid items	5,335	-	-
Due from other funds	167,159	-	-
Restricted cash	339,656	205,050	-
Total Current Assets	<u>6,950,785</u>	<u>1,140,836</u>	<u>1,283,145</u>
<u>Noncurrent Assets</u>			
Restricted cash:			
Impact fees	2,981,868	-	-
Capital projects	349,458	-	-
Customer deposits	659,855	-	-
Restricted investments:			
Impact fees	502,512	-	-
Bond reserve	821,718	-	-
Lease receivable, noncurrent	249,196	-	-
Advance to other funds	275,754	-	-
Capital assets:			
Non-depreciable	300,979	3,337,307	507,687
Net depreciable capital assets	42,340,780	879,878	5,999,599
Total Noncurrent Assets	<u>48,482,120</u>	<u>4,217,185</u>	<u>6,507,286</u>
Total Assets	<u>55,432,905</u>	<u>5,358,021</u>	<u>7,790,431</u>
<u>Deferred Outflows of Resources</u>			
Pension contributions	140,393	26,385	-
Pension expected experience vs. actual	117,357	23,610	-
OPEB contributions	676	-	-
OPEB expected experience vs. actual	8,613	-	-
Deferred charge on refunding	10,286	-	-
Total Deferred Outflows of Resources	<u>277,325</u>	<u>49,995</u>	<u>-</u>

See Notes to Financial Statements.

Total	
\$	5,390,431
	1,511,040
	1,368,473
	79,263
	289
	308,070
	5,335
	167,159
	544,706
	9,374,766

	2,981,868
	349,458
	659,855
	502,512
	821,718
	249,196
	275,754
	4,145,973
	49,220,257
	59,206,591
	68,581,357

	166,778
	140,967
	676
	8,613
	10,286
	327,320

City of Azle, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2022

	Utility	Golf Course	Storm Water Utility
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 607,149	\$ 111,244	\$ 286,180
Accrued liabilities	62,132	11,229	38,267
Customer deposits	659,855	-	-
Unearned revenue	5,121	16,449	-
Compensated absences, current	98,807	15,167	-
Long-term debt, current	1,540,793	118,094	45,496
Accrued interest	18,119	1,651	528
Total Current Liabilities	2,991,976	273,834	370,471
<u>Noncurrent Liabilities</u>			
Advance from other funds	-	618,370	-
Compensated absences	24,702	3,792	-
Long-term debt, noncurrent	7,245,000	427,435	118,956
Net pension liability	634,966	57,870	-
OPEB liability	74,711	-	-
Total Noncurrent Liabilities	7,979,379	1,107,467	118,956
Total Liabilities	10,971,355	1,381,301	489,427
<u>Deferred Inflows of Resources</u>			
Pension investment earnings	289,643	59,766	-
Lease related	320,460	-	-
Total Deferred Inflows of Resources	610,103	59,766	-
<u>Net Position</u>			
Net investment in capital assets	34,202,527	3,671,656	6,029,521
Restricted for:			
Bond reserve	821,718	-	-
Debt service	339,656	-	-
Capital projects	-	205,050	-
Impact fees	3,472,622	-	-
Unrestricted	5,292,249	90,243	1,271,483
Total Net Position	\$ 44,128,772	\$ 3,966,949	\$ 7,301,004

See Notes to Financial Statements.

Total	
\$	1,004,573
	111,628
	659,855
	21,570
	113,974
	1,704,383
	20,298
	3,636,281
	618,370
	28,494
	7,791,391
	692,836
	74,711
	9,205,802
	12,842,083
	349,409
	320,460
	669,869
	43,903,704
	821,718
	339,656
	205,050
	3,472,622
	6,653,975
\$	55,396,725

City of Azle, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Utility	Golf Course	Storm Water Utility
<u>Operating Revenues</u>			
Charges for services	\$ 10,336,841	\$ 760,167	\$ 527,729
Green fees	-	680,628	-
Food and beverage sales	-	232,632	-
Pro shop sales	-	130,237	-
Other revenue	5,133	2,255	-
Total Operating Revenues	10,341,974	1,805,919	527,729
<u>Operating Expenses</u>			
Personnel services	1,805,056	-	-
Supplies	396,813	-	5,806
Maintenance and repairs	475,366	-	10,836
Contractual services	4,282,386	-	5,907
Course maintenance	-	435,124	-
Food and beverage	-	236,180	-
General operations	-	675,963	-
Depreciation	1,372,856	154,087	349,668
Total Operating Expenses	8,332,477	1,501,354	372,217
Operating Income (Loss)	2,009,497	304,565	155,512
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	67,310	4,630	4,614
Loss on disposal of capital assets	-	(9,298)	-
Gas royalties	-	105,702	-
Interest expense	(144,879)	(13,157)	(4,941)
Fiscal charges	(2,145)	-	(100)
Total Nonoperating Revenues (Expenses)	(79,714)	87,877	(427)
Income Before Capital Contributions and Transfers	1,929,783	392,442	155,085
<u>Capital Contributions and Transfers</u>			
Capital contributions	4,257,868	-	1,630,145
Contributions-impact fees	1,085,260	-	-
Transfers in	-	-	302,195
Transfers (out)	(639,650)	-	-
Total Capital Contributions and Transfers	4,703,478	-	1,932,340
Change in Net Position	6,633,261	392,442	2,087,425
Beginning net position	37,495,511	3,574,507	5,213,579
Ending Net Position	\$ 44,128,772	\$ 3,966,949	\$ 7,301,004

See Notes to Financial Statements.

Total	
\$	11,624,737
	680,628
	232,632
	130,237
	7,388
	<u>12,675,622</u>

	1,805,056
	402,619
	486,202
	4,288,293
	435,124
	236,180
	675,963
	1,876,611
	<u>10,206,048</u>
	<u>2,469,574</u>

	76,554
	(9,298)
	105,702
	(162,977)
	(2,245)
	<u>7,736</u>
	2,477,310

	5,888,013
	1,085,260
	302,195
	(639,650)
	<u>6,635,818</u>
	9,113,128
	<u>46,283,597</u>
\$	<u><u>55,396,725</u></u>

City of Azle, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2022

	Utility	Golf Course	Storm Water Utility
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (2,018,740)	\$ (682,811)	\$ (35,543)
Payments to suppliers	(5,111,606)	(650,925)	(22,549)
Receipts from customers	10,332,862	1,803,885	526,895
Outstanding payables to suppliers	-	-	290,505
Net Cash Provided (Used) by Operating Activities	3,202,516	470,149	759,308
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	-	-	302,195
Transfers (out)	(639,650)	-	-
Collections (payments) of interfund loans	90,000	(200,000)	-
Net Cash (Used) by Noncapital Financing Activities	(549,650)	(200,000)	302,195
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(826,445)	(153,944)	(666,580)
Impact fees received	1,085,260	-	-
Interest paid on capital debt	(138,910)	(13,675)	(5,041)
Principal paid on capital debt	(1,525,624)	(116,893)	(44,349)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,405,719)	(284,512)	(715,970)
<u>Cash Flows from Investing Activities</u>			
Gas royalties	-	105,702	-
Purchase of investments	(260,018)	-	-
Interest on investments	88,883	4,630	4,471
Net Cash Provided (Used) by Investing Activities	(171,135)	110,332	4,471
Net Increase (Decrease) in Cash and Cash Equivalents	1,076,012	95,969	350,004
Beginning cash and cash equivalents	6,546,840	946,907	910,586
Ending Cash and Cash Equivalents (including restricted cash)	\$ 7,622,852	\$ 1,042,876	\$ 1,260,590

See Notes to Financial Statements.

Total	
\$	(2,737,094)
	(5,785,080)
	12,663,642
	290,505
	<u>4,431,973</u>
	302,195
	(639,650)
	(110,000)
	<u>(447,455)</u>
	(1,646,969)
	1,085,260
	(157,626)
	<u>(1,686,866)</u>
	(2,406,201)
	105,702
	(260,018)
	97,984
	<u>(56,332)</u>
	1,521,985
	<u>8,404,333</u>
\$	<u><u>9,926,318</u></u>

City of Azle, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2022

	<u>Utility</u>	<u>Golf Course</u>	<u>Storm Water Utility</u>
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 2,009,497	\$ 304,565	\$ 155,512
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	1,372,856	154,087	349,668
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(435,472)	(2,161)	(834)
Inventory	(49,492)	(15,413)	-
Prepaid items	(1,434)	-	-
Increase (Decrease) in:			
Accounts payable	106,848	40,657	252,238
Accrued liabilities	(25,667)	(4,865)	38,267
Due to other other funds	12,704	-	-
Unearned revenue	284	127	-
Lease related	320,460	-	-
Compensated absences	773	1,068	-
Deferred outflows - pension contributions	(17,950)	(3,366)	-
Deferred outflows - OPEB contributions	229	-	-
Deferred outflows - OPEB expected experience vs. actual	44	-	-
Deferred inflows - pension investment earnings	178,835	33,532	1,881
Deferred outflows - pension expected experience vs. actual	(40,779)	(7,646)	(2,152)
Net pension liability	(162,324)	(30,436)	(35,272)
OPEB liability	7,351	-	-
Customer deposits	105,616	-	-
Net Cash Provided (Used) by Operating Activities	\$ 3,202,516	\$ 470,149	\$ 759,308

Schedule of Non-Cash Capital and Related Financing Activities

Capital contributions	\$ 4,257,868	\$ -	\$ 1,630,145
Note payable issued for capital asset	-	469,035	-
Total Non-Cash Activities	\$ 4,257,868	\$ 469,035	\$ 1,630,145

See Notes to Financial Statements.

Total	
\$	2,469,574
	1,876,611
	(438,467)
	(64,905)
	(1,434)
	399,743
	7,735
	12,704
	411
	320,460
	1,841
	(21,316)
	229
	44
	214,248
	(50,577)
	(228,032)
	7,351
	105,616
\$	4,431,973

\$	5,888,013
	469,035
\$	6,357,048

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City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Azle, Texas (the "City") was incorporated on April 4, 1957 under the provisions of Chapter 11 Title 28 Texas revised Civil Statutes of 1925. In 1971, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

Discretely Presented Component Units

Azle Crime Control and Prevention District

The Azle Crime Control and Prevention District (the “Crime District”), is a legally separate entity created by resolution of the City Council with approval of the residents of the City, for the purpose of using an incremental sales tax to finance additional costs of improving crime control and prevention. The Crime District is governed by a seven-member board appointed by the City Council. The Crime District must submit its budget to the City Council for approval. The Crime District’s primary activities consist of funding crime reduction programs and acquiring capital assets used by the City’s public safety department. Discrete presentation is appropriate because the District’s Board is not substantially the same as the City. Separate unaudited financial statements are available by contacting the City’s finance department.

Azle Municipal Development District

The Azle Municipal Development District (the “Municipal District”), is a legally separate entity created by resolution of the City Council, with approval of the residents of the City for the purpose of using an incremental sales tax to making the community a better place to live, work and do business. In so doing, the Municipal District may help develop and finance any permissible project as defined in Chapter 377 of the Texas Local Government Code and that benefits, strengthens and diversifies the economic base of the City. The District is governed by a seven-member board appointed by the City Council. The Municipal District must submit its budget to the City Council for approval. The Municipal District is a legally separate organization and does not function as an integral part of the primary government. Discrete presentation is appropriate because the District’s Board is not substantially the same as the City. Separate unaudited financial statements are available by contacting the City’s finance department.

Blended Component Unit

Tax Increment Reinvestment Zone No. 1 Fund

The Tax Increment Reinvestment Zone No. 1 fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund’s primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board is comprised of five City Council Members and one from each of the other four participating entities. The TIRZ functions similar to a department of the City. Separate audited financial statements are not available.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units which are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, recreation and leisure, and community development.

Debt Service Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted exclusively for debt service expenditures.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

Utility Fund

Water, wastewater, and trash removal services provided by the City are accounted for in the utility fund. Activities of the fund include administration, operation and maintenance of the garbage, water and wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Golf Course Fund

The golf course fund accounts for the administration, operation and maintenance of the municipal golf course.

Storm Water Utility Fund

The storm water utility fund accounts for the administration, operation and maintenance of the storm water control department.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the court technology, court security, street maintenance, hotel/motel tax, TIRZ No. 1, and Cable PEG Fees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools
- SEC registered, no load money market mutual funds

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. Golf course inventories held for sale are reported at lower of cost or market, using the average-cost method which approximates market value. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

Certain proceeds of enterprise fund certificates of obligation are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Golf course equipment	5 to 25 years
Machinery and equipment	5 to 10 years
Public domain infrastructure	20 years
System infrastructure	50 years
Buildings and improvements	40 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarial calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

11. Leases

Lessee: The City is a lessee for noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

13. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

14. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

15. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon separation of employment, a "Retirement Eligible" employee shall be paid for accumulated sick leave. This provision shall apply, provided the employee is eligible for retirement under the provisions of the Texas Municipal Retirement System, has completed at least ten years of consecutive service with the City, and separation is voluntary. All vacation pay

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

is accrued when incurred in the government-wide and proprietary fund financial statements. Maximum payouts are capped and no payment shall exceed 250 hours of accrued sick time. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, court technology, court security, street maintenance, hotel/motel tax, cable PEG fees, debt service, and capital projects, and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. Two supplemental budget amendments were made during the year.

A. Expenditures Exceeding Appropriations

During the year ended September 30, 2022, actual expenditures exceeded appropriations at the legal level of control in the capital projects fund and the court technology fund by \$8,325 and \$1,466, respectively.

B. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$5,865,272, of which, \$614,487 is restricted by enabling legislation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. In addition, irrevocable letters of credit at 100% of the principal amounts of the deposits may be used to collateralize deposits. The City's deposits, as well as those of the City's component units, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2022. Deposits of the City that exceeded the federal depository insurance coverage level were covered by pledged securities and an irrevocable letter of credit with a value of \$1,833,000 from the Federal Home Loan Bank of San Francisco. All collateral was held in the City's name under a joint safekeeping agreement with NexBank, PNC Bank, East West Bank, and NTB Financial Bank.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

As of September 30, 2022, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Treasury bills - short-term	\$ 821,718	0.94
Certificates of deposit	3,524,591	0.51
External investment pools	11,090,939	0.06
Total value	<u>\$ 15,437,248</u>	
Portfolio weighted average maturity		0.21

As of September 30, 2022, the Crime Control and Prevention District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 247,310	0.68
Total value	<u>\$ 247,310</u>	
Portfolio weighted average maturity		0.68

As of September 30, 2022, the Municipal Development District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 1,708,698	0.60
External investment pools	1,583,240	0.69
Total value	<u>\$ 3,291,938</u>	
Portfolio weighted average maturity		0.34

Interest rate risk: In compliance with the City's Investment Policy, as of September 30, 2022, the City minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2022, all of the City's purchased investments in US Agencies Obligations were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

TexasTERM

TexasTERM is an external investment pool operated by a private asset management corporation and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The City participates in both investment options operated by TexasTERM – a daily investment pool (TexasDAILY) and a long-term investment pool (TexasTERM). At September 30, 2022, the fair value of the position in both the TexasTERM and the TexasDAILY approximate fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2022:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Treasury Bills	\$ 821,718	\$ 821,718	\$ -	\$ -
Total Assets at fair value	<u>\$ 821,718</u>	<u>\$ 821,718</u>	<u>\$ -</u>	<u>\$ -</u>

C. Receivables

1. The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Utility & Storm Water Utility</u>	<u>Golf Course</u>	<u>Total</u>
Property taxes	\$ 241,829	\$ 39,795	\$ -	\$ -	\$ -	\$ 281,624
Sales tax	500,471	-	125,117	-	-	625,588
Franchise taxes	31,284	-	4,748	-	-	36,032
Municipal court	651,567	-	-	-	-	651,567
EMS	4,272,569	-	-	-	-	4,272,569
Utility services	-	-	-	1,426,338	-	1,426,338
Golf services	-	-	-	-	9,805	9,805
Hotel/motel	-	-	5,419	-	-	5,419
Other	25,811	-	-	289	-	26,100
Leases	-	-	-	328,459	-	328,459
Allowance	(3,839,955)	(1,305)	-	(67,670)	-	(3,908,930)
Total	<u>\$ 1,883,576</u>	<u>\$ 38,490</u>	<u>\$ 135,284</u>	<u>\$ 1,687,416</u>	<u>\$ 9,805</u>	<u>\$ 3,754,571</u>

2. The following comprise receivable balances of the component units at year end:

	<u>Crime District</u>	<u>Municipal District</u>	<u>Total</u>
Sales taxes	\$ 121,315	\$ 136,404	\$ 257,719
Other	-	1,287	1,287
Total	<u>\$ 121,315</u>	<u>\$ 137,691</u>	<u>\$ 259,006</u>

3. Governmental funds report unearned revenue and deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	\$ 220,210	\$ -	\$ 220,210
Delinquent property taxes receivable (debt service fund)	37,194	-	37,194
Deferred municipal court revenue receivable (general fund)	34,073	-	34,073
Delinquent ambulance receivables (general fund)	577,708	-	577,708
Deferred grant revenue (general fund)	-	2,726,910	2,726,910
Deferred developer contribution (capital projects fund)	-	731,977	731,977
Total	\$ 869,185	\$ 3,458,887	\$ 4,328,072

4. The City is the lessor of three contracts in which the City receives lease payments from the separate cell phone companies for the use of existing water tower antenna space. The leases commenced in 1997, 1999, and 2004 and are renewable in 5-year increments. Monthly lease payments of \$1,399 will be received from Sprint through December 2024. Monthly lease payments of \$3,438 will be received from TMobile through June 2024. Annual lease payments ranging from \$24,784 to \$28,502 will be received from Verizon through 2031. As of September 30, 2022, the lease receivable and offsetting deferred inflows amounted to \$328,459 and \$320,460, respectively.

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Business-Type Activities	
	Principal	Interest (2.5%)
2023	\$ 79,263	\$ 7,534
2024	71,212	5,535
2025	24,619	4,363
2026	20,950	3,834
2027	25,191	3,310
Thereafter	107,224	6,784
	\$ 328,459	\$ 31,360

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,627,169	\$ 1,201,301	\$ -	\$ 2,828,470
Construction in progress	145,809	441,780	(145,809)	441,780
Total capital assets not being depreciated	<u>1,772,978</u>	<u>1,643,081</u>	<u>(145,809)</u>	<u>3,270,250</u>
Capital assets, being depreciated:				
Right to use assets	37,527	-	-	37,527
Buildings and improvements	28,045,928	663,267	25,200	28,734,395
Improvements other than buildings	3,188,362	251,688	-	3,440,050
Machinery and equipment	6,336,371	312,906	44,169	6,693,446
Infrastructure	26,609,643	2,485,856	-	29,095,499
Total capital assets being depreciated	<u>64,217,831</u>	<u>3,713,717</u>	<u>69,369</u>	<u>68,000,917</u>
Less accumulated depreciation				
Right to use assets	-	18,763	-	18,763
Buildings and improvements	5,592,196	675,523	-	6,267,719
Improvements other than buildings	2,428,067	96,015	-	2,524,082
Machinery and equipment	3,661,132	624,258	(76,440)	4,208,950
Infrastructure	18,257,051	469,886	-	18,726,937
Total accumulated depreciation	<u>29,938,446</u>	<u>1,884,445</u>	<u>(76,440)</u>	<u>31,746,451</u>
Net capital assets being depreciated	<u>34,279,385</u>	<u>1,829,272</u>	<u>145,809</u>	<u>36,254,466</u>
Total Capital Assets	<u><u>\$ 36,052,363</u></u>	<u><u>\$ 3,472,353</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,524,716</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 529,453
Public safety	553,858
Public works	503,922
Recreation and leisure	300,546
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,887,779</u></u>

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 625,284	\$ -	\$ -	\$ 625,284
Golf course	2,769,113	2,768	6,979	2,778,860
Construction in progress	351,079	618,790	(228,040)	741,829
Total capital assets not being depreciated	<u>3,745,476</u>	<u>621,558</u>	<u>(221,061)</u>	<u>4,145,973</u>
Capital assets, being depreciated:				
Right to use assets	11,417	-	-	11,417
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	6,232,000	72,665	-	6,304,665
Utility system	56,957,747	4,823,657	-	61,781,404
Infrastructure	5,273,430	1,560,536	189,912	7,023,878
Machinery and equipment	2,490,986	925,601	(20,451)	3,396,136
Total capital assets being depreciated	<u>71,161,352</u>	<u>7,382,459</u>	<u>169,461</u>	<u>78,713,272</u>
Less accumulated depreciation				
Right to use assets	-	5,708	-	5,708
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	3,884,347	122,710	2,373	4,009,430
Utility system	20,890,933	1,169,888	1,509	22,062,330
Infrastructure	1,220,245	286,220	-	1,506,465
Machinery and equipment	1,467,407	292,085	(46,182)	1,713,310
Total accumulated depreciation	<u>27,658,704</u>	<u>1,876,611</u>	<u>(42,300)</u>	<u>29,493,015</u>
Net capital assets being depreciated	43,502,648	5,505,848	211,761	49,220,257
Total Capital Assets	<u>\$ 47,248,124</u>	<u>\$ 6,127,406</u>	<u>\$ (9,300)</u>	<u>\$ 53,366,230</u>

Depreciation was charged to business-type activities as follows:

Utility	\$ 1,372,856
Golf course	154,087
Storm water utility	349,668
Total Business-type Activities Depreciation Expense	<u>\$ 1,876,611</u>

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

A summary of changes in component unit capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	\$ 127,243	\$ 238,145	\$ (365,388)	\$ -
Total capital assets not being depreciated	<u>127,243</u>	<u>238,145</u>	<u>(365,388)</u>	<u>-</u>
Capital assets, being depreciated:				
Machinery and equipment	931,344	195,426	113,700	1,240,470
Total capital assets being depreciated	<u>931,344</u>	<u>195,426</u>	<u>113,700</u>	<u>1,240,470</u>
Less accumulated depreciation				
Machinery and equipment	661,774	100,369	-	762,143
Total accumulated depreciation	<u>661,774</u>	<u>100,369</u>	<u>-</u>	<u>762,143</u>
Net capital assets being depreciated	<u>269,570</u>	<u>95,057</u>	<u>113,700</u>	<u>478,327</u>
Total Capital Assets	<u><u>\$ 396,813</u></u>	<u><u>\$ 333,202</u></u>	<u><u>\$ (251,688)</u></u>	<u><u>\$ 478,327</u></u>

Depreciation was charged to the following activities as follows:

Crime Prevention District	\$ 100,369
Total Depreciation Expense	<u><u>\$ 100,369</u></u>

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2022. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities, including the net pension and OPEB liabilities.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 2,850,000	\$ -	\$ (360,000)	\$ 2,490,000	\$ 370,000
Certificate of Obligation Bonds	9,010,000	-	(170,000)	8,840,000	170,000
Lease liabilities	37,527	-	(18,485)	19,042	19,042
Less deferred amounts:					
For premiums	121,988	-	(6,296)	115,692	-
Total Governmental Activities	\$ 12,019,515	\$ -	\$ (554,781)	\$ 11,464,734	\$ 559,042
Long-term liabilities due in more than one year				\$ 10,905,692	
Business-Type Activities:					
General Obligation Refunding Bonds	\$ 6,955,000	\$ -	\$ (740,000)	\$ 6,215,000	\$ 745,000
Certificate of Obligation Bonds	1,950,000	-	(195,000)	1,755,000	195,000
Revenue Bonds	1,395,000	-	(585,000)	810,000	595,000
Total Bonds Payable	10,300,000	-	(1,520,000)	8,780,000	1,535,000
Notes payable	402,188	469,035	(161,242)	709,981	163,590
Lease liabilities	11,417	-	(5,624)	5,793	5,793
Total Business-Type Activities	\$ 10,713,605	\$ 469,035	\$ (1,686,866)	\$ 9,495,774	\$ 1,704,383
Long-term liabilities due in more than one year				\$ 7,791,391	
Component Unit Activities (Crime District):					
Notes payable	\$ -	\$ 87,682	\$ (11,961)	\$ 75,721	\$ 18,216
Total Component Unit Activities	\$ -	\$ 87,682	\$ (11,961)	\$ 75,721	\$ 18,216
Long-term liabilities due in more than one year				\$ 57,505	

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

The City of Azle issues general obligation bonds, certificates of obligation bonds, and notes to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the City. For the governmental activities, compensated absences are generally liquidated by the General Fund.

The City issued \$9,390,000 of Series 2016 Certificates of Obligation bonds in October 2016. Principal payments are due in annual installments through 2041. The bonds bear an interest rate of 2% to 3%.

The City issued \$1,745,000 of Series 2017 General Obligation Refunding bonds in March 2017. Principal payments are due in annual installments through 2027. The bonds bear an interest rate of 2.16%. The outstanding principal of \$1,685,000 on the Series 2006 certificate of obligation bonds was refunded with these Series 2017 refunding bonds.

The City issued \$1,335,000 of Series 2017 Certificate of Obligation bonds in March 2017. Principal payments are due in annual installments through 2027. The bonds bear an interest rate of 2.16%.

The City issued \$1,350,000 of Tax & Waterworks & Sewer System (Surplus Pledge) Revenue Certificates of Obligation, Series 2017A, in November 2017. Principal payments are due in annual installments through 2037. The bonds bear an interest rate ranging from .58% to 2.29%.

The Crime Control District obtained lease financing totaling \$187,391 in December 2018 for purchase of a WatchGuard camera and evidence system. Principal payments are due annually through December 2020. The lease bears an interest rate of 4.3%.

On August 6, 2020, the City issued \$7,685,000 worth of General Obligation Refunding Bonds, Series 2020. The issuance qualifies as an advance refunding as the funds will be placed in escrow to pay off the 2010 Waterworks and Sewer System Revenue Bonds in the amount of \$8,195,000. The new debt has a payoff date of February 1, 2030.

In May 2020, the City obtained financing totaling \$238,274 for golf course mowing equipment. Principal payments are due semi-annually through May 2025. The lease bears an interest rate of 2.97%.

The City issued \$1,905,000 worth of general obligation refunding bonds, series 2020A on November 19, 2020. The bonds carry an interest rate of 1.19% and mature through 2031. The bonds refunded \$1,825,000 worth of 2011 certificates of obligation. The refunding resulted in an actual cash savings of \$317,365 and a present value savings of \$276,824.

In August 2021, the City purchased a John Deere excavator through financing for \$231,993. Principal payments are due semi-annually through August 2026. The lease bears an interest rate of 2.57%.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

In December 2021, the City purchased new golf carts through note payable financing for \$469,035. Principal payments are due semi-annually through November 2025. The lease bears an interest rate of 2.49%.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

Long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
General Obligation Bonds:			
\$1,745,000 General Obligation Refunding Bond, Series 2017, due in installments through 2027, interest at 2.16%	\$ 850,000	\$ -	\$ 850,000
\$7,685,000 General Obligation Refunding Bonds, Series 2020, due in installments through 2030, interest at 1.09%	-	6,215,000	6,215,000
\$1,905,000 General Obligation Refunding Bonds, Series 2020A, due in installments through 2031, interest at 1.19%	1,640,000	-	1,640,000
Total General Obligation Bonds	<u>\$ 2,490,000</u>	<u>\$ 6,215,000</u>	<u>\$ 8,705,000</u>
Certificates of Obligation:			
\$9,390,000 Certificates of Obligation, Series 2016, due in annual installments through 2041, interest at 2% to 3%	\$ 8,840,000	\$ -	\$ 8,840,000
\$1,335,000 Certificates of Obligation, Series 2017, due in annual installments through 2027 interest at 2.16%	-	710,000	710,000
\$1,350,000 Certificates of Obligation, Series 2017A, due in annual installments through 2037 interest at .58% to 2.29%	-	1,045,000	1,045,000
Total Certificates of Obligation	<u>\$ 8,840,000</u>	<u>\$ 1,755,000</u>	<u>\$ 10,595,000</u>
Revenue Bonds:			
\$3,835,000 Revenue Bond, Series 2012, due in installments through 2023, interest at 2.16%	\$ -	\$ 385,000	\$ 385,000
\$2,210,000 Revenue Bond, Series 2014, due in installments through 2024, interest at 2.04%	-	425,000	425,000
Total Revenue Bonds	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ 810,000</u>

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Premiums	\$ 115,692	\$ -	\$ 115,692
Total deferred amounts	<u>115,692</u>	<u>-</u>	<u>115,692</u>
Notes Payable:			
\$238,274 payable to Governmental Capital Corp, due in semi-annual installments of \$25,817 through 2025, interest at 2.97%	-	147,157	147,157
\$231,993 payable to Tax Exempt Leasing Corp, due in semi-annual installments of \$24,716 through 2026, interest at 2.57%	-	164,452	164,452
\$469,035 payable to De Lage Public Finance, due in semi-annual installments of \$39,468 through 2025, interest at 2.49%	-	398,372	398,372
Total Notes Payable	<u>-</u>	<u>709,981</u>	<u>709,981</u>
Lease liabilities	<u>19,042</u>	<u>5,793</u>	<u>24,835</u>
Total Debt	<u><u>\$ 11,464,734</u></u>	<u><u>\$ 9,495,774</u></u>	<u><u>\$ 20,960,508</u></u>

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

The annual requirements to amortize the City's long-term activities debt issues outstanding at year end were as follows:

General Obligation Bonds & Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 540,000	\$ 246,840	\$ 940,000	\$ 95,809
2024	550,000	237,338	960,000	84,004
2025	560,000	227,707	970,000	71,946
2026	570,000	217,888	980,000	59,693
2027	555,000	207,979	995,000	47,195
2028	505,000	196,748	855,000	36,084
2029	510,000	187,588	865,000	26,382
2030	525,000	177,949	880,000	16,420
2031	530,000	168,096	70,000	10,673
2032	585,000	156,854	70,000	9,259
2033	595,000	144,169	75,000	7,739
2034	610,000	131,215	75,000	6,123
2035	620,000	117,993	75,000	4,473
2036	635,000	104,501	80,000	2,736
2037	650,000	90,688	80,000	916
2038	665,000	73,725	-	-
2039	685,000	53,475	-	-
2040	710,000	32,550	-	-
2041	730,000	10,950	-	-
Total	\$ 11,330,000	\$ 2,784,252	\$ 7,970,000	\$ 479,452

Revenue Bonds

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2023	\$ 595,000	\$ 16,986
2024	215,000	4,386
Total	\$ 810,000	\$ 21,372

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

The annual requirements to amortize notes payable and leases outstanding at year end were as follows:

Notes Payable

Year ending September 30,	Business-type Activities	
	Principal	Interest
2023	\$ 163,590	\$ 12,474
2024	167,751	9,490
2025	172,020	6,429
2026	206,620	647
Total	\$ 709,981	\$ 29,040

The following is an analysis of equipment leased under notes payable as of September 30, 2022:

	Business-Type Activities
Machinery and equipment	\$ 935,336
(Less) accumulated depreciation	(210,369)
Total	\$ 724,967

	Component Unit Activities
Equipment	\$ 87,682
(Less) accumulated depreciation	(8,768)
Total	\$ 78,914

Lease Liabilities

Year ending September 30,	Governmental Activities	
	Principal	Interest
2023	\$ 19,042	\$ 308
Total	\$ 19,042	\$ 308

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

Year ending September 30,	Business-Type Activities	
	Principal	Interest
2023	\$ 5,793	\$ 94
Total	\$ 5,793	\$ 94

The City entered into a lease to finance copier machines. The property is classified as right to use asset with a total carrying value as of yearend for governmental activities and business-type activities of \$18,764 and \$5,709, respectively.

G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and utility fund to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 477,437	\$ 350,560	\$ (345,201)	\$ 482,796	\$ 386,237
Total Governmental Activities	\$ 477,437	\$ 350,560	\$ (345,201)	\$ 482,796	\$ 386,237
Long-term Liabilities Due in More than One Year				\$ 96,559	
Business-Type Activities:					
Compensated Absences	\$ 140,627	\$ 87,510	\$ (85,669)	\$ 142,468	\$ 113,974
Total Business-Type Activities	\$ 140,627	\$ 87,510	\$ (85,669)	\$ 142,468	\$ 113,974
Long-term Liabilities Due in More than One Year				\$ 28,494	

H. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2012 and 2014 revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for business-type activities totaled \$10,286. Current year amortization expense for business-type activities totaled \$11,825.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

I. Interfund Transactions

The compositions of interfund advances and due to/due from balances as of the year ended September 30, 2022 were as follows:

		<u>Payable fund:</u>	
<u>Receivable fund:</u>		<u>General</u>	<u>Total</u>
Utility		\$ 167,159	\$ 167,159
Total		<u>\$ 167,159</u>	<u>\$ 167,159</u>

		<u>Advances to:</u>		
<u>Advances from:</u>		<u>General</u>	<u>Utility</u>	<u>Total</u>
Golf Course		\$ 342,616	\$ 275,754	\$ 618,370
Total		<u>\$ 342,616</u>	<u>\$ 275,754</u>	<u>\$ 618,370</u>

The amounts payable relate to working capital loans from the general and utility funds to the golf course. The golf course paid \$110,000 and \$90,000 to the general fund and utility fund, respectively, during the current fiscal year. Additional payments are expected in the subsequent fiscal year.

Transfers between the primary government during the 2022 year were as follows:

	Transfer Out		
Transfer In:	General	Utilities	Total
General	\$ -	\$ 639,650	\$ 639,650
Capital projects	1,500,000	-	1,500,000
Storm water	302,195	-	302,195
Total	\$ 1,802,195	\$ 639,650	\$ 2,441,845

The Municipal Development District ("MDD") transferred \$31,250 to the capital projects fund during the current year. In addition, the general fund transferred \$3,333 to the MDD for reimbursement of a prior period expenditure.

Transfers between funds were primarily to support debt service requirements and operation of funds.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

J. Texas Water Development Board Compliance

Revenue Bonds

In May of 2014, the City issued \$2,210,000 worth of waterworks and sewer system revenue refunding bonds, series 2014. For purposes of accumulating and maintaining funds as a reserve for the payment of the bonds, the City is required to maintain a separate and special fund or account to be known as the "Waterworks and Sewer System Revenue Bond Reserve Fund". The City is required to deposit an amount which equals or exceeds the average annual debt service (calculated on a fiscal year basis) for the bonds and the previously issued bonds. All funds deposited in the reserve fund are to be used solely for the payment of the principal of and interest on the bonds when other funds available for such purposes are insufficient. As of September 30, 2022, the amount required to be deposited in the reserve fund equaled \$415,686. The City's actual deposit of \$821,718 was in excess of this amount and in compliance with the required covenant.

In addition, for purposes of providing funds to pay the principal of and interest on the bonds as they become due and payable, the City is required to maintain a separate fund known as the "Waterworks and Sewer System Revenue Refunding Bond Interest and Sinking Fund". The City should deposit into this fund the amounts required to be made for the payment of the 2012 & 2014 revenue bonds, the 2020 GO refunding bonds, and the 2017A CO bonds. The City is required to deposit from the net revenues into the fund an amount equal to the amount required to fully pay the interest on and the principal of the bonds prior to each principal and interest payment date falling due and payable. Such deposits and accrued interest shall be made in substantially equal monthly installments on or before the 15th day of each month. As of September 30, 2022, the amount required to be deposited in the interest and sinking fund equaled \$274,632. The City's actual deposit of \$339,656 was in excess of this amount and in compliance with the required covenant.

Public Funds Investment & Collateral Acts

State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities

The City is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on the basic financial statements.

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Azle participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	130
Active employees	130
Total	355

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Azle were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Azle were 12.18% and 12.46% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,167,544, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public/Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, \$2,594,559 is related to the primary government and \$54,615 is attributable to discretely presented component units.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net	Total Net Pension Liability	Primary Government	Component Units
Balance at 12/31/20	\$ 30,836,793	\$ 27,173,092	\$ 3,663,701	\$ 3,583,723	\$ 79,978
Changes for the year:					
Service cost	1,253,777	-	1,253,777	1,222,433	31,344
Interest	2,093,594	-	2,093,594	2,041,254	52,340
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	743,722	-	743,722	725,129	18,593
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,055,279	(1,055,279)	(1,028,897)	(26,382)
Contributions – employee	-	519,844	(519,844)	(506,848)	(12,996)
Net investment income	-	3,546,774	(3,546,774)	(3,458,105)	(88,669)
Benefit payments, including refunds of emp. contributions	(894,960)	(894,960)	-	-	-
Administrative expense	-	(16,391)	16,391	15,981	410
Other changes	-	114	(114)	(111)	(3)
Net changes	3,196,133	4,210,660	(1,014,527)	(989,164)	(25,363)
Balance at 12/31/21	\$ 34,032,926	\$ 31,383,752	\$ 2,649,174	\$ 2,594,559	\$ 54,615

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 7,947,786	\$ 2,594,559	\$ (1,737,292)

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 167,299	\$ 54,615	\$ (36,570)

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 8,115,085	\$ 2,649,174	\$ (1,773,862)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2022, the City recognized pension expense of \$903,602. Of this amount, \$884,973 is related to the primary government and \$18,629 is attributable to discretely presented component units.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ -	\$ (1,771,895)
Differences between expected and actual economic experience	714,725	-
Contributions subsequent to the measurement date	855,651	-
Component Units:		
Difference between projected and actual investment earnings	-	(41,474)
Differences between expected and actual economic experience	17,501	-
Contributions subsequent to the measurement date	21,869	-
Total	\$ 1,609,746	\$ (1,813,369)

The primary government and component units reported \$855,651 and \$21,869, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government	Discretely Presented Component Units	Total
Year ended December 31:			
2022	\$ 71,196	\$ 1,826	\$ 73,022
2023	(476,571)	(12,220)	(488,791)
2024	(314,787)	(8,071)	(322,858)
2025	(337,009)	(5,507)	(342,516)
2026	-	-	-
Thereafter	-	-	-
	\$ (1,057,170)	\$ (23,973)	\$ (1,081,143)

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	23
Active employees	130
Total	200

The City's contributions to the TMRS SDBF for the years ended 2022, 2021 and 2020 were \$6,369, \$6,270, and \$2,786 respectively, which equaled the required contributions each year.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

Schedule of Contribution Rates

(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.03%	0.03%	100.0%
2021	0.09%	0.09%	100.0%
2022	0.06%	0.06%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Azle, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2022

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

1% Decrease (0.84%)	Current Single Rate Assumption 1.84%	1% Increase (2.84%)
\$ 574,391	\$ 466,944	\$ 383,604

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/20	\$ 421,002
Changes for the year:	
Service Cost	29,460
Interest	8,637
Difference between expected and actual experience	924
Changes of assumptions	14,719
Benefit payments	(7,798)
Net changes	45,942
Balance at 12/31/20	\$ 466,944

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$54,014.

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2022

At September 30, 2022, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between expected and actual experience	\$ 53,833	\$ -
Contributions subsequent to measurement date	4,225	-
Total	<u><u>\$ 58,058</u></u>	<u><u>\$ -</u></u>

The City reported \$4,225 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2022	\$	14,515
2023		13,508
2024		16,084
2025		7,432
2026		2,294
Thereafter		-
	<u><u>\$</u></u>	<u><u>53,833</u></u>

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2022

D. Restatement

Due to the recognition of developer contributions received in the prior year, the City restated beginning net position/fund balance for governmental activities, business-type activities, the utility fund, and storm water utility fund.

The restatement of beginning fund balance/net position is as follows:

	Governmental Activities		
Prior year ending net position/fund balance, as reported	\$	34,062,268	
Recognition of developer capital asset contributions, net of accumulated depreciation		790,530	
Restated beginning net position/fund balance	\$	34,852,798	

	Business-Type Activities	Utility	Storm Water Utility
Prior year ending net position/fund balance, as reported	\$ 45,065,357	\$ 36,806,609	\$ 4,684,241
Recognition of developer capital asset contributions, net of accumulated depreciation	1,218,240	688,902	529,338
Restated beginning net position/fund balance	\$ 46,283,597	\$ 37,495,511	\$ 5,213,579

E. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled *Leases*. Due to the implementation of GASB 87 in the current year, the City recorded right to use assets, lease liabilities, lease receivables, and related deferred inflows for lease revenue.

F. Subsequent Events

There were no material subsequent events through February 27, 2023, the date the financial statements were issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2) GENERAL FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 6,638,589	\$ 6,638,589	\$ 6,536,620	\$ (101,969)
Sales tax	2,625,000	2,770,000	2,902,581	132,581
Franchise and local taxes	780,000	785,000	833,709	48,709
License and permits	516,250	1,258,516	1,322,516	64,000
Intergovernmental	805,000	859,569	1,387,527	527,958
Charges for services	513,000	784,886	859,576	74,690
Fines and forfeitures	456,000	477,576	516,613	39,037
Investment income	25,000	50,000	97,414	47,414
Other revenue	36,050	36,063	29,605	(6,458)
Donations	33,000	59,699	166,192	106,493
Total Revenues	12,427,889	13,719,898	14,652,353	932,455
Expenditures				
Current:				
General government	2,451,691	2,363,584	2,329,682	33,902
Public safety	7,315,943	7,725,374	7,060,809	664,565
Public works	1,038,324	1,202,774	939,958	262,816
Recreation and leisure	1,400,583	1,566,440	1,331,000	235,440
Community development	530,229	739,934	726,123	13,811
Debt service:				
Principal	18,485	18,485	18,485	-
Interest	864	864	864	-
Capital outlay:				
General government	4,342	4,342	4,342	-
Public safety	142,999	142,999	142,999	-
Recreation and leisure	1,270,612	1,270,612	1,270,612	-
Total Expenditures	14,174,072	15,035,408	13,824,874	1,210,534
Revenues Over (Under) Expenditures	(1,746,183)	(1,315,510)	827,479	2,142,989

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2) GENERAL FUND

For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance recoveries	-	51,803	53,923	2,120
Transfers in	829,782	829,782	639,650	(190,132)
Transfers (out)	(1,380,026)	(1,380,026)	(1,802,195)	(422,169)
Total Other Financing Sources (Uses)	<u>(550,244)</u>	<u>(498,441)</u>	<u>(1,108,622)</u>	<u>(610,181)</u>
Net Change in Fund Balance	<u>\$ (2,296,427)</u>	<u>\$ (1,813,951)</u>	<u>(281,143)</u>	<u>\$ 1,532,808</u>
Beginning fund balance			9,386,300	
Ending Fund Balance			<u>\$ 9,105,157</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Azle, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2021	12/31/2020	12/31/2019
Total pension liability			
Service cost	\$ 1,253,777	\$ 1,201,629	\$ 1,131,846
Interest	2,093,594	1,907,332	1,749,849
Differences between expected and actual experience	743,722	501,785	194,127
Changes of assumptions	-	-	58,824
Benefit payments, including refunds of participant contributions	(894,960)	(859,826)	(813,063)
Net change in total pension liability	3,196,133	2,750,920	2,321,583
Total pension liability - beginning	30,836,793	28,085,873	25,764,290
Total pension liability - ending (a)	34,032,926	30,836,793	28,085,873
Plan fiduciary net position			
Contributions - employer	\$ 1,055,279	\$ 1,042,825	\$ 942,948
Contributions - members	519,844	500,679	462,607
Net investment income	3,546,774	1,871,313	3,222,899
Benefit payments, including refunds of participant contributions	(894,960)	(859,826)	(813,063)
Administrative expenses	(16,391)	(12,098)	(18,200)
Other	114	(472)	(546)
Net change in plan fiduciary net position	4,210,660	2,542,421	3,796,645
Plan fiduciary net position - beginning	27,173,092	24,630,671	20,834,026
Plan fiduciary net position - ending (b)	\$ 31,383,752	\$ 27,173,092	\$ 24,630,671
Fund's net pension liability - ending (a) - (b)	\$ 2,649,174	\$ 3,663,701	\$ 3,455,202
Plan fiduciary net position as a percentage of the total pension liability	92%	88%	88%
Covered payroll	\$ 8,664,664	\$ 8,344,644	\$ 7,710,124
Fund's pension liability as a percentage of covered payroll	31%	44%	45%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	¹
\$ 999,304	\$ 919,039	\$ 877,496	\$ 794,779	\$ 754,057	
1,599,122	1,478,975	1,385,113	1,342,303	1,256,328	
335,183	22,085	(198,085)	(195,061)	(231,721)	
-	-	-	35,963	-	
(720,735)	(639,823)	(749,652)	(600,158)	(541,466)	
<u>2,212,874</u>	<u>1,780,276</u>	<u>1,314,872</u>	<u>1,377,826</u>	<u>1,237,198</u>	
<u>23,551,416</u>	<u>21,771,140</u>	<u>20,456,268</u>	<u>19,078,442</u>	<u>17,841,244</u>	
<u>25,764,290</u>	<u>23,551,416</u>	<u>21,771,140</u>	<u>20,456,268</u>	<u>19,078,442</u>	
\$ 827,664	\$ 758,769	\$ 724,937	\$ 681,888	\$ 657,248	
407,049	375,629	366,132	340,377	342,309	
(628,089)	2,493,454	1,118,058	23,774	847,497	
(720,735)	(639,823)	(749,652)	(600,158)	(541,466)	
(12,135)	(12,919)	(12,624)	(14,479)	(8,848)	
(633)	(654)	(680)	(716)	(727)	
<u>(126,879)</u>	<u>2,974,456</u>	<u>1,446,171</u>	<u>430,686</u>	<u>1,296,013</u>	
<u>20,960,905</u>	<u>17,986,449</u>	<u>16,540,278</u>	<u>16,109,592</u>	<u>14,813,579</u>	
\$ 20,834,026	\$ 20,960,905	\$ 17,986,449	\$ 16,540,278	\$ 16,109,592	
\$ 4,930,264	\$ 2,590,511	\$ 3,784,691	\$ 3,915,990	\$ 2,968,850	
81%	89%	83%	81%	84%	
\$ 6,784,144	\$ 6,260,487	\$ 6,102,200	\$ 5,672,943	\$ 5,705,148	
73%	41%	62%	69%	52%	

City of Azle, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 1,167,544	\$ 1,021,384	\$ 1,061,576
Contributions in relation to the actuarially determined contribution	\$ 1,167,544	\$ 1,021,384	\$ 1,061,576
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 9,423,853	\$ 8,331,931	\$ 8,541,078
Employer contributions as a percentage of covered payroll	12.39%	12.26%	12.43%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	¹
\$ 903,297	\$ 804,583	\$ 746,291	\$ 718,418	\$ 659,428	
<u>\$ 903,297</u>	<u>\$ 804,583</u>	<u>\$ 746,291</u>	<u>\$ 718,418</u>	<u>\$ 659,428</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 7,390,631	\$ 6,606,400	\$ 6,190,722	\$ 6,028,397	\$ 5,547,561	
12.22%	12.18%	12.05%	11.92%	11.89%	

City of Azle, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	¹ <u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB liability			
Service cost	\$ 29,460	\$ 21,696	\$ 16,962
Interest	8,637	9,960	10,761
Differences between expected and actual experience	924	(19,867)	(14,837)
Changes of assumptions	14,719	59,129	59,666
Benefit payments	<u>(7,798)</u>	<u>(2,503)</u>	<u>(3,084)</u>
Net changes	<u>45,942</u>	<u>68,415</u>	<u>69,468</u>
Total OPEB liability - beginning	<u>421,002</u>	<u>352,587</u>	<u>283,119</u>
Total OPEB liability - ending	² <u><u>\$ 466,944</u></u>	<u><u>\$ 421,002</u></u>	<u><u>\$ 352,587</u></u>
 Covered-employee payroll	 \$ 8,664,664	 \$ 8,344,644	 \$ 7,710,124
 Fund's net position as a percentage of covered payroll	 5.39%	 5.05%	 4.57%

Notes to schedule:

- ¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
- ² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2018</u>	<u>12/31/2017</u>
\$ 17,639	\$ 14,399
9,831	9,441
(9,996)	-
(21,529)	24,062
(2,034)	(2,505)
<u>(6,089)</u>	<u>45,397</u>
<u>289,208</u>	<u>243,811</u>
<u>\$ 283,119</u>	<u>\$ 289,208</u>
\$ 6,784,144	\$ 6,260,487
4.17%	4.62%

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***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Azle, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	<u>Court Technology</u>	<u>Court Security</u>	<u>Street Maintenance</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 20,534	\$ 49,368	\$ 1,207,533
Taxes receivable, net	-	-	125,117
Total Assets	<u><u>\$ 20,534</u></u>	<u><u>\$ 49,368</u></u>	<u><u>\$ 1,332,650</u></u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 42	\$ 187
Total Liabilities	<u><u>-</u></u>	<u><u>42</u></u>	<u><u>187</u></u>
<u>Fund Balances</u>			
Restricted for:			
Municipal court	20,534	49,326	-
Public works	-	-	1,332,463
Tourism	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Total Fund Balances	<u><u>20,534</u></u>	<u><u>49,326</u></u>	<u><u>1,332,463</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 20,534</u></u>	<u><u>\$ 49,368</u></u>	<u><u>\$ 1,332,650</u></u>

See Notes to Financial Statements.

Hotel/Motel Tax	Cable PEG Fees	TIRZ No. 1	Total
\$ 274,583	\$ 259,877	\$ 2,626,347	\$ 4,438,242
5,419	4,748	-	135,284
<u>\$ 280,002</u>	<u>\$ 264,625</u>	<u>\$ 2,626,347</u>	<u>\$ 4,573,526</u>
\$ -	\$ -	\$ -	\$ 229
-	-	-	229
-	-	-	69,860
-	-	-	1,332,463
280,002	-	-	280,002
-	-	2,626,347	2,626,347
-	264,625	-	264,625
<u>280,002</u>	<u>264,625</u>	<u>2,626,347</u>	<u>4,573,297</u>
<u>\$ 280,002</u>	<u>\$ 264,625</u>	<u>\$ 2,626,347</u>	<u>\$ 4,573,526</u>

City of Azle, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	<u>Court Technology</u>	<u>Court Security</u>	<u>Street Maintenance</u>
<u>Revenues</u>			
Taxes	\$ -	\$ -	\$ 725,645
Fines and fees	10,279	12,176	-
Investment income	91	196	5,030
Total Revenues	<u>10,370</u>	<u>12,372</u>	<u>730,675</u>
<u>Expenditures</u>			
General government	10,966	1,284	-
Public works	-	-	413,066
Total Expenditures	<u>10,966</u>	<u>1,284</u>	<u>413,066</u>
Revenues Over (Under) Expenditures	<u>(596)</u>	<u>11,088</u>	<u>317,609</u>
Net Change in Fund Balances	(596)	11,088	317,609
Beginning fund balances	21,130	38,238	1,014,854
Ending Fund Balances	<u>\$ 20,534</u>	<u>\$ 49,326</u>	<u>\$ 1,332,463</u>

See Notes to Financial Statements.

Hotel/Motel Tax	Cable PEG Fees	TIRZ No. 1	Total
\$ 29,500	\$ 20,832	\$ 854,827	\$ 1,630,804
-	-	-	22,455
637	290	15,064	21,308
<u>30,137</u>	<u>21,122</u>	<u>869,891</u>	<u>1,674,567</u>
-	-	-	12,250
-	-	-	413,066
-	-	-	425,316
<u>30,137</u>	<u>21,122</u>	<u>869,891</u>	<u>1,249,251</u>
30,137	21,122	869,891	1,249,251
249,865	243,503	1,756,456	3,324,046
<u>\$ 280,002</u>	<u>\$ 264,625</u>	<u>\$ 2,626,347</u>	<u>\$ 4,573,297</u>

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT TECHNOLOGY

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and fees	\$ 8,000	\$ 10,279	\$ 2,279
Investment income	10	91	81
Total Revenues	<u>8,010</u>	<u>10,370</u>	<u>2,360</u>
<u>Expenditures</u>			
General government	9,500	10,966	(1,466) *
Total Expenditures	<u>9,500</u>	<u>10,966</u>	<u>(1,466)</u>
Revenues Over (Under) Expenditures	<u>(1,490)</u>	<u>(596)</u>	<u>894</u>
Net Change in Fund Balances	<u>\$ (1,490)</u>	<u>(596)</u>	<u>\$ 894</u>
Beginning fund balances		21,130	
Ending Fund Balances		<u>\$ 20,534</u>	

See Notes to Financial Statements.

* Expenditures exceeded appropriations at the legal level of control.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT SECURITY

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and fees	\$ 9,000	\$ 12,176	\$ 3,176
Investment income	20	196	176
Total Revenues	<u>9,020</u>	<u>12,372</u>	<u>3,352</u>
<u>Expenditures</u>			
General government	7,500	1,284	6,216
Total Expenditures	<u>7,500</u>	<u>1,284</u>	<u>6,216</u>
Revenues Over (Under) Expenditures	<u>1,520</u>	<u>11,088</u>	<u>9,568</u>
Net Change in Fund Balances	<u>\$ 1,520</u>	<u>11,088</u>	<u>\$ 9,568</u>
Beginning fund balances		38,238	
Ending Fund Balances		<u>\$ 49,326</u>	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET MAINTENANCE

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 625,000	\$ 725,645	\$ 100,645
Investment income	750	5,030	4,280
Total Revenues	<u>625,750</u>	<u>730,675</u>	<u>104,925</u>
<u>Expenditures</u>			
Public works	645,200	413,066	232,134
Total Expenditures	<u>645,200</u>	<u>413,066</u>	<u>232,134</u>
Revenues Over (Under) Expenditures	<u>(19,450)</u>	<u>317,609</u>	<u>337,059</u>
Net Change in Fund Balances	<u>\$ (19,450)</u>	<u>317,609</u>	<u>\$ 337,059</u>
Beginning fund balances		1,014,854	
Ending Fund Balances		<u>\$ 1,332,463</u>	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOTEL/MOTEL TAX

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 24,000	\$ 29,500	\$ 5,500
Investment income	250	637	387
Total Revenues	<u>24,250</u>	<u>30,137</u>	<u>5,887</u>
 Revenues Over Expenditures	 <u>24,250</u>	 <u>30,137</u>	 <u>5,887</u>
 Net Change in Fund Balances	 <u>\$ 24,250</u>	 <u>30,137</u>	 <u>\$ 5,887</u>
Beginning fund balances		249,865	
Ending Fund Balances		<u>\$ 280,002</u>	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CABLE PEG FEES

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 20,000	\$ 20,832	\$ 832
Investment income	300	290	(10)
Total Revenues	<u>20,300</u>	<u>21,122</u>	<u>822</u>
<u>Expenditures</u>			
Capital outlay	40,000	-	40,000
Total Expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Revenues Over Expenditures	<u>(19,700)</u>	<u>21,122</u>	<u>40,822</u>
Net Change in Fund Balances	<u>\$ (19,700)</u>	<u>21,122</u>	<u>\$ 40,822</u>
Beginning fund balances		243,503	
Ending Fund Balances		<u>\$ 264,625</u>	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes	\$ 735,024	\$ 796,602	\$ 61,578
Investment income	100	1,936	1,836
Total Revenues	<u>735,124</u>	<u>798,538</u>	<u>63,414</u>
<u>Expenditures</u>			
Debt Service:			
Principal	530,000	530,000	-
Interest and fiscal charges	256,027	256,026	1
Administrative charges	4,000	800	3,200
Total Expenditures	<u>790,027</u>	<u>786,826</u>	<u>3,201</u>
Revenues Over (Under) Expenditures	<u>(54,903)</u>	<u>11,712</u>	<u>66,615</u>
Net Change in Fund Balances	<u>\$ (54,903)</u>	<u>11,712</u>	<u>\$ 66,615</u>
Beginning fund balances		151,158	
Ending Fund Balances		<u>\$ 162,870</u>	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Investment income	\$ 200	\$ 600	\$ 10,255	\$ 9,655
Intergovernmental	-	-	31,250	31,250
Other revenue	40,000	130,000	166,338	36,338
Total Revenues	<u>40,200</u>	<u>130,600</u>	<u>207,843</u>	<u>77,243</u>
<u>Expenditures</u>				
Capital outlay	-	1,201,301	1,209,626	(8,325) *
Total Expenditures	<u>-</u>	<u>1,201,301</u>	<u>1,209,626</u>	<u>(8,325)</u>
Revenues Over (Under) Expenditures	<u>40,200</u>	<u>(1,070,701)</u>	<u>(1,001,783)</u>	<u>68,918</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,531,250	1,531,250	1,500,000	(31,250)
Total Other Financing Sources (Uses)	<u>1,531,250</u>	<u>1,531,250</u>	<u>1,500,000</u>	<u>(31,250)</u>
Net Change in Fund Balances	<u>\$ 1,571,450</u>	<u>\$ 460,549</u>	498,217	<u>\$ 37,668</u>
Beginning fund balances			261,655	
Ending Fund Balances			<u>\$ 759,872</u>	

See Notes to Financial Statements.

* Expenditures exceeded appropriations at the legal level of control.

***COMBINING AND INDIVIDUAL UTILITY
ENTERPRISE SUB-FUNDS***

City of Azle, Texas
COMBINING SCHEDULE OF NET POSITION
UTILITY ENTERPRISE (Page 1 of 2)
September 30, 2022

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 3,276,706	\$ -	\$ 15,309
Investments	1,511,040	-	-
Accounts receivable, net	1,336,113	-	-
Lease receivables, current	79,263	-	-
Interest receivable	289	-	-
Inventories	219,915	-	-
Prepaid items	5,335	-	-
Due from other funds	179,863	-	-
Restricted cash	339,656	-	-
Total Current Assets	6,948,180	-	15,309
<u>Noncurrent Assets</u>			
Restricted cash:			
Impact fees	-	2,981,868	-
Capital projects	-	-	349,458
Customer deposits	659,855	-	-
Restricted investments - impact fees	-	502,512	-
Restricted investments - Bond reserve	821,718	-	-
Lease receivables, noncurrent	249,196	-	-
Advance to other funds	275,754	-	-
Capital assets:			
Non-depreciable	89,937	-	211,042
Net depreciable capital assets	42,340,780	-	-
Total Noncurrent Assets	44,437,240	3,484,380	560,500
Total Assets	51,385,420	3,484,380	575,809
<u>Deferred Outflows of Resources</u>			
Pension contributions	140,393	-	-
Pension expected experience vs. actual	117,357	-	-
OPEB contributions	676	-	-
OPEB expected experience vs. actual	8,613	-	-
Deferred charge on refunding	10,286	-	-
Total Deferred Outflows of Resources	277,325	-	-

Total	
\$	3,292,015
	1,511,040
	1,336,113
	79,263
	289
	219,915
	5,335
	179,863
	339,656
	6,963,489

	2,981,868
	349,458
	659,855
	502,512
	821,718
	249,196
	275,754
	300,979
	42,340,780
	48,482,120
	55,445,609

	140,393
	117,357
	676
	8,613
	10,286
	277,325

City of Azle, Texas
COMBINING SCHEDULE OF NET POSITION
UTILITY ENTERPRISE (Page 2 of 2)
September 30, 2022

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	554,555	11,758	40,836
Accrued liabilities	62,132	-	-
Unearned revenue	5,121	-	-
Customer deposits	659,855	-	-
Compensated absences, current	98,807	-	-
Bonds and certificates of obligation, current	1,540,793	-	-
Accrued interest	18,119	-	-
Due to other funds	-	-	12,704
Total Current Liabilities	2,939,382	11,758	53,540
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	24,702	-	-
Bonds and certificates of obligation, noncurrent	7,245,000	-	-
Net pension liability	634,966	-	-
OPEB liability	74,711	-	-
Total Liabilities	10,918,761	11,758	53,540
<u>Deferred Inflows of Resources</u>			
Pension investment earnings	289,643	-	-
Lease related	320,460	-	-
Total Deferred Inflows of Resources	610,103	-	-
<u>Net Position</u>			
Net investment in capital assets	33,642,027	-	560,500
Restricted for:			
Bond reserve	821,718	-	-
Debt service	339,656	-	-
Impact fees	-	3,472,622	-
Unrestricted	5,330,480	-	(38,231)
Total Net Position	\$ 40,133,881	\$ 3,472,622	\$ 522,269

See Notes to Financial Statements.

Total
607,149
62,132
5,121
659,855
98,807
1,540,793
18,119
12,704
3,004,680

24,702
7,245,000
634,966
74,711
10,984,059

289,643
320,460
610,103

34,202,527
821,718
339,656
3,472,622
5,292,249
\$ 44,128,772

City of Azle, Texas
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
UTILITY ENTERPRISE
For the Year Ended September 30, 2022

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
<u>Operating Revenues</u>			
Charges for services	\$ 10,336,841	\$ -	\$ -
Other revenue	5,133	-	-
Total Operating Revenues	10,341,974	-	-
<u>Operating Expenses</u>			
Personnel services	1,805,056	-	-
Supplies	396,813	-	-
Maintenance and repairs	475,366	-	-
Contractual services	4,270,626	11,760	-
Depreciation	1,372,856	-	-
Total Operating Expenses	8,320,717	11,760	-
Operating Income	2,021,257	(11,760)	-
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	49,756	15,315	2,239
Interest expense	(144,879)	-	-
Fiscal charges	(2,145)	-	-
Total Nonoperating Revenues (Expenses)	(97,268)	15,315	2,239
Income Before Capital Contributions and Transfers	1,923,989	3,555	2,239
<u>Capital Contributions and Transfers</u>			
Capital contributions	4,257,868	-	-
Contributions-impact fees	-	1,085,260	-
Transfers in	495,155	-	80,132
Transfers (out)	(719,782)	(495,155)	-
Total Capital Contributions and Transfers	4,033,241	590,105	80,132
Change in Net Position	5,957,230	593,660	82,371
Beginning net position	34,176,651	2,878,962	439,898
Ending Net Position	\$ 40,133,881	\$ 3,472,622	\$ 522,269

Total	
\$	10,336,841
	5,133
	<u>10,341,974</u>
	1,805,056
	396,813
	475,366
	4,282,386
	1,372,856
	<u>8,332,477</u>
	<u>2,009,497</u>
	67,310
	(144,879)
	(2,145)
	<u>(79,714)</u>
	1,929,783
	4,257,868
	1,085,260
	575,287
	<u>(1,214,937)</u>
	<u>4,703,478</u>
	6,633,261
	37,495,511
\$	<u><u>44,128,772</u></u>

City of Azle, Texas
COMBINING SCHEDULE OF CASH FLOWS
UTILITY ENTERPRISE (Page 1 of 2)
For the Year Ended September 30, 2022

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (2,018,740)	\$ -	\$ -
Payments to suppliers	(5,165,144)	(2)	53,540
Receipts from customers	10,332,862	-	-
Net Cash Provided (Used) by Operating Activities	3,148,978	(2)	53,540
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	495,155	-	80,132
Transfers (out)	(719,782)	(495,155)	-
Collections (payments) of interfund loans	90,000	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(134,627)	(495,155)	80,132
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(652,923)	-	(173,522)
Impact fees received	-	1,085,260	-
Interest paid on capital debt	(138,910)	-	-
Principal paid on capital debt	(1,525,624)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,317,457)	1,085,260	(173,522)
<u>Cash Flows from Investing Activities</u>			
Reacquisition (purchase) of investments	(758,742)	498,724	-
Interest on investments	71,307	15,337	2,239
Net Cash Provided (Used) by Investing Activities	(687,435)	514,061	2,239
Net Increase (Decrease) in Cash and Cash Equivalents	9,459	1,104,164	(37,611)
Beginning cash and cash equivalents	4,266,758	1,877,704	402,378
Ending Cash and Cash Equivalents (including restricted cash)	\$ 4,276,217	\$ 2,981,868	\$ 364,767

Total	
\$	(2,018,740)
	(5,111,606)
	10,332,862
	3,202,516
	575,287
	(1,214,937)
	90,000
	(549,650)
	(826,445)
	1,085,260
	(138,910)
	(1,525,624)
	(1,405,719)
	(260,018)
	88,883
	(171,135)
	1,076,012
	6,546,840
\$	<u><u>7,622,852</u></u>

City of Azle, Texas
COMBINING SCHEDULE OF CASH FLOWS
UTILITY ENTERPRISE (Page 2 of 2)
For the Year Ended September 30, 2022

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating income (loss)	\$ 2,021,257	\$ (11,760)	\$ -
Adjustments to reconcile operating income to net cash provided:			
Depreciation	1,372,856	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(435,472)	-	-
Inventory	(49,492)	-	-
Prepaid items	(1,434)	-	-
Increase (Decrease) in:			
Accounts payable	54,254	11,758	40,836
Accrued liabilities	(25,667)	-	-
Unearned revenue	284	-	-
Deferred lease revenue	320,460	-	-
Due to other funds	-	-	12,704
Compensated absences	773	-	-
Deferred outflows - pension contributions	(17,950)	-	-
Deferred outflows - OPEB contributions	229	-	-
Deferred outflows - OPEB expected experience vs. actual	44	-	-
Deferred inflows of resources - OPEB assumption changes	(179,863)	-	-
Deferred inflows - pension investment earn	178,835	-	-
Deferred outflows - pension expected experience vs. actual	(40,779)	-	-
Net pension liability	(162,324)	-	-
OPEB liability	7,351	-	-
Customer deposits	105,616	-	-
Net Cash Provided (Used) by Operating Activities	\$ 3,148,978	\$ (2)	\$ 53,540

Schedule of Non-Cash Capital and Related Financing Activities

Capital contributions	\$ 4,257,868	\$ -	\$ -
-----------------------	--------------	------	------

<u>Total</u>	
\$	2,009,497
	1,372,856
	(435,472)
	(49,492)
	(1,434)
	106,848
	(25,667)
	284
	320,460
	12,704
	773
	(17,950)
	229
	44
	(179,863)
	178,835
	(40,779)
	(162,324)
	7,351
	<u>105,616</u>
\$	<u><u>3,202,516</u></u>
\$	4,257,868

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
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Financial Trends	126
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	137
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	142
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	150
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	154
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Azle, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental activities				
Net investment in capital assets	\$ 27,933,578	\$ 24,032,848	\$ 22,448,289	\$ 20,151,647
Restricted	5,865,272	4,045,435	2,682,316	2,158,712
Unrestricted	6,812,455	6,774,515	6,042,255	6,767,739
Total governmental activities net position	<u><u>\$ 40,611,305</u></u>	<u><u>\$ 34,852,798</u></u>	<u><u>\$ 31,172,860</u></u>	<u><u>\$ 29,078,098</u></u>
Business-type activities				
Net investment in capital assets	\$ 43,903,704	\$ 37,132,186	\$ 34,536,210	\$ 30,899,466
Restricted	4,839,046	4,141,809	3,549,543	4,203,365
Unrestricted	6,653,975	5,009,602	4,240,069	3,365,839
Total business-type activities net position	<u><u>\$ 55,396,725</u></u>	<u><u>\$ 46,283,597</u></u>	<u><u>\$ 42,325,822</u></u>	<u><u>\$ 38,468,670</u></u>
Primary government				
Net investment in capital assets	\$ 71,837,282	\$ 61,165,034	\$ 56,984,499	\$ 51,051,113
Restricted	10,704,318	8,187,244	6,231,859	6,362,077
Unrestricted	13,466,430	11,784,117	10,282,324	10,133,578
Total primary government net position	<u><u>\$ 96,008,030</u></u>	<u><u>\$ 81,136,395</u></u>	<u><u>\$ 73,498,682</u></u>	<u><u>\$ 67,546,768</u></u>

Source: City audited financial records

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 18,191,446	\$ 18,133,163	\$ 16,709,884	\$ 17,274,438	\$ 17,582,366	\$ 17,625,429
2,874,954	2,095,788	2,621,858	2,738,811	2,397,363	1,806,841
<u>7,009,207</u>	<u>5,805,385</u>	<u>4,710,316</u>	<u>3,998,070</u>	<u>3,559,553</u>	<u>5,277,626</u>
<u><u>\$ 28,075,607</u></u>	<u><u>\$ 26,034,336</u></u>	<u><u>\$ 24,042,058</u></u>	<u><u>\$ 24,011,319</u></u>	<u><u>\$ 23,539,282</u></u>	<u><u>\$ 24,709,896</u></u>
\$ 29,668,436	\$ 28,568,108	\$ 28,023,123	\$ 27,007,438	\$ 25,800,976	\$ 24,504,518
4,210,708	3,957,028	3,742,036	2,954,151	3,014,312	3,175,472
<u>2,987,699</u>	<u>2,234,400</u>	<u>1,478,333</u>	<u>2,008,420</u>	<u>2,342,095</u>	<u>3,410,162</u>
<u><u>\$ 36,866,843</u></u>	<u><u>\$ 34,759,536</u></u>	<u><u>\$ 33,243,492</u></u>	<u><u>\$ 31,970,009</u></u>	<u><u>\$ 31,157,383</u></u>	<u><u>\$ 31,090,152</u></u>
\$ 47,859,882	\$ 46,701,271	\$ 44,733,007	\$ 44,281,876	\$ 43,383,342	\$ 42,129,947
7,085,662	6,052,816	6,363,894	5,692,962	5,411,675	4,982,313
<u>9,996,906</u>	<u>8,039,785</u>	<u>6,188,649</u>	<u>6,006,490</u>	<u>5,901,648</u>	<u>8,687,788</u>
<u><u>\$ 64,942,450</u></u>	<u><u>\$ 60,793,872</u></u>	<u><u>\$ 57,285,550</u></u>	<u><u>\$ 55,981,328</u></u>	<u><u>\$ 54,696,665</u></u>	<u><u>\$ 55,800,048</u></u>

City of Azle, Texas
CHANGES IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses				
Governmental activities:				
General government	\$ 2,855,206	\$ 2,582,629	\$ 2,536,444	\$ 2,028,156
Public safety	7,531,306	7,168,093	6,694,648	6,169,132
Public works	1,850,360	1,778,963	2,798,478	2,208,463
Recreation and leisure	1,620,531	1,600,244	1,499,379	1,442,735
Community development	722,043	530,993	347,380	348,737
Interest on long-term debt	239,439	284,153	332,608	348,230
Total governmental activities expenses	<u>14,818,885</u>	<u>13,945,075</u>	<u>14,208,937</u>	<u>12,545,453</u>
Business-type activities:				
Utility	8,479,501	7,922,358	7,893,329	7,293,864
Golf course	1,523,809	1,264,368	1,292,138	1,133,824
Storm water utility	377,258	281,021	254,636	168,863
Total business-type activities expenses	<u>10,380,568</u>	<u>9,467,747</u>	<u>9,440,103</u>	<u>8,596,551</u>
Total primary government expenses	<u><u>\$ 25,199,453</u></u>	<u><u>\$ 23,412,822</u></u>	<u><u>\$ 23,649,040</u></u>	<u><u>\$ 21,142,004</u></u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 860,665	\$ 656,163	\$ 638,513	\$ 616,207
Public safety	540,452	452,450	530,803	476,298
Recreation and leisure	41,114	26,674	29,631	69,157
Community development	1,349,201	864,833	519,705	383,754
Operating grants and contributions	1,584,969	1,173,707	1,543,721	847,882
Capital grants and contributions	2,737,544	1,614,330	1,091,858	218,323
Total governmental activities program revenues	<u>7,113,945</u>	<u>4,788,157</u>	<u>4,354,231</u>	<u>2,611,621</u>
Business-type activities:				
Charges for services:				
Utility	\$ 10,336,841	\$ 9,193,670	\$ 8,994,213	\$ 8,422,556
Golf course	1,803,664	1,600,634	1,341,581	1,157,649
Storm water utility	527,729	506,565	497,843	299,374
Capital grants and contributions	6,973,273	2,699,498	2,949,685	652,037
Total business-type activities program revenues	<u>19,641,507</u>	<u>14,000,367</u>	<u>13,783,322</u>	<u>10,531,616</u>
Total primary government program revenues	<u><u>\$ 26,755,452</u></u>	<u><u>\$ 18,788,524</u></u>	<u><u>\$ 18,137,553</u></u>	<u><u>\$ 13,143,237</u></u>

2018	2017	2016	2015	2014	2013
\$ 1,962,994	\$ 2,093,348	\$ 2,086,541	\$ 1,767,182	\$ 1,277,520	\$ 1,083,616
5,182,350	5,100,964	4,774,299	4,517,332	4,433,987	4,466,548
2,129,943	2,077,628	2,385,564	2,081,755	1,949,188	1,934,791
1,467,387	1,404,364	1,350,538	1,190,542	1,126,735	1,076,765
262,577	240,037	225,597	258,576	221,770	206,331
361,911	573,608	207,710	237,200	258,665	278,141
11,367,162	11,489,949	11,030,249	10,052,587	9,267,865	9,046,192
7,069,165	6,675,446	6,390,912	6,065,888	6,214,226	5,805,360
1,135,975	1,059,490	1,133,152	955,856	943,488	969,056
170,543	155,188	135,233	178,972	196,527	210,798
8,375,683	7,890,124	7,659,297	7,200,716	7,354,241	6,985,214
\$ 19,742,845	\$ 19,380,073	\$ 18,689,546	\$ 17,253,303	\$ 16,622,106	\$ 16,031,406
\$ 616,269	\$ 538,136	\$ 583,991	\$ 533,009	\$ 476,002	\$ 333,092
538,652	608,477	552,410	589,515	546,563	341,710
62,689	72,596	50,311	44,591	46,037	58,584
413,336	781,178	569,666	345,608	300,133	226,950
592,865	653,851	523,618	563,686	473,007	427,840
978,591	1,568,114	33,647	-	36,544	38,313
3,202,402	4,222,352	2,313,643	2,076,409	1,878,286	1,426,489
\$ 8,770,014	\$ 7,881,663	\$ 7,641,983	\$ 7,146,687	\$ 6,778,745	\$ 6,970,064
1,113,198	1,124,953	1,039,619	901,055	848,909	1,007,408
254,777	240,935	228,911	233,876	235,885	233,066
805,037	655,860	596,678	251,326	104,671	63,630
10,943,026	9,903,411	9,507,191	8,532,944	7,968,210	8,274,168
\$ 14,145,428	\$ 14,125,763	\$ 11,820,834	\$ 10,609,353	\$ 9,846,496	\$ 9,700,657

City of Azle, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2022	2021	2020	2019
Net (Expenses) Revenue				
Governmental activities	\$ (7,704,940)	\$ (9,156,918)	\$ (9,854,706)	\$ (9,933,832)
Business-type activities	9,260,939	4,532,620	4,343,219	1,935,065
Total primary government net expense	<u>\$ 1,555,999</u>	<u>\$ (4,624,298)</u>	<u>\$ (5,511,487)</u>	<u>\$ (7,998,767)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem taxes	7,378,119	6,805,217	6,358,024	5,889,784
Sales taxes	3,628,226	3,335,906	3,076,210	2,668,713
Franchise taxes	1,661,765	1,649,274	1,417,404	1,161,082
Alcoholic beverage taxes	47,603	20,859	33,456	40,768
Hotel motel taxes	29,500	27,121	25,474	27,664
Oil and gas lease	166,338	76,161	60,239	118,101
Investment earnings	130,913	47,980	124,379	328,706
Miscellaneous	83,528	202,605	164,026	92,078
Transfers	337,455	671,733	690,256	609,427
Total governmental activities	<u>13,463,447</u>	<u>12,836,856</u>	<u>11,949,468</u>	<u>10,936,323</u>
Business-type activities:				
Investment earnings	76,554	25,461	97,657	180,947
Oil and gas lease	105,702	46,905	40,407	67,490
Miscellaneous	7,388	24,522	66,125	27,752
Transfers	(337,455)	(671,733)	(690,256)	(609,427)
Total business-type activities	<u>(147,811)</u>	<u>(574,845)</u>	<u>(486,067)</u>	<u>(333,238)</u>
Total primary government	<u>\$ 13,315,636</u>	<u>\$ 12,262,011</u>	<u>\$ 11,463,401</u>	<u>\$ 10,603,085</u>
Change in Net Position				
Governmental activities	\$ 5,758,507	\$ 3,679,938	\$ 2,094,762	\$ 1,002,491
Business-type activities	9,113,128	3,957,775	3,857,152	1,601,827
Total primary government	<u>\$ 14,871,635</u>	<u>\$ 7,637,713</u>	<u>\$ 5,951,914</u>	<u>\$ 2,604,318</u>

Source: City audited financial records

2018	2017	2016	2015	2014	2013
\$ (8,164,760)	\$ (7,267,597)	\$ (8,716,606)	\$ (7,976,178)	\$ (7,389,579)	\$ (7,619,703)
2,567,343	2,013,287	1,847,894	1,332,228	613,969	1,288,954
<u>\$ (5,597,417)</u>	<u>\$ (5,254,310)</u>	<u>\$ (6,868,712)</u>	<u>\$ (6,643,950)</u>	<u>\$ (6,775,610)</u>	<u>\$ (6,330,749)</u>
5,485,590	4,938,307	4,597,219	4,432,990	4,281,202	4,124,651
2,597,674	2,444,594	2,462,175	2,268,725	2,152,944	2,121,564
884,804	793,898	752,017	751,663	701,445	666,522
24,779	27,069	24,906	19,564	12,483	18,572
30,917	22,102	9,729	12,845	19,976	21,713
158,976	102,187	130,049	264,314	396,004	435,180
303,521	152,857	25,153	16,375	29,639	30,194
180,511	165,357	71,969	45,780	28,935	73,196
626,850	613,504	674,128	635,959	162,525	278,276
<u>10,293,622</u>	<u>9,259,875</u>	<u>8,747,345</u>	<u>8,448,215</u>	<u>7,785,153</u>	<u>7,769,868</u>
95,702	36,899	14,746	10,440	29,614	34,419
64,438	77,660	68,590	97,213	141,551	90,345
6,674	1,702	16,381	8,704	31,884	51,607
(626,850)	(613,504)	(674,128)	(635,959)	(162,525)	(278,276)
<u>(460,036)</u>	<u>(497,243)</u>	<u>(574,411)</u>	<u>(519,602)</u>	<u>40,524</u>	<u>(101,905)</u>
<u>\$ 9,833,586</u>	<u>\$ 8,762,632</u>	<u>\$ 8,172,934</u>	<u>\$ 7,928,613</u>	<u>\$ 7,825,677</u>	<u>\$ 7,667,963</u>
\$ 2,128,862	\$ 1,992,278	\$ 30,739	\$ 472,037	\$ 395,574	\$ 150,165
2,107,307	1,516,044	1,273,483	812,626	654,493	1,187,049
<u>\$ 4,236,169</u>	<u>\$ 3,508,322</u>	<u>\$ 1,304,222</u>	<u>\$ 1,284,663</u>	<u>\$ 1,050,067</u>	<u>\$ 1,337,214</u>

City of Azle, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2022	2021	2020	2019
General Fund				
Nonspendable:				
Inventories	\$ 30,674	\$ 29,283	\$ 26,940	\$ 4,705
Prepaid items	35,281	47,004	67,367	8,931
Advances	342,616	452,616	452,616	452,616
Restricted for:				
Public safety	369,233	308,576	33,436	30,584
Unassigned	8,327,353	8,548,821	7,734,218	8,192,880
Total general fund	\$ 9,105,157	\$ 9,386,300	\$ 8,314,577	\$ 8,689,716

All Other Governmental Funds

Restricted for:				
Debt service	162,870	151,158	141,014	149,826
Municipal court	69,860	59,368	48,267	198,154
Public works	1,332,463	1,014,854	793,648	954,227
Economic development	2,626,347	1,756,456	1,060,547	428,957
Tourism	280,002	249,865	222,469	195,961
Capital projects	1,024,497	505,158	382,935	201,003
Unassigned	-	-	-	(1,494,241)
Total all other governmental funds	\$ 5,496,039	\$ 3,736,859	\$ 2,648,880	\$ 633,887

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

2018	2017	2016	2015	2014	2013
\$ 4,250	\$ 5,466	\$ 4,496	\$ 5,511	\$ 5,630	\$ 6,671
12,150	569	2,238	1,556	604	2,795
452,616	452,616	452,617	452,617	452,617	452,618
27,521	24,791	21,859	19,206	13,208	14,566
8,333,797	7,269,853	5,839,320	5,057,719	4,776,991	4,642,476
<u>\$ 8,830,334</u>	<u>\$ 7,753,295</u>	<u>\$ 6,320,530</u>	<u>\$ 5,536,609</u>	<u>\$ 5,249,050</u>	<u>\$ 5,119,126</u>
123,607	88,531	48,448	37,213	39,771	39,413
200,233	191,585	181,367	168,699	155,139	144,478
730,408	455,772	219,814	527,502	479,299	335,509
153,587	40,699	-	-	-	-
167,261	135,679	113,271	104,932	93,429	74,569
7,099,478	10,527,589	2,297,311	2,140,676	1,865,801	1,447,005
-	-	-	-	-	-
<u>\$ 8,474,574</u>	<u>\$ 11,439,855</u>	<u>\$ 2,860,211</u>	<u>\$ 2,979,022</u>	<u>\$ 2,633,439</u>	<u>\$ 2,040,974</u>

City of Azle, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2022	2021	2020	2019
Revenues				
Taxes	\$ 12,700,316	\$ 11,826,659	\$ 10,873,955	\$ 9,800,873
Licenses and permits	1,322,516	864,833	519,705	383,754
Fines and fees	539,068	479,345	549,256	574,198
Charges for services	859,576	631,269	699,143	540,793
Investment income	130,913	47,980	124,379	328,706
Intergovernmental	1,418,777	1,092,895	1,598,872	878,610
Donations	166,192	299,197	25,134	35,360
Miscellaneous	195,943	120,517	105,335	207,693
Total Revenues	17,333,301	15,362,695	14,495,779	12,749,987
Expenditures				
General government	2,350,257	2,103,921	2,024,978	1,855,292
Public works	1,353,024	1,294,594	1,630,888	1,059,714
Public safety	7,060,809	6,568,733	6,246,307	5,708,981
Recreation and leisure	1,331,000	1,296,407	1,181,139	1,018,001
Community development	726,123	527,698	339,968	343,361
Capital outlay	2,619,254	1,454,941	1,392,918	10,440,450
Debt Service:				
Principal	548,485	525,000	481,667	473,333
Interest	256,890	301,168	340,687	355,056
Administrative charges	800	400	1,425	1,426
Bond issuance costs	-	40,113	-	-
Total Expenditures	16,246,642	14,112,975	13,639,977	21,255,614
Excess of Revenues Over (Under)				
Expenditures	1,086,659	1,249,720	855,802	(8,505,627)
Other Financing Sources (Uses)				
Transfers in	2,139,650	757,251	3,114,651	1,717,906
Transfers (out)	(1,802,195)	(85,518)	(2,424,395)	(1,108,479)
Bonds issued	-	1,905,000	-	-
Payment to refunding bond escrow agent	-	(1,825,000)	-	-
Premium on bonds issued	-	-	-	-
Insurance recoveries	53,923	100,738	72,981	-
Proceeds from sale of assets	-	57,511	20,815	2,486
Total Other Financing Sources (Uses)	391,378	909,982	784,052	611,913
Net change in fund balances	\$ 1,478,037	\$ 2,159,702	\$ 1,639,854	\$ (7,893,714)
Debt service as percentage of noncapital expenditures	5.9%	6.5%	6.7%	7.7%

Source: City audited financial records

2018	2017	2016	2015	2014	2013
\$ 9,051,369	\$ 8,220,887	\$ 7,841,227	\$ 7,473,187	\$ 7,169,113	\$ 6,949,026
413,336	781,178	569,666	345,608	297,632	207,432
627,065	703,064	701,825	629,729	612,532	885,062
523,359	490,930	464,051	423,374	438,127	17,105
303,521	152,857	25,153	16,375	29,639	30,194
676,650	643,238	518,485	522,039	475,130	448,021
36,470	97,640	-	-	-	-
206,461	244,897	240,799	351,741	472,560	531,393
11,838,231	11,334,691	10,361,206	9,762,053	9,494,733	9,068,233
1,839,619	1,687,848	1,762,599	1,547,083	1,055,482	993,819
1,042,914	1,036,996	1,540,518	1,093,261	959,175	965,050
4,946,320	4,766,924	4,563,586	4,652,362	4,250,975	4,179,520
1,164,741	1,092,038	1,104,276	936,214	832,730	774,298
265,223	237,757	228,470	261,656	221,770	205,636
4,309,956	1,705,113	228,331	224,504	564,984	1,024,116
455,000	481,666	731,667	786,667	788,333	945,000
368,626	366,810	207,752	237,191	257,922	281,919
1,424	1,026	3,025	3,023	3,524	2,025
-	189,716	-	-	-	-
14,393,823	11,565,894	10,370,224	9,741,961	8,934,895	9,371,383
(2,555,592)	(231,203)	(9,018)	20,092	559,838	(303,150)
660,037	687,676	688,190	613,052	162,525	280,919
(33,187)	(74,172)	(14,062)	-	-	(2,643)
-	11,135,000	-	-	-	-
-	(1,685,000)	-	-	-	-
-	153,207	-	-	-	-
-	-	-	-	-	-
40,500	26,901	-	-	-	-
667,350	10,243,612	674,128	613,052	162,525	278,276
\$ (1,888,242)	\$ 10,012,409	\$ 665,110	\$ 633,144	\$ 722,363	\$ (24,874)
8.2%	8.6%	9.3%	10.8%	12.5%	14.7%

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City of Azle, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept 30	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2013	\$ 692,913,530	\$ 60,911,171	\$ 123,173,784	\$ 630,650,917	\$ 0.64950
2014	707,041,715	61,797,392	124,356,935	644,482,172	0.65950
2015	722,515,409	62,004,103	125,988,810	658,530,702	0.66800
2016	760,226,233	58,968,269	148,135,846	671,058,656	0.67950
2017	866,199,279	62,524,484	202,256,870	726,466,893	0.67950
2018	1,001,959,296	64,163,391	245,248,061	820,874,626	0.67150
2019	1,091,279,458	68,829,218	245,718,805	914,389,871	0.66729
2020	1,178,465,058	71,430,498	209,230,725	1,040,664,831	0.65720
2021	1,255,957,297	75,427,158	215,272,402	1,116,112,053	0.65720
2022	1,400,994,516	75,004,873	231,112,447	1,244,886,942	0.64615

Source: Tarrant and Parker County Appraisal Districts

City of Azle, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF AZLE			AZLE INDEPENDENT SCHOOL DISTRICT		
	Operating	Debt Service	Total City	Operating	Debt Service	Total AISD
2013	\$ 0.5009	\$ 0.1486	\$ 0.6495	\$ 1.0400	\$ 0.1500	\$ 1.1900
2014	0.5156	0.1439	0.6595	1.0400	0.1500	1.1900
2015	0.5272	0.1408	0.6680	1.0400	0.1630	1.2030
2016	0.5415	0.1380	0.6795	1.0400	0.1630	1.2030
2017	0.5606	0.1189	0.6795	1.0400	0.1630	1.2030
2018	0.5701	0.1014	0.6715	1.0400	0.2890	1.3290
2019	0.5756	0.0917	0.6673	1.1700	0.1590	1.3290
2020	0.5793	0.0779	0.6572	1.0684	0.1790	1.2474
2021	0.5860	0.0712	0.6572	1.0508	0.1966	1.2474
2022	0.5821	0.0641	0.6461	0.9720	0.2506	1.2226

Source: Tarrant and Parker County Appraisal Districts

PARKER COUNTY				TARRANT COUNTY					Total Direct & Overlapping Rates
County	Hospital	Junior College	Total County	County	Hospital	College	Water District	Total County	
\$ 0.4124	\$ 0.1120	\$ 0.1129	\$ 0.6373	\$ 0.2640	\$ 0.2279	\$ 0.1490	\$ 0.0200	\$ 0.6609	\$ 3.1377
0.4124	0.1179	0.1146	0.6449	0.2640	0.2279	0.1495	0.0200	0.6614	3.1558
0.4182	0.1117	0.1146	0.6445	0.2640	0.2279	0.1495	0.0200	0.6614	3.1769
0.3955	0.1117	0.1136	0.6208	0.2640	0.2279	0.1495	0.0200	0.6614	3.1647
0.4187	0.1118	0.1202	0.6507	0.2540	0.2279	0.1447	0.0194	0.6460	3.1792
0.3902	0.1115	0.1195	0.6212	0.2440	0.2244	0.1401	0.0194	0.6279	3.2496
0.3023	0.1115	0.1195	0.5333	0.2340	0.2244	0.1361	0.0194	0.6139	3.1435
0.3586	0.1074	0.1150	0.5810	0.2340	0.2244	0.1302	0.0287	0.6173	3.1029
0.3586	0.1074	0.1254	0.5914	0.2340	0.2244	0.1302	0.0287	0.6173	3.1133
0.3293	0.1051	0.1225	0.5569	0.2290	0.2244	0.1302	0.0287	0.6123	3.0379

City of Azle, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
RW Apartments LTD	\$ 31,769,892	1	2.55%	\$ -	-	0.00%
CSL Azle 2016 LLC	25,000,000	2	2.01%	-	-	0.00%
Wal-Mart	15,686,320	3	1.26%	20,312,429	1	3.22%
Azle Manor Inc/Azle Manor I LLC	10,336,693	4	0.83%	8,001,815	2	1.27%
Quality Trailer Products	9,366,310	5	0.75%	3,588,970	6	0.57%
Korcha LLC	6,418,582	6	0.52%	-	-	0.00%
Integrated Machinery	6,162,660	7	0.50%	6,933,150	3	1.10%
Oncor Electric Delivery Co LLC	4,837,850	8	0.39%	-	-	0.00%
RS3 Holdings	4,802,140	9	0.39%	-	-	0.00%
SE Parkway Apts, LLC	4,376,990	10	0.35%	-	-	0.00%
XTO Energy Inc	-	-	0.00%	4,685,800	5	0.74%
Albertsons Inc	-	-	0.00%	4,919,786	4	0.78%
Truly, Jack D	-	-	0.00%	3,175,000	8	0.50%
Cross Richard	-	-	0.00%	2,861,700	9	0.45%
CVS Pharmacy	-	-	0.00%	2,526,207	10	0.40%
Racetrac Petroleum Inc	-	-	0.00%	3,191,448	7	0.51%
Total	\$ 118,757,437			\$ 60,196,305		
Total Assessed Value	\$ 1,244,886,942			\$ 630,650,917		

Source: Tarrant and Parker County Appraisal Districts

City of Azle, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2013	\$ 4,096,077	\$ 4,044,139	98.7%	\$ 44,433	\$ 4,088,572	99.8%
2014	4,250,360	4,199,984	98.8%	43,487	4,243,471	99.8%
2015	4,398,467	4,342,477	98.7%	49,337	4,391,814	99.8%
2016	4,559,843	4,506,994	98.8%	42,404	4,549,398	99.8%
2017	4,936,343	4,874,866	98.8%	51,937	4,926,803	99.8%
2018	5,512,173	5,457,462	99.0%	43,983	5,501,445	99.8%
2019	6,101,605	6,049,771	99.2%	36,852	6,086,623	99.8%
2020	6,838,436	6,762,029	98.9%	45,325	6,807,354	99.5%
2021	7,321,815	7,255,949	99.1%	28,858	7,284,807	99.5%
2022	8,033,295	7,940,275	98.8%	-	7,940,275	98.8%

Source: Tarrant County Tax Office

City of Azle, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities		Business-type Activities			
	General Obligation Bonds	Notes & Lease Liabilities	Water & Sewer Bonds	General Obligation Bonds	Tax Notes	Notes & Lease Liabilities
2013	\$ 7,108,986	\$ -	\$ 18,877,199	\$ 471,667	\$ 310,000	\$ 25,048
2014	6,320,480	-	17,655,000	410,000	235,000	16,802
2015	5,533,643	-	16,280,000	346,666	160,000	8,204
2016	4,801,804	-	15,100,000	283,333	80,000	84,458
2017	13,917,139	-	13,900,000	1,550,000	-	68,702
2018	13,455,671	-	12,675,000	2,655,000	-	52,398
2019	12,975,870	-	11,430,000	2,398,333	-	35,526
2020	12,487,108	-	1,965,000	9,825,000	-	256,341
2021	11,981,988	37,527	1,395,000	8,905,000	-	402,188
2022	11,445,692	19,042	810,000	7,970,000	-	715,774

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 26,792,900	8.95%	\$ 2,445
24,637,282	8.85%	2,232
22,328,513	6.93%	2,004
20,349,595	6.17%	1,783
29,435,841	8.52%	2,495
28,838,069	8.46%	2,375
26,839,729	7.03%	2,118
24,533,449	5.81%	1,914
22,721,703	5.19%	1,756
20,960,508	4.21%	1,540

City of Azle, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2013	\$ 7,890,653	\$ 39,413	\$ 7,851,240	1.24%	\$ 716
2014	6,965,480	39,771	6,925,709	1.07%	627
2015	6,040,309	37,213	6,003,096	0.91%	539
2016	5,165,137	48,448	5,116,689	0.76%	448
2017	15,467,139	88,532	15,378,607	2.12%	1,303
2018	16,110,671	123,607	15,987,064	1.95%	1,317
2019	15,374,203	149,826	15,224,377	1.66%	1,202
2020	22,312,108	141,014	22,171,094	2.13%	1,729
2021	20,886,988	151,158	20,735,830	1.86%	1,602
2022	19,415,692	162,870	19,252,822	1.55%	1,415

¹ See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Azle, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2022 (Unaudited)

	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes:			
Azle Independent School District	\$ 135,695,000	33.38%	\$ 45,294,991
Parker County	139,259,412	1.50%	2,088,891
Parker County Junior College District	1,570,000	1.50%	23,550
Tarrant County	404,360,000	0.42%	1,698,312
Tarrant County College District	610,315,000	0.42%	2,563,323
Tarrant County Hospital District	12,825,000	0.42%	53,865
Subtotal, overlapping debt		0.40%	51,722,932
City of Azle, direct debt		100%	11,464,734
Total direct and overlapping debt			\$ 63,187,666

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of the City of Azle. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Debt outstanding estimates and percentage of debt provided by the Municipal Advisory Council of Texas.

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City of Azle, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Rate Limit	Tax Rate	Available Tax Rate
2013	2.5000	0.6495	1.8505
2014	2.5000	0.6595	1.8405
2015	2.5000	0.6680	1.8320
2016	2.5000	0.6795	1.8205
2017	2.5000	0.6795	1.8205
2018	2.5000	0.6715	1.8285
2019	2.5000	0.6673	1.8327
2020	2.5000	0.6572	1.8428
2021	2.5000	0.6462	1.8538
2022	2.5000	0.6462	1.8538

Note: The City Charter of the City of Azle does not provide for a debt limit. Under the provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

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City of Azle, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Waterworks and Sewer System Revenue Bonds							
Fiscal Year	Total Revenues ¹	Less: Operating Expenses ³	Net Available Revenue	Debt Service ²		Coverage	
				Principal	Interest		
2013	\$ 6,798,154	\$ 4,614,690	\$ 2,183,464	\$ 1,275,000	\$ 486,323	1.24	
2014	6,722,338	5,043,601	1,678,737	1,375,000	469,727	0.91	
2015	6,903,840	4,640,787	2,263,053	1,375,000	396,437	1.28	
2016	7,149,828	4,783,361	2,366,467	1,180,000	375,824	1.52	
2017	7,471,966	4,962,666	2,509,300	1,200,000	356,539	1.61	
2018	8,670,978	5,385,715	3,285,263	1,225,000	335,045	2.11	
2019	8,567,224	5,664,023	2,903,201	1,245,000	311,529	1.87	
2020	9,071,016	6,170,629	2,900,387	1,270,000	309,363	1.84	
2021	9,223,859	6,428,568	2,795,291	570,000	41,488	4.57	
2022	10,391,730	6,947,598	3,444,132	585,000	29,376	5.61	

¹ Total revenue includes total water and sewer operating and non-operating revenue.

² Includes principal and interest of revenue bonds only. It does not include certificates of obligation or other debt reported in the water and sewer fund.

³ Water and sewer operating expenses less depreciation and amortization.

City of Azle, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population¹	Personal Income³	Per Capita Personal Income	Median Age		
2013	10,960	\$ 299,525,840	\$ 27,329	41.4	⁴	⁴
2014	11,040	278,318,400	25,210	39.2	⁴	⁴
2015	11,140	322,046,260	28,909	41.8	¹	¹
2016	11,410	329,851,690	28,909	41.8	¹	¹
2017	11,800	345,492,200	29,279	43.5	¹	¹
2018	12,140	340,879,060	28,079	42.2	¹	¹
2019	12,670	381,531,710	30,113	42.2	¹	¹
2020	12,820	422,277,980	32,939	40.1	¹	²
2021	12,940	437,423,760	33,804	40.4	¹	²
2022	13,610	497,949,070	36,587	38.2	¹	²

Data Sources:

- ¹ North Central Texas Council of Governments
- ² United States Census Bureau
- ³ Personal Income derived by multiplying per capita personal income by population
- ⁴ ESRI Business Analyst
- ⁵ Azle Independent School District
- ⁶ U.S. Bureau of Labor Statistics

School Enrollment⁵	Unemployment Rate⁶
5,793	5.9%
6,130	4.9%
6,212	4.1%
6,325	4.1%
6,460	3.4%
6,553	3.4%
6,817	3.1%
6,815	7.6%
6,885	4.5%
6,889	3.5%

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City of Azle, Texas
PRINCIPAL EMPLOYERS
Current and Nine Years Ago (Unaudited)

Employer	2022			2013		
	No. Employees ¹	Rank	Percentage of Total City Employment	No. Employees ²	Rank	Percentage of Total City Employment
Azle Independent School District	992	1	15.6%	772	1	17.1%
Wal-Mart	426	2	6.7%	390	2	8.6%
Texas Health/Harris Methodist Hospital	240	3	3.8%	265	3	5.9%
Tri-County Electric Coop	142	4	2.2%	134	5	3.0%
City of Azle	139	5	2.2%	115	6	2.5%
Azle Manor Nursing Home	125	6	2.0%			
Integrated Machine Solutions	117	7	1.8%			
Rockwell American (Quality Trailer)	105	8	1.7%	90	8	2.0%
Albertson's Grocery	100	9	1.6%	95	7	2.1%
Brookshires	90	10	1.4%	61	10	1.4%
TJ Machine and Tool	45		-	82	9	1.8%
Bur-Mont Inc.			-	135	4	3.0%
(Azle Manor Nursing Home/Eagle Crest Villas)						
City of Azle Total	2,521		39.0%	2,139		47.4%

(1) Total city employment for year 2021 is 6,341, which is based on the change in unemployment rate and population.

(2) Total employment per employer was taken from Municipal Advisory Council of Texas, First Southwest Company or directly from Employer

Note: Total employment per employer was taken from Azle Absolutely.com/City of Azle website or directly from the employer

City of Azle, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2022	2021	2020	2019	2018
General government	15	15	15	13	13
Public safety:					
Police	43	39.5	39.5	38	35
Fire	24	21	21	21	18
Animal control	4	4	4	4	4
Public works	9	8	8	8	8
Recreation and leisure	14	14	14	13	13
Community development	5.5	5	5	5	4
Golf course	4	3	3	3	3
Water	8.5	8.5	8.5	9	9
Sewer	6.5	6.5	6.5	7	6
Maintenance	10	9	9	9	9
Total all funds	143.5	133.5	133.5	130	122

Source: City budget

2017	2016	2015	2014	2013
13	12	8	8	8
35	35	34	32	32
17	17	17	17	17
4	4	3	3	3
8	9	7	7	7
13	14	14	13	13
4	4	3	3	3
2	2	2	2	2
9	8	14	14	14
6	6	6	6	6
9	9	9	9	9
120	120	117	114	114

City of Azle, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2022	2021	2020	2019
Public Safety				
Number of employees	42	42	42	40
Number of violations	5,864	2,551	3,865	3,520
Fire:				
Number of employees	27	19	21	21
Number of fire runs	3,738	3,138	2,868	2,511
Number of EMS runs	2,567	2,437	2,202	2,173
Streets				
Street resurfacing (miles)	2.03	1.65	2.9	1.5
Recreation & leisure				
Parks and recreation				
Number of facility rentals processed	-	-	40	251
Library				
Volumes in collection	57,563	55,873	53,681	58,789
Community development				
Number of inspections performed	7,717	2,439	2,184	1,640
Number of permits issued	951	734	353	776
Golf course				
Number of paid rounds played	42,062	41,268	36,668	35,205
Water				
Number of water customers	6,144	5,822	5,719	5,544
Average daily consumption (gallons)	1,763,824	1,463,428	1,506,760	1,277,360
Maximum storage capacity (gallons)	3,900,000	3,900,000	3,900,000	3,900,000
Sewer				
Average daily treatment (gallons)	1,250,946	1,278,101	1,231,000	1,161,580

Source: City departments

2018	2017	2016	2015	2014	2013
37	34	34	32	32	32
3,997	4,403	5,390	4,860	4,514	5,627
17	17	17	17	17	16
1,900	1,688	1,337	1,438	1,435	1,419
1,938	2,029	1,954	1,965	1,831	1,942
1.31	2.4	1.96	0.8	1.71	1.64
204	180	194	195	291	271
58,544	59,274	62,854	59,746	58,521	55,379
2,260	2,813	1,652	1,466	948	797
825	1,017	1,325	876	756	832
33,131	33,680	32,641	32,246	28,109	33,978
5,468	5,334	5,161	4,955	4,816	4,758
1,579,447	1,414,786	1,347,286	1,426,953	1,569,930	1,414,985
3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
932,811	1,035,000	1,084,481	922,000	920,000	783,606

City of Azle, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2022	2021	2020	2019
Police				
Number of stations	1	1	1	1
Number of patrol units	27	24	23	21
Fire				
Number of stations	1	1	1	1
Streets and Grounds				
Streets (miles)	68	65.91	65.16	65.16
Streetlights	574	570	570	582
Recreation & leisure				
Parks (acreage)	89	89	89	89
Parks	4	4	4	4
Community/senior centers	3	3	3	3
Golf course				
Course (acreage)	213	213	213	213
Water				
Water mains (miles)	133	127	125	124
Fire hydrants	753	702	686	683
Maximum daily capacity (gallons)	6,000,000	6,000,000	6,000,000	6,000,000
Sewer				
Sanitary sewer (miles)	68	62	60	60
Maximum daily capacity (gallons)	2,450,000	2,450,000	2,450,000	2,450,000
Storm water				
Storm sewers (miles)	82.5	81.65	81	80

Source: City departments

2018	2017	2016	2015	2014	2013
1	1	1	1	1	1
20	20	18	18	14	14
1	1	1	1	1	1
65.16	65.16	64.76	64	64.5	64.5
459	459	459	450	450	450
89	89	88	88	88	88
4	4	4	4	4	4
3	3	3	3	3	3
213	213	213	213	213	213
119	116	115	114	99	93
653	644	636	622	615	600
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
58	57	56	44	43	43
2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	1,443,000
80	80	80	80	80	80



Presenter: David Hawkins, Director of Planning and Development

Agenda Item: Consider any action on Ordinance No. 2023-03 adopting the 2021 International Property Maintenance Code and other amendments pertaining to Code Enforcement.

Background and Explanation:

In the past few months, the new Code Enforcement staff has reviewed and evaluated current enforcement operating procedures and ordinances and is recommending some amendments to the Code of Ordinances as it relates to code enforcement.

The International Property Maintenance Code (IPMC):

One of the proposed amendments is to formally adopt the 2021 International Property Maintenance Code into the Code of Ordinances. The IPMC outlines property maintenance regulations from minor violations like high grass and weeds to more complex issues such as substandard and dilapidated housing. Municipalities all over the world have adopted the IPMC and recognize it as the global standard. City staff would request the City Council to consider the adoption of the 2021 IPMC to its municipal codes to help strengthen code enforcement in the city of Azle. Adopting the IPMC and amending some of our existing codes raises the minimum standard of what's acceptable for building and living conditions and provides greater opportunity to address issues at an earlier stage before they compound.

After discussion with City Council on February 21, 2023, the proposed ordinance for adoption of the IPMC has been amended to only include Chapter 1 (Scope and Administration), Chapter 2 (Definitions), and limited sections within Chapter 3 (General Requirements) of the IPMC. The remaining Chapters 4-8 and Appendices would be excluded from this ordinance.

Key Benefits of IPMC:

One of the key benefits of the IPMC would be the enforceability of inoperable vehicles on private property, which currently is limited under the City of Azle Code of Ordinance (Section 8.07 - Junked Vehicles). Other key benefits would be increased neighborhood desirability, maintaining or even increasing property values, and community pride. Attached is a sample 2018 IPMC booklet and informational packet for reference.

Other Cities who have adopted the IPMC:

Many other cities within the DFW area have adopted the IPMC as a tool and resource for Code Enforcement. Some cities include Benbrook, Burleson, Cleburne, Coppell, Granbury, Haltom City, Hurst, Keller, Murphy, Roanoke, Sachse, and Weatherford.

Other Proposed Code Amendments:

1. Add outside storage regulations in residential districts. Currently, Section 8.02.003 - "Prohibited Conditions" defines accumulation of trash, rubbish and garbage as a "nuisance" but does not

address outside items that are not defined as a "nuisance" such as storage of items not designated for outside use (i.e. couch furniture, tools, etc.). Staff is proposing to add a new Section 8.04.004 to address outside storage in residential districts (see attached draft Ordinance).

2. A conflict was founded within the Code of Ordinances between the minimum vertical clearance requirement of 12' for trees above sidewalks and public rights-of-ways in the Parkway Maintenance section (Section 6.02.007 (b)) and 14' minimum vertical clearance required within the Tree Pruning requirements (Section 6.08.009 (2)) of the Tree Preservation Ordinance. The proposed amendment would be to increase the 12' vertical clearance in Section 6.02.007 (b) to 14' vertical clearance to match.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

Staff recommends the adoption of the 2021 International Property Maintenance Code (IPMC) and other amendments as it pertains to Code Enforcement.

Attachments:

1. Ordinance No. 2023-03
2. IPMC Informational Packet
3. IPMC 2021 Version

ORDINANCE NO. 2023-3

AN ORDINANCE OF THE CITY OF AZLE, TEXAS AMENDING CHAPTER 3, "BUILDING REGULATIONS" TO ADOPT THE 2021 INTERNATIONAL PROPERTY MAINTENANCE CODE AS PART OF THE OFFICIAL MUNICIPAL CODES OF THE CITY; AMENDING CHAPTER 6, "HEALTH AND SANITATION"; AMENDING CHAPTER 8, "OFFENSES AND NUISANCES"; PROVIDING FOR RECORDING OF THE CODES AS A PUBLIC RECORD; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATIONS HEREOF; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Azle is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the State of Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City of Azle has previously adopted versions of nationally-recognized municipal codes, codified in Chapter 3 "Building Regulations" of the Code of Ordinances, City of Azle, Texas ; and

WHEREAS, the City, having reviewed the available code, desires to adopt a more recent nationally-recognized municipal code to meet the needs of the City; and

WHEREAS, the City of Azle desires to amend Chapter 3, "Building Regulations" of the Code of Ordinances, City of Azle, Texas to adopt the 2021 International Property Maintenance Code, as part of the official municipal codes of the City.

WHEREAS, the City of Azle desires to amend Chapter 8, "Offenses and Nuisances" of the Code of Ordinances, City of Azle, Texas to adopt regulations for outside storage in residential districts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS THAT:

SECTION 1

Article 3.03 "Technical and Construction Codes and Standards" of Chapter 3 "Building Regulations" of the Code of Ordinances, City of Azle, Texas is hereby amended to insert a new Division 9 "Property Maintenance Code" to read as follows:

Section 3.03.501 Adopted.

"The 2021 International Property Maintenance Code is hereby adopted as the official property maintenance code of the City of Azle, Texas, and is fully incorporated by reference as though copied into this section in its entirety. The

material contained in such code shall not be included in the formal municipal codification of ordinances but shall be maintained as a public record in the office of the city secretary and will be available for public inspection and copying during regular business hours."

Section 3.03.502 Local Amendments

"The 2021 Edition of the International Property Maintenance Code, as adopted herein, is hereby amended by adoption of local amendments as follows:

Chapter 1 - Scope and Administration; Chapter 2 - Definitions; Chapter 3 - General Requirements, Sections 301, 302, 303, 304, 308, and 309 of the IPMC shall be adopted as written.

Section 302.8 Motor vehicles shall be amended to add the following exception: "All inoperable vehicles shall be repaired or removed out of public view. It shall not be a defense to prosecution that vehicles were covered with a tarp, tent, or canopy. Fitted car covers are permitted to be considered out of public view."

Section 3.03.503-3.03.510 Reserved

SECTION 2

Article 8.04 "Outdoor Display and Storage" of Chapter 8 "Offenses and Nuisances" of the Code of Ordinances, City of Azle, Texas is hereby amended to replace Section 8.04.004 with a new Section 8.04.004 "Outside Storage in Residential Districts" to read as follows:

"8.04.004 Outside Storage in Residential Districts.

The following regulations apply to outdoor storage in residentially zoned districts:

- (1) It shall be unlawful for a person to openly store any prohibited item in an area within the front yard or side yard that is visible from a public right-of-way or public easement on any property within a residentially zoned district or on property used primarily for residential purposes, including multifamily property.
- (2) Open visible storage of the following items is prohibited:
 - (a) Merchandise for sale;
 - (b) Building materials with no sign of in progress construction;
 - (c) Trash bags, unless set out at curb or edge of road for weekly pick up;
 - (d) Inventory, equipment or supplies for a business;
 - (e) Chemicals, Paint cans and supplies;
 - (f) Firewood;
 - (g) Furniture designed for indoor use,
 - (h) Ice chests, broken toys, broken swing sets and pet kennels;
 - (i) Appliances and other items not designed or intended for outdoor use;
 - (j) Lawnmowers and other lawn care equipment;

(k) Tools;
(l) Boxes, bins, barrels, and buckets;
(m) Motor vehicle parts and accessories; including, but not limited to, engines, transmissions, electrical equipment, suspension parts, tires, hubcaps, upholstered items, and other motor vehicle parts.

(3) Outdoor storage of firewood and non-degradable material is permitted if the material is not visible from a public right-of-way or public easement and materials are arranged into storage piles behind the front edge of the main building that do not create a health, safety, fire, egress or access hazard.

(4) Outdoor storage of material does not include furniture designed for outdoor use or outdoor fixtures.

(5) Areas around and under outdoor storage of material shall be kept free and clear of accumulation of grass, weeds, brush, or other uncultivated vegetation.

(6) It shall not be a defense to prosecution that such items were covered with a tarp or similar covering.

(7) Nothing in this chapter shall preclude the city from enforcing any nuisance, health and safety, or fire code violations that are screened from public view or exist anywhere on a property.

SECTION 3

Article 8.04 "Outdoor Display and Storage" of Chapter 8 "Offenses and Nuisances" of the Code of Ordinances, City of Azle, Texas is hereby amended to renumber Section 8.04.004 "Storage of Junk" to Section 8.04.005.

SECTION 4

Section 6.02.007 (b) "Parkway Maintenance" of Chapter 6 "Health and Sanitation" of the Code of Ordinances, City of Azle, Texas is hereby amended to read as follows:

"Trimming of trees and shrubs. A person who owns any lot, tract or parcel of land or portion thereof within the city shall be and is under a duty to trim and/or remove any trees, shrubs, bushes or other forms of vegetation so as to provide a minimum vertical clearance of fourteen feet to any canopy limbs that may encroach upon, into or over the public street or sidewalk."

SECTION 5

This ordinance shall be cumulative of all provisions of ordinances and on the Code of the City of Azle, Texas as amended, except where the provisions are in direct conflict with the provisions of other ordinances, in which event the conflicting provisions of the other ordinances are hereby repealed.

SECTION 6

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or degree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 7

Any person, firm or corporation who violates, disobeys, omits, neglects, refuses or fails to comply with, or who resists the enforcement of any provision of this ordinance shall be fined not more than Five Hundred Dollars (\$500.00) for each offence. Each day that a violation is permitted to exist shall constitute a separate offense.

SECTION 8

All rights and remedies of the City of Azle are expressly saved as to any and all violations of the provisions of the Azle Municipal Code, or any other ordinances affecting construction which have accrued at the time of the effective date of this ordinance; and as such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the court.

SECTION 9

The City Secretary of the City of Azle is hereby directed to publish caption, penalty clause, and effective date clause in the official newspaper at least once within ten (10) days after the passage of this ordinance.

SECTION 10

This ordinance shall be in full force and effect from and after its passage and publication as provided by law, and it is so ordained.

AND IT IS SO ORDAINED.

DULY PASSED AND APPROVED by the City Council of the City of Azle, Texas, on March 7, 2023.

Mayor, Alan Brundrett

ATTEST:

Yael Forgey, City Secretary

APPROVED AS TO FORM:

Cara Leahy White, City Attorney

International Property Maintenance Code (IPMC) Informational Packet

WHY IPMC?

International Property Maintenance Code establishes the minimum and most essential standards for the health, safety and general welfare of the people who live and work in a community.

The International Property Maintenance Code is in use or adopted in 36 states and the District of Columbia.

Taking a proactive rather than reactive approach to property maintenance stabilizes and maintains the viability of aging building and housing stock and reduces the number of building demolitions.

Advantages of using the International Property Maintenance Code (IPMC) are:

The IPMC contains a complete set of code provisions in a single source, covering all aspects of interior and exterior property maintenance for residential and nonresidential buildings. Can help eliminate the need for a handful of separate laws and ordinances.

The IPMC addresses these common code enforcement problems:

Graffiti, Illegal motor vehicles, Infestations, Swimming pools, Tenant vs. landlord responsibilities, Unsafe structures, Unsanitary conditions, Vacant structures, Weeds and trash.

Common public concerns are addressed by the IPMC, including:

The IPMC affirms that the public's right to privacy is protected by law. The code official's authority to make inspections is subject to constitutional restrictions.

The code does not seek to require retroactively that new construction requirements be met for existing buildings or when making minor repairs. This is often a concern in communities with older buildings or historic districts.

The code authority has the authority to vary from a strict application of the code, provided the spirit and intent of the code have been met.

The goal of every code enforcement program is compliance. The person given the authority by the jurisdiction to enforce any code must observe due process when issuing any notice of violation and allow for a reasonable length of time for compliance of the notice. Extensions of time are routinely granted if sufficient work is in progress.

Jurisdictions enforcing the IPMC can take advantage of numerous support services for those codes. These include:

- Training and education programs, both on-site and webinars
- Certification programs for code enforcers
- Code commentaries

IPMC[®]

INTERNATIONAL
PROPERTY MAINTENANCE
CODE[®]

A Member of the International Code Family[®]

2021



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2021



2021 International Property Maintenance Code®

Date of First Publication: September 30, 2020

First Printing: September 2020

ISBN: 978-1-60983-971-0 (soft-cover edition)

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PREFACE

Introduction

The *International Property Maintenance Code*® (IPMC®) establishes minimum requirements for the maintenance of existing buildings through model code regulations that contain clear and specific property maintenance and property improvement provisions. This 2021 edition is fully compatible with all of the International Codes® (I-Codes®) published by the International Code Council® (ICC®), including the *International Building Code*® (IBC®), *International Energy Conservation Code*® (IECC®), *International Existing Building Code*® (IEBC®), *International Fire Code*® (IFC®), *International Fuel Gas Code*® (IFGC®), *International Green Construction Code*® (IgCC®), *International Mechanical Code*® (IMC®), *International Plumbing Code*® (IPC®), *International Private Sewage Disposal Code*® (IPSDC®), *International Residential Code*® (IRC®), *International Swimming Pool and Spa Code*® (ISPSC®), *International Wildland-Urban Interface Code*® (IWUIC®), *International Zoning Code*® (IZC®) and *International Code Council Performance Code*® (ICCP®).

The I-Codes, including the IPMC, are used in a variety of ways in both the public and private sectors. Most industry professionals are familiar with the I-Codes as the basis of laws and regulations in communities across the US and in other countries. However, the impact of the codes extends well beyond the regulatory arena, as they are used in a variety of nonregulatory settings, including:

- Voluntary compliance programs such as those promoting sustainability, energy efficiency and disaster resistance.
- The insurance industry, to estimate and manage risk, and as a tool in underwriting and rate decisions.
- Certification and credentialing of individuals involved in the fields of building design, construction and safety.
- Certification of building and construction-related products.
- US federal agencies, to guide construction in an array of government-owned properties.
- Facilities management.
- “Best practices” benchmarks for designers and builders, including those who are engaged in projects in jurisdictions that do not have a formal regulatory system or a governmental enforcement mechanism.
- College, university and professional school textbooks and curricula.
- Reference works related to building design and construction.

In addition to the codes themselves, the code development process brings together building professionals on a regular basis. It provides an international forum for discussion and deliberation about building design, construction methods, safety, performance requirements, technological advances and innovative products.

Development

This 2021 edition presents the code as originally issued, with changes reflected in the 2003 through 2018 editions and with further changes developed through the ICC Code Development Process through 2019. A new edition of the code is promulgated every 3 years.

This code is intended to establish provisions that adequately protect public health, safety and welfare and that neither unnecessarily increase construction costs nor give preferential treatment to particular types or classes of materials, products or methods of construction.

Maintenance

The *International Property Maintenance Code* is kept up to date through the review of proposed changes submitted by code enforcement officials, industry representatives, design professionals and other interested parties. Proposed changes are carefully considered through an open code development process in which all interested and affected parties may participate.

The ICC Code Development Process reflects principles of openness, transparency, balance, due process and consensus, the principles embodied in OMB Circular A-119, which governs the federal government's use of private-sector standards. The ICC process is open to anyone; there is no cost to participate, and people can participate without travel cost through the ICC's cloud-based app, cdpAccess®. A broad cross section of interests are represented in the ICC Code Development Process. The codes, which are updated regularly, include safeguards that allow for emergency action when required for health and safety reasons.

In order to ensure that organizations with a direct and material interest in the codes have a voice in the process, the ICC has developed partnerships with key industry segments that support the ICC's important public safety mission. Some code development committee members were nominated by the following industry partners and approved by the ICC Board:

- American Institute of Architects (AIA)
- National Association of Home Builders (NAHB)

The code development committees evaluate and make recommendations regarding proposed changes to the codes. Their recommendations are then subject to public comment and council-wide votes. The ICC's governmental members—public safety officials who have no financial or business interest in the outcome—cast the final votes on proposed changes.

The contents of this work are subject to change through the code development cycles and by any governmental entity that enacts the code into law. For more information regarding the code development process, contact the Codes and Standards Development Department of the ICC.

While the I-Code development procedure is thorough and comprehensive, the ICC, its members and those participating in the development of the codes disclaim any liability resulting from the publication or use of the I-Codes, or from compliance or noncompliance with their provisions. The ICC does not have the power or authority to police or enforce compliance with the contents of this code.

Code Development Committee Responsibilities (Letter Designations in Front of Section Numbers)

In each code development cycle, proposed changes to this code are considered at the Code Development Hearings by the International Property Maintenance/Zoning Code Development Committee, whose action constitutes a recommendation to the voting membership for final action on the proposed changes. Proposed changes to a code section having a number beginning with a letter in brackets are considered by a different code development committee. For example, proposed changes to code sections that have the letter [F] in front of them (e.g., [F] 704.1) are considered by the International Fire Code Development Committee at the Committee Action Hearing.

The content of sections in this code that begin with a letter designation is maintained by another code development committee in accordance with the following:

- [A] = Administrative Code Development Committee;
- [F] = International Fire Code Development Committee;
- [P] = International Plumbing Code Development Committee;
- [BE] = IBC—Egress Code Development Committee; and
- [BG] = IBC—General Code Development Committee.

For the development of the 2024 edition of the I-Codes, there will be two groups of code development committees and they will meet in separate years, as shown in the following Code Development Hearings Table.

Code change proposals submitted for code sections that have a letter designation in front of them will be heard by the respective committee responsible for such code sections. Because different committees hold Committee Action Hearings in different years, proposals for the IPMC will be heard by committees in both the 2021 (Group A) and the 2022 (Group B) code development cycles.

For instance, every section of Chapter 1 of this code is designated as the responsibility of the Administrative Code Development Committee, which is part of the Group B portion of the hearings. This committee will hold its Committee Action Hearings in 2022 to consider code change proposals for Chapter 1 of all I-Codes except the IECC, IRC and IgCC. Therefore, any proposals received for Chapter 1 of this code will be assigned to the Administrative Code Development Committee for consideration in 2022.

It is very important that anyone submitting code change proposals understands which code development committee is responsible for the section of the code that is the subject of the code change proposal. For further information on the Code Development Committee responsibilities, please visit the ICC website at www.iccsafe.org/current-code-development-cycle.

CODE DEVELOPMENT HEARINGS

Group A Codes (Heard in 2021, Code Change Proposals Deadline: January 11, 2021)	Group B Codes (Heard in 2022, Code Change Proposals Deadline: January 10, 2022)
International Building Code – Egress (Chapters 10, 11, Appendix E) – Fire Safety (Chapters 7, 8, 9, 14, 26) – General (Chapters 2–6, 12, 27–33, Appendices A, B, C, D, K, N)	Administrative Provisions (Chapter 1 of all codes except IECC, IRC and IgCC; IBC Appendix O; the appendices titled “Board of Appeals” for all codes except IECC, IRC, IgCC, ICCPC and IZC; administrative updates to currently referenced standards; and designated definitions)
International Fire Code	International Building Code – Structural (Chapters 15–25, Appendices F, G, H, I, J, L, M)
International Fuel Gas Code	International Existing Building Code
International Mechanical Code	International Energy Conservation Code—Commercial
International Plumbing Code	International Energy Conservation Code—Residential – IECC—Residential – IRC—Energy (Chapter 11)
International Property Maintenance Code	International Green Construction Code (Chapter 1)
International Private Sewage Disposal Code	International Residential Code – IRC—Building (Chapters 1–10; Appendices AE, AF, AH, AJ, AK, AL, AM, AO, AQ, AR, AS, AT, AU, AV, AW)
International Residential Code – IRC—Mechanical (Chapters 12–23) – IRC—Plumbing (Chapters 25–33, Appendices AG, AI, AN, AP)	
International Swimming Pool and Spa Code	
International Wildland-Urban Interface Code	
International Zoning Code	

Note: Proposed changes to the ICCPC will be heard by the code development committee noted in brackets [] in the text of the ICCPC.

Marginal Markings

Solid vertical lines in the margins within the body of the code indicate a technical change from the requirements of the 2018 edition. Deletion indicators in the form of an arrow (➡) are provided in the margin where an entire section, paragraph, exception or table has been deleted or an item in a list of items or a row of a table has been deleted.

A single asterisk [*] placed in the margin indicates that text or a table has been relocated within the code. A double asterisk [**] placed in the margin indicates that the text or table immediately following it has been relocated there from elsewhere in the code. The following table indicates such relocations in the 2021 edition of the IPMC.

RELOCATIONS

2021 LOCATION	2018 LOCATION
104.1	103.5
105	104
105.7-105.7.1	103.4-103.4.1
106	105
107.2	111.1
108.1	111.2
109	106
110	112
111	108
111.4-111.6	107.1-107.4, 107.6
112	109
113	110
B101.2.2	111.8
B101.3	111.2
B101.3.2	111.2.1
B101.3.4	111.2.2
B101.3.5	111.2.4
B101.3.6	111.2.3
B101.3.7	111.2.5
B101.4	111.4.1
B101.5	111.3
B101.5.3	111.5
B101.7	111.6
B101.7.1	111.6.1
B101.8	111.7

Coordination of the International Codes

The coordination of technical provisions is one of the strengths of the ICC family of model codes. The codes can be used as a complete set of complementary documents, which will provide users with full integration and coordination of technical provisions. Individual codes can also be used in subsets or as stand-alone documents. To make sure that each individual code is as complete as possible, some technical provisions that are relevant to more than one subject area are duplicated in some of the model codes. This allows users maximum flexibility in their application of the I-Codes.

Italicized Terms

Terms italicized in code text, other than document titles, are defined in Chapter 2. The terms selected to be italicized have definitions that the user should read carefully to better understand the code. Where italicized, the Chapter 2 definition applies. If not italicized, common-use definitions apply.

Adoption

The ICC maintains a copyright in all of its codes and standards. Maintaining copyright allows the ICC to fund its mission through sales of books, in both print and electronic formats. The ICC welcomes adoption of its codes by jurisdictions that recognize and acknowledge the ICC's copyright in the code, and further acknowledge the substantial shared value of the public/private partnership for code development between jurisdictions and the ICC.

The ICC also recognizes the need for jurisdictions to make laws available to the public. All I-Codes and I-Standards, along with the laws of many jurisdictions, are available for free in a nondownloadable form on the ICC's website. Jurisdictions should contact the ICC at adoptions@iccsafe.org to learn how to adopt and distribute laws based on the IPMC in a manner that provides necessary access, while maintaining the ICC's copyright.

To facilitate adoption, several sections of this code contain blanks for fill-in information that needs to be supplied by the adopting jurisdiction as part of the adoption legislation. For this code, please see:

Section 101.1. Insert: **[NAME OF JURISDICTION]**

Section 103.1. Insert: **[NAME OF DEPARTMENT]**

Section 302.4. Insert: **[HEIGHT IN INCHES]**

Section 304.14. Insert: **[DATES IN TWO LOCATIONS]**

Section 602.3. Insert: **[DATES IN TWO LOCATIONS]**

Section 602.4. Insert: **[DATES IN TWO LOCATIONS]**

Effective Use of the International Property Maintenance Code

The IPMC is a model code that regulates the minimum maintenance requirements for existing buildings.

The IPMC is a maintenance document intended to establish minimum maintenance standards for basic equipment, light, ventilation, heating, sanitation and fire safety. Responsibility is fixed among owners, operators and occupants for code compliance. The IPMC provides for the regulation and safe use of existing structures in the interest of the social and economic welfare of the community.

ARRANGEMENT AND FORMAT OF THE 2021 IPMC

Before applying the requirements of the IPMC, it is beneficial to understand its arrangement and format. The IPMC, like other codes published by ICC, is arranged and organized to follow sequential steps that generally occur during a plan review or inspection. Below is a chapter-by-chapter synopsis of the scope and intent of the provisions of the IPMC. The following table shows how the IPMC is divided. The ensuing chapter-by-chapter synopsis details the scope and intent of the provisions of the IPMC.

Chapter Topics	
Chapter	Subjects
1	Scope and Administration
2	Definitions
3	General Requirements
4	Light, Ventilation and Occupancy Limitations
5	Plumbing Facilities and Fixture Requirements
6	Mechanical and Electrical Requirements
7	Fire Safety Requirements
8	Referenced Standards
Appendix A	Boarding Standard
Appendix B	Board of Appeals

Chapter 1 Scope and Administration

Chapter 1 contains provisions for the application, enforcement and administration of subsequent requirements of the code. In addition to establishing the scope of the code, Chapter 1 identifies which buildings and structures come under its purview. Chapter 1 is largely concerned with maintaining “due process of law” in enforcing the property maintenance criteria contained in the body of the code. Only through careful observation of the administrative provisions can the building official reasonably expect to demonstrate that “equal protection under the law” has been provided.

Chapter 2 Definitions

All terms that are defined in the code are listed alphabetically in Chapter 2. While a defined term may be used in one chapter or another, the meaning provided in Chapter 2 is applicable throughout the code.

Where understanding of a term’s definition is especially key to or necessary for understanding of a particular code provision, the term is shown in *italics*. This is true only for those terms that have a meaning that is unique to the code. In other words, the generally understood meaning of a term or phrase might not be sufficient or consistent with the meaning prescribed by the code; therefore, it is essential that the code-defined meaning be known.

Guidance is provided regarding tense, gender and plurality of defined terms as well as guidance regarding terms not defined in this code.

Chapter 3 General Requirements

Chapter 3, “General Requirements,” is broad in scope. It includes a variety of requirements for the exterior property areas as well as the interior and exterior elements of the structure. This chapter provides requirements that are intended to maintain a minimum level of safety and sanitation for both

the general public and the occupants of a structure, and to maintain a building's structural and weather-resistance performance. Chapter 3 provides specific criteria for regulating the installation and maintenance of specific building components; maintenance requirements for vacant structures and land; requirements regulating the safety, sanitation and appearance of the interior and exterior of structures and all exterior property areas; accessory structures; vehicle storage regulations and establishes who is responsible for complying with the chapter's provisions. This chapter also contains the requirements for swimming pools, spas and hot tubs and the requirements for protective barriers and gates in these barriers. Chapter 3 establishes the responsible parties for exterminating insects and rodents, and maintaining sanitary conditions in all types of occupancies.

Chapter 4 Light, Ventilation and Occupancy Limitations

The purposes of Chapter 4 are to set forth these requirements in the code and to establish the minimum environment for occupiable and habitable buildings, by establishing the minimum criteria for light and ventilation and identifying occupancy limitations including minimum room width and area, minimum ceiling height and restrictions to prevent overcrowding. This chapter also provides for alternative arrangements of windows and other devices to comply with the requirements for light and ventilation and prohibits certain room arrangements and occupancy uses.

Chapter 5 Plumbing Facilities and Fixture Requirements

Chapter 5 establishes the minimum criteria for the installation, maintenance and location of plumbing systems and facilities, including the water supply system, water heating appliances, sewage disposal system and related plumbing fixtures.

Sanitary and clean conditions in occupied buildings are dependent upon certain basic plumbing principles, including providing potable water to a building, providing the basic fixtures to effectively utilize that water and properly removing waste from the building. Chapter 5 establishes the minimum criteria to verify that these principles are maintained throughout the life of a building.

Chapter 6 Mechanical and Electrical Requirements

The purpose of Chapter 6 is to establish minimum performance requirements for heating, electrical and mechanical facilities and to establish minimum standards for the safety of these facilities.

This chapter establishes minimum criteria for the installation and maintenance of the following: heating and air-conditioning equipment, appliances and their supporting systems; water heating equipment, appliances and systems; cooking equipment and appliances; ventilation and exhaust equipment; gas and liquid fuel distribution piping and components; fireplaces and solid fuel-burning appliances; chimneys and vents; electrical services; lighting fixtures; electrical receptacle outlets; electrical distribution system equipment, devices and wiring; and elevators, escalators and dumbwaiters.

Chapter 7 Fire Safety Requirements

The purpose of Chapter 7 is to address those fire hazards that arise as the result of a building's occupancy. It also provides minimum requirements for fire safety issues that are most likely to arise in older buildings.

This chapter contains requirements for means of egress in existing buildings, including path of travel, required egress width, means of egress doors and emergency escape openings.

Chapter 8 Referenced Standards

The code contains numerous references to standards that are used to regulate materials and methods of construction. Chapter 8 contains a comprehensive list of all standards that are referenced in the code. The standards are part of the code to the extent of the reference to the standard. Compliance with the referenced standard is necessary for compliance with this code. By providing specifically adopted standards, the construction and installation requirements necessary for compliance with the code can be readily determined. The basis for code compliance is, therefore, established and available on an equal basis to the code official, contractor, designer and owner.

Chapter 8 is organized in a manner that makes it easy to locate specific standards. It lists all of the referenced standards, alphabetically, by acronym of the promulgating agency of the standard. Each agency's standards are then listed in either alphabetical or numeric order based upon the standard identification. The list also contains the title of the standard; the edition (date) of the standard referenced; any addenda included as part of the ICC adoption; and the section or sections of this code that reference the standard.

Appendix A Boarding Standard

The provisions in Appendix A are not mandatory unless specifically referenced in the adopting ordinance. This appendix provides minimum specifications for boarding a structure. This can be utilized by a jurisdiction as a set of minimum requirements in order to result in consistent boarding quality.

Appendix B Board of Appeals

The provisions contained in Appendix B are not mandatory unless specifically referenced in the adopting ordinance. This appendix provides criteria for Board of Appeals members and procedures by which the Board of Appeals should conduct its business.

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CHAPTER 1

SCOPE AND ADMINISTRATION

User note:

About this chapter: Chapter 1 establishes the limits of applicability of the code and describes how the code is to be applied and enforced. Chapter 1 is in two parts: Part 1—Scope and Application (Sections 101 and 102) and Part 2—Administration and Enforcement (Sections 103 – 110). Section 101 identifies which buildings and structures come under its purview and references other I-Codes as applicable.

This code is intended to be adopted as a legally enforceable document and it cannot be effective without adequate provisions for its administration and enforcement. The provisions of Chapter 1 establish the authority and duties of the code official appointed by the authority having jurisdiction and also establish the rights and privileges of the property owner and building occupants.

This Chapter was extensively reorganized for the 2021 edition. For clarity, the relocation marginal markings have not been included. For complete information, see the relocations table in the Preface information of this code.

PART 1 — SCOPE AND APPLICATION

SECTION 101 SCOPE AND GENERAL REQUIREMENTS

[A] 101.1 Title. These regulations shall be known as the *International Property Maintenance Code* of [NAME OF JURISDICTION], hereinafter referred to as “this code.”

[A] 101.2 Scope. The provisions of this code shall apply to all existing residential and nonresidential structures and all existing *premises* and constitute minimum requirements and standards for *premises*, structures, equipment and facilities for light, *ventilation*, space, heating, sanitation, protection from the elements, a reasonable level of safety from fire and other hazards, and for a reasonable level of sanitary maintenance; the responsibility of *owners*, an *owner’s* authorized agent, *operators* and *occupants*; the *occupancy* of existing structures and *premises*, and for administration, enforcement and penalties.

[A] 101.3 Purpose. The purpose of this code is to establish minimum requirements to provide a reasonable level of health, safety, property protection and general welfare insofar as they are affected by the continued *occupancy* and maintenance of structures and *premises*. Existing structures and *premises* that do not comply with these provisions shall be altered or repaired to provide a reasonable minimum level of health, safety and general welfare as required herein.

[A] 101.4 Severability. If a section, subsection, sentence, clause or phrase of this code is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 102 APPLICABILITY

[A] 102.1 General. Where there is a conflict between a general requirement and a specific requirement, the specific requirement shall govern. Where differences occur between provisions of this code and the referenced standards, the provisions of this code shall apply. Where, in a specific case,

different sections of this code specify different requirements, the most restrictive shall govern.

102.2 Maintenance. Equipment, systems, devices and safeguards required by this code or a previous regulation or code under which the *structure* or *premises* was constructed, altered or repaired shall be maintained in good working order. An *owner*, *owner’s* authorized agent, *operator* or *occupant* shall not cause any service, facility, equipment or utility that is required under this section to be removed from, shut off from or discontinued for any occupied dwelling, except for such temporary interruption as necessary while repairs or alterations are in progress. The requirements of this code are not intended to provide the basis for removal or abrogation of fire protection and safety systems and devices in existing structures. Except as otherwise specified herein, the *owner* or the *owner’s* authorized agent shall be responsible for the maintenance of buildings, structures and *premises*.

[A] 102.3 Application of other codes. Repairs, additions or alterations to a *structure*, or changes of *occupancy*, shall be done in accordance with the procedures and provisions of the *International Building Code*, *International Existing Building Code*, *International Energy Conservation Code*, *International Fire Code*, *International Fuel Gas Code*, *International Mechanical Code*, *International Residential Code*, *International Plumbing Code* and NFPA 70. Nothing in this code shall be construed to cancel, modify or set aside any provision of the *International Zoning Code*.

[A] 102.4 Existing remedies. The provisions in this code shall not be construed to abolish or impair existing remedies of the jurisdiction or its officers or agencies relating to the removal or demolition of any *structure* that is dangerous, unsafe and insanitary.

[A] 102.5 Workmanship. Repairs, maintenance work, alterations or installations that are caused directly or indirectly by the enforcement of this code shall be executed and installed in a *workmanlike* manner and installed in accordance with the manufacturer’s instructions.

102.6 Structural analysis. Where structural analysis is used to determine if an unsafe structural condition exists, the analysis shall be permitted to use nominal strengths, nominal

SCOPE AND ADMINISTRATION

loads, load effects, required strengths and limit states in accordance with the requirements under which the *structure* was constructed or in accordance with any subsequent requirement.

[A] 102.7 Historic buildings. The provisions of this code shall not be mandatory for existing buildings or structures designated as historic buildings where such buildings or structures are judged by the *code official* to be safe and in the public interest of health, safety and welfare.

[A] 102.8 Referenced codes and standards. The codes and standards referenced in this code shall be those that are listed in Chapter 8 and considered part of the requirements of this code to the prescribed extent of each such reference and as further regulated in Sections 102.8.1 and 102.8.2.

Exception: Where enforcement of a code provision would violate the conditions of the listing of the equipment or appliance, the conditions of the listing shall apply.

[A] 102.8.1 Conflicts. Where conflicts occur between provisions of this code and the referenced standards, the provisions of this code shall apply.

[A] 102.8.2 Provisions in referenced codes and standards. Where the extent of the reference to a referenced code or standard includes subject matter that is within the scope of this code, the provisions of this code, as applicable, shall take precedence over the provisions in the referenced code or standard.

[A] 102.9 Requirements not covered by code. Requirements necessary for the strength, stability or proper operation of an existing fixture, *structure* or equipment, or for the public safety, health and general welfare, not specifically covered by this code, shall be determined by the *code official*.

[A] 102.10 Application of references. References to chapter or section numbers, or to provisions not specifically identified by number, shall be construed to refer to such chapter, section or provision of this code.

[A] 102.11 Other laws. The provisions of this code shall not be deemed to nullify any provisions of local, state or federal law.

PART 2 — ADMINISTRATION AND ENFORCEMENT

SECTION 103 CODE COMPLIANCE AGENCY

[A] 103.1 Creation of agency. The [INSERT NAME OF DEPARTMENT] is hereby created and the official in charge thereof shall be known as the code official. The function of the agency shall be the implementation, administration and enforcement of the provisions of this code.

[A] 103.2 Appointment. The *code official* shall be appointed by the chief appointing authority of the jurisdiction.

[A] 103.3 Deputies. In accordance with the prescribed procedures of this jurisdiction and with the concurrence of

the appointing authority, the *code official* shall have the authority to appoint a deputy code official, other related technical officers, inspectors and other employees. Such employees shall have powers as delegated by the *code official*.

SECTION 104 FEES

[A] 104.1 Fees. The fees for activities and services performed by the department in carrying out its responsibilities under this code shall be as established by the applicable governing authority.

104.2 Refunds. The *code official* is authorized to establish a refund policy.

SECTION 105 DUTIES AND POWERS OF THE CODE OFFICIAL

[A] 105.1 General. The *code official* is hereby authorized and directed to enforce the provisions of this code. The *code official* shall have the authority to render interpretations of this code and to adopt policies and procedures in order to clarify the application of its provisions. Such interpretations, policies and procedures shall be in compliance with the intent and purpose of this code. Such policies and procedures shall not have the effect of waiving requirements specifically provided for in this code.

[A] 105.2 Inspections. The *code official* shall make all of the required inspections, or shall accept reports of inspection by *approved* agencies or individuals. Reports of such inspections shall be in writing and be certified by a responsible officer of such *approved* agency or by the responsible individual. The *code official* is authorized to engage such expert opinion as deemed necessary to report on unusual technical issues that arise, subject to the approval of the appointing authority.

[A] 105.3 Right of entry. Where it is necessary to make an inspection to enforce the provisions of this code, or whenever the *code official* has reasonable cause to believe that there exists in a *structure* or upon a *premises* a condition in violation of this code, the *code official* is authorized to enter the *structure* or *premises* at reasonable times to inspect or perform the duties imposed by this code, provided that if such *structure* or *premises* is occupied the *code official* shall present credentials to the *occupant* and request entry. If such *structure* or *premises* is unoccupied, the *code official* shall first make a reasonable effort to locate the *owner*, *owner's* authorized agent or other person having charge or control of the *structure* or *premises* and request entry. If entry is refused, the *code official* shall have recourse to the remedies provided by law to secure entry.

[A] 105.4 Identification. The *code official* shall carry proper identification when inspecting *structures* or *premises* in the performance of duties under this code.

[A] 105.5 Notices and orders. The *code official* shall issue all necessary notices or orders to ensure compliance with this code.

[A] 105.6 Department records. The *code official* shall keep official records of all business and activities of the department specified in the provisions of this code. Such records shall be retained in the official records for the period required for retention of public records.

[A] 105.7 Liability. The *code official*, member of the board of appeals or employee charged with the enforcement of this code, while acting for the jurisdiction, in good faith and without malice in the discharge of the duties required by this code or other pertinent law or ordinance, shall not thereby be rendered civilly or criminally liable personally, and is hereby relieved from all personal liability for any damage accruing to persons or property as a result of an act or by reason of an act or omission in the discharge of official duties.

[A] 105.7.1 Legal defense. Any suit or criminal complaint instituted against any officer or employee because of an act performed by that officer or employee in the lawful discharge of duties and under the provisions of this code shall be defended by the legal representative of the jurisdiction until the final termination of the proceedings. The *code official* or any subordinate shall not be liable for costs in an action, suit or proceeding that is instituted in pursuance of the provisions of this code.

SECTION 106 APPROVAL

[A] 106.1 Modifications. Whenever there are practical difficulties involved in carrying out the provisions of this code, the *code official* shall have the authority to grant modifications for individual cases upon application of the *owner* or *owner's* authorized agent, provided that the *code official* shall first find that special individual reason makes the strict letter of this code impractical, the modification is in compliance with the intent and purpose of this code and that such modification does not lessen health, life and fire safety requirements. The details of action granting modifications shall be recorded and entered in the department files.

[A] 106.2 Alternative materials, design and methods of construction and equipment. The provisions of this code are not intended to prevent the installation of any material or to prohibit any design or method of construction not specifically prescribed by this code, provided that any such alternative has been *approved*. An alternative material, design or method of construction shall be *approved* where the *code official* finds that the proposed design is satisfactory and complies with the intent of the provisions of this code, and that the material, method or work offered is, for the purpose intended, not less than the equivalent of that prescribed in this code in quality, strength, effectiveness, fire resistance, durability and safety. Where the alternative material, design or method of construction is not *approved*, the *code official* shall respond in writing, stating the reasons why the alternative was not *approved*.

[A] 106.3 Required testing. Whenever there is insufficient evidence of compliance with the provisions of this code or evidence that a material or method does not conform to the requirements of this code, or in order to substantiate claims

for alternative materials or methods, the *code official* shall have the authority to require tests to be made as evidence of compliance without expense to the jurisdiction.

[A] 106.3.1 Test methods. Test methods shall be as specified in this code or by other recognized test standards. In the absence of recognized and accepted test methods, the *code official* shall be permitted to approve appropriate testing procedures performed by an *approved* agency.

[A] 106.3.2 Test reports. Reports of tests shall be retained by the *code official* for the period required for retention of public records.

[A] 106.4 Used material and equipment. Materials that are reused shall comply with the requirements of this code for new materials. Materials, equipment and devices shall not be reused unless such elements are in good repair or have been reconditioned and tested where necessary, placed in good and proper working condition and *approved* by the *code official*.

[A] 106.5 Approved materials and equipment. Materials, equipment and devices *approved* by the *code official* shall be constructed and installed in accordance with such approval.

[A] 106.6 Research reports. Supporting data, where necessary to assist in the approval of materials or assemblies not specifically provided for in this code, shall consist of valid research reports from *approved* sources.

SECTION 107 MEANS OF APPEAL

107.1 General. In order to hear and decide appeals of orders, decisions or determinations made by the *code official* relative to the application and interpretation of this code, there shall be and is hereby created a board of appeals. The board of appeals shall be appointed by the applicable governing authority and shall hold office at its pleasure. The board shall adopt rules of procedure for conducting its business and shall render all decisions and findings in writing to the appellant with a duplicate copy to the *code official*.

[A] 107.2 Limitations of authority. An application for appeal shall be based on a claim that the true intent of this code or the rules legally adopted thereunder have been incorrectly interpreted, the provisions of this code do not fully apply or an equivalent or better form of construction is proposed. The board shall not have authority to waive requirements of this code or interpret the administration of this code.

107.3 Qualifications. The board of appeals shall consist of members who are qualified by experience and training and are not employees of the jurisdiction.

107.4 Administration. The *code official* shall take immediate action in accordance with the decision of the board.

SECTION 108 BOARD OF APPEALS

[A] 108.1 Membership of board. The board of appeals shall consist of not less than three members who are qualified by

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experience and training to pass on matters pertaining to property maintenance and who are not employees of the jurisdiction. The *code official* shall be an ex-officio member but shall not vote on any matter before the board. The board shall be appointed by the chief appointing authority, and shall serve staggered and overlapping terms.

SECTION 109 VIOLATIONS

[A] 109.1 Unlawful acts. It shall be unlawful for a person, firm or corporation to be in conflict with or in violation of any of the provisions of this code.

[A] 109.2 Notice of violation. The *code official* shall serve a notice of violation or order in accordance with Section 111.4.

[A] 109.3 Prosecution of violation. Any person failing to comply with a notice of violation or order served in accordance with Section 111.4 shall be deemed guilty of a misdemeanor or civil infraction as determined by the local municipality, and the violation shall be deemed a *strict liability offense*. If the notice of violation is not complied with, the *code official* shall institute the appropriate proceeding at law or in equity to restrain, correct or abate such violation, or to require the removal or termination of the unlawful *occupancy* of the *structure* in violation of the provisions of this code or of the order or direction made pursuant thereto. Any action taken by the authority having jurisdiction on such *premises* shall be charged against the real estate upon which the *structure* is located and shall be a lien upon such real estate.

[A] 109.4 Violation penalties. Any person who shall violate a provision of this code, or fail to comply therewith, or with any of the requirements thereof, shall be prosecuted within the limits provided by state or local laws. Each day that a violation continues after due notice has been served shall be deemed a separate offense.

[A] 109.5 Abatement of violation. The imposition of the penalties herein prescribed shall not preclude the legal officer of the jurisdiction from instituting appropriate action to restrain, correct or abate a violation, or to prevent illegal *occupancy* of a building, *structure* or *premises*, or to stop an illegal act, conduct, business or utilization of the building, *structure* or *premises*.

SECTION 110 STOP WORK ORDER

[A] 110.1 Authority. Where the *code official* finds any work regulated by this code being performed in a manner contrary to the provisions of this code or in a dangerous or unsafe manner, the *code official* is authorized to issue a stop work order.

[A] 110.2 Issuance. The stop work order shall be in writing and shall be given to the *owner* of the property, to the *owner's* authorized agent, or to the person performing the work. Upon issuance of a stop work order, the cited work shall immediately cease. The stop work order shall state the

reason for the order and the conditions under which the cited work is authorized to resume.

[A] 110.3 Emergencies. Where an emergency exists, the *code official* shall not be required to give a written notice prior to stopping the work.

[A] 110.4 Failure to comply. Any person who shall continue any work after having been served with a stop work order, except such work as that person is directed to perform to remove a violation or unsafe condition, shall be subject to fines established by the authority having jurisdiction.

SECTION 111 UNSAFE STRUCTURES AND EQUIPMENT

111.1 Unsafe conditions. When a *structure* or equipment is found by the *code official* to be unsafe, or when a *structure* is found unfit for human *occupancy*, or is found unlawful, such *structure* shall be *condemned* pursuant to the provisions of this code.

111.1.1 Unsafe structures. An unsafe *structure* is one that is found to be dangerous to the life, health, property or safety of the public or the *occupants* of the *structure* by not providing minimum safeguards to protect or warn *occupants* in the event of fire, or because such *structure* contains unsafe equipment or is so damaged, decayed, dilapidated, structurally unsafe or of such faulty construction or unstable foundation, that partial or complete collapse is possible.

111.1.2 Unsafe equipment. Unsafe equipment includes any boiler, heating equipment, elevator, moving stairway, electrical wiring or device, flammable liquid containers or other equipment on the *premises* or within the *structure* that is in such disrepair or condition that such equipment is a hazard to life, health, property or safety of the public or *occupants* of the *premises* or *structure*.

111.1.3 Structure unfit for human occupancy. A *structure* is unfit for human *occupancy* whenever the *code official* finds that such *structure* is unsafe, unlawful or, because of the degree to which the *structure* is in disrepair or lacks maintenance, is insanitary, vermin or rat infested, contains filth and contamination, or lacks *ventilation*, illumination, sanitary or heating facilities or other essential equipment required by this code, or because the location of the *structure* constitutes a hazard to the *occupants* of the *structure* or to the public.

111.1.4 Unlawful structure. An unlawful *structure* is one found in whole or in part to be occupied by more persons than permitted under this code, or was erected, altered or occupied contrary to law.

111.1.5 Dangerous structure or premises. For the purpose of this code, any *structure* or *premises* that has any or all of the conditions or defects described as follows shall be considered to be dangerous:

1. Any door, aisle, passageway, stairway, exit or other means of egress that does not conform to the *approved* building or fire code of the jurisdiction

- as related to the requirements for existing buildings.
2. The walking surface of any aisle, passageway, stairway, exit or other means of egress is so warped, worn loose, torn or otherwise unsafe as to not provide safe and adequate means of egress.
 3. Any portion of a building, *structure* or appurtenance that has been damaged by fire, earthquake, wind, flood, *deterioration*, *neglect*, abandonment, vandalism or by any other cause to such an extent that it is likely to partially or completely collapse, or to become *detached* or dislodged.
 4. Any portion of a building, or any member, appurtenance or ornamentation on the exterior thereof that is not of sufficient strength or stability, or is not so *anchored*, attached or fastened in place so as to be capable of resisting natural or artificial loads of one and one-half the original designed value.
 5. The building or *structure*, or part of the building or *structure*, because of dilapidation, *deterioration*, decay, faulty construction, the removal or movement of some portion of the ground necessary for the support, or for any other reason, is likely to partially or completely collapse, or some portion of the foundation or underpinning of the building or *structure* is likely to fail or give way.
 6. The building or *structure*, or any portion thereof, is clearly unsafe for its use and *occupancy*.
 7. The building or *structure* is *neglected*, damaged, dilapidated, unsecured or abandoned so as to become an attractive nuisance to children who might play in the building or *structure* to their danger, becomes a harbor for vagrants, criminals or immoral persons, or enables persons to resort to the building or *structure* for committing a nuisance or an unlawful act.
 8. Any building or *structure* has been constructed, exists or is maintained in violation of any specific requirement or prohibition applicable to such building or *structure* provided by the *approved* building or fire code of the jurisdiction, or of any law or ordinance to such an extent as to present either a substantial risk of fire, building collapse or any other threat to life and safety.
 9. A building or *structure*, used or intended to be used for dwelling purposes, because of inadequate maintenance, dilapidation, decay, damage, faulty construction or arrangement, inadequate light, *ventilation*, mechanical or plumbing system, or otherwise, is determined by the *code official* to be unsanitary, unfit for human habitation or in such a condition that is likely to cause sickness or disease.
 10. Any building or *structure*, because of a lack of sufficient or proper fire-resistance-rated construction, fire protection systems, electrical system, fuel connections, mechanical system, plumbing

system or other cause, is determined by the *code official* to be a threat to life or health.

11. Any portion of a building remains on a site after the demolition or destruction of the building or *structure* or whenever any building or *structure* is abandoned so as to constitute such building or portion thereof as an attractive nuisance or hazard to the public.

111.2 Closing of vacant structures. If the *structure* is vacant and unfit for human habitation and *occupancy*, and is not in danger of structural collapse, the *code official* is authorized to post a placard of condemnation on the *premises* and order the *structure* closed up so as not to be an attractive nuisance. Upon failure of the *owner* or *owner's* authorized agent to close up the *premises* within the time specified in the order, the *code official* shall cause the *premises* to be closed and secured through any available public agency or by contract or arrangement by private persons and the cost thereof shall be charged against the real estate upon which the *structure* is located and shall be a lien upon such real estate and shall be collected by any other legal resource.

111.2.1 Authority to disconnect service utilities. The *code official* shall have the authority to authorize disconnection of utility service to the building, *structure* or system regulated by this code and the referenced codes and standards set forth in Section 102.8 in case of emergency where necessary to eliminate an immediate hazard to life or property or where such utility connection has been made without approval. The *code official* shall notify the serving utility and, whenever possible, the *owner* or *owner's* authorized agent and *occupant* of the building, *structure* or service system of the decision to disconnect prior to taking such action. If not notified prior to disconnection the *owner*, *owner's* authorized agent or *occupant* of the building *structure* or service system shall be notified in writing as soon as practical thereafter.

111.3 Record. The *code official* shall cause a report to be filed on an unsafe condition. The report shall state the *occupancy* of the *structure* and the nature of the unsafe condition.

111.4 Notice. Whenever the *code official* determines that there has been a violation of this code or has grounds to believe that a violation has occurred, notice shall be given in the manner prescribed in Sections 111.4.1 and 111.4.2 to the owner or the owner's authorized agent, for the violation as specified in this code. Notices for condemnation procedures shall comply with this section.

111.4.1 Form. Such notice shall be in accordance with all of the following:

1. Be in writing.
2. Include a description of the real estate sufficient for identification.
3. Include a statement of the violation or violations and why the notice is being issued.
4. Include a correction order allowing a reasonable time to make the repairs and improvements required to bring the *dwelling unit* or *structure* into compliance with the provisions of this code.

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5. Inform the property *owner* or *owner's* authorized agent of the right to appeal.
6. Include a statement of the right to file a lien in accordance with Section 109.3.

111.4.2 Method of service. Such notice shall be deemed to be properly served where a copy thereof is served in accordance with one of the following methods:

1. A copy is delivered personally.
2. A copy is sent by certified or registered mail addressed to the owner at the last known address with the return receipt requested.
3. A copy is delivered in any other manner as prescribed by local law.

If the certified or registered letter is returned showing that the letter was not delivered, a copy thereof shall be posted in a conspicuous place in or about the structure affected by such notice. Service of such notice in the foregoing manner upon the owner's agent or upon the person responsible for the structure shall constitute service of notice upon the owner.

111.5 Unauthorized tampering. Signs, tags or seals posted or affixed by the *code official* shall not be mutilated, destroyed or tampered with, or removed without authorization from the *code official*.

111.6 Transfer of ownership. It shall be unlawful for the *owner* of any *dwelling unit* or *structure* who has received a compliance order or upon whom a notice of violation has been served to sell, transfer, mortgage, lease or otherwise dispose of such *dwelling unit* or *structure* to another until the provisions of the compliance order or notice of violation have been complied with, or until such *owner* or the *owner's* authorized agent shall first furnish the grantee, transferee, mortgagee or lessee a true copy of any compliance order or notice of violation issued by the *code official* and shall furnish to the *code official* a signed and notarized statement from the grantee, transferee, mortgagee or lessee, acknowledging the receipt of such compliance order or notice of violation and fully accepting the responsibility without condition for making the corrections or repairs required by such compliance order or notice of violation.

111.7 Placarding. Upon failure of the *owner*, *owner's* authorized agent or person responsible to comply with the notice provisions within the time given, the *code official* shall post on the *premises* or on defective equipment a placard bearing the word "Condemned" and a statement of the penalties provided for occupying the *premises*, operating the equipment or removing the placard. Such notice shall be posted in a conspicuous place in or about the structure affected by such notice. If the notice pertains to equipment, it shall be placed on the condemned equipment.

111.7.1 Placard removal. The *code official* shall remove the condemnation placard whenever the defect or defects upon which the condemnation and placarding action were based have been eliminated. Any person who defaces or removes a condemnation placard without the approval of the *code official* shall be subject to the penalties provided by this code.

111.8 Prohibited occupancy. Any occupied *structure* condemned and placarded by the *code official* shall be vacated as ordered by the *code official*. Any person who shall occupy a placarded *premises* or shall operate placarded equipment, and any *owner* or *owner's* authorized agent who shall let anyone occupy a placarded *premises* or operate placarded equipment shall be liable for the penalties provided by this code.

111.9 Restoration or abatement. The structure or equipment determined to be unsafe by the *code official* is permitted to be restored to a safe condition. The *owner*, *owner's* authorized agent, *operator* or *occupant* of a structure, *premises* or equipment deemed unsafe by the *code official* shall abate or cause to be abated or corrected such unsafe conditions either by repair, rehabilitation, demolition or other *approved* corrective action. To the extent that repairs, alterations, or additions are made or a change of occupancy occurs during the restoration of the structure, such repairs, alterations, additions, or change of occupancy shall comply with the requirements of the *International Existing Building Code*.

SECTION 112 EMERGENCY MEASURES

112.1 Imminent danger. When, in the opinion of the *code official*, there is *imminent danger* of failure or collapse of a building or *structure* that endangers life, or when any *structure* or part of a *structure* has fallen and life is endangered by the occupation of the *structure*, or when there is actual or potential danger to the building *occupants* or those in the proximity of any *structure* because of explosives, explosive fumes or vapors or the presence of toxic fumes, gases or materials, or operation of defective or dangerous equipment, the *code official* is hereby authorized and empowered to order and require the *occupants* to vacate the *premises* forthwith. The *code official* shall cause to be posted at each entrance to such *structure* a notice reading as follows: "This Structure Is Unsafe and Its Occupancy Has Been Prohibited by the Code Official." It shall be unlawful for any person to enter such *structure* except for the purpose of securing the structure, making the required repairs, removing the hazardous condition or of demolishing the same.

112.2 Temporary safeguards. Notwithstanding other provisions of this code, whenever, in the opinion of the *code official*, there is *imminent danger* due to an unsafe condition, the *code official* shall order the necessary work to be done, including the boarding up of openings, to render such *structure* temporarily safe whether or not the legal procedure herein described has been instituted; and shall cause such other action to be taken as the *code official* deems necessary to meet such emergency.

112.3 Closing streets. When necessary for public safety, the *code official* shall temporarily close structures and close, or order the authority having jurisdiction to close, sidewalks, streets, *public ways* and places adjacent to unsafe structures, and prohibit the same from being utilized.

112.4 Emergency repairs. For the purposes of this section, the *code official* shall employ the necessary labor and materials to perform the required work as expeditiously as possible.

112.5 Costs of emergency repairs. Costs incurred in the performance of emergency work shall be paid by the jurisdiction. The legal counsel of the jurisdiction shall institute appropriate action against the *owner* of the *premises* or *owner's* authorized agent where the unsafe *structure* is or was located for the recovery of such costs.

112.6 Hearing. Any person ordered to take emergency measures shall comply with such order forthwith. Any affected person shall thereafter, upon petition directed to the appeals board, be afforded a hearing as described in this code.

SECTION 113 DEMOLITION

113.1 General. The *code official* shall order the *owner* or *owner's* authorized agent of any *premises* upon which is located any *structure*, which in the *code official's* or *owner's* authorized agent judgment after review is so deteriorated or dilapidated or has become so out of repair as to be dangerous, unsafe, insanitary or otherwise unfit for human habitation or *occupancy*, and such that it is unreasonable to repair the *structure*, to demolish and remove such *structure*; or if such *structure* is capable of being made safe by repairs, to repair and make safe and sanitary, or to board up and hold for future repair or to demolish and remove at the *owner's* option; or where there has been a cessation of normal construction of any *structure* for a period of more than two years, the *code official* shall order the *owner* or *owner's* authorized agent to demolish and remove such *structure*, or board up until future repair. Boarding the building up for future repair shall not extend beyond one year, unless *approved* by the building official.

113.2 Notices and orders. Notices and orders shall comply with Section 111.4.

113.3 Failure to comply. If the *owner* of a *premises* or *owner's* authorized agent fails to comply with a demolition order within the time prescribed, the *code official* shall cause the *structure* to be demolished and removed, either through an available public agency or by contract or arrangement with private persons, and the cost of such demolition and removal shall be charged against the real estate upon which the *structure* is located and shall be a lien upon such real estate.

113.4 Salvage materials. Where any *structure* has been ordered demolished and removed, the governing body or other designated officer under said contract or arrangement aforesaid shall have the right to sell the salvage and valuable materials. The net proceeds of such sale, after deducting the expenses of such demolition and removal, shall be promptly remitted with a report of such sale or transaction, including the items of expense and the amounts deducted, for the person who is entitled thereto, subject to any order of a court. If such a surplus does not remain to be turned over, the report shall so state.

CHAPTER 2

DEFINITIONS

User note:

About this chapter: Codes, by their very nature, are technical documents. Every word, term and punctuation mark can add to or change the meaning of a technical requirement. It is necessary to maintain a consensus on the specific meaning of each term contained in the code. Chapter 2 performs this function by stating clearly what specific terms mean for the purpose of the code.

SECTION 201 GENERAL

201.1 Scope. Unless otherwise expressly stated, the following terms shall, for the purposes of this code, have the meanings shown in this chapter.

201.2 Interchangeability. Words stated in the present tense include the future; words stated in the masculine gender include the feminine and neuter; the singular number includes the plural and the plural, the singular.

201.3 Terms defined in other codes. Where terms are not defined in this code and are defined in the *International Building Code*, *International Existing Building Code*, *International Fire Code*, *International Fuel Gas Code*, *International Mechanical Code*, *International Plumbing Code*, *International Residential Code*, *International Zoning Code* or *NFPA 70*, such terms shall have the meanings ascribed to them as stated in those codes.

Exception: When used within this code, the terms unsafe and dangerous shall have only the meanings ascribed to them in this code and shall not have the meanings ascribed to them by the *International Existing Building Code*.

201.4 Terms not defined. Where terms are not defined through the methods authorized by this section, such terms shall have ordinarily accepted meanings such as the context implies.

201.5 Parts. Whenever the words “dwelling unit,” “dwelling,” “premises,” “building,” “rooming house,” “rooming unit,” “housekeeping unit” or “story” are stated in this code, they shall be construed as though they were followed by the words “or any part thereof.”

SECTION 202 GENERAL DEFINITIONS

ANCHORED. Secured in a manner that provides positive connection.

[A] APPROVED. Acceptable to the *code official*.

BASEMENT. That portion of a building that is partly or completely below grade.

BATHROOM. A room containing plumbing fixtures including a bathtub or shower.

BEDROOM. Any room or space used or intended to be used for sleeping purposes in either a dwelling or *sleeping unit*.

[A] CODE OFFICIAL. The official who is charged with the administration and enforcement of this code, or any duly authorized representative.

CONDEMN. To adjudge unfit for *occupancy*.

COST OF SUCH DEMOLITION OR EMERGENCY REPAIRS. The costs shall include the actual costs of the demolition or repair of the *structure* less revenues obtained if salvage was conducted prior to demolition or repair. Costs shall include, but not be limited to, expenses incurred or necessitated related to demolition or emergency repairs, such as asbestos survey and abatement if necessary; costs of inspectors, testing agencies or experts retained relative to the demolition or emergency repairs; costs of testing; surveys for other materials that are controlled or regulated from being dumped in a landfill; title searches; mailing(s); postings; recording; and attorney fees expended for recovering of the cost of emergency repairs or to obtain or enforce an order of demolition made by a *code official*, the governing body or board of appeals.

DETACHED. When a structural element is physically disconnected from another and that connection is necessary to provide a positive connection.

DETERIORATION. To weaken, disintegrate, corrode, rust or decay and lose effectiveness.

[A] DWELLING UNIT. A single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

[Z] EASEMENT. That portion of land or property reserved for present or future use by a person or agency other than the legal fee *owner(s)* of the property. The *easement* shall be permitted to be for use under, on or above said lot or lots.

EMERGENCY ESCAPE AND RESCUE OPENING. An operable exterior window, door or other similar device that provides for a means of escape and access for rescue in the event of an emergency.

EQUIPMENT SUPPORT. Those structural members or assemblies of members or manufactured elements, including braces, frames, lugs, snuggers, hangers or saddles, that transmit gravity load, lateral load and operating load between the equipment and the *structure*.

EXTERIOR PROPERTY. The open space on the *premises* and on adjoining property under the control of *owners* or *operators* of such *premises*.

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GARBAGE. The animal or vegetable waste resulting from the handling, preparation, cooking and consumption of food.

[BE] GUARD. A building component or a system of building components located at or near the open sides of elevated walking surfaces that minimizes the possibility of a fall from the walking surface to a lower level.

[BG] HABITABLE SPACE. Space in a *structure* for living, sleeping, eating or cooking. *Bathrooms, toilet rooms, closets, halls, storage or utility spaces, and similar areas* are not considered *habitable spaces*.

[A] HISTORIC BUILDING. Any building or *structure* that is one or more of the following:

1. Listed or certified as eligible for listing, by the State Historic Preservation Officer or the Keeper of the National Register of Historic Places, in the National Register of Historic Places.
2. Designated as historic under an applicable state or local law.
3. Certified as a contributing resource within a National Register or state or locally designated historic district.

HOUSEKEEPING UNIT. A room or group of rooms forming a single *habitable space* equipped and intended to be used for living, sleeping, cooking and eating that does not contain, within such a unit, a toilet, lavatory and bathtub or shower.

IMMINENT DANGER. A condition that could cause serious or life-threatening injury or death at any time.

INFESTATION. The presence, within or contiguous to, a *structure* or *premises* of insects, rodents, vermin or other pests.

INOPERABLE MOTOR VEHICLE. A vehicle that cannot be driven upon the public streets for reason including but not limited to being unlicensed, wrecked, abandoned, in a state of disrepair, or incapable of being moved under its own power.

[A] LABELED. Equipment, materials or products to which have been affixed a label, seal, symbol or other identifying mark of a nationally recognized testing laboratory, *approved* agency or other organization concerned with product evaluation that maintains periodic inspection of the production of the above-labeled items and whose labeling indicates either that the equipment, material or product meets identified standards or has been tested and found suitable for a specified purpose.

LET FOR OCCUPANCY or LET. To permit, provide or offer possession or *occupancy* of a dwelling, *dwelling unit, rooming unit, building, premise or structure* by a person who is or is not the legal *owner* of record thereof, pursuant to a written or unwritten lease, agreement or license, or pursuant to a recorded or unrecorded agreement of contract for the sale of land.

NEGLECT. The lack of proper maintenance for a building or *structure*.

[A] OCCUPANCY. The purpose for which a building or portion thereof is utilized or occupied.

OCCUPANT. Any individual living or sleeping in a building, or having possession of a space within a building.

OPENABLE AREA. That part of a window, skylight or door which is available for unobstructed *ventilation* and which opens directly to the outdoors.

OPERATOR. Any person who has charge, care or control of a *structure* or *premises* that is let or offered for *occupancy*.

[A] OWNER. Any person, agent, *operator*, firm or corporation having legal or equitable interest in the property; or recorded in the official records of the state, county or municipality as holding title to the property; or otherwise having control of the property, including the guardian of the estate of any such person, and the executor or administrator of the estate of such person if ordered to take possession of real property by a court.

[A] PERSON. An individual, corporation, partnership or any other group acting as a unit.

PEST ELIMINATION. The control and elimination of insects, rodents or other pests by eliminating their harborage places; by removing or making inaccessible materials that serve as their food or water; by other *approved pest elimination* methods.

[A] PREMISES. A lot, plot or parcel of land, *easement* or *public way*, including any structures thereon.

[A] PUBLIC WAY. Any street, alley or other parcel of land that: is open to the outside air; leads to a street; has been deeded, dedicated or otherwise permanently appropriated to the public for public use; and has a clear width and height of not less than 10 feet (3048 mm).

ROOMING HOUSE. A building arranged or occupied for lodging, with or without meals, for compensation and not occupied as a one- or two-family dwelling.

ROOMING UNIT. Any room or group of rooms forming a single habitable unit occupied or intended to be occupied for sleeping or living, but not for cooking purposes.

RUBBISH. Combustible and noncombustible waste materials, except garbage; the term shall include the residue from the burning of wood, coal, coke and other combustible materials, paper, rags, cartons, boxes, wood, excelsior, rubber, leather, tree branches, *yard* trimmings, tin cans, metals, mineral matter, glass, crockery and dust and other similar materials.

[A] SLEEPING UNIT. A room or space in which people sleep, which can also include permanent provisions for living, eating and either sanitation or kitchen facilities, but not both. Such rooms and spaces that are also part of a *dwelling unit* are not *sleeping units*.

STRICT LIABILITY OFFENSE. An offense in which the prosecution in a legal proceeding is not required to prove criminal intent as a part of its case. It is enough to prove that the defendant either did an act which was prohibited, or failed to do an act which the defendant was legally required to do.

[A] STRUCTURE. That which is built or constructed.

DEFINITIONS

TENANT. A person, corporation, partnership or group, whether or not the legal *owner* of record, occupying a building or portion thereof as a unit.

TOILET ROOM. A room containing a water closet or urinal but not a bathtub or shower.

ULTIMATE DEFORMATION. The deformation at which failure occurs and that shall be deemed to occur if the sustainable load reduces to 80 percent or less of the maximum strength.

[M] VENTILATION. The natural or mechanical process of supplying conditioned or unconditioned air to, or removing such air from, any space.

WORKMANLIKE. Executed in a skilled manner; e.g., generally plumb, level, square, in line, undamaged and without marring adjacent work.

[Z] YARD. An open space on the same lot with a *structure*.

CHAPTER 3

GENERAL REQUIREMENTS

User note:

About this chapter: Chapter 3 is broad in scope and includes a variety of requirements for the maintenance of exterior property areas, as well as the interior and exterior elements of the structure, that are intended to maintain a minimum level of safety and sanitation for both the general public and the occupants of a structure, and to maintain a building's structural and weather-resistance performance. Specifically, Chapter 3 contains criteria for the maintenance of building components; vacant structures and land; the safety, sanitation and appearance of the interior and exterior of structures and all exterior property areas; accessory structures; extermination of insects and rodents; access barriers to swimming pools, spas and hot tubs; vehicle storage and owner/occupant responsibilities.

SECTION 301 GENERAL

301.1 Scope. The provisions of this chapter shall govern the minimum conditions and the responsibilities of persons for maintenance of structures, equipment and *exterior property*.

301.2 Responsibility. The *owner* of the *premises* shall maintain the structures and *exterior property* in compliance with these requirements, except as otherwise provided for in this code. A person shall not occupy as *owner-occupant* or permit another person to occupy *premises* that are not in a sanitary and safe condition and that do not comply with the requirements of this chapter. *Occupants* of a *dwelling unit*, *rooming unit* or *housekeeping unit* are responsible for keeping in a clean, sanitary and safe condition that part of the *dwelling unit*, *rooming unit*, *housekeeping unit* or *premises* they occupy and control.

301.3 Vacant structures and land. Vacant structures and *premises* thereof or vacant land shall be maintained in a clean, safe, secure and sanitary condition as provided herein so as not to cause a blighting problem or adversely affect the public health or safety.

SECTION 302 EXTERIOR PROPERTY AREAS

302.1 Sanitation. *Exterior property* and *premises* shall be maintained in a clean, safe and sanitary condition. The *occupant* shall keep that part of the *exterior property* that such *occupant* occupies or controls in a clean and sanitary condition.

302.2 Grading and drainage. *Premises* shall be graded and maintained to prevent the erosion of soil and to prevent the accumulation of stagnant water thereon, or within any *structure* located thereon.

Exception: *Approved* retention areas and reservoirs.

302.3 Sidewalks and driveways. Sidewalks, walkways, stairs, driveways, parking spaces and similar areas shall be kept in a proper state of repair, and maintained free from hazardous conditions.

302.4 Weeds. *Premises* and *exterior property* shall be maintained free from weeds or plant growth in excess of [JURISDICTION TO INSERT HEIGHT IN INCHES]. Noxious

weeds shall be prohibited. Weeds shall be defined as all grasses, annual plants and vegetation, other than trees or shrubs provided; however, this term shall not include cultivated flowers and gardens.

Upon failure of the *owner* or agent having charge of a property to cut and destroy weeds after service of a notice of violation, they shall be subject to prosecution in accordance with Section 108.3 and as prescribed by the authority having jurisdiction. Upon failure to comply with the notice of violation, any duly authorized employee of the jurisdiction or contractor hired by the jurisdiction shall be authorized to enter upon the property in violation and cut and destroy the weeds growing thereon, and the costs of such removal shall be paid by the *owner* or agent responsible for the property.

302.5 Rodent harborage. Structures and *exterior property* shall be kept free from rodent harborage and *infestation*. Where rodents are found, they shall be promptly exterminated by *approved* processes that will not be injurious to human health. After *pest elimination*, proper precautions shall be taken to eliminate rodent harborage and prevent reinfestation.

302.6 Exhaust vents. Pipes, ducts, conductors, fans or blowers shall not discharge gases, steam, vapor, hot air, grease, smoke, odors or other gaseous or particulate wastes directly on abutting or adjacent public or private property or that of another *tenant*.

302.7 Accessory structures. Accessory structures, including detached garages, fences and walls, shall be maintained structurally sound and in good repair.

302.8 Motor vehicles. Except as provided for in other regulations, inoperative or unlicensed motor vehicles shall not be parked, kept or stored on any *premises*, and vehicles shall not at any time be in a state of major disassembly, disrepair, or in the process of being stripped or dismantled. Painting of vehicles is prohibited unless conducted inside an *approved* spray booth.

Exception: A vehicle of any type is permitted to undergo major overhaul, including body work, provided that such work is performed inside a *structure* or similarly enclosed area designed and *approved* for such purposes.

302.9 Defacement of property. A person shall not willfully or wantonly damage, mutilate or deface any exterior surface

GENERAL REQUIREMENTS

of any *structure* or building on any private or public property by placing thereon any marking, carving or graffiti.

It shall be the responsibility of the *owner* to restore said surface to an *approved* state of maintenance and repair.

SECTION 303 SWIMMING POOLS, SPAS AND HOT TUBS

303.1 Swimming pools. Swimming pools shall be maintained in a clean and sanitary condition, and in good repair.

303.2 Enclosures. Private swimming pools, hot tubs and spas, containing water more than 24 inches (610 mm) in depth shall be completely surrounded by a fence or barrier not less than 48 inches (1219 mm) in height above the finished ground level measured on the side of the barrier away from the pool. Gates and doors in such barriers shall be self-closing and self-latching. Where the self-latching device is less than 54 inches (1372 mm) above the bottom of the gate, the release mechanism shall be located on the pool side of the gate. Self-closing and self-latching gates shall be maintained such that the gate will positively close and latch when released from an open position of 6 inches (152 mm) from the gatepost. An existing pool enclosure shall not be removed, replaced or changed in a manner that reduces its effectiveness as a safety barrier.

Exception: Spas or hot tubs with a safety cover that complies with ASTM F1346 shall be exempt from the provisions of this section.

SECTION 304 EXTERIOR STRUCTURE

304.1 General. The exterior of a *structure* shall be maintained in good repair, structurally sound and sanitary so as not to pose a threat to the public health, safety or welfare.

304.1.1 Unsafe conditions. The following conditions shall be determined as unsafe and shall be repaired or replaced to comply with the *International Building Code* or the *International Existing Building Code* as required for existing buildings:

1. The nominal strength of any structural member is exceeded by nominal loads, the load effects or the required strength.
2. The *anchorage* of the floor or roof to walls or columns, and of walls and columns to foundations is not capable of resisting all nominal loads or load effects.
3. Structures or components thereof that have reached their limit state.
4. Siding and masonry joints including joints between the building envelope and the perimeter of windows, doors and skylights are not maintained, weather resistant or water tight.
5. Structural members that have evidence of *deterioration* or that are not capable of safely supporting all nominal loads and load effects.

6. Foundation systems that are not firmly supported by footings, are not plumb and free from open cracks and breaks, are not properly *anchored* or are not capable of supporting all nominal loads and resisting all load effects.
7. Exterior walls that are not *anchored* to supporting and supported elements or are not plumb and free of holes, cracks or breaks and loose or rotting materials, are not properly *anchored* or are not capable of supporting all nominal loads and resisting all load effects.
8. Roofing or roofing components that have defects that admit rain, roof surfaces with inadequate drainage, or any portion of the roof framing that is not in good repair with signs of *deterioration*, fatigue or without proper anchorage and incapable of supporting all nominal loads and resisting all load effects.
9. Flooring and flooring components with defects that affect serviceability or flooring components that show signs of *deterioration* or fatigue, are not properly *anchored* or are incapable of supporting all nominal loads and resisting all load effects.
10. Veneer, cornices, belt courses, corbels, trim, wall facings and similar decorative features not properly *anchored* or that are *anchored* with connections not capable of supporting all nominal loads and resisting all load effects.
11. Overhang extensions or projections including, but not limited to, trash chutes, canopies, marquees, signs, awnings, fire escapes, standpipes and exhaust ducts not properly *anchored* or that are *anchored* with connections not capable of supporting all nominal loads and resisting all load effects.
12. Exterior stairs, decks, porches, balconies and all similar appurtenances attached thereto, including *guards* and handrails, are not structurally sound, not properly *anchored* or that are *anchored* with connections not capable of supporting all nominal loads and resisting all load effects.
13. Chimneys, cooling towers, smokestacks and similar appurtenances not structurally sound or not properly *anchored*, or that are *anchored* with connections not capable of supporting all nominal loads and resisting all load effects.

Exceptions:

1. Where substantiated otherwise by an *approved* method.
2. Demolition of unsafe conditions shall be permitted where *approved* by the *code official*.

304.2 Protective treatment. Exterior surfaces, including but not limited to, doors, door and window frames, cornices, porches, trim, balconies, decks and fences, shall be maintained in good condition. Exterior wood surfaces, other than decay-resistant woods, shall be protected from the elements and decay by painting or other protective covering or treat-

ment. Peeling, flaking and chipped paint shall be eliminated and surfaces repainted. Siding and masonry joints, as well as those between the building envelope and the perimeter of windows, doors and skylights, shall be maintained weather resistant and water tight. Metal surfaces subject to rust or corrosion shall be coated to inhibit such rust and corrosion, and surfaces with rust or corrosion shall be stabilized and coated to inhibit future rust and corrosion. Oxidation stains shall be removed from exterior surfaces. Surfaces designed for stabilization by oxidation are exempt from this requirement.

[F] 304.3 Premises identification. Buildings shall have *approved* address numbers placed in a position to be plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Address numbers shall be Arabic numerals or alphabet letters. Numbers shall be not less than 4 inches (102 mm) in height with a minimum stroke width of 0.5 inch (12.7 mm).

304.4 Structural members. Structural members shall be maintained free from *deterioration*, and shall be capable of safely supporting the imposed dead and live loads.

304.5 Foundation walls. Foundation walls shall be maintained plumb and free from open cracks and breaks and shall be kept in such condition so as to prevent the entry of rodents and other pests.

304.6 Exterior walls. Exterior walls shall be free from holes, breaks, and loose or rotting materials; and maintained weatherproof and properly surface coated where required to prevent *deterioration*.

304.7 Roofs and drainage. The roof and flashing shall be sound, tight and not have defects that admit rain. Roof drainage shall be adequate to prevent dampness or *deterioration* in the walls or interior portion of the *structure*. Roof drains, gutters and downspouts shall be maintained in good repair and free from obstructions. Roof water shall not be discharged in a manner that creates a public nuisance.

304.8 Decorative features. Cornices, belt courses, corbels, terra cotta trim, wall facings and similar decorative features shall be maintained in good repair with proper *anchorage* and in a safe condition.

304.9 Overhang extensions. Overhang extensions including, but not limited to, canopies, marquees, signs, metal awnings, fire escapes, standpipes and exhaust ducts shall be maintained in good repair and be properly *anchored* so as to be kept in a sound condition. Where required, all exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather-coating materials, such as paint or similar surface treatment.

304.10 Stairways, decks, porches and balconies. Every exterior stairway, deck, porch and balcony, and all appurtenances attached thereto, shall be maintained structurally sound, in good repair, with proper *anchorage* and capable of supporting the imposed loads.

304.11 Chimneys and towers. Chimneys, cooling towers, smoke stacks, and similar appurtenances shall be maintained structurally safe and sound, and in good repair. Exposed

surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather-coating materials, such as paint or similar surface treatment.

304.12 Handrails and guards. Every handrail and *guard* shall be firmly fastened and capable of supporting normally imposed loads and shall be maintained in good condition.

304.13 Window, skylight and door frames. Every window, skylight, door and frame shall be kept in sound condition, good repair and weather tight.

304.13.1 Glazing. Glazing materials shall be maintained free from cracks and holes.

304.13.2 Openable windows. Every window, other than a fixed window, shall be easily openable and capable of being held in position by window hardware.

304.14 Insect screens. During the period from [DATE] to [DATE], every door, window and other outside opening required for *ventilation* of habitable rooms, food preparation areas, food service areas or any areas where products to be included or utilized in food for human consumption are processed, manufactured, packaged or stored shall be supplied with *approved* tightly fitting screens of minimum 16 mesh per inch (16 mesh per 25 mm), and every screen door used for insect control shall have a self-closing device in good working condition.

Exception: Screens shall not be required where other *approved* means, such as air curtains or insect repellent fans, are employed.

304.15 Doors. Exterior doors, door assemblies, operator systems if provided, and hardware shall be maintained in good condition. Locks at all entrances to *dwelling units* and sleeping units shall tightly secure the door. Locks on means of egress doors shall be in accordance with Section 702.3.

304.16 Basement hatchways. Every *basement* hatchway shall be maintained to prevent the entrance of rodents, rain and surface drainage water.

304.17 Guards for basement windows. Every *basement* window that is openable shall be supplied with rodent shields, storm windows or other *approved* protection against the entry of rodents.

304.18 Building security. Doors, windows or hatchways for *dwelling units*, room units or *housekeeping units* shall be provided with devices designed to provide security for the *occupants* and property within.

304.18.1 Doors. Doors providing access to a *dwelling unit*, *rooming unit* or *housekeeping unit* that is rented, leased or let shall be equipped with a deadbolt lock designed to be readily openable from the side from which egress is to be made without the need for keys, special knowledge or effort and shall have a minimum lock throw of 1 inch (25 mm). Such deadbolt locks shall be installed according to the manufacturer's specifications and maintained in good working order. For the purpose of this section, a sliding bolt shall not be considered an acceptable deadbolt lock.

GENERAL REQUIREMENTS

304.18.2 Windows. Operable windows located in whole or in part within 6 feet (1828 mm) above ground level or a walking surface below that provide access to a *dwelling unit*, *rooming unit* or *housekeeping unit* that is rented, leased or let shall be equipped with a window sash locking device.

304.18.3 Basement hatchways. *Basement* hatchways that provide access to a *dwelling unit*, *rooming unit* or *housekeeping unit* that is rented, leased or let shall be equipped with devices that secure the units from unauthorized entry.

304.19 Gates. Exterior gates, gate assemblies, operator systems if provided, and hardware shall be maintained in good condition. Latches at all entrances shall tightly secure the gates.

SECTION 305 INTERIOR STRUCTURE

305.1 General. The interior of a *structure* and equipment therein shall be maintained in good repair, structurally sound and in a sanitary condition. *Occupants* shall keep that part of the *structure* that they occupy or control in a clean and sanitary condition. Every *owner* of a *structure* containing a *rooming house*, *housekeeping units*, a hotel, a dormitory, two or more *dwelling units* or two or more nonresidential *occupancies*, shall maintain, in a clean and sanitary condition, the shared or public areas of the *structure* and *exterior property*.

305.1.1 Unsafe conditions. The following conditions shall be determined as unsafe and shall be repaired or replaced to comply with the *International Building Code* or the *International Existing Building Code* as required for existing buildings:

1. The nominal strength of any structural member is exceeded by nominal loads, the load effects or the required strength.
2. The anchorage of the floor or roof to walls or columns, and of walls and columns to foundations is not capable of resisting all nominal loads or load effects.
3. Structures or components thereof that have reached their limit state.
4. Structural members are incapable of supporting nominal loads and load effects.
5. Stairs, landings, balconies and all similar walking surfaces, including *guards* and handrails, are not structurally sound, not properly *anchored* or are *anchored* with connections not capable of supporting all nominal loads and resisting all load effects.
6. Foundation systems that are not firmly supported by footings are not plumb and free from open cracks and breaks, are not properly *anchored* or are not capable of supporting all nominal loads and resisting all load effects.

Exceptions:

1. Where substantiated otherwise by an *approved* method.
2. Demolition of unsafe conditions shall be permitted where *approved* by the *code official*.

305.2 Structural members. Structural members shall be maintained structurally sound, and be capable of supporting the imposed loads.

305.3 Interior surfaces. Interior surfaces, including windows and doors, shall be maintained in good, clean and sanitary condition. Peeling, chipping, flaking or abraded paint shall be repaired, removed or covered. Cracked or loose plaster, decayed wood and other defective surface conditions shall be corrected.

305.4 Stairs and walking surfaces. Every stair, ramp, landing, balcony, porch, deck or other walking surface shall be maintained in sound condition and good repair.

305.5 Handrails and guards. Every handrail and *guard* shall be firmly fastened and capable of supporting normally imposed loads and shall be maintained in good condition.

305.6 Interior doors. Every interior door shall fit reasonably well within its frame and shall be capable of being opened and closed by being properly and securely attached to jambs, headers or tracks as intended by the manufacturer of the attachment hardware.

SECTION 306 COMPONENT SERVICEABILITY

306.1 General. The components of a *structure* and equipment therein shall be maintained in good repair, structurally sound and in a sanitary condition.

306.1.1 Unsafe conditions. Where any of the following conditions cause the component or system to be beyond its limit state, the component or system shall be determined as unsafe and shall be repaired or replaced to comply with the *International Building Code* or the *International Existing Building Code* as required for existing buildings:

1. Soils that have been subjected to any of the following conditions:
 - 1.1. Collapse of footing or foundation system.
 - 1.2. Damage to footing, foundation, concrete or other structural element due to soil expansion.
 - 1.3. Adverse effects to the design strength of footing, foundation, concrete or other structural element due to a chemical reaction from the soil.
 - 1.4. Inadequate soil as determined by a geotechnical investigation.
 - 1.5. Where the allowable bearing capacity of the soil is in doubt.

- 1.6. Adverse effects to the footing, foundation, concrete or other structural element due to the ground water table.
2. Concrete that has been subjected to any of the following conditions:
 - 2.1. *Deterioration.*
 - 2.2. *Ultimate deformation.*
 - 2.3. Fractures.
 - 2.4. Fissures.
 - 2.5. Spalling.
 - 2.6. Exposed reinforcement.
 - 2.7. *Detached*, dislodged or failing connections.
3. Aluminum that has been subjected to any of the following conditions:
 - 3.1. *Deterioration.*
 - 3.2. Corrosion.
 - 3.3. Elastic deformation.
 - 3.4. *Ultimate deformation.*
 - 3.5. Stress or strain cracks.
 - 3.6. Joint fatigue.
 - 3.7. *Detached*, dislodged or failing connections.
4. Masonry that has been subjected to any of the following conditions:
 - 4.1. *Deterioration.*
 - 4.2. *Ultimate deformation.*
 - 4.3. Fractures in masonry or mortar joints.
 - 4.4. Fissures in masonry or mortar joints.
 - 4.5. Spalling.
 - 4.6. Exposed reinforcement.
 - 4.7. *Detached*, dislodged or failing connections.
5. Steel that has been subjected to any of the following conditions:
 - 5.1. *Deterioration.*
 - 5.2. Elastic deformation.
 - 5.3. *Ultimate deformation.*
 - 5.4. Metal fatigue.
 - 5.5. *Detached*, dislodged or failing connections.
6. Wood that has been subjected to any of the following conditions:
 - 6.1. Ultimate deformation.
 - 6.2. Deterioration.
 - 6.3. Damage from insects, rodents and other vermin.
 - 6.4. Fire damage beyond charring.
 - 6.5. Significant splits and checks.
 - 6.6. Horizontal shear cracks.
 - 6.7. Vertical shear cracks.
 - 6.8. Inadequate support.
 - 6.9. *Detached*, dislodged or failing connections.

6.10. Excessive cutting and notching.

Exceptions:

1. Where substantiated otherwise by an *approved* method.
2. Demolition of unsafe conditions shall be permitted where *approved* by the *code official*.

SECTION 307 HANDRAILS AND GUARDRAILS

307.1 General. Every exterior and interior flight of stairs having more than four risers shall have a handrail on one side of the stair and every open portion of a stair, landing, balcony, porch, deck, ramp or other walking surface that is more than 30 inches (762 mm) above the floor or grade below shall have *guards*. Handrails shall be not less than 30 inches (762 mm) in height or more than 42 inches (1067 mm) in height measured vertically above the nosing of the tread or above the finished floor of the landing or walking surfaces. *Guards* shall be not less than 30 inches (762 mm) in height above the floor of the landing, balcony, porch, deck, or ramp or other walking surface.

Exception: *Guards* shall not be required where exempted by the adopted building code.

SECTION 308 RUBBISH AND GARBAGE

308.1 Accumulation of rubbish or garbage. *Exterior property and premises*, and the interior of every *structure*, shall be free from any accumulation of *rubbish* or garbage.

308.2 Disposal of rubbish. Every *occupant* of a *structure* shall dispose of all *rubbish* in a clean and sanitary manner by placing such *rubbish* in *approved* containers.

308.2.1 Rubbish storage facilities. The *owner* of every occupied *premises* shall supply *approved* covered containers for *rubbish*, and the *owner* of the *premises* shall be responsible for the removal of *rubbish*.

308.2.2 Refrigerators. Refrigerators and similar equipment not in operation shall not be discarded, abandoned or stored on *premises* without first removing the doors.

308.3 Disposal of garbage. Every *occupant* of a *structure* shall dispose of garbage in a clean and sanitary manner by placing such garbage in an *approved* garbage disposal facility or *approved* garbage containers.

308.3.1 Garbage facilities. The *owner* of every dwelling shall supply one of the following: an *approved* mechanical food waste grinder in each *dwelling unit*; an *approved* incinerator unit in the *structure* available to the *occupants* in each *dwelling unit*; or an *approved* leakproof, covered, outside garbage container.

308.3.2 Containers. The *operator* of every establishment producing garbage shall provide, and at all times cause to be utilized, *approved* leakproof containers provided with close-fitting covers for the storage of such materials until removed from the *premises* for disposal.

GENERAL REQUIREMENTS

SECTION 309
PEST ELIMINATION

309.1 Infestation. Structures shall be kept free from insect and rodent *infestation*. Structures in which insects or rodents are found shall be promptly exterminated by *approved* processes that will not be injurious to human health. After *pest elimination*, proper precautions shall be taken to prevent reinfestation.

309.2 Owner. The *owner* of any *structure* shall be responsible for *pest elimination* within the *structure* prior to renting or leasing the *structure*.

309.3 Single occupant. The *occupant* of a one-family dwelling or of a single-tenant nonresidential *structure* shall be responsible for *pest elimination* on the *premises*.

309.4 Multiple occupancy. The *owner* of a *structure* containing two or more *dwelling units*, a multiple *occupancy*, a *rooming house* or a nonresidential *structure* shall be responsible for *pest elimination* in the public or shared areas of the *structure* and *exterior property*. If *infestation* is caused by failure of an *occupant* to prevent such *infestation* in the area occupied, the *occupant* and *owner* shall be responsible for *pest elimination*.

309.5 Occupant. The *occupant* of any *structure* shall be responsible for the continued rodent and pest-free condition of the *structure*.

Exception: Where the *infestations* are caused by defects in the *structure*, the *owner* shall be responsible for *pest elimination*.

CHAPTER 4

LIGHT, VENTILATION AND OCCUPANCY LIMITATIONS

User note:

About this chapter: Chapter 4 sets forth requirements to establish the minimum environment for occupiable and habitable buildings by establishing the minimum criteria for light and ventilation and identifying occupancy limitations including minimum room width and area, minimum ceiling height and restrictions to prevent overcrowding.

SECTION 401 GENERAL

401.1 Scope. The provisions of this chapter shall govern the minimum conditions and standards for light, ventilation and space for occupying a *structure*.

401.2 Responsibility. The *owner* of the *structure* shall provide and maintain light, ventilation and space conditions in compliance with these requirements. A person shall not occupy as *owner-occupant*, or permit another person to occupy, any *premises* that do not comply with the requirements of this chapter.

401.3 Alternative devices. In lieu of the means for natural light and ventilation herein prescribed, artificial light or mechanical ventilation complying with the *International Building Code* shall be permitted.

SECTION 402 LIGHT

402.1 Habitable spaces. Every *habitable space* shall have not less than one window of *approved* size facing directly to the outdoors or to a court. The minimum total glazed area for every *habitable space* shall be 8 percent of the floor area of such room. Wherever walls or other portions of a *structure* face a window of any room and such obstructions are located less than 3 feet (914 mm) from the window and extend to a level above that of the ceiling of the room, such window shall not be deemed to face directly to the outdoors nor to a court and shall not be included as contributing to the required minimum total window area for the room.

Exception: Where natural light for rooms or spaces without exterior glazing areas is provided through an adjoining room, the unobstructed opening to the adjoining room shall be not less than 8 percent of the floor area of the interior room or space, or not less than 25 square feet (2.33 m²), whichever is greater. The exterior glazing area shall be based on the total floor area being served.

402.2 Common halls and stairways. Every common hall and stairway in residential *occupancies*, other than in one- and two-family dwellings, shall be lighted at all times with not less than a 60-watt standard incandescent light bulb for each 200 square feet (19 m²) of floor area or equivalent illumination, provided that the spacing between lights shall not be greater than 30 feet (9144 mm). In other than residential occupancies, interior and exterior means of egress, stairways shall be illuminated at all times the building space served by

the means of egress is occupied with not less than 1 footcandle (11 lux) at floors, landings and treads.

402.3 Other spaces. Other spaces shall be provided with natural or artificial light sufficient to permit the maintenance of sanitary conditions, and the safe *occupancy* of the space and utilization of the appliances, equipment and fixtures.

SECTION 403 VENTILATION

403.1 Habitable spaces. Every *habitable space* shall have not less than one openable window. The total openable area of the window in every room shall be equal to not less than 45 percent of the minimum glazed area required in Section 402.1.

Exception: Where rooms and spaces without openings to the outdoors are ventilated through an adjoining room, the unobstructed opening to the adjoining room shall be not less than 8 percent of the floor area of the interior room or space, but not less than 25 square feet (2.33 m²). The ventilation openings to the outdoors shall be based on a total floor area being ventilated.

403.2 Bathrooms and toilet rooms. Every *bathroom* and *toilet room* shall comply with the ventilation requirements for *habitable spaces* as required by Section 403.1, except that a window shall not be required in such spaces equipped with a mechanical ventilation system. Air exhausted by a mechanical ventilation system from a *bathroom* or *toilet room* shall discharge to the outdoors and shall not be recirculated.

403.3 Cooking facilities. Unless *approved* through the certificate of *occupancy*, cooking shall not be permitted in any *rooming unit* or dormitory unit, and a cooking facility or appliance shall not be permitted to be present in the *rooming unit* or dormitory unit.

Exceptions:

1. Where specifically *approved* in writing by the *code official*.
2. Devices such as coffee pots and microwave ovens shall not be considered cooking appliances.

403.4 Process ventilation. Where injurious, toxic, irritating or noxious fumes, gases, dusts or mists are generated, a local exhaust ventilation system shall be provided to remove the contaminating agent at the source. Air shall be exhausted to the exterior and not be recirculated to any space.

LIGHT, VENTILATION AND OCCUPANCY LIMITATIONS

403.5 Clothes dryer exhaust. Clothes dryer exhaust systems shall be independent of all other systems and shall be exhausted outside the *structure* in accordance with the manufacturer's instructions.

Exception: Listed and *labeled* condensing (ductless) clothes dryers.

SECTION 404 OCCUPANCY LIMITATIONS

404.1 Privacy. *Dwelling units*, hotel units, *housekeeping units*, *rooming units* and dormitory units shall be arranged to provide privacy and be separate from other adjoining spaces.

404.2 Minimum room widths. A habitable room, other than a kitchen, shall be not less than 7 feet (2134 mm) in any plan dimension. Kitchens shall have a minimum clear passage-way of 3 feet (914 mm) between counterfronts and appliances or counterfronts and walls.

404.3 Minimum ceiling heights. *Habitable spaces*, hallways, corridors, laundry areas, *bathrooms*, *toilet rooms* and habitable *basement* areas shall have a minimum clear ceiling height of 7 feet (2134 mm).

Exceptions:

1. In one- and two-family dwellings, beams or girders spaced not less than 4 feet (1219 mm) on center and projecting not greater than 6 inches (152 mm) below the required ceiling height.
2. *Basement* rooms in one- and two-family dwellings occupied exclusively for laundry, study or recreation purposes, having a minimum ceiling height of 6 feet 8 inches (2033 mm) with a minimum clear height of 6 feet 4 inches (1932 mm) under beams, girders, ducts and similar obstructions.
3. Rooms occupied exclusively for sleeping, study or similar purposes and having a sloped ceiling over all or part of the room, with a minimum clear ceiling height of 7 feet (2134 mm) over not less than one-third of the required minimum floor area. In calculating the floor area of such rooms, only those portions of the floor area with a minimum clear ceiling height of 5 feet (1524 mm) shall be included.

404.4 Bedroom and living room requirements. Every *bedroom* and living room shall comply with the requirements of Sections 404.4.1 through 404.4.5.

404.4.1 Room area. Every living room shall contain not less than 120 square feet (11.2 m²) and every bedroom shall contain not less than 70 square feet (6.5 m²) and every bedroom occupied by more than one person shall contain not less than 50 square feet (4.6 m²) of floor area for each *occupant* thereof.

404.4.2 Access from bedrooms. *Bedrooms* shall not constitute the only means of access to other *bedrooms* or *habitable spaces* and shall not serve as the only means of egress from other *habitable spaces*.

Exception: Units that contain fewer than two *bedrooms*.

404.4.3 Water closet accessibility. Every *bedroom* shall have access to not less than one water closet and one lavatory without passing through another *bedroom*. Every *bedroom* in a *dwelling unit* shall have access to not less than one water closet and lavatory located in the same story as the *bedroom* or an adjacent story.

404.4.4 Prohibited occupancy. Kitchens and nonhabitable spaces shall not be used for sleeping purposes.

404.4.5 Other requirements. *Bedrooms* shall comply with the applicable provisions of this code including, but not limited to, the light, *ventilation*, room area, ceiling height and room width requirements of this chapter; the plumbing facilities and water-heating facilities requirements of Chapter 5; the heating facilities and electrical receptacle requirements of Chapter 6; and the smoke detector and emergency escape requirements of Chapter 7.

404.5 Overcrowding. *Dwelling units* shall not be occupied by more *occupants* than permitted by the minimum area requirements of Table 404.5.

TABLE 404.5
MINIMUM AREA REQUIREMENTS

SPACE	MINIMUM AREA IN SQUARE FEET		
	1-2 occupants	3-5 occupants	6 or more occupants
Living room ^{a, b}	120	120	150
Dining room ^{a, b}	No requirement	80	100
Bedrooms	Shall comply with Section 404.4.1		

For SI: 1 square foot = 0.0929 m².

a. See Section 404.5.2 for combined living room/dining room spaces.

b. See Section 404.5.1 for limitations on determining the minimum occupancy area for sleeping purposes.

404.5.1 Sleeping area. The minimum occupancy area required by Table 404.5 shall not be included as a sleeping area in determining the minimum occupancy area for sleeping purposes. Sleeping areas shall comply with Section 404.4.

404.5.2 Combined spaces. Combined living room and dining room spaces shall comply with the requirements of Table 404.5 if the total area is equal to that required for separate rooms and if the space is located so as to function as a combination living room/dining room.

404.6 Efficiency unit. Nothing in this section shall prohibit an efficiency living unit from meeting the following requirements:

1. A unit occupied by not more than one *occupant* shall have a minimum clear floor area of 120 square feet (11.2 m²). A unit occupied by not more than two *occupants* shall have a minimum clear floor area of 220 square feet (20.4 m²). A unit occupied by three *occupants* shall have a minimum clear floor area of 320 square feet (29.7 m²). These required areas shall be exclusive of the areas required by Items 2 and 3.
2. The unit shall be provided with a kitchen sink, cooking appliance and refrigeration facilities, each having a minimum clear working space of 30 inches

(762 mm) in front. Light and *ventilation* conforming to this code shall be provided.

3. The unit shall be provided with a separate *bathroom* containing a water closet, lavatory and bathtub or shower.
4. The maximum number of *occupants* shall be three.

404.7 Food preparation. Spaces to be occupied for food preparation purposes shall contain suitable space and equipment to store, prepare and serve foods in a sanitary manner. There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage.

CHAPTER 5

PLUMBING FACILITIES AND FIXTURE REQUIREMENTS

User note:

About this chapter: Chapter 5 establishes minimum sanitary and clean conditions in occupied buildings by containing requirements for the installation, maintenance and location of plumbing systems and facilities, including the water supply system, water heating appliances, sewage disposal systems and related plumbing fixtures. Chapter 5 includes requirements for providing potable water to a building and the basic fixtures to effectively utilize and dispose of that water.

SECTION 501 GENERAL

501.1 Scope. The provisions of this chapter shall govern the minimum plumbing systems, facilities and plumbing fixtures to be provided.

501.2 Responsibility. The owner of the structure shall provide and maintain such plumbing facilities and plumbing fixtures in compliance with these requirements. A person shall not occupy as owner-occupant or permit another person to occupy any structure or premises that does not comply with the requirements of this chapter.

SECTION 502 REQUIRED FACILITIES

[P] 502.1 Dwelling units. Every dwelling unit shall contain its own bathtub or shower, lavatory, water closet and kitchen sink that shall be maintained in a sanitary, safe working condition. The lavatory shall be placed in the same room as the water closet or located in close proximity to the door leading directly into the room in which such water closet is located. A kitchen sink shall not be used as a substitute for the required lavatory.

[P] 502.2 Rooming houses. Not less than one water closet, lavatory and bathtub or shower shall be supplied for each four rooming units.

[P] 502.3 Hotels. Where private water closets, lavatories and baths are not provided, one water closet, one lavatory and one bathtub or shower having access from a public hallway shall be provided for each 10 occupants.

[P] 502.4 Employees' facilities. Not less than one water closet, one lavatory and one drinking facility shall be available to employees.

[P] 502.4.1 Drinking facilities. Drinking facilities shall be a drinking fountain, water cooler, bottled water cooler or disposable cups next to a sink or water dispenser. Drinking facilities shall not be located in toilet rooms or bathrooms.

[P] 502.5 Public toilet facilities. Public toilet facilities shall be maintained in a safe, sanitary and working condition in accordance with the *International Plumbing Code*. Except for periodic maintenance or cleaning, public access and use shall be provided to the toilet facilities at all times during occupancy of the premises.

SECTION 503 TOILET ROOMS

[P] 503.1 Privacy. Toilet rooms and bathrooms shall provide privacy and shall not constitute the only passageway to a hall or other space, or to the exterior. A door and interior locking device shall be provided for all common or shared bathrooms and toilet rooms in a multiple dwelling.

[P] 503.2 Location. Toilet rooms and bathrooms serving hotel units, rooming units or dormitory units or housekeeping units, shall have access by traversing not more than one flight of stairs and shall have access from a common hall or passageway.

[P] 503.3 Location of employee toilet facilities. Toilet facilities shall have access from within the employees' working area. The required toilet facilities shall be located not more than one story above or below the employees' working area and the path of travel to such facilities shall not exceed a distance of 500 feet (152 m). Employee facilities shall either be separate facilities or combined employee and public facilities.

Exception: Facilities that are required for employees in storage structures or kiosks, which are located in adjacent structures under the same ownership, lease or control, shall not exceed a travel distance of 500 feet (152 m) from the employees' regular working area to the facilities.

[P] 503.4 Floor surface. In other than dwelling units, every toilet room floor shall be maintained to be a smooth, hard, nonabsorbent surface to permit such floor to be easily kept in a clean and sanitary condition.

SECTION 504 PLUMBING SYSTEMS AND FIXTURES

[P] 504.1 General. Plumbing fixtures shall be properly installed and maintained in working order, and shall be kept free from obstructions, leaks and defects and be capable of performing the function for which such plumbing fixtures are designed. Plumbing fixtures shall be maintained in a safe, sanitary and functional condition.

[P] 504.2 Fixture clearances. Plumbing fixtures shall have adequate clearances for usage and cleaning.

[P] 504.3 Plumbing system hazards. Where it is found that a plumbing system in a structure constitutes a hazard to the occupants or the structure by reason of inadequate service,

PLUMBING FACILITIES AND FIXTURE REQUIREMENTS

inadequate venting, cross connection, backsiphonage, improper installation, *deterioration* or damage or for similar reasons, the *code official* shall require the defects to be corrected to eliminate the hazard.

SECTION 505 WATER SYSTEM

505.1 General. Every sink, lavatory, bathtub or shower, drinking fountain, water closet or other plumbing fixture shall be properly connected to either a public water system or to an *approved* private water system. Kitchen sinks, lavatories, laundry facilities, bathtubs and showers shall be supplied with hot or tempered and cold running water in accordance with the *International Plumbing Code*.

[P] 505.2 Contamination. The water supply shall be maintained free from contamination, and all water inlets for plumbing fixtures shall be located above the flood-level rim of the fixture. Shampoo basin faucets, janitor sink faucets and other hose bibs or faucets to which hoses are attached and left in place, shall be protected by an *approved* atmospheric-type vacuum breaker or an *approved* permanently attached hose connection vacuum breaker.

[P] 505.3 Supply. The water supply system shall be installed and maintained to provide a supply of water to plumbing fixtures, devices and appurtenances in sufficient volume and at pressures adequate to enable the fixtures to function properly, safely, and free from defects and leaks.

[P] 505.4 Water heating facilities. Water heating facilities shall be properly installed, maintained and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature not less than 110°F (43°C). A gas-burning water heater shall not be located in any *bathroom, toilet room, bedroom* or other occupied room normally kept closed, unless adequate combustion air is provided. An *approved* combination temperature and pressure-relief valve and relief valve discharge pipe shall be properly installed and maintained on water heaters.

[P] 505.5 Nonpotable water reuse systems. Nonpotable water reuse systems and rainwater collection and conveyance systems shall be maintained in a safe and sanitary condition. Where such systems are not properly maintained, the systems shall be repaired to provide for safe and sanitary conditions, or the system shall be abandoned in accordance with Section 505.5.1.

[P] 505.5.1 Abandonment of systems. Where a nonpotable water reuse system or a rainwater collection and distribution system is not maintained or the *owner* ceases use of the system, the system shall be abandoned in accordance with Section 1301.10 of the *International Plumbing Code*.

SECTION 506 SANITARY DRAINAGE SYSTEM

[P] 506.1 General. Plumbing fixtures shall be properly connected to either a public sewer system or to an *approved* private sewage disposal system.

[P] 506.2 Maintenance. Every plumbing stack, vent, waste and sewer line shall function properly and be kept free from obstructions, leaks and defects.

[P] 506.3 Grease interceptors. Grease interceptors and automatic grease removal devices shall be maintained in accordance with this code and the manufacturer's installation instructions. Grease interceptors and automatic grease removal devices shall be regularly serviced and cleaned to prevent the discharge of oil, grease, and other substances harmful or hazardous to the building drainage system, the public sewer, the private sewage disposal system or the sewage treatment plant or processes. Records of maintenance, cleaning and repairs shall be available for inspection by the *code official*.

SECTION 507 STORM DRAINAGE

[P] 507.1 General. Drainage of roofs and paved areas, *yards* and courts, and other open areas on the *premises* shall not be discharged in a manner that creates a public nuisance.

CHAPTER 6

MECHANICAL AND ELECTRICAL REQUIREMENTS

User note:

About this chapter: Chapter 6 establishes minimum performance requirements for heating, electrical and mechanical facilities serving existing structures, such as heating and air-conditioning equipment, appliances and their supporting systems; water heating equipment, appliances and systems; cooking equipment and appliances; ventilation and exhaust equipment; gas and liquid fuel distribution piping and components; fireplaces and solid fuel-burning appliances; chimneys and vents; electrical services; lighting fixtures; electrical receptacle outlets; electrical distribution system equipment, devices and wiring; and elevators, escalators and dumbwaiters.

SECTION 601 GENERAL

601.1 Scope. The provisions of this chapter shall govern the minimum mechanical and electrical facilities and equipment to be provided.

601.2 Responsibility. The owner of the structure shall provide and maintain mechanical and electrical facilities and equipment in compliance with these requirements. A person shall not occupy as *owner-occupant* or permit another person to occupy any premises that does not comply with the requirements of this chapter.

SECTION 602 HEATING FACILITIES

602.1 Facilities required. Heating facilities shall be provided in structures as required by this section.

602.2 Residential occupancies. Dwellings shall be provided with heating facilities capable of maintaining a room temperature of 68°F (20°C) in all habitable rooms, *bathrooms* and *toilet rooms* based on the winter outdoor design temperature for the locality indicated in Appendix D of the *International Plumbing Code*. Cooking appliances shall not be used, nor shall portable unvented fuel-burning space heaters be used, as a means to provide required heating. The installation of one or more portable space heaters shall not be used to achieve compliance with this section.

Exception: In areas where the average monthly temperature is above 30°F (-1°C), a minimum temperature of 65°F (18°C) shall be maintained.

602.3 Heat supply. Every owner and operator of any building who rents, leases or lets one or more *dwelling units* or *sleeping units* on terms, either expressed or implied, to furnish heat to the *occupants* thereof shall supply heat during the period from [DATE] to [DATE] to maintain a minimum temperature of 68°F (20°C) in all habitable rooms, *bathrooms* and *toilet rooms*.

Exceptions:

1. When the outdoor temperature is below the winter outdoor design temperature for the locality, maintenance of the minimum room temperature shall not be required provided that the heating system is operating at its full design capacity. The winter

outdoor design temperature for the locality shall be as indicated in Appendix D of the *International Plumbing Code*.

2. In areas where the average monthly temperature is above 30°F (-1°C), a minimum temperature of 65°F (18°C) shall be maintained.

602.4 Occupiable work spaces. Indoor occupiable work spaces shall be supplied with heat during the period from [DATE] to [DATE] to maintain a minimum temperature of 65°F (18°C) during the period the spaces are occupied.

Exceptions:

1. Processing, storage and operation areas that require cooling or special temperature conditions.
2. Areas in which persons are primarily engaged in vigorous physical activities.

602.5 Room temperature measurement. The required room temperatures shall be measured 3 feet (914 mm) above the floor near the center of the room and 2 feet (610 mm) inward from the center of each exterior wall.

SECTION 603 MECHANICAL EQUIPMENT

603.1 Mechanical equipment and appliances. Mechanical equipment, appliances, fireplaces, solid fuel-burning appliances, cooking appliances and water heating appliances shall be properly installed and maintained in a safe working condition, and shall be capable of performing the intended function.

603.2 Removal of combustion products. Fuel-burning equipment and appliances shall be connected to an *approved* chimney or vent.

Exception: Fuel-burning equipment and appliances that are *labeled* for unvented operation.

603.3 Clearances. Required clearances to combustible materials shall be maintained.

603.4 Safety controls. Safety controls for fuel-burning equipment shall be maintained in effective operation.

603.5 Combustion air. A supply of air for complete combustion of the fuel and for *ventilation* of the space containing the fuel-burning equipment shall be provided for the fuel-burning equipment.

MECHANICAL AND ELECTRICAL REQUIREMENTS

603.6 Energy conservation devices. Devices intended to reduce fuel consumption by attachment to a fuel-burning appliance, to the fuel supply line thereto, or to the vent outlet or vent piping therefrom, shall not be installed unless *labeled* for such purpose and the installation is specifically *approved*.

SECTION 604 ELECTRICAL FACILITIES

604.1 Facilities required. Every occupied building shall be provided with an electrical system in compliance with the requirements of this section and Section 605.

604.2 Service. The size and usage of appliances and equipment shall serve as a basis for determining the need for additional facilities in accordance with NFPA 70. *Dwelling units* shall be served by a three-wire, 120/240 volt, single-phase electrical service having a minimum rating of 60 amperes.

604.3 Electrical system hazards. Where it is found that the electrical system in a *structure* constitutes a hazard to the *occupants* or the *structure* by reason of inadequate service, improper fusing, insufficient receptacle and lighting outlets, improper wiring or installation, *deterioration* or damage, or for similar reasons, the *code official* shall require the defects to be corrected to eliminate the hazard.

604.3.1 Abatement of electrical hazards associated with water exposure. The provisions of this section shall govern the repair and replacement of electrical systems and equipment that have been exposed to water.

604.3.1.1 Electrical equipment. Electrical distribution equipment, motor circuits, power equipment, transformers, wire, cable, flexible cords, wiring devices, ground fault circuit interrupters, surge protectors, molded case circuit breakers, low-voltage fuses, luminaires, ballasts, motors and electronic control, signaling and communication equipment that have been exposed to water shall be replaced in accordance with the provisions of the *International Building Code*.

Exception: The following equipment shall be allowed to be repaired where an inspection report from the equipment manufacturer or *approved* manufacturer's representative indicates that the equipment has not sustained damage that requires replacement:

1. Enclosed switches, rated not more than 600 volts or less.
2. Busway, rated not more than 600 volts.
3. Panelboards, rated not more than 600 volts.
4. Switchboards, rated not more than 600 volts.
5. Fire pump controllers, rated not more than 600 volts.
6. Manual and magnetic motor controllers.
7. Motor control centers.
8. Alternating current high-voltage circuit breakers.
9. Low-voltage power circuit breakers.
10. Protective relays, meters and current transformers.
11. Low- and medium-voltage switchgear.
12. Liquid-filled transformers.
13. Cast-resin transformers.
14. Wire or cable that is suitable for wet locations and whose ends have not been exposed to water.
15. Wire or cable, not containing fillers, that is suitable for wet locations and whose ends have not been exposed to water.
16. Luminaires that are listed as submersible.
17. Motors.
18. Electronic control, signaling and communication equipment.

604.3.2 Abatement of electrical hazards associated with fire exposure. The provisions of this section shall govern the repair and replacement of electrical systems and equipment that have been exposed to fire.

604.3.2.1 Electrical equipment. Electrical switches, receptacles and fixtures, including furnace, water heating, security system and power distribution circuits, that have been exposed to fire, shall be replaced in accordance with the provisions of the *International Building Code*.

Exception: Electrical switches, receptacles and fixtures that shall be allowed to be repaired where an inspection report from the equipment manufacturer or *approved* manufacturer's representative indicates that the equipment has not sustained damage that requires replacement.

SECTION 605 ELECTRICAL EQUIPMENT

605.1 Installation. Electrical equipment, wiring and appliances shall be properly installed and maintained in a safe and *approved* manner.

605.2 Receptacles. Every *habitable space* in a dwelling shall contain not less than two separate and remote receptacle outlets. Every laundry area shall contain not less than one grounding-type receptacle or a receptacle with a ground fault circuit interrupter. Every *bathroom* shall contain not less than one receptacle. Any new *bathroom* receptacle outlet shall have ground fault circuit interrupter protection. All receptacle outlets shall have the appropriate faceplate cover for the location.

605.3 Luminaires. Every public hall, interior stairway, *toilet room*, kitchen, *bathroom*, laundry room, boiler room and furnace room shall contain not less than one electric luminaire. Pool and spa luminaires over 15 V shall have ground fault circuit interrupter protection.

605.4 Wiring. Flexible cords shall not be used for permanent wiring, or for running through doors, windows, or cabinets, or concealed within walls, floors, or ceilings.

SECTION 606 ELEVATORS, ESCALATORS AND DUMBWAITERS

606.1 General. Elevators, dumbwaiters and escalators shall be maintained in compliance with ASME A17.1. The most current certificate of inspection shall be on display at all times within the elevator or attached to the escalator or dumbwaiter, be available for public inspection in the office of the building *operator* or be posted in a publicly conspicuous location *approved* by the *code official*. The inspection and tests shall be performed at not less than the periodic intervals listed in ASME A17.1, Appendix N, except where otherwise specified by the authority having jurisdiction.

606.2 Elevators. In buildings equipped with passenger elevators, not less than one elevator shall be maintained in operation at all times when the building is occupied.

Exception: Buildings equipped with only one elevator shall be permitted to have the elevator temporarily out of service for testing or servicing.

SECTION 607 DUCT SYSTEMS

607.1 General. Duct systems shall be maintained free of obstructions and shall be capable of performing the required function.

CHAPTER 7

FIRE SAFETY REQUIREMENTS

User note:

About this chapter: Chapter 7 establishes fire safety requirements for existing structures by providing requirements for means of egress, including path of travel, required egress width, means of egress doors and emergency escape openings, and for the maintenance of fire-resistance-rated assemblies, fire protection systems, and carbon monoxide alarm and detection systems.

SECTION 701 GENERAL

701.1 Scope. The provisions of this chapter shall govern the minimum conditions and standards for fire safety relating to structures and exterior *premises*, including fire safety facilities and equipment to be provided.

701.2 Responsibility. The *owner* of the *premises* shall provide and maintain such fire safety facilities and equipment in compliance with these requirements. A person shall not occupy as *owner-occupant* or permit another person to occupy any *premises* that do not comply with the requirements of this chapter.

SECTION 702 MEANS OF EGRESS

[BE] 702.1 General. A safe, continuous and unobstructed path of travel shall be provided from any point in a building or *structure* to the *public way*. Means of egress shall comply with the *International Fire Code*.

[BE] 702.2 Aisles. The required width of aisles in accordance with the *International Fire Code* shall be unobstructed.

[BE] 702.3 Locked doors. Means of egress doors shall be readily openable from the side from which egress is to be made without the need for keys, special knowledge or effort, except where the door hardware conforms to that permitted by the *International Building Code*.

[BE] 702.4 Emergency escape and rescue openings. Required emergency escape and rescue openings shall be maintained in accordance with the code in effect at the time of construction, and both of the following:

1. Required emergency escape and rescue openings shall be operational from the inside of the room without the use of keys or tools.
2. Bars, grilles, grates or similar devices are permitted to be placed over emergency escape and rescue openings provided that the minimum net clear opening size complies with the code that was in effect at the time of construction and the unit is equipped with smoke alarms installed in accordance with Section 907.2.10 of the *International Building Code*. Such devices shall be releasable or removable from the inside without the use of a key, tool or force greater

than that which is required for normal operation of the escape and rescue opening.

SECTION 703 FIRE-RESISTANCE RATINGS

[BF] 703.1 Fire-resistance-rated assemblies. The provisions of this chapter shall govern maintenance of the materials, systems and assemblies used for structural fire resistance and fire-resistance-rated construction separation of adjacent spaces to safeguard against the spread of fire and smoke within a building and the spread of fire to or from buildings.

[BF] 703.2 Unsafe conditions. Where any components are not maintained and do not function as intended or do not have the fire resistance required by the code under which the building was constructed or altered, such components or portions thereof shall be deemed unsafe conditions in accordance with Section 114.1.1 of the *International Fire Code*. Components or portions thereof determined to be unsafe shall be repaired or replaced to conform to that code under which the building was constructed or altered. Where the condition of components is such that any building, *structure* or portion thereof presents an *imminent danger* to the *occupants* of the building, *structure* or portion thereof, the fire code official shall act in accordance with Section 114.2 of the *International Fire Code*.

[BF] 703.3 Maintenance. The required fire-resistance rating of fire-resistance-rated construction, including walls, firestops, shaft enclosures, partitions, smoke barriers, floors, fire-resistive coatings and sprayed fire-resistant materials applied to structural members and joint systems, shall be maintained. Such elements shall be visually inspected annually by the *owner* and repaired, restored or replaced where damaged, altered, breached or penetrated. Records of inspections and repairs shall be maintained. Where concealed, such elements shall not be required to be visually inspected by the *owner* unless the concealed space is accessible by the removal or movement of a panel, access door, ceiling tile or entry to the space. Openings made therein for the passage of pipes, electrical conduit, wires, ducts, air transfer and any other reason shall be protected with *approved* methods capable of resisting the passage of smoke and fire. Openings through fire-resistance-rated assemblies shall be protected by self- or automatic-closing doors of *approved* construction meeting the fire protection requirements for the assembly.

FIRE SAFETY REQUIREMENTS

[BF] 703.3.1 Fire blocking and draft stopping. Required fire blocking and draft stopping in combustible concealed spaces shall be maintained to provide continuity and integrity of the construction.

[BF] 703.3.2 Smoke barriers and smoke partitions. Required smoke barriers and smoke partitions shall be maintained to prevent the passage of smoke. Openings protected with *approved* smoke barrier doors or smoke dampers shall be maintained in accordance with NFPA 105.

[BF] 703.3.3 Fire walls, fire barriers, and fire partitions. Required fire walls, fire barriers and fire partitions shall be maintained to prevent the passage of fire. Openings protected with *approved* doors or fire dampers shall be maintained in accordance with NFPA 80.

[BF] 703.4 Opening protectives. Opening protectives shall be maintained in an operative condition in accordance with NFPA 80. The application of field-applied labels associated with the maintenance of opening protectives shall follow the requirements of the *approved* third-party certification organization accredited for listing the opening protective. Fire doors and smoke barrier doors shall not be blocked or obstructed, or otherwise made inoperable. Fusible links shall be replaced whenever fused or damaged. Fire door assemblies shall not be modified.

[BF] 703.4.1 Signs. Where required by the *code official*, a sign shall be permanently displayed on or near each fire door in letters not less than 1 inch (25 mm) high to read as follows:

1. For doors designed to be kept normally open: FIRE DOOR – DO NOT BLOCK.
2. For doors designed to be kept normally closed: FIRE DOOR – KEEP CLOSED.

[BF] 703.4.2 Hold-open devices and closers. Hold-open devices and automatic door closers shall be maintained. During the period that such a device is out of service for repairs, the door it operates shall remain in the closed position.

[BF] 703.4.3 Door operation. Swinging fire doors shall close from the full-open position and latch automatically. The door closer shall exert enough force to close and latch the door from any partially open position.

[BF] 703.5 Ceilings. The hanging and displaying of salable goods and other decorative materials from acoustical ceiling systems that are part of a fire-resistance-rated horizontal assembly shall be prohibited.

[BF] 703.6 Testing. Horizontal and vertical sliding and rolling fire doors shall be inspected and tested annually to confirm operation and full closure. Records of inspections and testing shall be maintained.

[BF] 703.7 Vertical shafts. Interior vertical shafts, including stairways, elevator hoistways and service and utility shafts, which connect two or more stories of a building shall be enclosed or protected as required in Chapter 11 of the *International Fire Code*. New floor openings in existing buildings shall comply with the *International Building Code*.

[BF] 703.8 Opening protective closers. Where openings are required to be protected, opening protectives shall be maintained self-closing or automatic-closing by smoke detection. Existing fusible-link-type automatic door-closing devices shall be replaced if the fusible link rating exceeds 135°F (57°C).

SECTION 704 FIRE PROTECTION SYSTEMS

[F] 704.1 Inspection, testing and maintenance. Fire protection and life safety systems shall be maintained in accordance with the *International Fire Code* in an operative condition at all times, and shall be replaced or repaired where defective.

[F] 704.1.1 Fire protection and life safety systems. Fire protection and life safety systems shall be installed, repaired, operated and maintained in accordance with this code the *International Fire Code* and the *International Building Code*.

[F] 704.1.2 Required fire protection and life safety systems. Fire protection and life safety systems required by this code, the *International Fire Code* or the *International Building Code* shall be installed, repaired, operated, tested and maintained in accordance with this code. A fire protection and life safety system for which a design option, exception or reduction to the provisions of this code, the *International Fire Code* or the *International Building Code* has been granted shall be considered to be a required system.

[F] 704.1.3 Fire protection systems. Fire protection systems shall be inspected, maintained and tested in accordance with the following *International Fire Code* requirements.

1. Automatic sprinkler systems, see Section 903.5.
2. Automatic fire-extinguishing systems protecting commercial cooking systems, see Section 904.13.5.
3. Automatic water mist extinguishing systems, see Section 904.11.
4. Carbon dioxide extinguishing systems, see Section 904.8.
5. Carbon monoxide alarms and carbon monoxide detection systems, see Section 915.6.
6. Clean-agent extinguishing systems, see Section 904.10.
7. Dry-chemical extinguishing systems, see Section 904.6.
8. Fire alarm and fire detection systems, see Section 907.8.
9. Fire department connections, see Sections 912.4 and 912.7.
10. Fire pumps, see Section 913.5.
11. Foam extinguishing systems, see Section 904.7.
12. Halon extinguishing systems, see Section 904.9.

13. Single- and multiple-station smoke alarms, see Section 907.10.
14. Smoke and heat vents and mechanical smoke removal systems, see Section 910.5.
15. Smoke control systems, see Section 909.22.
16. Wet-chemical extinguishing systems, see Section 904.5.

[F] 704.2 Standards. Fire protection systems shall be inspected, tested and maintained in accordance with the referenced standards listed in Table 704.2 and as required in this section.

**TABLE 704.2
FIRE PROTECTION SYSTEM MAINTENANCE STANDARDS**

SYSTEM	STANDARD
Portable fire extinguishers	NFPA 10
Carbon dioxide fire-extinguishing system	NFPA 12
Halon 1301 fire-extinguishing systems	NFPA 12A
Dry-chemical extinguishing systems	NFPA 17
Wet-chemical extinguishing systems	NFPA 17A
Water-based fire protection systems	NFPA 25
Fire alarm systems	NFPA 72
Smoke and heat vents	NFPA 204
Water-mist systems	NFPA 750
Clean-agent extinguishing systems	NFPA 2001

[F] 704.2.1 Records. Records shall be maintained of all system inspections, tests and maintenance required by the referenced standards.

[F] 704.2.2 Records information. Initial records shall include the: name of the installation contractor; type of components installed; manufacturer of the components; location and number of components installed per floor; and manufacturers' operation and maintenance instruction manuals. Such records shall be maintained for the life of the installation.

[F] 704.3 Systems out of service. Where a required fire protection system is out of service, the fire department and the fire code official shall be notified immediately and, where required by the fire code official, either the building shall be evacuated or an *approved* fire watch shall be provided for all *occupants* left unprotected by the shutdown until the fire protection system has been returned to service. Where utilized, fire watches shall be provided with not less than one *approved* means for notification of the fire department and shall not have duties beyond performing constant patrols of the protected *premises* and keeping watch for fires. Actions shall be taken in accordance with Section 901 of the *International Fire Code* to bring the systems back in service.

Exception: Facilities with an approved notification and impairment management program. The notification and impairment program for water-based fire protection systems shall comply with NFPA 25.

[F] 704.3.1 Emergency impairments. Where unplanned impairments of fire protection systems occur, appropriate emergency action shall be taken to minimize potential

injury and damage. The impairment coordinator shall implement the steps outlined in Section 901.7.4 of the *International Fire Code*.

[F] 704.4 Removal of or tampering with equipment. It shall be unlawful for any person to remove, tamper with or otherwise disturb any fire protection or life safety system required by this code except for the purposes of extinguishing fire, training, recharging or making necessary repairs.

[F] 704.4.1 Removal of or tampering with appurtenances. Locks, gates, doors, barricades, chains, enclosures, signs, tags and seals that have been installed by or at the direction of the fire code official shall not be removed, unlocked, destroyed or tampered with in any manner.

[F] 704.4.2 Removal of existing occupant-use hose lines. The fire code official is authorized to permit the removal of existing *occupant-use* hose lines where all of the following apply:

1. The installation is not required by the *International Fire Code* or the *International Building Code*.
2. The hose line would not be utilized by trained personnel or the fire department.
3. The remaining outlets are compatible with local fire department fittings.

[F] 704.4.3 Termination of monitoring service. For fire alarm systems required to be monitored by the *International Fire Code*, notice shall be made to the fire code official whenever alarm monitoring services are terminated. Notice shall be made in writing by the provider of the monitoring service being terminated.

[F] 704.5 Fire department connection. Where the fire department connection is not visible to approaching fire apparatus, the fire department connection shall be indicated by an *approved* sign mounted on the street front or on the side of the building. Such sign shall have the letters "FDC" not less than 6 inches (152 mm) high and words in letters not less than 2 inches (51 mm) high or an arrow to indicate the location. Such signs shall be subject to the approval of the fire code official.

[F] 704.5.1 Fire department connection access. Ready access to fire department connections shall be maintained at all times and without obstruction by fences, bushes, trees, walls or any other fixed or movable object. Access to fire department connections shall be *approved* by the fire chief.

Exception: Fences, where provided with an access gate equipped with a sign complying with the legend requirements of Section 912.5 of the *International Fire Code* and a means of emergency operation. The gate and the means of emergency operation shall be *approved* by the fire chief and maintained operational at all times.

[F] 704.5.2 Clear space around connections. A working space of not less than 36 inches (914 mm) in width, 36 inches (914 mm) in depth and 78 inches (1981 mm) in

FIRE SAFETY REQUIREMENTS

height shall be provided and maintained in front of and to the sides of wall-mounted fire department connections and around the circumference of free-standing fire department connections.

[F] 704.6 Single- and multiple-station smoke alarms. Single- and multiple-station smoke alarms shall be installed in existing Group I-1 and R *occupancies* in accordance with Sections 704.6.1 through 704.6.3.

[F] 704.6.1 Where required. Existing Group I-1 and R *occupancies* shall be provided with single-station smoke alarms in accordance with Sections 704.6.1.1 through 704.6.1.4. Interconnection and power sources shall be in accordance with Sections 704.6.2 and 704.6.3.

Exceptions:

1. Where the code that was in effect at the time of construction required smoke alarms and smoke alarms complying with those requirements are already provided.
2. Where smoke alarms have been installed in *occupancies* and dwellings that were not required to have them at the time of construction, additional smoke alarms shall not be required provided that the existing smoke alarms comply with requirements that were in effect at the time of installation.
3. Where smoke detectors connected to a fire alarm system have been installed as a substitute for smoke alarms.

[F] 704.6.1.1 Group R-1. Single- or multiple-station smoke alarms shall be installed in all of the following locations in Group R-1:

1. In sleeping areas.
2. In every room in the path of the means of egress from the sleeping area to the door leading from the *sleeping unit*.
3. In each story within the *sleeping unit*, including *basements*. For *sleeping units* with split levels and without an intervening door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level.

[F] 704.6.1.2 Groups R-2, R-3, R-4 and I-1. Single or multiple-station smoke alarms shall be installed and maintained in Groups R-2, R-3, R-4 and I-1 regardless of *occupant load* at all of the following locations:

1. On the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms.
2. In each room used for sleeping purposes.
3. In each story within a *dwelling unit*, including *basements* but not including crawl spaces and uninhabitable attics. In *dwellings* or *dwelling units* with split levels and without an interven-

ing door between the adjacent levels, a smoke alarm installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one full story below the upper level.

[F] 704.6.1.3 Installation near cooking appliances. Smoke alarms shall not be installed in the following locations unless this would prevent placement of a smoke alarm in a location required by Section 704.6.1.1 or 704.6.1.2.

1. Ionization smoke alarms shall not be installed less than 20 feet (6096 mm) horizontally from a permanently installed cooking appliance.
2. Ionization smoke alarms with an alarm-silencing switch shall not be installed less than 10 feet (3048 mm) horizontally from a permanently installed cooking appliance.
3. Photoelectric smoke alarms shall not be installed less than 6 feet (1829 mm) horizontally from a permanently installed cooking appliance.

[F] 704.6.1.4 Installation near bathrooms. Smoke alarms shall be installed not less than 3 feet (914 mm) horizontally from the door or opening of a *bathroom* that contains a bathtub or shower unless this would prevent placement of a smoke alarm required by Section 704.6.1.1 or 704.6.1.2.

[F] 704.6.2 Interconnection. Where more than one smoke alarm is required to be installed within an individual *dwelling* or *sleeping unit*, the smoke alarms shall be interconnected in such a manner that the activation of one alarm will activate all of the alarms in the individual unit. Physical interconnection of smoke alarms shall not be required where listed wireless alarms are installed and all alarms sound upon activation of one alarm. The alarm shall be clearly audible in all bedrooms over background noise levels with all intervening doors closed.

Exceptions:

1. Interconnection is not required in buildings that are not undergoing *alterations*, repairs or construction of any kind.
2. Smoke alarms in existing areas are not required to be interconnected where *alterations* or repairs do not result in the removal of interior wall or ceiling finishes exposing the structure, unless there is an attic, crawl space or *basement* available that could provide access for interconnection without the removal of interior finishes.

[F] 704.6.3 Power source. Single-station smoke alarms shall receive their primary power from the building wiring provided that such wiring is served from a commercial source and shall be equipped with a battery backup. Smoke alarms with integral strobes that are not equipped with battery backup shall be connected to an emergency electrical system. Smoke alarms shall emit a

signal when the batteries are low. Wiring shall be permanent and without a disconnecting switch other than as required for overcurrent protection.

become inoperable or begin producing end-of-life signals shall be replaced.

Exceptions:

1. Smoke alarms are permitted to be solely battery operated in existing buildings where construction is not taking place.
2. Smoke alarms are permitted to be solely battery operated in buildings that are not served from a commercial power source.
3. Smoke alarms are permitted to be solely battery operated in existing areas of buildings undergoing *alterations* or repairs that do not result in the removal of interior walls or ceiling finishes exposing the structure, unless there is an attic, crawl space or *basement* available that could provide access for building wiring without the removal of interior finishes.

[F] 704.6.4 Smoke detection system. Smoke detectors listed in accordance with UL 268 and provided as part of the building's fire alarm system shall be an acceptable alternative to single- and multiple-station smoke alarms and shall comply with the following:

1. The fire alarm system shall comply with all applicable requirements in Section 907 of the *International Fire Code*.
2. Activation of a smoke detector in a dwelling or sleeping unit shall initiate alarm notification in the *dwelling* or *sleeping unit* in accordance with Section 907.5.2 of the *International Fire Code*.
3. Activation of a smoke detector in a *dwelling* or *sleeping unit* shall not activate alarm notification appliances outside of the *dwelling* or *sleeping unit*, provided that a supervisory signal is generated and monitored in accordance with Section 907.6.6 of the *International Fire Code*.

[F] 704.7 Single- and multiple-station smoke alarms. Single- and multiple-station smoke alarms shall be tested and maintained in accordance with the manufacturer's instructions. Smoke alarms that do not function shall be replaced. Smoke alarms installed in one- and two-family dwellings shall be replaced not more than 10 years from the date of manufacture marked on the unit, or shall be replaced if the date of manufacture cannot be determined.

SECTION 705 CARBON MONOXIDE ALARMS AND DETECTION

[F] 705.1 General. Carbon monoxide alarms shall be installed in dwellings in accordance with Section 1103.9 of the *International Fire Code*, except that alarms in dwellings covered by the *International Residential Code* shall be installed in accordance with Section R315 of that code.

[F] 705.2 Carbon monoxide alarms and detectors. Carbon monoxide alarms and carbon monoxide detection systems shall be maintained in accordance with NFPA 720. Carbon monoxide alarms and carbon monoxide detectors that

CHAPTER 8

REFERENCED STANDARDS

User note:

About this chapter: This code contains numerous references to standards promulgated by other organizations that are used to provide requirements for materials and methods of construction. Chapter 8 contains a comprehensive list of all standards that are referenced in this code. These standards, in essence, are part of this code to the extent of the reference to the standard.

This chapter lists the standards that are referenced in various sections of this document. The standards are listed herein by the promulgating agency of the standard, the standard identification, the effective date and title and the section or sections of this document that reference the standard. The application of the referenced standards shall be as specified in Section 102.8.

ASME American Society of Mechanical Engineers
Two Park Avenue
New York, NY 10016-5990

ASME A17.1—2019/CSA B44—19: Safety Code for Elevators and Escalators
606.1

ASTM ASTM International
100 Barr Harbor Drive, P.O. Box C700
West Conshohocken, PA 19428-2959

F1346—91 (2018): Performance Specifications for Safety Covers and Labeling Requirements for All Covers for Swimming Pools, Spas and Hot Tubs
303.2

ICC International Code Council
500 New Jersey Avenue, NW 6th Floor
Washington, DC 20001

IBC—21: International Building Code®
102.3, 201.3, 304.1.1, 305.1.1, 306.1.1, 403.1, 604.3.1.1, 604.3.2.1, 702.3, 704.4.2

IEBC—21: International Existing Building Code®
102.3, 201.3, 304.1.1, 305.1.1, 306.1.1

IECC—21: International Energy Conservation Code®
102.3

IFC—21: International Fire Code®
102.3, 201.3, 604.3.1.1, 702.1, 702.2, 704.1, 704.1.2, 704.1.3, 704.3, 704.3.1, 704.4.2, 704.4.3, 704.5.1, 704.6.4, 705.1

IFGC—21: International Fuel Gas Code®
102.3, 201.3

IMC—21: International Mechanical Code®
102.3, 201.3

IPC—21: International Plumbing Code®
102.3, 201.3, 502.5, 505.1, 505.5.1, 602.2, 602.3

IRC—21: International Residential Code®
102.3, 201.3

IZC—21: International Zoning Code®
102.3, 201.3

REFERENCED STANDARDS

NFPA

National Fire Protection Association
1 Batterymarch Park
Quincy, MA 02169-7471

- 10—21: Standard for Portable Fire Extinguishers**
Table 704.2
- 12—18: Standard on Carbon Dioxide Extinguishing Systems**
Table 704.2
- 12A—18: Standard on Halon 1301 Fire Extinguishing Systems**
Table 704.2
- 17—20: Standard for Dry Chemical Extinguishing Systems**
Table 704.2
- 17A—20: Standard for Wet Chemical Extinguishing Systems**
Table 704.2
- 25—20: Standard for the Inspection, Testing and Maintenance of Water-Based Fire Protection Systems**
Table 704.2
- 70—20: National Electrical Code**
102.3, 201.3, 604.2
- 72—19: National Fire Alarm and Signaling Code**
Table 704.2
- 80—19: Standard for Fire Doors and Other Opening Protectives**
703.3.3, 703.4
- 105—19: Standard for Smoke Door Assemblies and Other Opening Protectives**
703.3.2
- 204—18: Standard for Smoke and Heat Venting**
Table 704.2
- 720—15: Standard for the Installation of Carbon Monoxide (CO) Detection and Warning Equipment**
705.2
- 750—19: Standard on Water Mist Fire Protection Systems**
Table 704.2
- 2001—18: Standard on Clean Agent Fire Extinguishing Systems**
Table 704.2

UL

Underwriters Laboratories, LLC
333 Pfingsten Road
Northbrook, IL 60062

- 268—2016: Smoke Detectors for Fire Alarm Systems—with revisions through July 2016**
704.6.4

APPENDIX A

BOARDING STANDARD

The provisions contained in this appendix are not mandatory unless specifically referenced in the adopting ordinance.

User note:

About this appendix: Appendix A provides minimum specifications for boarding a structure. This can be utilized by a jurisdiction as a set of minimum requirements in order to result in consistent boarding quality. These requirements also provide a reasonable means to eliminate having to approve numerous methods or materials for the boarding and securing of a structure. It is important to note that the provisions of Appendix A are not mandatory unless specifically referenced in the adopting ordinance of the authority having jurisdiction.

A101 GENERAL

A101.1 General. Windows and doors shall be boarded in an *approved* manner to prevent entry by unauthorized persons and shall be painted to correspond to the color of the existing structure.

A102 MATERIALS

A102.1 Boarding sheet material. Boarding sheet material shall be minimum $\frac{1}{2}$ -inch-thick (12.7 mm) wood structural panels complying with the *International Building Code*.

A102.2 Boarding framing material. Boarding framing material shall be minimum nominal 2-inch by 4-inch (51 mm by 102 mm) solid sawn lumber complying with the *International Building Code*.

A102.3 Boarding fasteners. Boarding fasteners shall be minimum $\frac{3}{8}$ -inch-diameter (9.5 mm) carriage bolts of such a length as required to penetrate the assembly and as required to adequately attach the washers and nuts. Washers and nuts shall comply with the *International Building Code*.

A103 INSTALLATION

A103.1 Boarding installation. The boarding installation shall be in accordance with Figures A103.1(1) and A103.1(2) and Sections A103.2 through A103.5.

A103.2 Boarding sheet material. The boarding sheet material shall be cut to fit the door or window opening neatly or shall be cut to provide an equal overlap at the perimeter of the door or window.

A103.3 Windows. The window shall be opened to allow the carriage bolt to pass through or the window sash shall be removed and stored. The 2-inch by 4-inch (51 mm by 102 mm) strong back framing material shall be cut minimum 2 inches (51 mm) wider than the window opening and shall be placed on the inside of the window opening 6 inches (152 mm) minimum above the bottom and below the top of the window opening. The framing and boarding shall be predrilled. The assembly shall be aligned and the bolts, washers and nuts shall be installed and secured.

A103.4 Door walls. The door opening shall be framed with minimum 2-inch by 4-inch (51 mm by 102 mm) framing material secured at the entire perimeter and vertical members at a maximum of 24 inches (610 mm) on center. Blocking shall also be secured at a maximum of 48 inches (1219 mm) on center vertically. Boarding sheet material shall be secured with screws and nails alternating every 6 inches (152 mm) on center.

A103.5 Doors. Doors shall be secured by the same method as for windows or door openings. One door to the structure shall be available for authorized entry and shall be secured and locked in an *approved* manner.

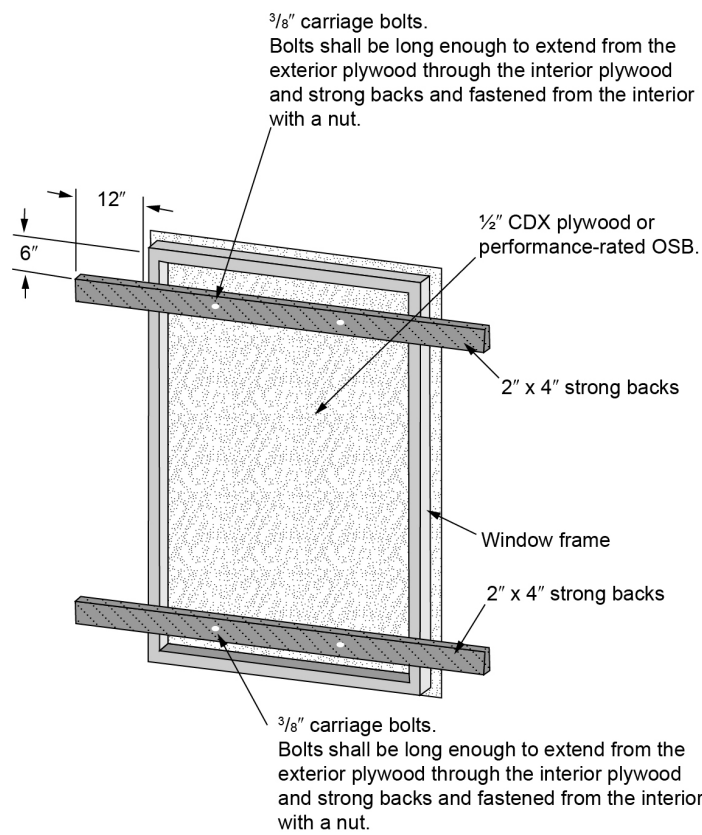
A104 REFERENCED STANDARD

A104.1 Referenced standards. Table A104.1 lists the standard that is referenced in various sections of this appendix. The standard is listed herein by the standard identification, the effective date and title and the section or sections of this document that reference the standard. The application of the referenced standards shall be as specified in Section 102.8.

**TABLE A104.1
REFERENCED STANDARD**

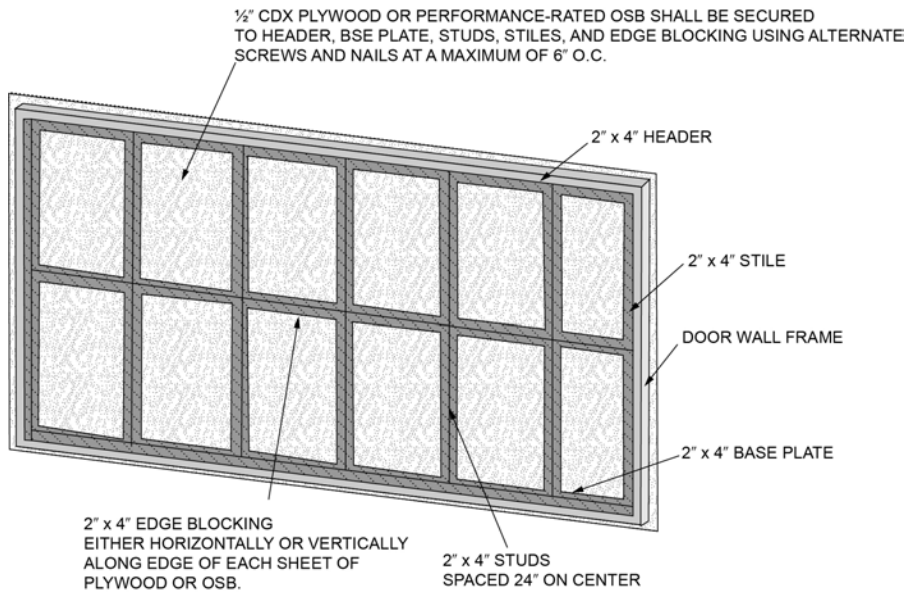
STANDARD ACRONYM	STANDARD NAME	SECTIONS HEREIN REFERENCED
IBC—21	International Building Code	A102.1, A102.2, A102.3

APPENDIX A BOARDING STANDARD



For SI: 1 inch = 25.4 mm.

FIGURE A103.1(1)
BOARDING OF DOOR OR WINDOW



For SI: 1 inch = 25.4 mm.

FIGURE A103.1(2)
BOARDING OF DOOR WALL

APPENDIX B

BOARD OF APPEALS

The provisions contained in this appendix are not mandatory unless specifically referenced in the adopting ordinance.

User note:

About this appendix: Appendix B provides criteria for Board of Appeals members. Also provided are procedures by which the Board of Appeals should conduct its business.

Code development reminder: Code change proposals to this appendix will be considered by the Administrative Code Development Committee during the 2022 (Group B) Code Development Cycle.

SECTION B101 GENERAL

B101.1 Scope. A board of appeals shall be established within the jurisdiction for the purpose of hearing applications for modification of the requirements of this code pursuant to the provisions of Section 107 (Means of Appeals). The board shall be established and operated in accordance with this section, and shall be authorized to hear evidence from appellants and the code official pertaining to the application and intent of this code for the purpose of issuing orders pursuant to these provisions.

B101.2 Application for appeal. Any person shall have the right to appeal a decision of the *code official* to the board. An application for appeal shall be based on a claim that the intent of this code or the rules legally adopted hereunder have been incorrectly interpreted, the provisions of this code do not fully apply or an equally good or better form of construction is proposed. The application shall be filed on a form obtained from the *code official* within 20 days after the notice was served.

B101.2.1 Limitation of authority. The board shall not have authority to waive requirements of this code or interpret the administration of this code.

B101.2.2 Stays of enforcement. Appeals of notice and orders, other than *Imminent Danger* notices, shall stay the enforcement of the notice and order until the appeal is heard by the board.

B101.3 Membership of the board. The board shall consist of five voting members appointed by the chief appointing authority of the jurisdiction. Each member shall serve for [INSERT NUMBER OF YEARS] years or until a successor has been appointed. The board member's terms shall be staggered at intervals, so as to provide continuity. The *code official* shall be an ex officio member of said board but shall not vote on any matter before the board.

B101.3.1 Qualifications. The board shall consist of five individuals, who are qualified by experience and training to pass on matters pertaining to building construction and are not employees of the jurisdiction.

B101.3.2 Alternate members. The chief appointing authority is authorized to appoint two alternate members who shall be called by the board chairperson to hear appeals during the absence or disqualification of a

member. Alternate members shall possess the qualifications required for board membership, and shall be appointed for the same term or until a successor has been appointed.

B101.3.3 Vacancies. Vacancies shall be filled for an unexpired term in the same manner in which original appointments are required to be made.

B101.3.4 Chairperson. The board shall annually select one of its members to serve as chairperson.

B101.3.5 Secretary. The chief appointing authority shall designate a qualified clerk to serve as secretary to the board. The secretary shall file a detailed record of all proceedings which shall set forth the reasons for the board's decision, the vote of each member, the absence of a member and any failure of a member to vote.

B101.3.6 Conflict of interest. A member with any personal, professional or financial interest in a matter before the board shall declare such interest and refrain from participating in discussions, deliberations and voting on such matters.

B101.3.7 Compensation of members. Compensation of members shall be determined by law.

B101.3.8 Removal from the board. A member shall be removed from the board prior to the end of their terms only for cause. Any member with continued absence from regular meeting of the board may be removed at the discretion of the chief appointing authority.

B101.4 Rules and procedures. The board shall establish policies and procedures necessary to carry out its duties consistent with the provisions of this code and applicable state law. The procedures shall not require compliance with strict rules of evidence, but shall mandate that only relevant information be presented.

B101.5 Notice of meeting. The board shall meet upon notice from the chairperson, within 10 days of the filing of an appeal or at stated periodic intervals.

B101.5.1 Open hearing. All hearings before the board shall be open to the public. The appellant, the appellant's representative, the *code official* and any person whose interests are affected shall be given an opportunity to be heard.

APPENDIX B BOARD OF APPEALS

B101.5.2 Quorum. Three members of the board shall constitute a quorum.

B101.5.3 Postponed hearing. When five members are not present to hear an appeal, either the appellant or the appellant's representative shall have the right to request a postponement of the hearing.

B101.6 Legal counsel. The jurisdiction shall furnish legal counsel to the board to provide members with general legal advice concerning matters before them for consideration. Members shall be represented by legal counsel at the jurisdiction's expense in all matters arising from service within the scope of their duties.

B101.7 Board decision. The board shall only modify or reverse the decision of the *code official* by a concurring vote of three or more members.

B101.7.1 Resolution. The decision of the board shall be by resolution. Every decision shall be promptly filed in writing in the office of the *code official* within three days and shall be open to the public for inspection. A certified copy shall be furnished to the appellant or the appellant's representative and to the *code official*.

B101.7.2 Administration. The *code official* shall take immediate action in accordance with the decision of the board.

B101.8 Court review. Any person, whether or not a previous party of the appeal, shall have the right to apply to the appropriate court for a writ of certiorari to correct errors of law. Application for review shall be made in the manner and time required by law following the filing of the decision in the office of the chief administrative officer.

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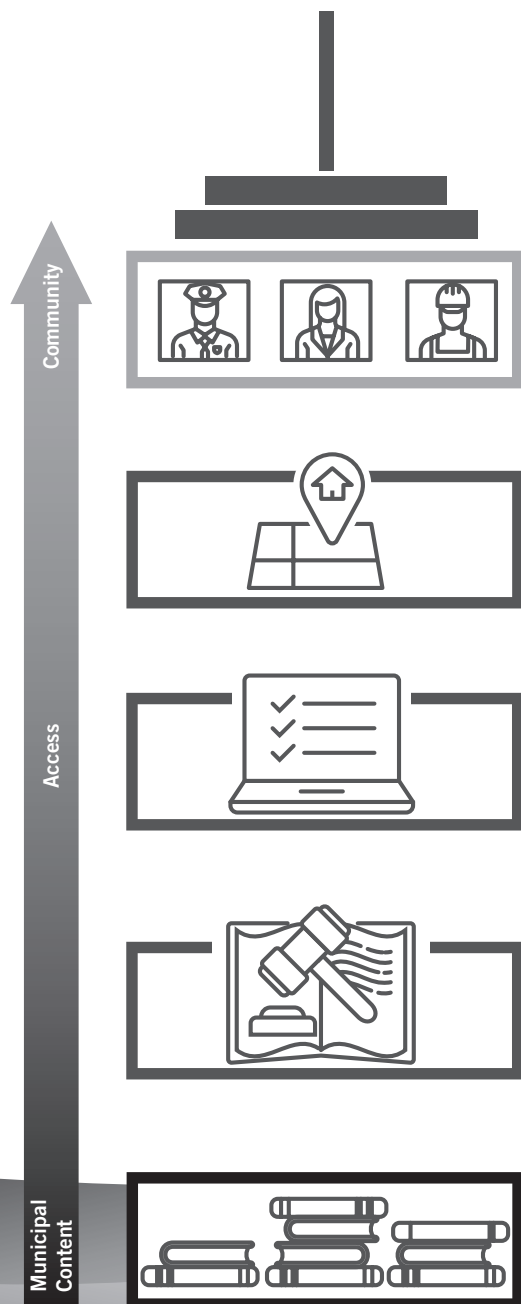


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Presenter: Rick White, Public Services Director

Agenda Item: Consider any action on awarding the 2022 Sidewalk Improvement Project (Bid No. 2023-004) to RNO Construction LLC.

Background and Explanation:

The 2022 Sidewalk Improvement Project provides for the installation of new sidewalks along Ash Avenue and Kimbrough Drive. The Ash Avenue sidewalk connects the newly installed sidewalk for the new Azle Grove subdivision to the Oak Harbor subdivision. The Kimbrough Drive sidewalk will connect the recently installed Stribling Drive sidewalk (from Shady Grove Park to Kimbrough) and the Ascot Way sidewalk to the new Stone Eagle subdivision. At completion, there will be continual sidewalk connectivity to the Azle Grove, Falcon Ridge, Harbor Parc, Oak Harbor, and Stone Eagle subdivisions, as well as to Walnut Creek Elementary School and FM730. The budgeted amount in the Municipal Development District's budget for the Project is \$281,000, of which \$242,800 is anticipated for the construction.

On February 23, 2023, six (6) sealed bids were opened and read aloud for the Project. RNO Construction, LLC submitted the lowest responsible bid at \$168,475.00. A complete bid tabulation is attached as well as a letter of recommendation from Jacob Martin, LLC, the City's consulting engineer.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Staff Recommends awarding the Project to RNO Construction, LLC.

Attachments:

1. Bid Tab - Azle Sidewalk
2. Engineers Recommendation

BID TABULATION



BASE BID SCHEDULE

For all Labor, Materials, Equipment, and
Incidentals to Furnish and Install the

				RNO Construction, LLC 13722 Indian Wells Rd Dallas, TX 75253		Ti-Zack Concrete, Inc. 39352 221st Ave Le Center, MN 56057		JRM Construction Services 5189 E I-20, Ste 106 Willow Park, TX 76087		Northstar Construction, LLC 2122 Solona St Fort Worth, TX 76117		GRod Construction, LLC 889 E Rock Island Ave Boyd, TX 76023		Greeniverse Construction, LLC 101 W Hundley Dr Lake Dallas, TX 75065		
Item #	Item Description	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	
1	6' Concrete Sidewalk	1,685	LF	\$ 45.00	\$ 75,825.00	\$ 81.57	\$ 137,445.45	\$ 78.00	\$ 131,430.00	\$ 80.00	\$ 134,800.00	\$ 61.00	\$ 102,785.00	\$ 81.18	\$ 136,788.30	
2	Curb Cut & Curb Ramp	12	EA	\$ 2,000.00	\$ 24,000.00	\$ 2,698.65	\$ 32,383.80	\$ 1,280.50	\$ 15,366.00	\$ 1,200.00	\$ 14,400.00	\$ 2,700.00	\$ 32,400.00	\$ 3,300.05	\$ 39,600.60	
3	Crosswalk Striping	4	EA	\$ 500.00	\$ 2,000.00	\$ 1,100.00	\$ 4,400.00	\$ 750.00	\$ 3,000.00	\$ 2,100.00	\$ 8,400.00	\$ 1,800.00	\$ 7,200.00	\$ 1,515.21	\$ 6,060.84	
4	Sidewalk Grate	5	LF	\$ 1,250.00	\$ 6,250.00	\$ 429.20	\$ 2,146.00	\$ 520.00	\$ 2,600.00	\$ 625.00	\$ 3,125.00	\$ 2,500.00	\$ 12,500.00	\$ 1,422.22	\$ 7,111.10	*
5	21" Culvert Extension w/ Endwall	10	LF	\$ 700.00	\$ 7,000.00	\$ 275.00	\$ 2,750.00	\$ 620.00	\$ 6,200.00	\$ 335.00	\$ 3,350.00	\$ 975.00	\$ 9,750.00	\$ 1,051.37	\$ 10,513.70	
6	18" Culvert Extension w/ Endwall	10	LF	\$ 700.00	\$ 7,000.00	\$ 220.00	\$ 2,200.00	\$ 620.00	\$ 6,200.00	\$ 320.00	\$ 3,200.00	\$ 945.00	\$ 9,450.00	\$ 989.52	\$ 9,895.20	
7	Retaining Wall	44	LF	\$ 600.00	\$ 26,400.00	\$ 82.27	\$ 3,619.88	\$ 400.00	\$ 17,600.00	\$ 521.00	\$ 22,924.00	\$ 510.00	\$ 22,440.00	\$ 606.09	\$ 26,667.96	
8	Traffic Control Plan	1	LS	\$ 15,000.00	\$ 15,000.00	\$ 11,000.00	\$ 11,000.00	\$ 6,500.00	\$ 6,500.00	\$ 6,400.00	\$ 6,400.00	\$ 7,000.00	\$ 7,000.00	\$ 17,316.60	\$ 17,316.60	
9	Erosion Control	1	LS	\$ 5,000.00	\$ 5,000.00	\$ 1,100.00	\$ 1,100.00	\$ 12,750.00	\$ 12,750.00	\$ 13,200.00	\$ 13,200.00	\$ 8,500.00	\$ 8,500.00	\$ 8,658.30	\$ 8,658.30	
TOTAL BASE BID (Items 1 - 9)				\$ 168,475.00		\$ 197,045.13		\$ 201,646.00		\$ 209,799.00		\$ 212,025.00		\$ 262,612.60 *		

(*) = Extension error



INTEGRITY
EXCELLENCE
TRUST

February 27, 2023

Mr. Rick White
Public Services Director
City of Azle
613 Southeast Parkway
Azle, Texas 76020

Re: 2022 Sidewalk Improvements

Dear Mr. White:

We have reviewed the bids for the above referenced project and I have enclosed a bid tabulation showing the breakdown of the bids. There were seven bids received and six accepted. The low bid was submitted by RNO Construction, LLC in the amount of \$168,475.00.

We have found no reason to disqualify the low bidder and recommend award of the contract to RNO Construction, LLC for the total bid of **\$168,475.00**.

Assuming Council concurs, we will begin preparing executable contract documents. Please feel free to contact me if you have any questions or concerns.

Sincerely,

Derek Turner, P.E.
JACOB | MARTIN

Enclosure



3465 Curry Lane
Abilene, TX 79606
325.695.1070

908 S. Main Street, Suite 100
Boerne, TX 78006
325.695.1070

4920 S. Loop 289, Suite 104
Lubbock, TX 79414
806.368.6375

1925 Fort Worth Highway
Weatherford, TX 76086
817.594.9880



Presenter: Tom Muir, City Manager

Agenda Item: Consider any action on Ordinance No. 2023-05, prohibiting the sale of dogs and cats.

Background and Explanation:

At the last Council meeting, the Council requested an ordinance prohibiting the sales of dogs and cats within the City other than where the animal(s) were born.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Ord. 2023-05 Revised

ORDINANCE NO. 2023-05

AN ORDINANCE AMENDING SECTION 2.02.006 “PROHIBITED SALES” OF ARTICLE 2.02 “DOGS AND CATS” OF CHAPTER 2 “ANIMAL CONTROL” OF THE CODE OF ORDINANCES, CITY OF AZLE, TEXAS, TO DISALLOW THE SALE OF DOGS AND CATS IN AREAS OTHER THAN WHERE THEY WERE BORN; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATIONS HEREOF; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Azle, Texas is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council previously adopted regulations for the sale of dogs and cats within the City; and

WHEREAS, the City Council now desires to update and amend those regulations.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS:

SECTION 1.

Section 2.02.006 of Article 2.02 “Dogs and Cats” of Chapter 2 “Animal Control” of the Code of Ordinances, City of Azle, Texas, is amended to read as follows:

“§ 2.02.006 Prohibited sales.

- (a) It shall be unlawful for any person to exchange a cat or dog for consideration, regardless of the age of the cat or dog, at a location other than where the cat or dog was born.
- (b) It shall be unlawful for any person to sell, exchange, trade, barter, lease, rent, give away or display for a commercial purpose any live animal on any roadside, public right-of-way, parkway, median, park, playground, swimming pool, other recreation area, flea market or commercial or retail parking lot that is generally accessible by the public, regardless of whether such access is authorized.
- (c) A person commits an offense if the person fails to comply with this section.
- (d) It is an affirmative defense to prosecution under subsections (a) and (b) above that the person is a: veterinary clinic; animal hospital; animal shelter; animal welfare, rescue and/or adoption agency that is a registered nonprofit entity in compliance with § 501(c)(3) of the Internal Revenue Code; bona fide zoological park; circus; educational institution; museum;

licensed laboratory; publicly owned nature center; bona fide member of an educational or scientific association or society approved by the director of health; persons holding permits from an agency of the state or the United States for the care and keeping of animals for rehabilitative purposes; animal establishment in compliance with the terms of this chapter; or individual caring for animals in their private residence in compliance with the terms of this chapter.

(e) This section does not apply to:

- (1) The animal ~~care and control centers~~shelter or an animal ~~care-shelter and control center~~ certified partner or a not-for-profit 501(c)(3) animal welfare organization;
- (2) An event primarily for the exhibition and judging of cats or dogs; or
- (3) A mobile pet adoption event at which consideration is paid if it is operated by an organization that is exempt pursuant to subsection (c)(1) of this section.

(f) Officers in the city's public health, code compliance and police departments are authorized to investigate alleged violations of this section and to issue citations for such violations.

(g) Authority for removal of animal. The animal control authority shall have authority to remove or cause to be removed from the premises on which the animal is offered for adoption any animal, which, in the determination of the animal control authority, poses a risk to the health or safety of the public or of other animals.

SECTION 2.

This ordinance shall be cumulative of all provisions of ordinances of the City of Azle, Texas, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 3.

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 4.

A person, firm, or corporation violating any of the terms and provisions of this ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be fined in accordance with Section 1.01.009 of the Code of Ordinances, City of Azle, Texas. Each such

violation shall be deemed a separate offense and shall be punishable as such hereunder.

SECTION 5.

All rights and remedies of the City of Azle are expressly saved as to any and all violations of the provisions of the Code of Ordinances, City of Azle, Texas, as amended, or any other ordinances affecting animals which have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

SECTION 6.

The City Secretary of the City of Azle is hereby directed to publish caption and penalty clause in the official newspaper at least once within ten (10) days after the passage of this ordinance.

SECTION 7.

This ordinance shall be in full force and effect after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS 7TH DAY OF MARCH 2023.

Alan Brundrett, Mayor

ATTEST:

Yael Forgey, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Cara Leahy White, City Attorney



Presenter:	David Hawkins, Director of Planning and Development
Agenda Item:	Conduct a public hearing and take any action on Ordinance No. 2023-04 regarding a proposed zoning change request from the Single Family Five (SF-5) District to Heavy Commercial (HC) District for approximately 0.36 acres of land, being described as Tract 2 in the G.W. McKinsey Survey, Abstract No. 1827, City of Azle, Tarrant County, Texas. The property is addressed as 109 Porter Drive and is generally located on the southwest corner of Porter Drive and Southeast Parkway (Hwy. 199).

Background and Explanation:

The applicant for this zoning change owns the subject property as well as the adjacent wrecker service business to the east of this property. The existing house on 109 Porter Drive has been used as a single-family residence under the SF-5 zoning. The applicant is requesting the property zoning of SF-5 be rezoned to Heavy Commercial (HC) so it may be added to the wrecker service business as part of its expansion. If the zoning change is approved, then the house would be converted into an office building to serve the customers of the wrecker service.

If the zoning change is approved and the house is redeveloped into an office building, then there will be a required 8-foot masonry screening wall along the west property line adjacent to the SF-5 zoned property. The applicant intends to request a separate variance to be considered by the City Council to allow the metal panel fencing to be used in lieu of a masonry screening wall.

The subject property is designated as "Commercial" on the Future Land Use Plan Map so this zoning change request would be in line with the Comprehensive Master Plan for Azle.

Existing Condition of Property:

The property currently has an existing single-family residence located on the south side of Porter Drive.

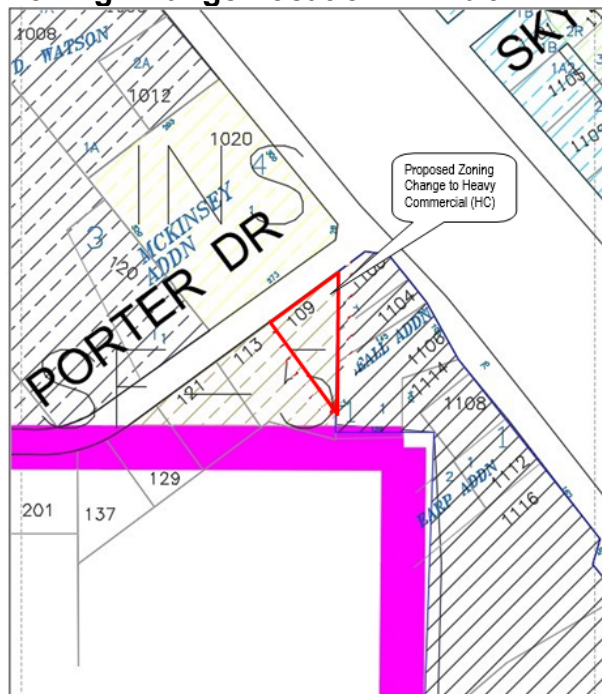
Adjacent Zoning:

North: Institutional (INS)
 South: Outside of City of Azle limits
 East: Heavy Commercial (HC)
 West: Single Family Five (SF-5)

Current Zoning:

This zoning change request is a straight zoning change from one district to another. There is no Planned Development or Concept Plan associated with this request. A change to the Heavy Commercial (HC) zoning district would permit any business or land use listed in the Permitted Use Chart in Section 4.10 of the Azle Zoning Ordinance (see attached Permitted Use Schedule in packets).

Zoning Change Location Exhibit:



Police Impact:

No impact on services

Fire Impact:

No impact on services

Utilities:

Water - Water is available to serve this property.

Sewer - Sewer is available to serve this property.

Storm Water – Storm water and drainage plans will be reviewed at the permitting phase should the zoning change be approved.

Zoning Change Notification Process:

Seven (7) letters were sent to surrounding property owners. As of March 1, 2023, staff has received two (2) formal responses from the public.

Board/Commission/Committee Recommendation:

The Planning and Zoning Commission held a public hearing and recommended approval of this zoning change request as presented at their February 16, 2023 meeting. The motion carried unanimously (6-0; Commissioner Carlson was absent).

Options for the City Council:

1. Approve as submitted
2. Denial
3. Table the case to a future meeting

Staff Recommendation:

The proposed zoning change is in conformance with the City of Azle's Comprehensive Master Plan. Staff forwards this zoning change request to the City Council for their consideration.

Attachments:

1. Zoning Letter - PZ 2.2.2023
2. Zoning Change Exhibit A - 109 Porter Dr. 3.7.2023
3. Zoning Change Exhibits - 109 Porter Dr. 3.7.2023
4. Public Response Letters
5. Section 4.10 - Permitted Use Schedule
6. Ord. 2023-04 Zoning Change

Azle Zoning and planning board, .

Dec.29, 2022

Re: 109 Porter Dr.

I am Deborah Burrows, my husband James Burrows we own Wells and Woods Wrecker Service at 1106 Southeast Parkway which we purchased back in 2008. We purchased 109 Porter house 2011. We originally bought that property to add to the Wells yard. Instead I tried to put renters in there and it just not worth it. I've been left to where we have had to completely rip floors out and left with unbelievable filth and 6ft high grass, city going to fine me. So we would much rather open it up to a office space.

Our current building is extremely old and very small.

We are coming to ask if this can be made into our new office space. We would like to rezone 109 Porter from SF 5 to Heavy commercial zone to match the 1106 southeast Parkway. I have attached photos of the current plans. It will only be used as foot traffic the existing gates will stay as is on the tow lot. The new area will not have gates it will be a stationary fence , this way we are not disturbing anyone in the evenings.

We have spoken to 113 Porter , Brooks Brown 817-832-2746. He was great with the changes, we will be replacing his fence to his liking.(8ft masonry wall is required, but I would like to request to put a 8ft Metal fence to match the rest of the yard.) My existing fence are grandfathered in. So I come to you asking for approval to expand our business in Azle, so I intend to make the request once approved by the city.

I also understand that it will have to voted by the council for the variance.

I am needing to get a new survey with both properties once this can be processed.

If I have missed something please reach out to me, I will take care of whatever you need.

Thanks

Deborah Burrows

817-475-0268

Wellswrecker@gmail.com

Page 1 of 2

El Paso Title Co. 2033001952

Tarrant County Texas

Official Public Records

9/16/2011 8:55 AM

D211225058

PGS 2 \$20.00

Submitter: ACS

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

GENERAL WARRANTY DEED
(Cash)

THE STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

§

COUNTY OF TARRANT

§

THAT THE UNDERSIGNED, CLIFF GLENN and SAVANNAH GLENN herein referred to as "Grantor," whether one or more, for and in consideration of the sum of TEN DOLLARS (\$10.00) cash, and other good and valuable consideration in hand paid by the Grantee, herein named, the receipt and sufficiency of which is hereby fully acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does hereby GRANT, SELL and CONVEY unto JAMES BURROWS herein referred to as "Grantee," whether one or more, the real property described as follows:

Surface estate only in and to lot, tract or parcel of land situated in Tarrant County, Texas and being more fully described as follows, to wit: Being 0.36 acres of land, more or less out of the G.W. McKinsey Survey, Abst. #1827, Tarrant County, Texas, and described by metes and bounds as follows:

Beginning at an iron pin 125.5 feet West and 70.84 feet North from the Northeast corner of Juan Armandaris Survey, Abst. #1775;

Thence North 9 deg. 03 min. 255.0 feet to nail for corner in the center line of Porter Drive;

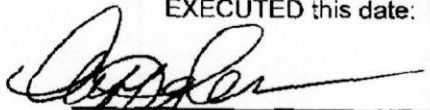
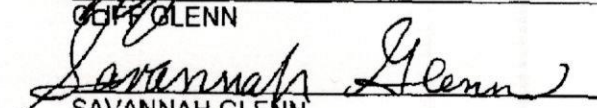
Thence South 53 deg. 45 min. West, along the center of Porter Drive, 150.95 feet to iron pin for corner;

Thence South 36 deg. 15 min. East, 205.5 feet to the Point of Beginning and containing 0.36 acres of land, more or less.

This conveyance, however, is made and accepted subject to any and all validly existing encumbrances, conditions and restrictions, relating to the hereinabove described property as now reflected by the records of the County Clerk of TARRANT County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all the rights and appurtenances lawfully accompanying it, by the Grantee, Grantee's heirs, executors, administrators, successors and/or assigns forever; and Grantor does hereby bind Grantor, Grantor's heirs, executors, administrators, successors and/or assigns to WARRANT AND FOREVER DEFEND all the said premises unto the said Grantee, Grantee's heirs, executors, administrators, successors and/or assigns, against every person whomsoever claiming or to claim the same or any part thereof.

EXECUTED this date: September 6, 2011

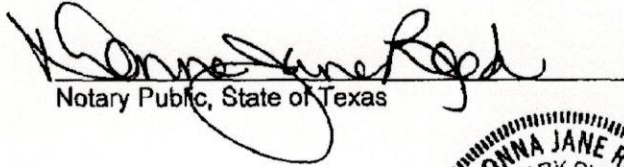

CLIFF GLENN

SAVANNAH GLENN

Grantee's Address:
101 TEEWAY COURT
AZLE, TX 76020

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on Sept 7, 2011, by CLIFF GLENN AND SAVANNAH GLENN.


Notary Public, State of Texas

AFTER RECORDING RETURN TO:
JAMES BURROWS
101 TEEWAY COURT
AZLE, TX 76020





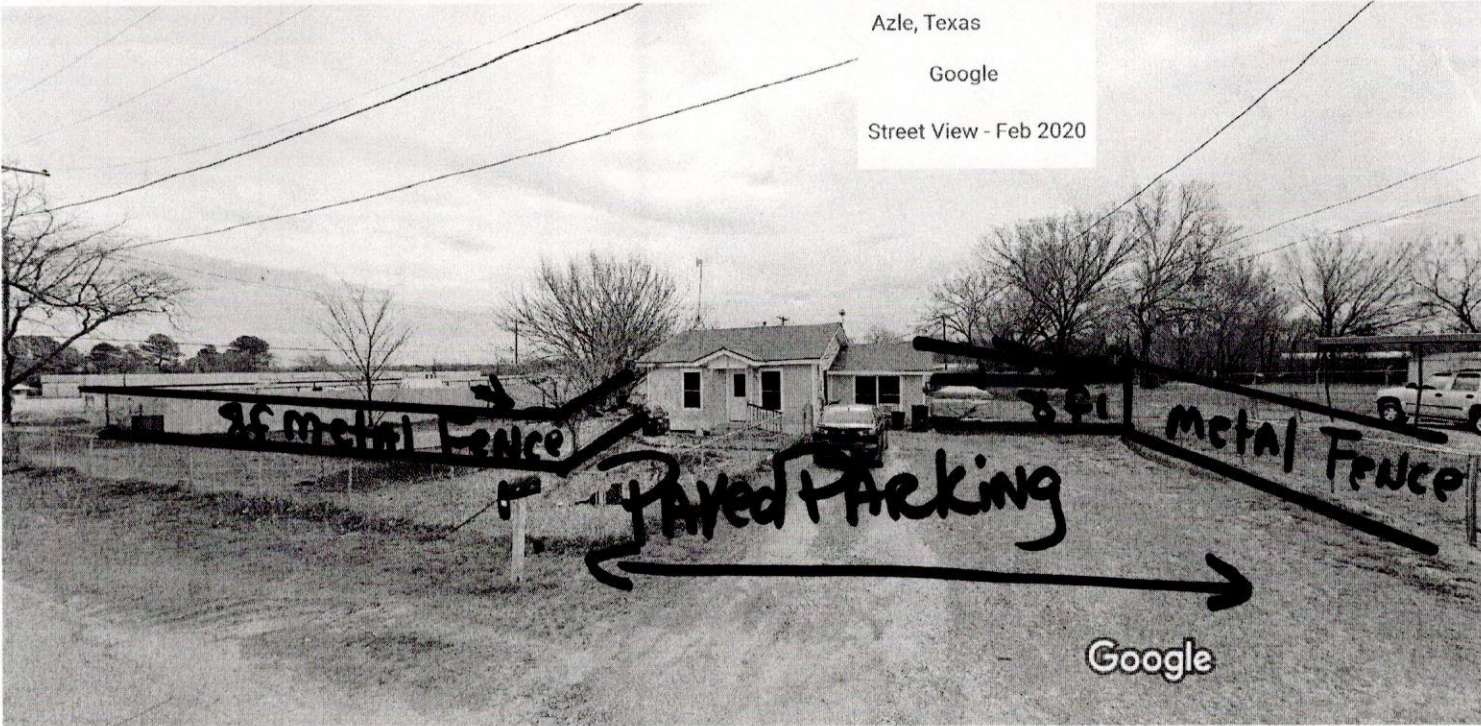
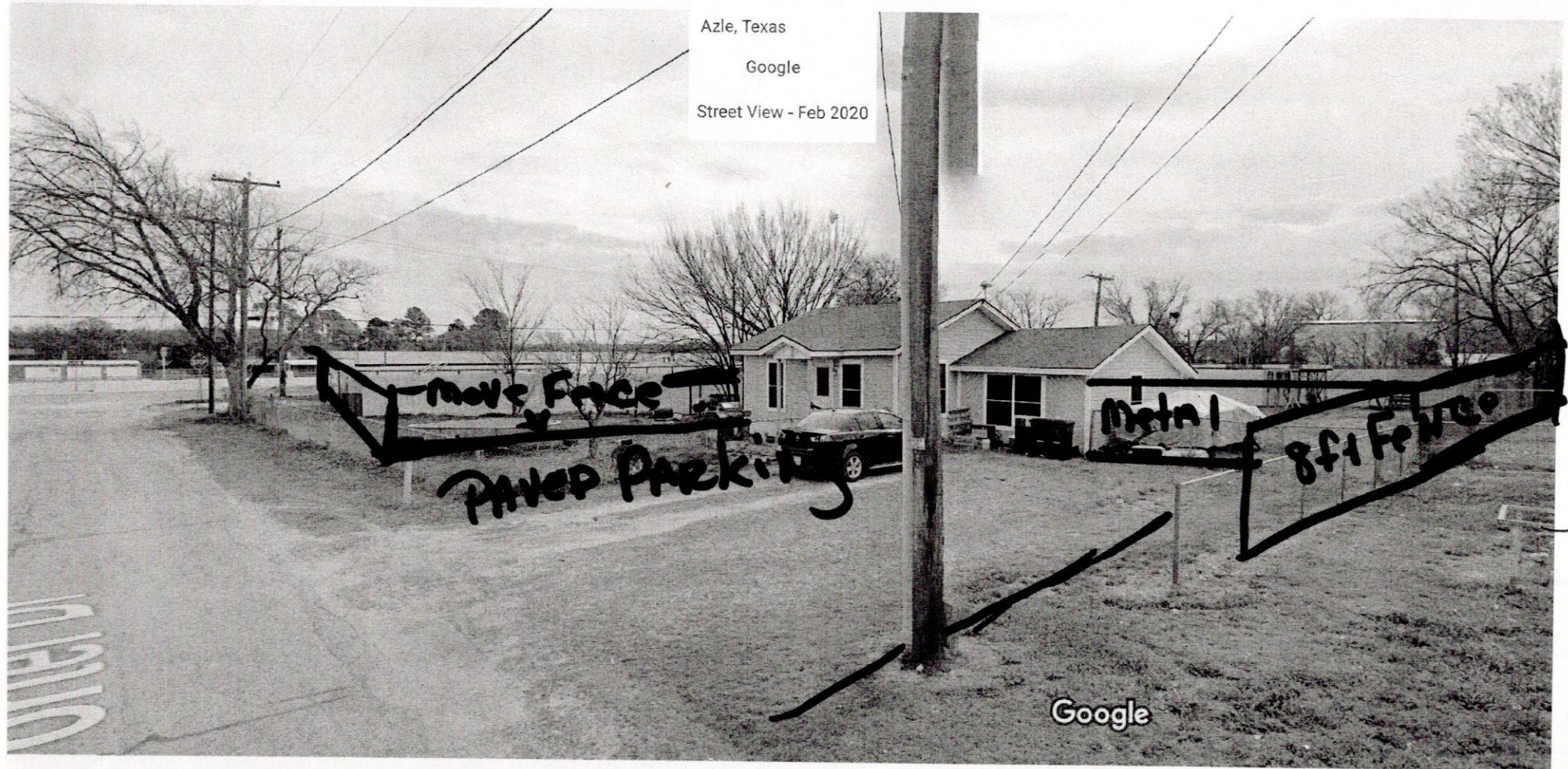


Image capture: Feb 2020 © 2022 Google

All

Street View & 360°



Azle, Texas
Google
Street View - Feb 2020

Google

Image capture: Feb 2020 © 2022 Google

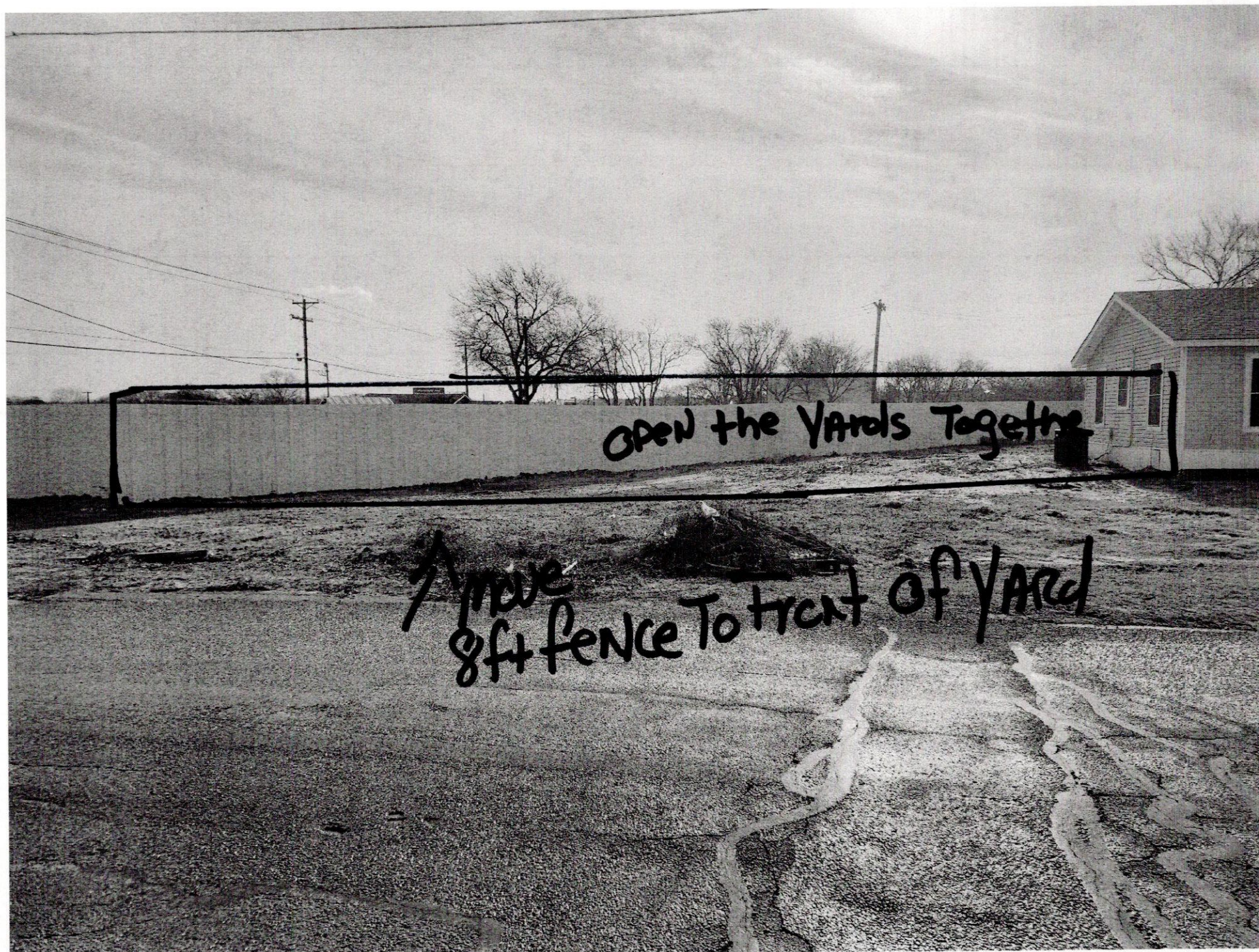


113 Porter Dr

All

Street View & 360°

No Gates Will be Added To
the New Office, All Gates
Remain As it is on the Parkway
& Porter.







NOTICE OF PUBLIC HEARING

Z2023-01

The Planning and Zoning Commission of the City of Azle will hold a public hearing on **Thursday, February 2, 2023** to consider making a recommendation to the City Council regarding a zoning change request from Single Family Five (SF-5) District to Heavy Commercial (HC) District for approximately 0.36 acres of land, being described as Tract 2 in the G.W. McKinsey Survey, Abstract No. 1827, City of Azle, Tarrant County, Texas. The property is addressed as 109 Porter Drive and is generally located on the southwest corner of Porter Drive and Southeast Parkway (Hwy. 199).

The public hearing will start at 6:00 p.m. in the City Council Chambers located at 505 W. Main, Azle, Texas. *Because you own property within two hundred (200) feet of the subject property, the Planning and Zoning Commission would like to hear how you feel about this request and invites you to attend the public hearing.* Please, in order for your opinion to be taken into account, return this form with your comments prior to the date of the public hearing. *(This in no way prohibits you from attending and participating in the public hearing.)* You may mail it to the address below or drop it off in person:

Planning Department
PO Box 1378
Azle, Texas 76098
Attn: David Hawkins, AICP

The process includes two public hearings designed to provide opportunities for citizen involvement and comment. Prior to the public hearings, landowners within two hundred (200) feet of the subject property are notified of the request by way of this notice. The first public hearing is held before the Planning and Zoning Commission. The Commission is informed of the percent of responses in support and in opposition. Second, the petition is forwarded to the City Council for final action. Should the Commission recommend denial, or if the owners of more than twenty (20) percent of the land area within two hundred (200) feet of the site submit written opposition, then six out of seven votes of the City Council are required to approve the request. **These forms are used to calculate the percentage of landowner opposition.**

Please circle one:

☒ In favor of request

☐ Neutral to request

☐ Opposed to request

Reasons for Opposition:

NEXT DOOR NEIGHBOR

Signature: _____

Printed Name: BROOKS BROWN

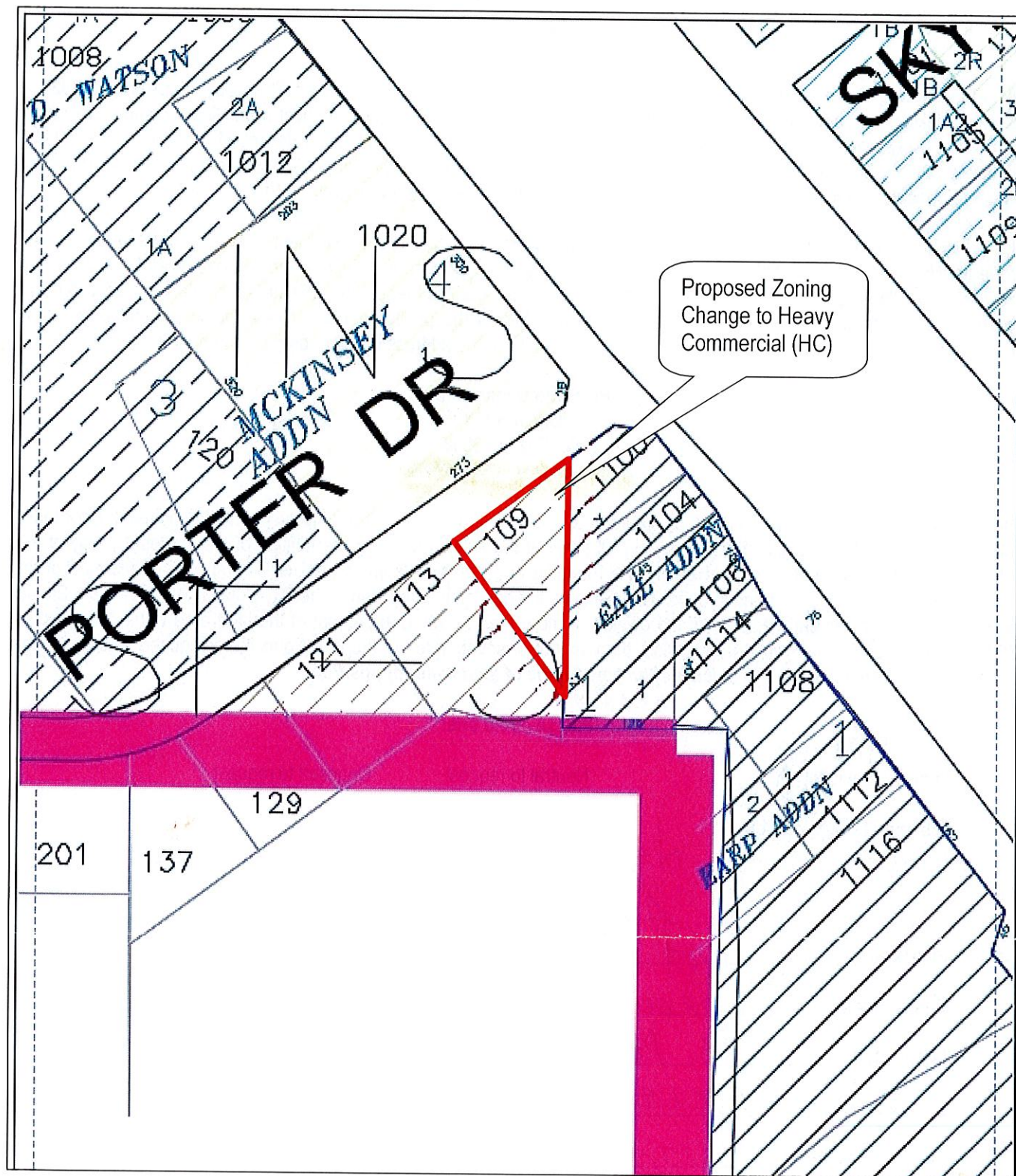
Mailing Address: 113 PORTER DR

City, State Zip: AZLE, TX. 76020

Telephone Number: 817-832-2744

Physical Address of Property within 200 feet: ✓

Zoning Change Location Exhibit



NOTICE OF PUBLIC HEARING

Z2023-01

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Please circle one:

☒ In favor of request

☐ Neutral to request

☐ Opposed to request

Reasons for Opposition:

Signature:

Printed Name:

Mailing Address:

City, State Zip:

Telephone Number:

Physical Address of Property within 200 feet:

Deborah Burrows, James Burrows

Deborah Burrows, James Burrows

101 Teelway Ct

Azle Tx 76020

817-475 0268 ^ 817-475 -7634

109 P 1106 Southeast Pkwy

SECTION 4 - ZONING DISTRICTS REGULATIONS

4.10 PERMITTED USE SCHEDULE:

PERMITTED USES	AG	LFO	E-1	E-2	E-3	SF-1	SF-2	SF-3	SF-3.5	SF-4	SF-5	SF-MHP	MD-1	MD-2	MF-1	MF-2	O	CBD	INS	C	HC	IND
Residential Uses																						
Agriculture activity	P																					
Livestock	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1	L1						
Single-family detached	P	P	P	P	P	P	P	P	P	P												
Two family/duplex													P	P	P	P						
Accessory dwellings																		L4				
HUD-code manufactured homes										L2	P	P										
Community homes for the disabled	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						
Multifamily 3 or more units													S	S	P	P						
Home occupation	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						
Group homes/halfway house	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S						
Accessory buildings	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3	L3						
Educational Uses																						
Public schools	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
College or university																	P	P	P	P	P	P
Private school														S	S	S	S	S	P	S	S	S
Trade school																	S	S	P	S	P	P

Adult or child day-care																	S	P	P	P	P	P
Child day-care 12 children or less	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S							
Institutional Uses																						
Basic utilities	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Churches	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Community service	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Conference/convention centers																	S	S	P	S	P	P
Cemeteries																			P			
Elderly housing															P	P			P			
Hospital																			P	P	P	
Medical centers																	P	P	P	P	P	P
Parks and recreation (public or private)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Wind generator (building mounted)																	L5	L5	L5	L5	L5	L5
Wind generator (free standing monopole)	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6	L6
Commercial Uses																						
Auto and RV sales																				P	P	
Bar																	S		S	S	S	
Bed and breakfast	S	S	S	S	S												S					
Broadcasting or production studio																			P	P	P	

Car wash																			S	P	P	
Commercial parking lots																P	P	P	P	P	P	
Equestrian facilities	P																					
Equipment rental																				P	P	
Free standing emergency medical care facility/urgent care																L12	L12	L12	L12	L12	L12	
Hotel /motel																S	S	S	P	P	P	
Indoor recreation																	P	P	P	P	P	
Laundry facilities																			S	P	P	
Major event entertainment	S																		P	P	P	
Medical laboratories																P	P	P	P	P	P	
Movie theaters																			P	P	P	
Outdoor recreation	P																		P	P	P	
Private club																	S		S	S	S	
Professional services and offices																P	P	P	P	P	P	
Quick vehicle servicing																	P		P	P	P	
Restaurant																P	P	P	P	P	P	
Retail sales and service																S	P	P	P	P	P	

RV camp ground/park																				S	S	
Scientific research																	P	P		P	P	P
Sexually oriented business																						S
Temporary construction office	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8	L8
Vehicle repair																					P	P
Industrial Uses																						
Bakeries																		P		P	P	P
Construction material sales																					P	P
Construction equipment sales/storage																						P
Distribution center																				P	P	P
Feed lots	S																					
Food processing	S																					S
Gas wells/oil wells	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S
Junk yards and auto wrecking																						S
Kennels	S																			L11	L11	L11
Manufacturing, light																		L7		L7	L7	P
Manufacturing, heavy																					L7	P
Manufacturing of nonodoriferous foods																						P

Motor freight terminal																						P
Printing/publishing																		P			P	P
Radio, tv or cellular towers																	S	S	S	S	S	S
Recycling business																					S	P
Sanitary landfills, commercial incinerators, transfer stations	S																					S
Self-service storage																					P	P
Temporary concrete batch plant	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Veterinary clinics	P																			P	P	P
Wholesale sales																				S	P	P
Wholesale nurseries	P																					
Wholesale storage and distribution																					P	P
Wrecker services and impound lots																	L9	L9	L9	L9	L9	L10
Service Uses																						
Barber, beauty & nail salon																	P	P		P	P	P
Dance studio																	P	P		P	P	P
Fitness facility																	P	P	P	P	P	P
Health studio																	P	P	P	P	P	P
Tattoo parlor																				P	P	P

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.2 PERMITTED USES:**

See permitted use schedule in [Section 4.10](#) of this ordinance. NOTE: (S) indicates that a specific use permit must be issued in accordance with the requirements of [Section 32](#) of this ordinance.

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.3 DEVELOPMENT REGULATIONS:**

- | | | |
|----|----------------------|-------------------|
| A. | Minimum lot area | 5,000 square feet |
| B. | Minimum lot width | 50 feet |
| C. | Minimum front yard | 25 feet |
| D. | Minimum rear yard | 25 feet |
| E. | Minimum side yard | 15 feet |
| F. | Maximum bldg. height | 4 stories |

*Any building in excess of 2 stories or thirty-five (35) feet in height shall be set back an additional five (5) feet from each property line for each story in excess of 2 stories or thirty-five (35) feet.

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.4 OUTDOOR STORAGE:**

Outdoor storage is permitted.

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.5 SIGNS:**

Signs may be erected in accordance with the sign ordinance.

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.6 ARRANGEMENT OF USES:**

Permitted uses, specific use permits and accessory uses ([Section 32](#) of this ordinance) may be located in separate structures or within the same building. A detached accessory building must conform in appearance to the main building with architecturally compatible construction and by utilizing like kind materials and design.

SECTION 23 - INS, INSTITUTIONAL DISTRICT**23.7 OFF-STREET PARKING AND LOADING:**

Off-street parking and loading shall be in accordance with [Section 28](#) of this ordinance.

SECTION 23 - INS, INSTITUTIONAL DISTRICT
--

23.8 SCREENING:

Screening shall be in accordance with [Section 27](#) of this ordinance.

SECTION 23 - INS, INSTITUTIONAL DISTRICT
--

23.9 ACCESSORY BUILDINGS AND STRUCTURES:

Accessory buildings and structures shall be in accordance with [Section 27](#) of this ordinance.

SECTION 23 - INS, INSTITUTIONAL DISTRICT
--

23.10 LANDSCAPING:

Landscaping shall be in accordance with [Section 29](#) of this ordinance.

ORDINANCE NO. 2023-04

AN ORDINANCE AMENDING THE ZONING ORDINANCE AND MAP OF THE CITY OF AZLE, TEXAS, AS HERETOFORE AMENDED, BY GRANTING A CHANGE IN ZONING FROM THE SINGLE FAMILY FIVE (SF-5) DISTRICT TO HEAVY COMMERCIAL (HC) DISTRICT FOR APPROXIMATELY 0.36 ACRES OF LAND, BEING DESCRIBED AS TRACT 2 IN THE G.W. MCKINSEY SURVEY, ABSTRACT NO. 1827, CITY OF AZLE, TARRANT COUNTY, TEXAS; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY FOR VIOLATIONS HEREOF; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR PUBLICATION IN THE OFFICIAL NEWSPAPER; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Azle is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5, of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council of the City of Azle heretofore adopted the Zoning Ordinance of the City of Azle, which Ordinance regulates and restricts the location and use of buildings, structures and land for trade, industry, residence and other purposes, and provides for the establishment of zoning districts of such number, shape and area as may be best suited to carry out these regulations; and

WHEREAS, the owner of property generally located in the 100 Block of Porter Drive, Azle, Texas has filed an application to change the zoning of the property described as approximately 0.36 acres of land situated in the G.W. McKinsey Survey, Abstract No. 1827, City of Azle, Tarrant County, Texas, and being described as Tract 2 in the G.W. McKinsey Survey, Abstract No. 1827, Tarrant County, Texas as shown on the attached Exhibit "A" from the Single Family Five (SF-5) District to Heavy Commercial (HC) District for said property; and

WHEREAS, the Planning and Zoning Commission of the City of Azle, Texas held a public hearing on February 16, 2023 and the City Council of the City of Azle, Texas held a public hearing on March 7, 2023, with respect to the zoning change described herein; and

WHEREAS, upon review of the application, and after such public hearing, the City Council finds that granting the request herein furthers the purpose of zoning as set forth in the Zoning Ordinance of the City of Azle, and that the zoning change should be granted, subject to the conditions imposed herein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS THAT:

SECTION 1.

The Zoning Ordinance of the City of Azle, Texas is hereby amended by changing

the zoning of the property from the Single Family Five (SF-5) District to Heavy Commercial (HC) District for an approximately 0.36 acres of land situated in the G.W. McKinsey Survey, Abstract No. 1827, City of Azle, Tarrant County, Texas, and being described as Tract 2 in the G.W. McKinsey Survey, Abstract No. 1827, Tarrant County, Texas, and further depicted on the attached Exhibit "A".

SECTION 2.

The use of the Property described above shall conform to all applicable regulations contained in the Zoning Ordinance and all other applicable and pertinent ordinances of the City of Azle.

SECTION 3.

The zoning classification as herein established has been made in accordance with a Comprehensive Land Use Plan for the purpose of promoting the health, safety, morals and general welfare of the community.

SECTION 4.

That the official zoning map of the City of Azle is amended and the City Secretary is directed to revise the official zoning map, as set forth above.

SECTION 5.

This Ordinance shall be cumulative of all provisions of ordinances and of the Code of Ordinances of the Azle, Texas, as amended, except when the provisions of this Ordinance are in direct conflict with the provisions of other, in which event the conflicting provisions of the other ordinances are hereby repealed.

SECTION 6.

It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any section, paragraph, sentence, clause, or phrase of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining sections, paragraphs, sentences, clauses, and phrases of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional section, paragraph, sentence, clause or phrase.

SECTION 7.

Any person, firm or corporation violating any provision of the Zoning Ordinance and the zoning map of the City of Azle, Texas, as amended hereby, shall be deemed guilty of a misdemeanor and upon final conviction thereof fined in an amount not to exceed Two Thousand Dollars (\$2,000.00). Each day any such violation shall be allowed to continue shall constitute a separate violation and punishable hereunder.

SECTION 8.

All rights and remedies of the City of Azle are expressly saved as to any and all violations of the provisions of any ordinances governing zoning that have accrued at the time of the effective date of this Ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this Ordinance but may be prosecuted until final disposition by the courts.

SECTION 9.

The City Secretary of the City of Azle is hereby directed to publish the caption, the penalty clause and effective date clause in the official newspaper at least once within ten (10) days after the passage of this ordinance.

SECTION 10.

This ordinance shall be in full force and effect immediately after passage and publication as provided by law, and it is so ordained.

AND IT IS SO ORDAINED.

DULY PASSED AND APPROVED by the City Council of the City of Azle, Texas, on March 7, 2023.

Mayor, Alan Brundrett
ATTEST:

Yael Forgey, City Secretary

APPROVED AS TO FORM:

Cara Leahy White, City Attorney



Presenter: David Hawkins, Director of Planning and Development

Agenda Item: Roadway Impact Fees

Background and Explanation:

Chapter 395 of the Texas Local Government Code (TLGC) grants cities the authority to collect impact fees for new residential and commercial developments within their jurisdictions. The City of Azle currently collects water and sewer impact fees and is going through its 5-year update scheduled for consideration and adoption on Tuesday, March 21, 2023. Last year, there was a discussion item and presentation on Roadway Impact Fees and the possible addition of this impact fee to the City of Azle.

The purpose of the agenda item is to receive a presentation on a Roadway Impact Fee study prepared by Jacob Martin, LLC and give direction to City staff whether to proceed with its adoption process or not.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

If the City Council want to proceed with the adoption of Roadway Impact Fees, then the Roadway Impact Fee study will need to be presented and acted on by the Capital Improvements Advisory Committee (CIAC) and brought before the City Council as a public hearing.

Attachments:

1. 2023 City of Azle - Roadway System Impact Fee Study



2022 ROADWAY SYSTEM IMPACT FEE STUDY

CITY OF AZLE, TEXAS

JANUARY 2023

Prepared by:



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Principal Engineer: Derek Turner, P.E.
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ACKNOWLEDGEMENTS

This roadway system impact fee study would not have been possible without assistance from several key City staff members. Providing us with input and information, for this they have expended considerable time and effort. These staff members included Rick White, Lawrence Bryant, Renita Bishop, David Hawkins, and Jimmy Duvall. Sincere thanks to these individuals for their hard work, dedication, and professionalism, without whom this study would not have been successfully completed.

Jacob and Martin relied upon the extensive data supplied by the City. Thus, the integrity of the study is largely dependent upon the accuracy of this data. Every effort has been made by Jacob and Martin to validate and confirm the information contained herein prior to the preparation of the final study documents. This report presents no assurance or guarantee that the forecast contained herein will be consistent with actual results or performances. These represent forecasts based on a series of assumptions about future behavior and are not guarantees. Any changes in assumptions or actual events may result in significant revisions to the forecast and its conclusions.



Section 1 - Executive Summary

1.1 GENERAL BACKGROUND

The State of Texas has in place rules regarding impact fees. “Local Government Code/Title 12: Planning and Development/Subtitle C: Planning and Development Provisions/Chapter 395: Financing Capital Improvements/Subchapter A – General Provisions/Section 395 (2021)”, govern how a municipality can create and maintain a roadway system impact fee. A copy of the State regulations is located in Appendix A, of this study.

Texas State rules mandate that an impact fee analysis is required before impact fees are set. Section 395 also requires that the analysis be updated, at a minimum, every five years with respect to land use assumptions and capital improvement plans.

This will be the first roadway system impact fee developed for the City of Azle.

The purpose of this study is to explain the methodology used to analyze the roadway system impact fees for the City of Azle. All requirements of the Texas Local Government Code Section 395, for the establishment of roadway system impact fees, have been satisfied by this study.

The statutory authority for impact fees was established by the Texas Legislature in 1987. These state laws provide for the means to allow municipalities to lessen the impact that growth has on their existing systems and to allow a viable way to place some of the burden of this growth on future new development.

The following is a summary of the key regulations and components of a municipal impact fee system, under the current Chapter 395 regulations.

- The time period that the impact fee and land use assumptions must be updated is a minimum of 5 years.
- The impact fee must be based on capital improvements necessary for growth during a specific time period; typically, no longer than 10 years.
- A public hearing is required to discuss any changes to the land use assumptions and capital improvements plan for cities with an existing, roadway system impact fee.

Impact fees can be used to pay for:

- Construction contract price.
- Surveying and engineering fees
- Land and easement acquisition costs.
- Fees paid to the consultant preparing or updating the capital improvements plan.
- Projected interest charges and other finance costs for facilities expansions identified in the capital improvements plan.

Impact fees cannot be used to pay for:



- Construction, acquisition, or expansion of public facilities or assets other than those identified on the capital improvements plan.
- Repair, operation, or maintenance of existing or new capital improvements.
- Upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards.
- Upgrading, updating, expanding, or replacing existing capital improvements to provide better service to existing development.
- Administrative and operating costs of the political subdivision.
- Principal payments and interest or other finance charges on bonds or other indebtedness, except as allowed above.

In May 2022, the City of Azle authorized Jacob and Martin, LLC to perform an impact fee analysis on the City's roadway system. The impact fee analysis follows the general set of procedures in Subchapter B of Chapter 395, Authorization of Impact Fee.

The impact fee analysis involves determining the utilization of existing and proposed projects, as defined by the capital improvement plan, required to serve new development over the next 10-year time period. Once the utilization of a project by 2022-2032 development is determined, a portion of a project's cost can be assigned as impact fees.

For existing or proposed projects, the impact fee is calculated as a percentage of the project cost, based upon the percentage of the project's capacity needed to serve development projected to occur between 2022 and 2032. Costs associated with capacity to serve existing development and development projected for more than 10 years in the future are not included in the impact fee calculation.

1.2 MAXIMUM ALLOWABLE ROADWAY SYSTEM IMPACT FEE

The total cost of roadway system capital improvements between 2022 and 2032 is estimated to be \$36,518,232. The impact fee eligible cost of roadway system capital improvements to serve new development, projected to occur between 2022 and 2032, is \$6,309,167. Finance costs are not included as part of the cost estimates for this study.

Roadway system impacts use a service unit of vehicle-mile, which is a service equivalent to the capacity consumed in a single lane in the peak hour by a vehicle making a trip one mile in length. The 4 categories that were used to define transportation demand factors (TDF) in vehicle-miles are Residential, which define vehicle-miles by dwelling units, and industrial, office, and retail, which define vehicle-miles by square footage of gross floor area (GFA). The TDF is also discounted by the origin-destination discount, which is applied to prevent double counting trips that originate from and are destined to a fee assessed development. The origin-destination discount is 50%. Each land use had a different vehicle-mile equivalent, which can be found in Table 1.1 and is used as the basis for this impact fee analysis.



Table 1.1 – Transportation Demand Factor (TDF) Table

Variable	Residential	Industrial	Office	Retail
T	0.94	0.65	1.44	5.19
P_b	0%	0%	0%	40%
L	4.93	3.52	6.32	3.72
L_{max}	2.47	1.76	3.16	1.86
TDF	2.32	1.14	4.55	5.79

Where:

T = Trip rate from ITE Trip Generation Manual, 11th Edition,

P_b = Pass-by rate from ITE Trip Generation Manual, 11th Edition,

L = The average trip length in the study area,

L_{max} = min(L x OD **OR** 6)

Where:

OD = The origin-destination discount = 50%

TDF = Transportation Demand Factor in Vehicle-miles = T x P_b x L_{max}

Section 2 - Land Use Assumptions

2.1 PURPOSE

Chapter 395 of the Texas Local Government Code describes the process by which cities in Texas must formulate the development of impact fees. To assist the City of Azle in determining the need and timing of capital improvements to serve future development, a reasonable estimation of future growth is required.

For the purposes of determining an impact fee structure, growth and development projections were formulated based on assumptions pertaining to the type, location, quantity, and timing of various future land uses in the community. The purpose of this section of the study is to establish and document the methodology used for preparing the growth and land use assumptions for the City of Azle. These land use assumptions, which include population projections, will become the basis for the preparation of impact fees for the roadway system capital improvement plans for the City of Azle.

2.2 ELEMENTS OF THE LAND USE ASSUMPTIONS

This section contains:

- A. Explanation of the general methodology used to prepare the land use assumptions.
- B. Historical data analysis.
- C. Base year data – Information on population and land use for the City of Azle, December 2022.
- D. Future 10-Year data - Information on population and land use for the City of Azle in the year 2032.
- E. Land use maps – Maps of land use from 2022-2032 of the City of Azle.

2.3 METHODOLOGY

The Land use assumptions and future growth projections consider several factors influencing development patterns, including:

- Type, density and quantity of existing development
- Existing zoning patterns
- Current growth trends
- Location and configuration of vacant land
- Availability of land for residential growth
- Inability to expand ETJ

The data to compile the land use assumptions was obtained from the City of Azle. The 10-year growth projections were calculated based upon reasonable growth rates and development trends over the past 5 years. Capital improvements needed to support growth were identified by the City and used

to develop an impact fee structure that fairly allocates improvement costs to growth areas in relationship to their impact on the entire infrastructure system.

2.4 BASE DATA (YEAR 2022)

In any evaluation and projection of future land use patterns, documentation of existing conditions is essential. Existing land use patterns and population for the City of Azle were provided by the City staff. This information will serve as a basis for future growth.

Appendix B and Appendix C contain the existing, approved land use plan and the proposed land use plan for the City of Azle, respectively.

Vehicle-miles are tabulated in Table 2.1 – 2022 development vehicle-mile service. Residential vehicle-miles are generated by multiplying the dwelling units by its associated TDF. Industrial, office, and retail vehicle-miles are generated by dividing the GFA by 1000 square feet and multiplying the result by each TDF, respectively.

Table 2.1 – 2022 Development Vehicle-Mile Service

2022 Vehicle Miles	Residential			Industrial			Office			Retail			Total
Street Name	Dwelling Units	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	Vehicle Miles
Kerry Ln	109		253	0		0	54,450		248	0		0	501
Red Bud Dr	104		241	0		0	9,583		44	0		0	285
Walnut Creek Dr	67		155	7,841		9	0		0	0		0	164
Commerce St	0		0	51,836		59	0		0	0		0	59
Stribling Dr	236		548	0		0	0		0	0		0	548
Boyd Ct	31		72	0		0	204,732		932	0		0	1004
Kimbrough Rd	197		457	0		0	0		0	0		0	457
Harbor Dr	66		153	0		0	0		0	0		0	153
Dunaway Ln	276	2.32	640	0	1.14	0	74,052	4.55	337	0	5.79	0	977
N Stewart St	180		418	0		0	433,422		1,972	108,900		631	3021
N Ash Ave	450		1,044	0		0	0		0	0		0	1044
S Ash Ave	10		23	0		0	0		0	0		0	23
Lakeview Dr	115		267	72,310		83	0		0	0		0	350
S Stewart St	370		858	0		0	24,829		113	83,635		484	1455
Silver Creek Rd	32		74	0		0	0		0	0		0	74
Park St	11		26	0		0	0		0	0		0	26
Wells-Burnett Rd	246		571	0		0	26,572		121	0		0	692
Scotland Ave	15		35	0		0	65,776		299	0		0	334
Totals			5,835			151			4,066			1,115	11167

NOTES:

TDF is generated in Table 1.1 for each general land use.

Residential vehicle-miles are calculated by multiplying TDF by the number of dwelling units.

Industrial, Office, and Retail vehicle-miles are calculated by dividing the GFA by 1,000 SF and multiplying the result by the TDF.

Dwelling units and GFA were estimated from land use assumptions.



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2.5 GROWTH ASSUMPTIONS

Growth was based on population and vacant, developable parcels within the city limits. A series of assumptions were made to arrive at a reasonable growth rate. The following assumptions have been made as a basis from which a 10-year projection can be made.

Future land uses were developed by reviewing historical and current development patterns and input from the City of Azle staff on new and proposed developments.

Land use assumptions are based on the adopted zoning regulations and current market trends. The land use assumptions were reviewed by Jacob and Martin and the City.

2.6 10-YEAR PROJECTIONS (YEAR 2032)

The projected 10-year population was developed using data from the North Central Texas Council of Governments and the U.S. Census Bureau and using the land use assumptions provided by the City.

The City of Azle's ETJ boundary is fixed, limited by surrounding city limits and associated ETJs. Therefore, any future growth is geographically bound within the current ETJ boundary. Appendix C shows the proposed use plan for the next 10 years and highlights possible areas of annexation into the city limits. Therefore, the current land use trend and any future city limit growth through annexation assumes the following:

ETJ boundaries remain constant, but future annexation of developments from the ETJ into the city limits is allowed and will be driven by developer desire.

Changes occur to the population density within both the city limits and the ETJ.

The City will be able to finance the necessary improvements to accommodate growth.

The projection is shown in Table 2.2 – 2032 development vehicle-mile service.

Table 2.2 – 2032 Development Vehicle-Mile Service

2032 Vehicle Miles	Residential			Industrial			Office			Retail			Total Vehicle Miles
Street Name	Dwelling Units	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	GFA (SF)	TDF	Vehicle Miles	Total Vehicle Miles
Kerry Ln	123		285	0		0	1.8		357	0		0	642
Red Bud Dr	104		241	0		0	0.22		44	0		0	285
Walnut Creek Dr	67		155	0.18		9	0		0	0		0	164
Commerce St	0		0	1.77		88	0		0	0		0	88
Stribling Dr	274		636	0		0	0		0	0		0	636
Boyd Ct	39		90	0		0	4.7		932	0		0	1022
Kimbrough Rd	259		601	0		0	0		0	0		0	601
Harbor Dr	66		153	0		0	0		0	0		0	153
Dunaway Ln	341	2.32	791	0	1.14	0	1.7	4.55	337	0	5.79	0	1128
N Stewart St	193		448	0		0	9.95		1972	2.5		631	3051
N Ash Ave	450		1044	0		0	0		0	0		0	1044
S Ash Ave	16		37	0		0	0		0	0		0	37
Lakeview Dr	344		798	1.66		83	0		0	0		0	881
S Stewart St	429		995	0		0	0.57		113	4.74		1196	2304
Silver Creek Rd	81		188	0		0	0		0	0		0	188
Park St	84		195	0		0	0		0	0		0	195
Wells-Burnett Rd	262		608	0		0	0.61		121	0		0	729
Scotland Ave	25		58	0		0	2.86		567	0		0	625
			7323			180			4443			1827	13773

NOTES:

TDF is generated in Table 1.1 for each general land use.

Residential vehicle-miles are calculated by multiplying TDF by the number of dwelling units.

Industrial, Office, and Retail vehicle-miles are calculated by dividing the GFA by 1,000 SF and multiplying the result by the TDF.

Dwelling units and GFA were estimated from land use assumptions.



2.7 SUMMARY

The following is a bulleted summary of the land use assumptions for this study:

- The 2022 vehicle-miles of service in the study limits is:----- 11,167.
- The 2032 vehicle-miles of service in the study limits is proposed as:----- 13,773.
- The 10 year growth of service in vehicle-miles is: -----2,606.
- Full buildout will occur beyond the year 2032.



Section 3 – Roadway System Impact Fee Analysis

3.0 ROADWAY SYSTEM IMPACT FEE ANALYSIS

Roadway system impact fees are based on the capital costs a city incurs to provide the roadway system to serve development in the next 10 years and the service added during that same time period. The impact fee analysis for the roadway systems is based on existing and future capital improvement plans already budgeted for, as well as proposed capital improvement plans developed in this report.

3.1 POPULATIONS

The City of Azle's total population in 2022 is estimated to be 13,610 within the city limits. The estimated population for the roadway system population area is the total within the city limits of Azle. The city population in 2032 is projected as 16,847 roadway system service area population. This roadway system population and county parcel data was used to establish roadway system demands, which are used to determine proposed roadway system improvements.

3.2 ROADWAY SYSTEM CAPITAL IMPROVEMENTS

Proposed roadway system projects were developed as part of the capital improvements plan. These projects, less the ones that have been completed, along with new, future projects have been tabulated.

A summary of the costs for each of the projects, required for the 10-year growth period used in the impact fee analysis for the roadway system, are shown Table 3.4 – Cost Allocation for Roadway System Impact Fee Calculations.

The 2022 percent utilization, used in Table 3.1, is relative to the existing developed acreage within the city limits of Azle, Texas. The 2032 percent utilization, used in Table 3.4, is relative to the 10-year population and future developed acreage within the city limits of Azle, Texas. The growth rate, for the 2022-2032 time period, is impact eligible through growth for new roadway system.

The cost per linear foot information provided in the cost allocation tables was developed using current project pricing, for the North Central Texas area. In addition to the base cost information, 20% was added for contingencies, and 20% was added for engineering, surveying, and construction inspection fees.

The 2022 percent utilization is the portion of a project's capacity required to serve existing development. It is not included in the impact fee analysis. The 2032 percent utilization is the portion of the project's capacity that will be required to serve the City of Azle in 2032. The 2022-2032 percent utilization is the portion of the project's capacity required to serve development from 2022 to 2032. The portion of a project's total cost that is used to serve development projected to occur from 2022 through 2032 is calculated as the total actual cost multiplied by the 2022 to 2032 percent utilization. Only this portion of the cost is used in the impact fee analysis. A map of the proposed 10-year roadway system projects is located Appendix D.

Table 3.1 – Eligible Impact Fee Development

ROAD INDEX	Project Location/Area	Type	From - To	Length (ft)	CIP (Cost/ft)	Total CI Cost (\$)	Percent Utilization			Impact Fee Eligible
							2022	2032	'32-'22	
1	Kerry Ln	Collector	Hwy 199 - Red Bud Dr	5,347.63	\$483.73	\$2,586,810	61%	92%	31%	\$807,085
2	Red Bud Dr	Collector	N Melanie Dr - Commerce St	4,794.19	\$483.73	\$2,319,091	100%	100%	0%	\$0
3	Walnut Creek Dr	Collector	Red Bud Dr - Boyd Rd	1,253.02	\$483.73	\$606,123	100%	100%	0%	\$0
4	Commerce St	Collector	Hwy 199 - Boyd Rd	3,617.85	\$483.73	\$1,750,064	67%	93%	26%	\$462,017
5	Stribling Dr	Collector	Boyd Rd - Kimbrough Rd	6,070.26	\$483.73	\$2,936,369	94%	99%	5%	\$140,946
6	Boyd Ct	Collector	Boyd Rd - Hwy 199	1,138.91	\$483.73	\$550,923	63%	93%	30%	\$163,073
7	Kimbrough Rd	Collector	Dunaway Ln - Sportsman Park Rd	5,120.52	\$483.73	\$2,476,951	87%	97%	10%	\$257,603
8	Harbor Dr	Collector	Kimbrough Rd - Dunaway Ln	2,358.36	\$483.73	\$1,140,809	100%	100%	0%	\$0
9	Dunaway Ln	Collector	Hwy 199 - N Ash Ave	5,803.01	\$483.73	\$2,807,091	91%	98%	7%	\$202,111
10	N Stewart St	Collector	E Main St - N Ash Ave	6,179.05	\$483.73	\$2,988,992	92%	98%	6%	\$191,295
11	N Ash Ave	Collector	Dunaway Ln - Lakeview Dr	3,021.64	\$483.73	\$1,461,658	100%	100%	0%	\$0
12	S Ash Ave	Collector	Lakeview Dr - Wellington Ln	684.66	\$483.73	\$331,191	95%	99%	4%	\$13,248
13	Lakeview Dr	Collector	Denver Tr - Broadway St	5,157.61	\$483.73	\$2,494,891	42%	88%	46%	\$1,157,629
14	S Stewart St	Arterial	FM 730 S - Main St	11,771.55	\$483.73	\$5,694,253	76%	95%	19%	\$1,093,297
15	Silver Creek Rd	Collector	S Stewart St - Silver Creek Dr	3,644.36	\$483.73	\$1,762,888	57%	91%	34%	\$606,433
16	Park St	Collector	Denver Tr - S Ash Ave	2,784.04	\$483.73	\$1,346,724	29%	86%	57%	\$764,939
17	Wells Burnett Rd	Collector	Hwy 199 - Wallace Rd	3,306.60	\$483.73	\$1,599,500	94%	99%	5%	\$76,776
18	Scotland Ave	Collector	Avondale Ave - Florence Dr	3,439.74	\$483.73	\$1,663,905	72%	94%	22%	\$372,715
	Total					\$36,518,233				\$6,309,167

3.3 SERVICE ACCOUNTS

The maximum impact fee may not exceed the amount determined by dividing the cost of capital improvements required by the total number of vehicle-mile service units attributed to new development during the impact fee eligibility period.

The service associated with retail, office, and industrial area is converted into vehicle-miles, using the (GFA) of the respective land use's structure, based on current usage and estimated population growth. The service associated with residential area is converted into vehicle-miles based on dwelling units and ability to develop existing parcels. Analysis of the existing roadway system, current county parcel data, current construction, and estimated development to occur in the future are used to inform vehicle-mile data.

3.4 MAXIMUM IMPACT FEE CALCULATIONS

The maximum impact fee that can be levied is equal to the projected capital cost required to serve 10-year development divided by the projected 10-year growth in vehicle-miles within the city limits.

The total projected costs include the projected capital improvement costs to serve the 10-year development, the projected finance cost for the capital improvements, and the consultant cost for preparing and updating the capital improvements plan.

The costs for roadway systems include the following:

- Total Roadway System Capital Improvement Costs (all costs):----- \$36,518,233
- Total Eligible Roadway System Costs (new development eligible):----- \$6,309,167

The total eligible cost associated with the existing and proposed roadway system improvements to meet projected growth over the next ten years is \$6,309,167. The increase in the number of service units due to growth over the next ten years is projected as 2,606 vehicle-miles within the city limits.

$$\begin{aligned}
 \text{Maximum Impact Fee} &= (\text{Total Eligible Costs}) / (\text{10-Year Growth}) \\
 &= (\$6,309,167) / (2,606 \text{ Vehicle-miles}) \\
 &= \$2,421 \text{ per Vehicle-Mile}
 \end{aligned}$$

\$2,421 is the recommended Roadway System Impact Fee per vehicle-mile for the City of Azle.

3.5 EXAMPLE FEE DEVELOPMENT

Example 1) Develop 20 acres into 50 single-family houses:

$$\begin{aligned}
 (\text{Dwelling Units}) \times (\text{TDF} [\text{Vehicle-Miles} / \text{Dwelling Unit}]) &= \text{Vehicle-Mile Demand Increase} \\
 (50 \text{ dwelling units}) \times (2.32 \text{ Vehicle-Miles} / \text{Dwelling Unit}) &= 116 \text{ Vehicle-Miles} \\
 (\text{Vehicle-Mile Service Increase}) \times (\text{Impact Fee} / \text{Vehicle-Mile}) &= \text{Impact Fee} \\
 (116 \text{ Vehicle-Miles}) \times (\$2,421 / \text{Vehicle-Mile}) &= \$280,836 \text{ of Impact Fees}
 \end{aligned}$$

Example 2) Develop a 5,000 square feet industrial building:

$$\begin{aligned}
 (\text{GFA} / 1,000) \times (\text{TDF} [\text{Vehicle-Miles} / 1,000 \text{ SF GFA}]) &= \text{Vehicle-Mile Demand Increase} \\
 (5,000 \text{ SF} / 1,000) \times (1.14 \text{ Vehicle-Miles} / 1,000 \text{ SF GFA}) &= 5.7 \text{ Vehicle-Miles} \\
 (\text{Vehicle-Mile Service Increase}) \times (\text{Impact Fee} / \text{Vehicle-Mile}) &= \text{Impact Fee} \\
 (5.7 \text{ Vehicle-Miles}) \times (\$2,421 / \text{Vehicle-Mile}) &= \$13,800 \text{ of Impact Fees}
 \end{aligned}$$

Appendix A – Texas Municipal Code Governing Impact Fees (2021)



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State of Texas - Local Government Code (2021)

TITLE 12: Planning and Development

SUBTITLE C: Planning and Development Provisions

CHAPTER 395: Financing Capital Improvements

SUBCHAPTER A - General provisions

Sec. 395.001. DEFINITIONS. In this chapter:

(1) "Capital improvement" means any of the following facilities that have a life expectancy of three or more years and are owned and operated by or on behalf of a political subdivision:

(A) water supply, treatment, and distribution facilities; wastewater collection and treatment facilities; and storm water, drainage, and flood control facilities; whether or not they are located within the service area; and

(B) roadway facilities.

(2) "Capital improvements plan" means a plan required by this chapter that identifies capital improvements or facility expansions for which impact fees may be assessed.

(3) "Facility expansion" means the expansion of the capacity of an existing facility that serves the same function as an otherwise necessary new capital improvement, in order that the existing facility may serve new development. The term does not include the repair, maintenance, modernization, or expansion of an existing facility to better serve existing development.

(4) "Impact fee" means a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump-sum charges, capital recovery fees, contributions in aid of construction, and any other fee that functions as described by this definition. The term does not include:

(A) dedication of land for public parks or payment in lieu of the dedication to serve park needs;

(B) dedication of rights-of-way or easements or construction or dedication of on-site or off-site water distribution, wastewater collection or drainage facilities, or streets, sidewalks, or curbs if the dedication or construction is required by a valid ordinance and is necessitated by and attributable to the new development;

(C) lot or acreage fees to be placed in trust funds for the purpose of reimbursing developers for oversizing or constructing water or sewer mains or lines; or

(D) other pro rata fees for reimbursement of water or sewer mains or lines extended by the political subdivision.

However, an item included in the capital improvements plan may not be required to be constructed except in accordance with Section 395.019(2), and an owner may not be required to construct or dedicate facilities and to pay impact fees for those facilities.



(5) "Land use assumptions" includes a description of the service area and projections of changes in land uses, densities, intensities, and population in the service area over at least a 10-year period.

(6) "New development" means the subdivision of land; the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure; or any use or extension of the use of land; any of which increases the number of service units.

(7) "Political subdivision" means a municipality, a district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, or, for the purposes set forth by Section 395.079, certain counties described by that section.

(8) "Roadway facilities" means arterial or collector streets or roads that have been designated on an officially adopted roadway plan of the political subdivision, together with all necessary appurtenances. The term includes the political subdivision's share of costs for roadways and associated improvements designated on the federal or Texas highway system, including local matching funds and costs related to utility line relocation and the establishment of curbs, gutters, sidewalks, drainage appurtenances, and rights-of-way.

(9) "Service area" means the area within the corporate boundaries or extraterritorial jurisdiction, as determined under Chapter 42, of the political subdivision to be served by the capital improvements or facilities expansions specified in the capital improvements plan, except roadway facilities and storm water, drainage, and flood control facilities. The service area, for the purposes of this chapter, may include all or part of the land within the political subdivision or its extraterritorial jurisdiction, except for roadway facilities and storm water, drainage, and flood control facilities. For roadway facilities, the service area is limited to an area within the corporate boundaries of the political subdivision and shall not exceed six miles. For storm water, drainage, and flood control facilities, the service area may include all or part of the land within the political subdivision or its extraterritorial jurisdiction, but shall not exceed the area actually served by the storm water, drainage, and flood control facilities designated in the capital improvements plan and shall not extend across watershed boundaries.

(10) "Service unit" means a standardized measure of consumption, use, generation, or discharge attributable to an individual unit of development calculated in accordance with generally accepted engineering or planning standards and based on historical data and trends applicable to the political subdivision in which the individual unit of development is located during the previous 10 years.

SUBCHAPTER B - AUTHORIZATION OF IMPACT FEE

Sec. 395.011. AUTHORIZATION OF FEE.

(a) Unless otherwise specifically authorized by state law or this chapter, a governmental entity or political subdivision may not enact or impose an impact fee.

(b) Political subdivisions may enact or impose impact fees on land within their corporate boundaries or extraterritorial jurisdictions only by complying with this chapter, except that impact fees may not be enacted or imposed in the extraterritorial jurisdiction for roadway facilities.

(c) A municipality may contract to provide capital improvements, except roadway facilities, to an area outside its corporate boundaries and extraterritorial jurisdiction and may charge an impact fee under the contract, but if an impact fee is charged in that area, the municipality must comply with this chapter.



Sec. 395.012. ITEMS PAYABLE BY FEE.

(a) An impact fee may be imposed only to pay the costs of constructing capital improvements or facility expansions, including and limited to the:

- (1) construction contract price;
- (2) surveying and engineering fees;
- (3) land acquisition costs, including land purchases, court awards and costs, attorney's fees, and expert witness fees; and
- (4) fees actually paid or contracted to be paid to an independent qualified engineer or financial consultant preparing or updating the capital improvements plan who is not an employee of the political subdivision.

(b) Projected interest charges and other finance costs may be included in determining the amount of impact fees only if the impact fees are used for the payment of principal and interest on bonds, notes, or other obligations issued by or on behalf of the political subdivision to finance the capital improvements or facility expansions identified in the capital improvements plan and are not used to reimburse bond funds expended for facilities that are not identified in the capital improvements plan.

(c) Notwithstanding any other provision of this chapter, the Edwards Underground Water District or a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may use impact fees to pay a staff engineer who prepares or updates a capital improvements plan under this chapter.

(d) A municipality may pledge an impact fee as security for the payment of debt service on a bond, note, or other obligation issued to finance a capital improvement or public facility expansion if:

- (1) the improvement or expansion is identified in a capital improvements plan; and
- (2) at the time of the pledge, the governing body of the municipality certifies in a written order, ordinance, or resolution that none of the impact fee will be used or expended for an improvement or expansion not identified in the plan.

(e) A certification under Subsection (d)(2) is sufficient evidence that an impact fee pledged will not be used or expended for an improvement or expansion that is not identified in the capital improvements plan.

Sec. 395.013. ITEMS NOT PAYABLE BY FEE.

Impact fees may not be adopted or used to pay for:

- (1) construction, acquisition, or expansion of public facilities or assets other than capital improvements or facility expansions identified in the capital improvements plan;
- (2) repair, operation, or maintenance of existing or new capital improvements or facility expansions;
- (3) upgrading, updating, expanding, or replacing existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental, or regulatory standards;
- (4) upgrading, updating, expanding, or replacing existing capital improvements to provide better service



to existing development;

(5) administrative and operating costs of the political subdivision, except the Edwards Underground Water District or a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may use impact fees to pay its administrative and operating costs;

(6) principal payments and interest or other finance charges on bonds or other indebtedness, except as allowed by Section 395.012.

Sec. 395.014. CAPITAL IMPROVEMENTS PLAN.

(a) The political subdivision shall use qualified professionals to prepare the capital improvements plan and to calculate the impact fee. The capital improvements plan must contain specific enumeration of the following items:

(1) a description of the existing capital improvements within the service area and the costs to upgrade, update, improve, expand, or replace the improvements to meet existing needs and usage and stricter safety, efficiency, environmental, or regulatory standards, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(2) an analysis of the total capacity, the level of current usage, and commitments for usage of capacity of the existing capital improvements, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(3) a description of all or the parts of the capital improvements or facility expansions and their costs necessitated by and attributable to new development in the service area based on the approved land use assumptions, which shall be prepared by a qualified professional engineer licensed to perform the professional engineering services in this state;

(4) a definitive table establishing the specific level or quantity of use, consumption, generation, or discharge of a service unit for each category of capital improvements or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial;

(5) the total number of projected service units necessitated by and attributable to new development within the service area based on the approved land use assumptions and calculated in accordance with generally accepted engineering or planning criteria;

(6) the projected demand for capital improvements or facility expansions required by new service units projected over a reasonable period of time, not to exceed 10 years; and

(7) a plan for awarding:

(A) a credit for the portion of ad valorem tax and utility service revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the capital improvements plan; or

(B) in the alternative, a credit equal to 50 percent of the total projected cost of implementing the capital improvements plan.

(b) The analysis required by Subsection (a)(3) may be prepared on a systemwide basis within the service area for each major category of capital improvement or facility expansion for the designated service area.

(c) The governing body of the political subdivision is responsible for supervising the implementation of

the capital improvements plan in a timely manner.

Sec. 395.015. MAXIMUM FEE PER SERVICE UNIT.

(a) The impact fee per service unit may not exceed the amount determined by subtracting the amount in Section 395.014(a)(7) from the costs of the capital improvements described by Section 395.014(a)(3) and dividing that amount by the total number of projected service units described by Section 395.014(a)(5).

(b) If the number of new service units projected over a reasonable period of time is less than the total number of new service units shown by the approved land use assumptions at full development of the service area, the maximum impact fee per service unit shall be calculated by dividing the costs of the part of the capital improvements necessitated by and attributable to projected new service units described by Section 395.014(a)(6) by the projected new service units described in that section.

Sec. 395.016. TIME FOR ASSESSMENT AND COLLECTION OF FEE.

(a) This subsection applies only to impact fees adopted and land platted before June 20, 1987. For land that has been platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision before June 20, 1987, or land on which new development occurs or is proposed without platting, the political subdivision may assess the impact fees at any time during the development approval and building process. Except as provided by Section 395.019, the political subdivision may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(b) This subsection applies only to impact fees adopted before June 20, 1987, and land platted after that date. For new development which is platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision after June 20, 1987, the political subdivision may assess the impact fees before or at the time of recordation. Except as provided by Section 395.019, the political subdivision may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(c) This subsection applies only to impact fees adopted after June 20, 1987. For new development which is platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision before the adoption of an impact fee, an impact fee may not be collected on any service unit for which a valid building permit is issued within one year after the date of adoption of the impact fee.

(d) This subsection applies only to land platted in accordance with Subchapter A, Chapter 212, or the subdivision or platting procedures of a political subdivision after adoption of an impact fee adopted after June 20, 1987. The political subdivision shall assess the impact fees before or at the time of recordation of a subdivision plat or other plat under Subchapter A, Chapter 212, or the subdivision or platting ordinance or procedures of any political subdivision in the official records of the county clerk of the county in which the tract is located. Except as provided by Section 395.019, if the political subdivision has water and wastewater capacity available:

(1) the political subdivision shall collect the fees at the time the political subdivision issues a building permit;

(2) for land platted outside the corporate boundaries of a municipality, the municipality shall collect the fees at the time an application for an individual meter connection to the municipality's water or

wastewater system is filed; or

(3) a political subdivision that lacks authority to issue building permits in the area where the impact fee applies shall collect the fees at the time an application is filed for an individual meter connection to the political subdivision's water or wastewater system.

(e) For land on which new development occurs or is proposed to occur without platting, the political subdivision may assess the impact fees at any time during the development and building process and may collect the fees at either the time of recordation of the subdivision plat or connection to the political subdivision's water or sewer system or at the time the political subdivision issues either the building permit or the certificate of occupancy.

(f) An "assessment" means a determination of the amount of the impact fee in effect on the date of occurrence provided in this section and is the maximum amount that can be charged per service unit of such development. No specific act by the political subdivision is required.

(g) Notwithstanding Subsections (a)-(e) and Section 395.017, the political subdivision may reduce or waive an impact fee for any service unit that would qualify as affordable housing under 42 U.S.C. Section 12745, as amended, once the service unit is constructed. If affordable housing as defined by 42 U.S.C. Section 12745, as amended, is not constructed, the political subdivision may reverse its decision to waive or reduce the impact fee, and the political subdivision may assess an impact fee at any time during the development approval or building process or after the building process if an impact fee was not already assessed.

Sec. 395.017. ADDITIONAL FEE PROHIBITED; EXCEPTION.

After assessment of the impact fees attributable to the new development or execution of an agreement for payment of impact fees, additional impact fees or increases in fees may not be assessed against the tract for any reason unless the number of service units to be developed on the tract increases. In the event of the increase in the number of service units, the impact fees to be imposed are limited to the amount attributable to the additional service units.

Sec. 395.018. AGREEMENT WITH OWNER REGARDING PAYMENT.

A political subdivision is authorized to enter into an agreement with the owner of a tract of land for which the plat has been recorded providing for the time and method of payment of the impact fees.

Sec. 395.019. COLLECTION OF FEES IF SERVICES NOT AVAILABLE.

Except for roadway facilities, impact fees may be assessed but may not be collected in areas where services are not currently available unless:

(1) the collection is made to pay for a capital improvement or facility expansion that has been identified in the capital improvements plan and the political subdivision commits to commence construction within two years, under duly awarded and executed contracts or commitments of staff time covering substantially all of the work required to provide service, and to have the service available within a reasonable period of time considering the type of capital improvement or facility expansion to be constructed, but in no event longer than five years;

(2) the political subdivision agrees that the owner of a new development may construct or finance the capital improvements or facility expansions and agrees that the costs incurred or funds advanced will be credited against the impact fees otherwise due from the new development or agrees to reimburse the owner for such costs from impact fees paid from other new developments that will use such capital

improvements or facility expansions, which fees shall be collected and reimbursed to the owner at the time the other new development records its plat; or

(3) an owner voluntarily requests the political subdivision to reserve capacity to serve future development, and the political subdivision and owner enter into a valid written agreement.

Sec. 395.020. ENTITLEMENT TO SERVICES.

Any new development for which an impact fee has been paid is entitled to the permanent use and benefit of the services for which the fee was exacted and is entitled to receive immediate service from any existing facilities with actual capacity to serve the new service units, subject to compliance with other valid regulations.

Sec. 395.021. AUTHORITY OF POLITICAL SUBDIVISIONS TO SPEND FUNDS TO REDUCE FEES.

Political subdivisions may spend funds from any lawful source to pay for all or a part of the capital improvements or facility expansions to reduce the amount of impact fees.

Sec. 395.022. AUTHORITY OF POLITICAL SUBDIVISION TO PAY FEES.

(a) Political subdivisions and other governmental entities may pay impact fees imposed under this chapter.

(b) A school district is not required to pay impact fees imposed under this chapter unless the board of trustees of the district consents to the payment of the fees by entering a contract with the political subdivision that imposes the fees. The contract may contain terms the board of trustees considers advisable to provide for the payment of the fees.

Sec. 395.023. CREDITS AGAINST ROADWAY FACILITIES FEES.

Any construction of, contributions to, or dedications of off-site roadway facilities agreed to or required by a political subdivision as a condition of development approval shall be credited against roadway facilities impact fees otherwise due from the development.

Sec. 395.024. ACCOUNTING FOR FEES AND INTEREST.

(a) The order, ordinance, or resolution levying an impact fee must provide that all funds collected through the adoption of an impact fee shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted.

(b) Interest earned on impact fees is considered funds of the account on which it is earned and is subject to all restrictions placed on use of impact fees under this chapter.

(c) Impact fee funds may be spent only for the purposes for which the impact fee was imposed as shown by the capital improvements plan and as authorized by this chapter.

(d) The records of the accounts into which impact fees are deposited shall be open for public inspection and copying during ordinary business hours.

Sec. 395.025. REFUNDS.

(a) On the request of an owner of the property on which an impact fee has been paid, the political subdivision shall refund the impact fee if existing facilities are available and service is denied or the political subdivision has, after collecting the fee when service was not available, failed to commence construction within two years or service is not available within a reasonable period considering the type

of capital improvement or facility expansion to be constructed, but in no event later than five years from the date of payment under Section 395.019(1).

(b) Repealed by Acts 2001, 77th Leg., ch. 345, Sec. 9, eff. Sept. 1, 2001.

(c) The political subdivision shall refund any impact fee or part of it that is not spent as authorized by this chapter within 10 years after the date of payment.

(d) Any refund shall bear interest calculated from the date of collection to the date of refund at the statutory rate as set forth in Section 302.002, Finance Code, or its successor statute.

(e) All refunds shall be made to the record owner of the property at the time the refund is paid. However, if the impact fees were paid by another political subdivision or governmental entity, payment shall be made to the political subdivision or governmental entity.

(f) The owner of the property on which an impact fee has been paid or another political subdivision or governmental entity that paid the impact fee has standing to sue for a refund under this section.

SUBCHAPTER C - PROCEDURES FOR ADOPTION OF IMPACT FEE

Sec. 395.041. COMPLIANCE WITH PROCEDURES REQUIRED.

Except as otherwise provided by this chapter, a political subdivision must comply with this subchapter to levy an impact fee.

Sec. 395.0411. CAPITAL IMPROVEMENTS PLAN.

The political subdivision shall provide for a capital improvements plan to be developed by qualified professionals using generally accepted engineering and planning practices in accordance with Section 395.014.

Sec. 395.042. HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN.

To impose an impact fee, a political subdivision must adopt an order, ordinance, or resolution establishing a public hearing date to consider the land use assumptions and capital improvements plan for the designated service area.

Sec. 395.043. INFORMATION ABOUT LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN AVAILABLE TO PUBLIC.

On or before the date of the first publication of the notice of the hearing on the land use assumptions and capital improvements plan, the political subdivision shall make available to the public its land use assumptions, the time period of the projections, and a description of the capital improvement facilities that may be proposed.

Sec. 395.044. NOTICE OF HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN.

(a) Before the 30th day before the date of the hearing on the land use assumptions and capital improvements plan, the political subdivision shall send a notice of the hearing by certified mail to any person who has given written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of the hearing within two years preceding the date of adoption of the order, ordinance, or resolution setting the public hearing.

(b) The political subdivision shall publish notice of the hearing before the 30th day before the date set for the hearing, in one or more newspapers of general circulation in each county in which the political

subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies.

(c) The notice must contain:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN RELATING TO POSSIBLE ADOPTION OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the land use assumptions and capital improvements plan under which an impact fee may be imposed; and

(4) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the land use assumptions and capital improvements plan.

Sec. 395.045. APPROVAL OF LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN REQUIRED.

(a) After the public hearing on the land use assumptions and capital improvements plan, the political subdivision shall determine whether to adopt or reject an ordinance, order, or resolution approving the land use assumptions and capital improvements plan.

(b) The political subdivision, within 30 days after the date of the public hearing, shall approve or disapprove the land use assumptions and capital improvements plan.

(c) An ordinance, order, or resolution approving the land use assumptions and capital improvements plan may not be adopted as an emergency measure.

Sec. 395.0455. SYSTEMWIDE LAND USE ASSUMPTIONS.

(a) In lieu of adopting land use assumptions for each service area, a political subdivision may, except for storm water, drainage, flood control, and roadway facilities, adopt system wide land use assumptions, which cover all of the area subject to the jurisdiction of the political subdivision for the purpose of imposing impact fees under this chapter.

(b) Prior to adopting system wide land use assumptions, a political subdivision shall follow the public notice, hearing, and other requirements for adopting land use assumptions.

(c) After adoption of system wide land use assumptions, a political subdivision is not required to adopt additional land use assumptions for a service area for water supply, treatment, and distribution facilities or wastewater collection and treatment facilities as a prerequisite to the adoption of a capital improvements plan or impact fee, provided the capital improvements plan and impact fee are consistent with the systemwide land use assumptions.

Sec. 395.047. HEARING ON IMPACT FEE.

On adoption of the land use assumptions and capital improvements plan, the governing body shall adopt an order or resolution setting a public hearing to discuss the imposition of the impact fee. The public hearing must be held by the governing body of the political subdivision to discuss the proposed ordinance, order, or resolution imposing an impact fee.

Sec. 395.049. NOTICE OF HEARING ON IMPACT FEE.



(a) Before the 30th day before the date of the hearing on the imposition of an impact fee, the political subdivision shall send a notice of the hearing by certified mail to any person who has given written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of the hearing within two years preceding the date of adoption of the order or resolution setting the public hearing.

(b) The political subdivision shall publish notice of the hearing before the 30th day before the date set for the hearing, in one or more newspapers of general circulation in each county in which the political subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies.

(c) The notice must contain the following:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON ADOPTION OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the adoption of an impact fee;

(4) the amount of the proposed impact fee per service unit; and

(5) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the plan and proposed fee.

Sec. 395.050. ADVISORY COMMITTEE COMMENTS ON IMPACT FEES.

The advisory committee created under Section 395.058 shall file its written comments on the proposed impact fees before the fifth business day before the date of the public hearing on the imposition of the fees.

Sec. 395.051. APPROVAL OF IMPACT FEE REQUIRED.

(a) The political subdivision, within 30 days after the date of the public hearing on the imposition of an impact fee, shall approve or disapprove the imposition of an impact fee.

(b) An ordinance, order, or resolution approving the imposition of an impact fee may not be adopted as an emergency measure.

Sec. 395.052. PERIODIC UPDATE OF LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN REQUIRED.

(a) A political subdivision imposing an impact fee shall update the land use assumptions and capital improvements plan at least every five years. The initial five-year period begins on the day the capital improvements plan is adopted.

(b) The political subdivision shall review and evaluate its current land use assumptions and shall cause an update of the capital improvements plan to be prepared in accordance with Subchapter B.

Sec. 395.053. HEARING ON UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN. The governing body of the political subdivision shall, within 60 days after the date it receives the update of the land use assumptions and the capital improvements plan, adopt an order setting a public hearing to discuss and review the update and shall determine whether to amend the plan.

Sec. 395.054. HEARING ON AMENDMENTS TO LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEE.

A public hearing must be held by the governing body of the political subdivision to discuss the proposed ordinance, order, or resolution amending land use assumptions, the capital improvements plan, or the impact fee. On or before the date of the first publication of the notice of the hearing on the amendments, the land use assumptions and the capital improvements plan, including the amount of any proposed amended impact fee per service unit, shall be made available to the public.

Sec. 395.055. NOTICE OF HEARING ON AMENDMENTS TO LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEE.

(a) The notice and hearing procedures prescribed by Sections 395.044(a) and (b) apply to a hearing on the amendment of land use assumptions, a capital improvements plan, or an impact fee.

(b) The notice of a hearing under this section must contain the following:

(1) a headline to read as follows:

"NOTICE OF PUBLIC HEARING ON AMENDMENT OF IMPACT FEES"

(2) the time, date, and location of the hearing;

(3) a statement that the purpose of the hearing is to consider the amendment of land use assumptions and a capital improvements plan and the imposition of an impact fee; and

(4) a statement that any member of the public has the right to appear at the hearing and present evidence for or against the update.

Sec. 395.056. ADVISORY COMMITTEE COMMENTS ON AMENDMENTS.

The advisory committee created under Section 395.058 shall file its written comments on the proposed amendments to the land use assumptions, capital improvements plan, and impact fee before the fifth business day before the date of the public hearing on the amendments.

Sec. 395.057. APPROVAL OF AMENDMENTS REQUIRED.

(a) The political subdivision, within 30 days after the date of the public hearing on the amendments, shall approve or disapprove the amendments of the land use assumptions and the capital improvements plan and modification of an impact fee.

(b) An ordinance, order, or resolution approving the amendments to the land use assumptions, the capital improvements plan, and imposition of an impact fee may not be adopted as an emergency measure.

Sec. 395.0575. DETERMINATION THAT NO UPDATE OF LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN OR IMPACT FEES IS NEEDED.

(a) If, at the time an update under Section 395.052 is required, the governing body determines that no change to the land use assumptions, capital improvements plan, or impact fee is needed, it may, as an alternative to the updating requirements of Sections 395.052-395.057, do the following:

(1) The governing body of the political subdivision shall, upon determining that an update is unnecessary and 60 days before publishing the final notice under this section, send notice of its determination not to update the land use assumptions, capital improvements plan, and impact fee by certified mail to any person who has, within two years preceding the date that the final notice of this matter is to be

published, give written notice by certified or registered mail to the municipal secretary or other designated official of the political subdivision requesting notice of hearings related to impact fees. The notice must contain the information in Subsections (b)(2)-(5).

(2) The political subdivision shall publish notice of its determination once a week for three consecutive weeks in one or more newspapers with general circulation in each county in which the political subdivision lies. However, a river authority that is authorized elsewhere by state law to charge fees that function as impact fees may publish the required newspaper notice only in each county in which the service area lies. The notice of public hearing may not be in the part of the paper in which legal notices and classified ads appear and may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type.

(b) The notice must contain the following:

(1) a headline to read as follows:

"NOTICE OF DETERMINATION NOT TO UPDATE LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEES";

(2) a statement that the governing body of the political subdivision has determined that no change to the land use assumptions, capital improvements plan, or impact fee is necessary;

(3) an easily understandable description and a map of the service area in which the updating has been determined to be unnecessary;

(4) a statement that if, within a specified date, which date shall be at least 60 days after publication of the first notice, a person makes a written request to the designated official of the political subdivision requesting that the land use assumptions, capital improvements plan, or impact fee be updated, the governing body must comply with the request by following the requirements of Sections 395.052-395.057; and

(5) a statement identifying the name and mailing address of the official of the political subdivision to whom a request for an update should be sent.

(c) The advisory committee shall file its written comments on the need for updating the land use assumptions, capital improvements plan, and impact fee before the fifth business day before the earliest notice of the government's decision that no update is necessary is mailed or published.

(d) If, by the date specified in Subsection (b)(4), a person requests in writing that the land use assumptions, capital improvements plan, or impact fee be updated, the governing body shall cause an update of the land use assumptions and capital improvements plan to be prepared in accordance with Sections 395.052-395.057.

(e) An ordinance, order, or resolution determining the need for updating land use assumptions, a capital improvements plan, or an impact fee may not be adopted as an emergency measure.

Sec. 395.058. ADVISORY COMMITTEE.

(a) On or before the date on which the order, ordinance, or resolution is adopted under Section 395.042, the political subdivision shall appoint a capital improvements advisory committee.

(b) The advisory committee is composed of not less than five members who shall be appointed by a majority vote of the governing body of the political subdivision. Not less than 40 percent of the membership of the advisory committee must be representatives of the real estate, development, or building industries who

are not employees or officials of a political subdivision or governmental entity. If the political subdivision has a planning and zoning commission, the commission may act as the advisory committee if the commission includes at least one representative of the real estate, development, or building industry who is not an employee or official of a political subdivision or governmental entity. If no such representative is a member of the planning and zoning commission, the commission may still act as the advisory committee if at least one such representative is appointed by the political subdivision as an ad hoc voting member of the planning and zoning commission when it acts as the advisory committee. If the impact fee is to be applied in the extraterritorial jurisdiction of the political subdivision, the membership must include a representative from that area.

(c) The advisory committee serves in an advisory capacity and is established to:

- (1) advise and assist the political subdivision in adopting land use assumptions;
- (2) review the capital improvements plan and file written comments;
- (3) monitor and evaluate implementation of the capital improvements plan;
- (4) file semiannual reports with respect to the progress of the capital improvements plan and report to the political subdivision any perceived inequities in implementing the plan or imposing the impact fee; and
- (5) advise the political subdivision of the need to update or revise the land use assumptions, capital improvements plan, and impact fee.

(d) The political subdivision shall make available to the advisory committee any professional reports with respect to developing and implementing the capital improvements plan.

(e) The governing body of the political subdivision shall adopt procedural rules for the advisory committee to follow in carrying out its duties.

SUBCHAPTER D – OTHER PROVISIONS

Sec. 395.071. DUTIES TO BE PERFORMED WITHIN TIME LIMITS.

If the governing body of the political subdivision does not perform a duty imposed under this chapter within the prescribed period, a person who has paid an impact fee or an owner of land on which an impact fee has been paid has the right to present a written request to the governing body of the political subdivision stating the nature of the unperformed duty and requesting that it be performed within 60 days after the date of the request. If the governing body of the political subdivision finds that the duty is required under this chapter and is late in being performed, it shall cause the duty to commence within 60 days after the date of the request and continue until completion.

Sec. 395.072. RECORDS OF HEARINGS.

A record must be made of any public hearing provided for by this chapter. The record shall be maintained and be made available for public inspection by the political subdivision for at least 10 years after the date of the hearing.

Sec. 395.073. CUMULATIVE EFFECT OF STATE AND LOCAL RESTRICTIONS.

Any state or local restrictions that apply to the imposition of an impact fee in a political subdivision where an impact fee is proposed are cumulative with the restrictions in this chapter.

Sec. 395.074. PRIOR IMPACT FEES REPLACED BY FEES UNDER THIS CHAPTER.

An impact fee that is in place on June 20, 1987, must be replaced by an impact fee made under this chapter on or before June 20, 1990. However, any political subdivision having an impact fee that has not been replaced under this chapter on or before June 20, 1988, is liable to any party who, after June 20, 1988, pays an impact fee that exceeds the maximum permitted under Subchapter B by more than 10 percent for an amount equal to two times the difference between the maximum impact fee allowed and the actual impact fee imposed, plus reasonable attorney's fees and court costs.

Sec. 395.075. NO EFFECT ON TAXES OR OTHER CHARGES.

This chapter does not prohibit, affect, or regulate any tax, fee, charge, or assessment specifically authorized by state law.

Sec. 395.076. MORATORIUM ON DEVELOPMENT PROHIBITED.

A moratorium may not be placed on new development for the purpose of awaiting the completion of all or any part of the process necessary to develop, adopt, or update land use assumptions, a capital improvements plan, or an impact fee.

Sec. 395.077. APPEALS.

(a) A person who has exhausted all administrative remedies within the political subdivision and who is aggrieved by a final decision is entitled to trial de novo under this chapter.

(b) A suit to contest an impact fee must be filed within 90 days after the date of adoption of the ordinance, order, or resolution establishing the impact fee.

(c) Except for roadway facilities, a person who has paid an impact fee or an owner of property on which an impact fee has been paid is entitled to specific performance of the services by the political subdivision for which the fee was paid.

(d) This section does not require construction of a specific facility to provide the services.

(e) Any suit must be filed in the county in which the major part of the land area of the political subdivision is located. A successful litigant shall be entitled to recover reasonable attorney's fees and court costs.

Sec. 395.078. SUBSTANTIAL COMPLIANCE WITH NOTICE REQUIREMENTS.

An impact fee may not be held invalid because the public notice requirements were not complied with if compliance was substantial and in good faith.

Sec. 395.079. IMPACT FEE FOR STORM WATER, DRAINAGE, AND FLOOD CONTROL IN POPULOUS COUNTY.

(a) Any county that has a population of 3.3 million or more or that borders a county with a population of 3.3 million or more, and any district or authority created under Article XVI, Section 59, of the Texas Constitution within any such county that is authorized to provide storm water, drainage, and flood control facilities, is authorized to impose impact fees to provide storm water, drainage, and flood control improvements necessary to accommodate new development.

(b) The imposition of impact fees authorized by Subsection (a) is exempt from the requirements of Sections 395.025, 395.052-395.057, and 395.074 unless the political subdivision proposes to increase the impact fee.

(c) Any political subdivision described by Subsection (a) is authorized to pledge or otherwise contractually

obligate all or part of the impact fees to the payment of principal and interest on bonds, notes, or other obligations issued or incurred by or on behalf of the political subdivision and to the payment of any other contractual obligations.

(d) An impact fee adopted by a political subdivision under Subsection (a) may not be reduced if:

- (1) the political subdivision has pledged or otherwise contractually obligated all or part of the impact fees to the payment of principal and interest on bonds, notes, or other obligations issued by or on behalf of the political subdivision; and
- (2) the political subdivision agrees in the pledge or contract not to reduce the impact fees during the term of the bonds, notes, or other contractual obligations.

Sec. 395.080. CHAPTER NOT APPLICABLE TO CERTAIN WATER-RELATED SPECIAL DISTRICTS.

(a) This chapter does not apply to impact fees, charges, fees, assessments, or contributions:

- (1) paid by or charged to a district created under Article XVI, Section 59, of the Texas Constitution to another district created under that constitutional provision if both districts are required by law to obtain approval of their bonds by the Texas Natural Resource Conservation Commission; or
- (2) charged by an entity if the impact fees, charges, fees, assessments, or contributions are approved by the Texas Natural Resource Conservation Commission.

(b) Any district created under Article XVI, Section 59, or Article III, Section 52, of the Texas Constitution may petition the Texas Natural Resource Conservation Commission for approval of any proposed impact fees, charges, fees, assessments, or contributions. The commission shall adopt rules for reviewing the petition and may charge the petitioner fees adequate to cover the cost of processing and considering the petition. The rules shall require notice substantially the same as that required by this chapter for the adoption of impact fees and shall afford opportunity for all affected parties to participate.

Sec. 395.081. FEES FOR ADJOINING LANDOWNERS IN CERTAIN MUNICIPALITIES.

(a) This section applies only to a municipality with a population of 115,000 or less that constitutes more than three-fourths of the population of the county in which the majority of the area of the municipality is located.

(b) A municipality that has not adopted an impact fee under this chapter that is constructing a capital improvement, including sewer or waterline or drainage or roadway facilities, from the municipality to a development located within or outside the municipality's boundaries, in its discretion, may allow a landowner whose land adjoins the capital improvement or is within a specified distance from the capital improvement, as determined by the governing body of the municipality, to connect to the capital improvement if:

- (1) the governing body of the municipality has adopted a finding under Subsection (c); and
- (2) the landowner agrees to pay a proportional share of the cost of the capital improvement as determined by the governing body of the municipality and agreed to by the landowner.

(c) Before a municipality may allow a landowner to connect to a capital improvement under Subsection (b), the municipality shall adopt a finding that the municipality will benefit from allowing the landowner to connect to the capital improvement. The finding shall describe the benefit to be received by the municipality.

(d) A determination of the governing body of a municipality, or its officers or employees, under this section is a discretionary function of the municipality and the municipality and its officers or employees are not liable for a determination made under this section.



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Appendix B - 2022 Existing Land Use Plan



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CITY OF AZLE
2022 EXISTING LAND
USE MAP
JANUARY 2023

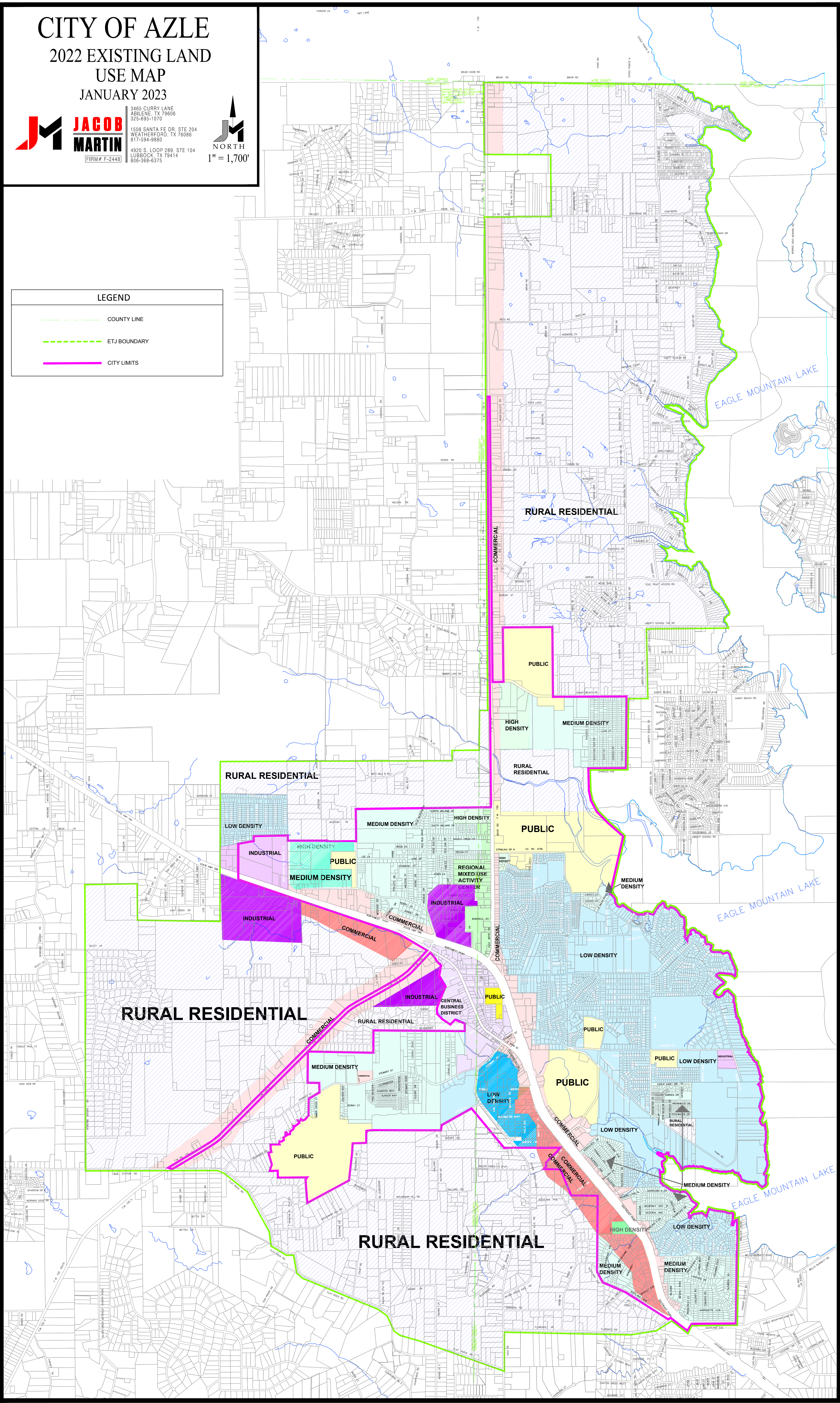


3465 CURRY LANE
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1508 SANTA FE DR, STE 204
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817-394-9680
4920 S. LOOP 289, STE 104
LUBBOCK, TX 79414
806-368-6373



LEGEND

- COUNTY LINE
- ETJ BOUNDARY
- CITY LIMITS



Appendix C - 2022 Proposed Land Use Plan

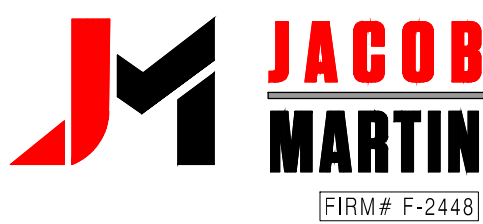


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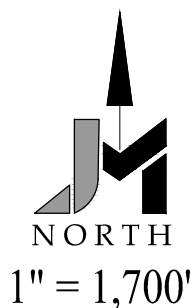


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CITY OF AZLE
2032 PROPOSED LAND
USE MAP
JANUARY 2023

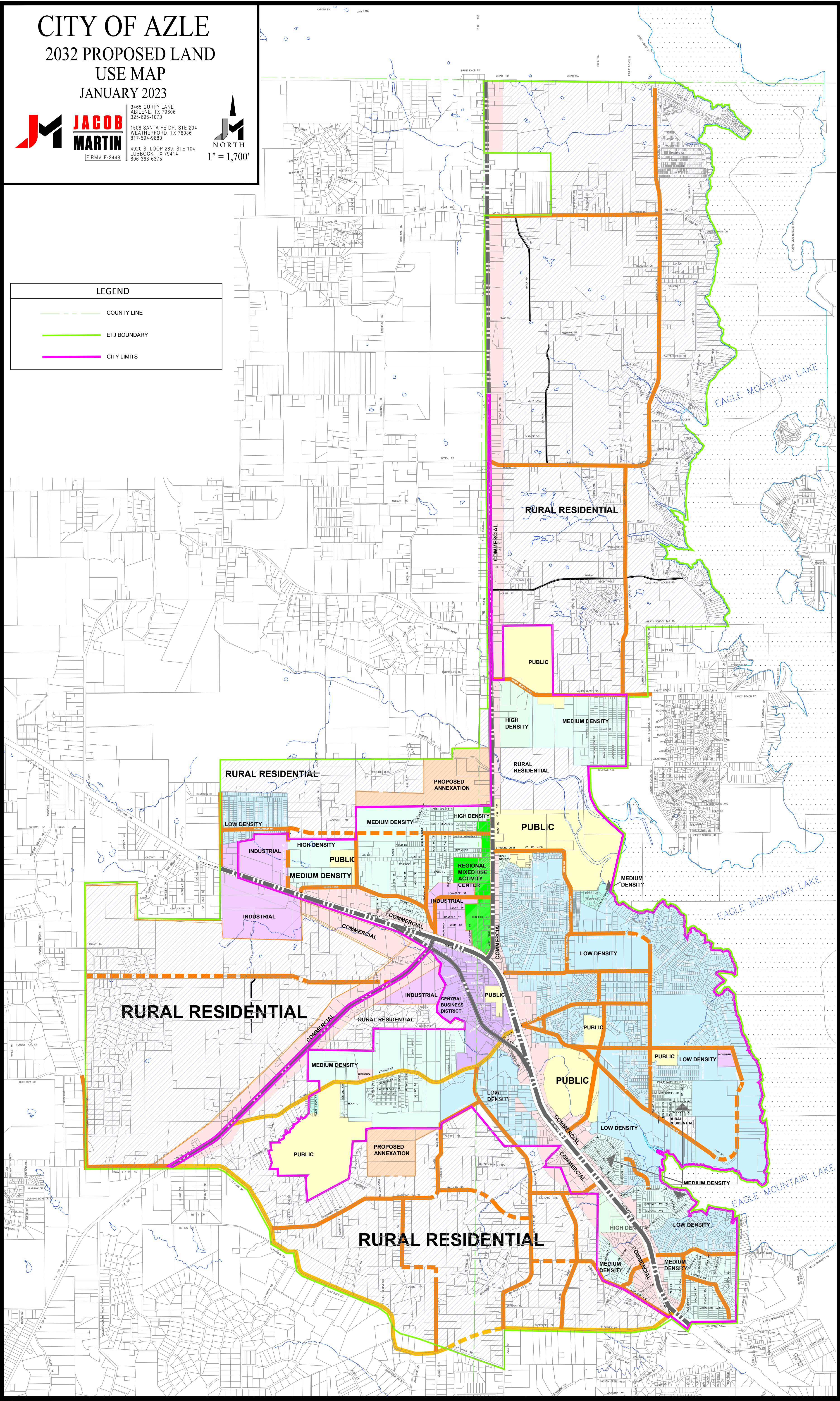


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LEGEND

- COUNTY LINE
- ETJ BOUNDARY
- CITY LIMITS



Appendix D - Roadway System Impact Fee Capital Improvements Plan

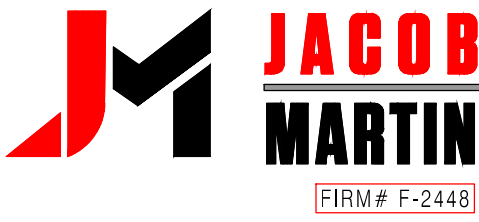


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CITY OF AZLE
2022 PROPOSED ROADWAY
SYSTEM IMPROVEMENTS
JANUARY 2023

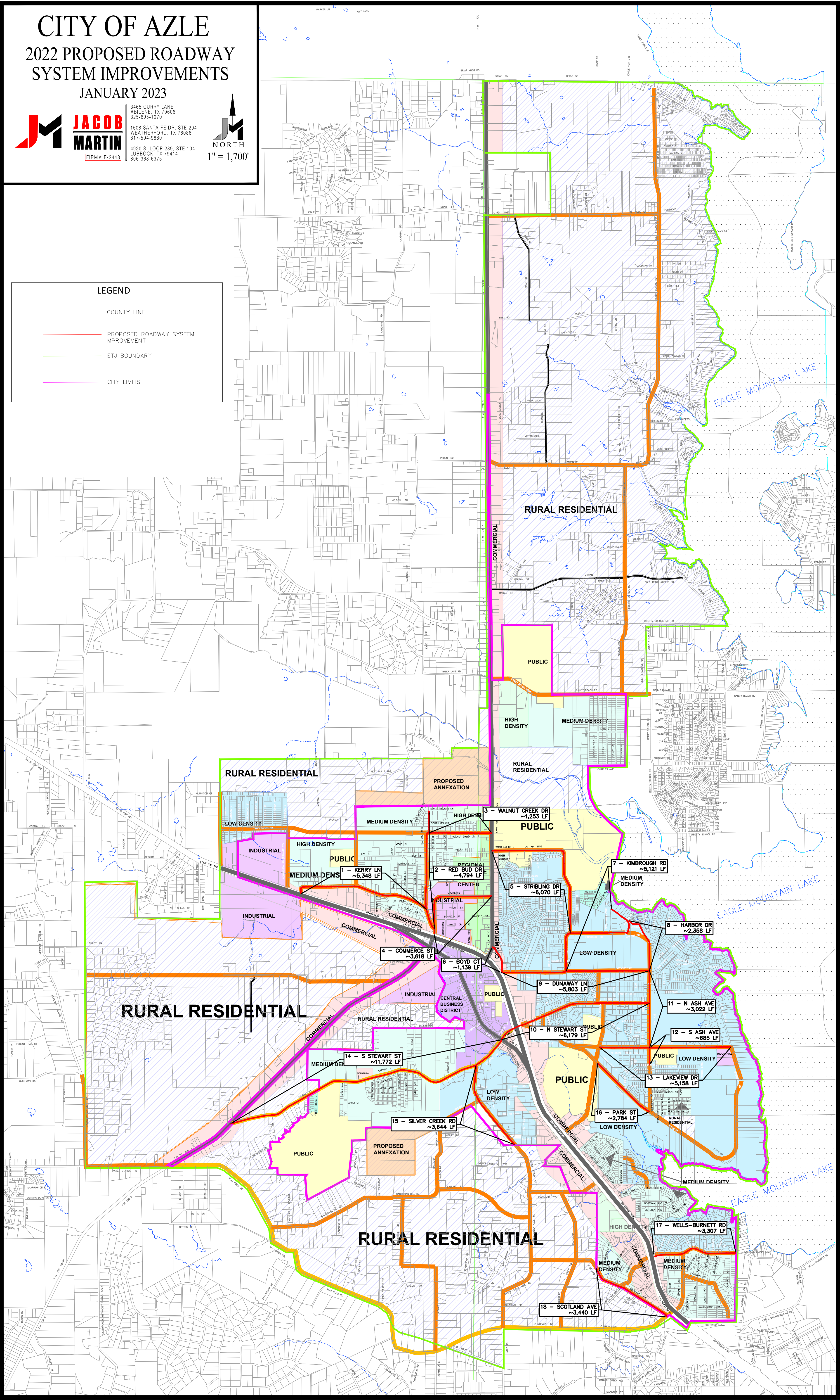


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LEGEND

- COUNTY LINE
- PROPOSED ROADWAY SYSTEM IMPROVEMENT
- ETJ BOUNDARY
- CITY LIMITS





Presenter: Tom Muir, City Manager

Agenda Item: Donation bins.

Background and Explanation:

This item was requested by Mayor Pro-tem Goode.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Donation Bins

Donation bins tend to cause unsightly blight and dumping of furniture, appliances, and mounds of debris that is frequently broken, torn, or soiled and would otherwise constitute trash, rubbish, or junk—despite the signs or labels on bins that expressly state dumping is not allowed. In the Azle area, we are fortunate to have several local organizations that accept donations (Community Caring Center and Servolution’s Fig Leaf Boutique). For larger items that are not accepted at donation bins anyway, a Goodwill donation center is in Lake Worth. In addition, the City of Azle hosts two annual city-wide cleanups.

In researching different ordinances, I have only found one city in Texas that strictly prohibits donation boxes (Seagoville, TX). All other cities have ordinances. There are constitutional rights violations that some cities have faced when they banned the boxes altogether. [The Right To Blight – Charitable Donation Bins, Freedom Of Speech And The First Amendment \(jimersonfirm.com\)](#)

Seagoville, TX—Seagoville prohibits donation boxes from being located within the city limits due to “health and sanitation” reasons with a fine of \$2,000 for each offense. [1416 \(seagoville.us\)](#)

I would like to propose we discuss adopting ordinances that donation bins require permits from the city, a letter from the property owner, and penalties assessed if in violation.

Mansfield, TX—Mansfield currently has a donation box ordinance that requires a permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [Chapter-155-Amendment---Zoning---Adding-Definitions-for-Donation-Boxes \(mansfieldtexas.gov\)](#)

Leander, TX—Leander currently has a donation box ordinance that requires a permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [donation_container_ordinance_070716.pdf \(leandertx.gov\)](#)

Conroe, TX – Conroe banned unattended donation boxes within the city limits but repealed the ordinance after a year and half. The ended up creating a restrictive ordinance that required donation bin operators to obtain permits for the boxes, limited the number of boxes on commercial property to just one; have written consent to place the boxes on commercial property, limited bin locations to “active tenant” commercial properties, and required items to be collected weekly and adhere to volume and height restrictions. However, enforcing and monitoring the regulations and making sure the bin operators were in compliance created a hardship on the city. [Conroe lifts ban on donation bins, adopts regulations \(yourconroenews.com\)](#)

Cleburne, TX—Cleburne currently has a donation box ordinance that requires a permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [CHAPTER 106: DONATION BOXES \(amlegal.com\)](#)

Houston, TX—Houston currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [PowerPoint Presentation \(houstontx.gov\)](http://houstontx.gov)

Arlington, TX—Arlington had issues with donation boxes in their city, prompting some changes to their ordinances. If the code compliance crews see violations, the city gives them 48 hours to fix the issues or the organization may get a citation, the city can remove and destroy the bin, and revoke the organizations permit for that location. [Arlington Cracks Down on Neglected Donation Bins – NBC 5 Dallas-Fort Worth \(nbcdfw.com\)](http://nbcdfw.com) [Donation Boxes - City of Arlington \(arlingtontx.gov\)](http://arlingtontx.gov)

La Porte, TX—La Porte currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [ARTICLE VII. - DONATION COLLECTION BINS | Code of Ordinances | La Porte, TX | Municode Library](http://MunicodeLibrary.com)

Murphy, TX—Murphy currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [Ordinance-No-18-06-1093-Donation-Collection-Bins \(murphytx.org\)](http://murphytx.org)

Killeen, TX—Killeen currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [Ord-21-022-PDF \(killeentexas.gov\)](http://killeentexas.gov) [Donation-Container-Permit-Application-PDF \(killeentexas.gov\)](http://killeentexas.gov)

Grand Prairie, TX—Grand Prairie currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [Donation Box City of Grand Prairie \(gptx.org\)](http://gptx.org)

Frisco, TX—Frisco currently has a donation box ordinance that requires a yearly permit, sets guidelines, and assesses penalties should the donation box owner violate the ordinance. [Donation-Box-Ordinance-19-05-40 \(friscotexas.gov\)](http://friscotexas.gov)



Presenter: Tom Muir, City Manager

Agenda Item: Food trucks.

Background and Explanation:

This item was requested by Councilmember Peek. Currently, food trucks are only allowed for special occasions. They are not allowed on a regular basis (i.e. every Friday night during the summer months).

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None