



SPECIAL CITY COUNCIL MEETING

City Hall Council Chambers, 298 West Washington Street
Tuesday, August 08, 2023 at 5:30 PM

AGENDA

CALL TO ORDER

PRESENTATION

1. Check Presentation, Waste Connections

REGULAR AGENDA

- [2.](#) Set the Maximum Proposed Tax Rate for 2023
- [3.](#) Set Date, Time, and Location of Public Hearing on Proposed Tax Rate for 2023
- [4.](#) Consider Approval of Interlocal Agreement with Erath County

EXECUTIVE SESSION

In compliance with the provisions of the Texas Open Meetings Law, Subchapter D, Government Code, Vernon's Texas Codes, Annotated, in accordance with

- 5. Section 551.071. Consultation with Attorney** - to Consult Over a Pending or Contemplated Litigation

ADJOURN

Note: The Stephenville City Council may convene into Executive Session on any matter related to any of the above agenda items for a purpose, such closed session allowed under Chapter 551, Texas Government Code

In accordance with the Americans with Disabilities Act, persons who need accommodation to attend or participate in this meeting should contact City Hall at 254-918-1287 within 48 hours prior to the meeting to request such assistance.



STAFF REPORT

SUBJECT: Set the Maximum Proposed Tax Rate for 2023

DEPARTMENT: Finance

STAFF CONTACT: Monica Harris

RECOMMENDATION:

Staff recommends setting the Maximum Proposed Tax Rate for 2023 at the Voter-Approval tax rate of \$0.3872/\$100 in order to discuss all options available in the upcoming budget work sessions.

BACKGROUND:

Jennifer Carey, Erath County Tax Assessor, provided the 2023 Tax Rate Calculation Worksheet, which calculates the tax rates as follows:

No-New-Revenue tax rate	\$0.3729/\$100
Voter-Approval tax rate without unused increment	\$0.3872/\$100
Voter-Approval tax rate with unused increment	\$0.3872/\$100
De minimis rate (must have filed budget by 7/16)	\$0.4048/\$100

FISCAL IMPACT SUMMARY:

Below are the additional tax levies over tax year 2022 for each rate:

No-New-Revenue tax rate	\$0
Voter-Approval tax rate without unused increment	\$245,927
Voter-Approval tax rate with unused increment	\$245,927
De minimis rate	\$548,607

ALTERNATIVES

Choose any rate above, except the De minimis rate, or less. However, the tax rate adopted in September cannot exceed the maximum proposed tax rate passed at this meeting.

2023 Tax Rate Calculation Worksheet

Taxing Units Other Than School Districts or Water Districts

City of Stephenville	254-918-1220
Taxing Unit Name	Phone (area code and number)
298 W Washington, Stephenville Tx 76401	www.stephenvilletx.gov
Taxing Unit's Address, City, State, ZIP Code	Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2022 total taxable value. Enter the amount of 2022 taxable value on the 2022 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 1,784,978,909
2.	2022 tax ceilings. Counties, cities and junior college districts. Enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 181,923,550
3.	Preliminary 2022 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 1,603,055,359
4.	2022 total adopted tax rate.	\$ 0.3958 /\$100
5.	2022 taxable value lost because court appeals of ARB decisions reduced 2022 appraised value.	
	A. Original 2022 ARB values: \$ 14,496,010	
	B. 2022 values resulting from final court decisions: - \$ 12,032,330	
	C. 2022 value loss. Subtract B from A. ³	\$ 2,463,680
6.	2022 taxable value subject to an appeal under Chapter 42, as of July 25.	
	A. 2022 ARB certified value: \$ 28,618,670	
	B. 2022 disputed value: - \$ 6,768,827	
	C. 2022 undisputed value. Subtract B from A. ⁴	\$ 21,849,843
7.	2022 Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 24,313,523

¹ Tex. Tax Code §26.012(14)
² Tex. Tax Code §26.012(14)
³ Tex. Tax Code §26.012(13)
⁴ Tex. Tax Code §26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/ <i>Item 2.</i>
8.	2022 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 1,627,368,882
9.	2022 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2022. Enter the 2022 value of property in deannexed territory. ⁵	\$ 0
10.	<p>2022 taxable value lost because property first qualified for an exemption in 2023. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2023 does not create a new exemption or reduce taxable value.</p> <p>A. Absolute exemptions. Use 2022 market value: \$ 2,597,090</p> <p>B. Partial exemptions. 2023 exemption amount or 2023 percentage exemption times 2022 value: + \$ 1,531,580</p> <p>C. Value loss. Add A and B.⁶</p>	\$ 4,128,670
11.	<p>2022 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2023. Use only properties that qualified in 2023 for the first time; do not use properties that qualified in 2022.</p> <p>A. 2022 market value: \$ 751,280</p> <p>B. 2023 productivity or special appraised value: - \$ 2,580</p> <p>C. Value loss. Subtract B from A.⁷</p>	\$ 748,700
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 4,877,370
13.	2022 captured value of property in a TIF. Enter the total value of 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2022 taxes were deposited into the tax increment fund. ⁸ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 22,721,832
14.	2022 total value. Subtract Line 12 and Line 13 from Line 8.	\$ 1,599,769,680
15.	Adjusted 2022 total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 6,331,888
16.	Taxes refunded for years preceding tax year 2022. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2022. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. ⁹	\$ 11,571
17.	Adjusted 2022 levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁰	\$ 6,343,459
18.	<p>Total 2023 taxable value on the 2023 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled.¹¹</p> <p>A. Certified values: \$ 1,949,109,677</p> <p>B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ _____</p> <p>C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0</p> <p>D. Tax increment financing: Deduct the 2023 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2023 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below.¹² - \$ 27,215,183</p> <p>E. Total 2023 value. Add A and B, then subtract C and D.</p>	\$ 1,921,894,494

⁵ Tex. Tax Code §26.012(15)

⁶ Tex. Tax Code §26.012(15)

⁷ Tex. Tax Code §26.012(15)

⁸ Tex. Tax Code §26.03(c)

⁹ Tex. Tax Code §26.012(13)

¹⁰ Tex. Tax Code §26.012(13)

¹¹ Tex. Tax Code §26.012, 26.04(c-2)

¹² Tex. Tax Code §26.03(c)

Item 2.

Line	No-New-Revenue Tax Rate Worksheet	Amount/
19.	<p>Total value of properties under protest or not included on certified appraisal roll. ¹³</p> <p>A. 2023 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴ \$ <u>0</u></p> <p>B. 2023 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵ + \$ <u>0</u></p> <p>C. Total value under protest or not certified. Add A and B. \$ <u>0</u></p>	
20.	2023 tax ceilings. Counties, cities and junior colleges enter 2023 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ <u>202,121,492</u>
21.	2023 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ <u>1,719,773,002</u>
22.	Total 2023 taxable value of properties in territory annexed after Jan. 1, 2022. Include both real and personal property. Enter the 2023 value of property in territory annexed. ¹⁸	\$ <u>0</u>
23.	Total 2023 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2022. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2022 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2023. ¹⁹	\$ <u>18,686,720</u>
24.	Total adjustments to the 2023 taxable value. Add Lines 22 and 23.	\$ <u>18,686,720</u>
25.	Adjusted 2023 taxable value. Subtract Line 24 from Line 21.	\$ <u>1,701,086,282</u>
26.	2023 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ <u>0.3729</u> /\$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2023 county NNR tax rate. ²¹	\$ _____ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2022 M&O tax rate. Enter the 2022 M&O tax rate.	\$ <u>0.3812</u> /\$100
29.	2022 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>1,627,368,882</u>

¹³ Tex. Tax Code §26.01(c) and (d)
¹⁴ Tex. Tax Code §26.01(c)
¹⁵ Tex. Tax Code §26.01(d)
¹⁶ Tex. Tax Code §26.012(6)(B)
¹⁷ Tex. Tax Code §26.012(6)
¹⁸ Tex. Tax Code §26.012(17)
¹⁹ Tex. Tax Code §26.012(17)
²⁰ Tex. Tax Code §26.04(c)
²¹ Tex. Tax Code §26.04(d)

Line	Voter-Approval Tax Rate Worksheet	Amount/ <i>Item 2.</i>
30.	Total 2022 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ 6,203,530
31.	<p>Adjusted 2022 levy for calculating NNR M&O rate.</p> <p>A. M&O taxes refunded for years preceding tax year 2022. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. + \$ 11,112</p> <p>B. 2022 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2023 captured appraised value in Line 18D, enter 0. - \$ 90,511</p> <p>C. 2022 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0</p> <p>D. 2022 M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ -79,399</p> <p>E. Add Line 30 to 31D. \$ 6,124,131</p>	
32.	Adjusted 2023 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,701,086,282
33.	2023 NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.3600 /\$100
34.	<p>Rate adjustment for state criminal justice mandate. ²³ If not applicable or less than zero, enter 0.</p> <p>A. 2023 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0</p> <p>B. 2022 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0</p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0 /\$100</p> <p>D. Enter the rate calculated in C. If not applicable, enter 0. \$ 0 /\$100</p>	
35.	<p>Rate adjustment for indigent health care expenditures. ²⁴ If not applicable or less than zero, enter 0.</p> <p>A. 2023 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state assistance received for the same purpose. \$ 0</p> <p>B. 2022 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose. - \$ 0</p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0 /\$100</p> <p>D. Enter the rate calculated in C. If not applicable, enter 0. \$ 0 /\$100</p>	

²² [Reserved for expansion]

²³ Tex. Tax Code §26.044

²⁴ Tex. Tax Code §26.0441

Line	Voter-Approval Tax Rate Worksheet	Amount/ Item 2.
36.	<p>Rate adjustment for county indigent defense compensation. ²⁵ If not applicable or less than zero, enter 0.</p> <p>A. 2023 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state grants received by the county for the same purpose..... \$ <u>0</u></p> <p>B. 2022 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose..... \$ <u>0</u></p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100</p> <p>D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100</p> <p>E. Enter the lesser of C and D. If not applicable, enter 0.</p>	\$ <u>0</u> /\$100
37.	<p>Rate adjustment for county hospital expenditures. ²⁶ If not applicable or less than zero, enter 0.</p> <p>A. 2023 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2022 and ending on June 30, 2023. \$ <u>0</u></p> <p>B. 2022 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022. \$ <u>0</u></p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100</p> <p>D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100</p> <p>E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.</p>	\$ <u>0</u> /\$100
38.	<p>Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information.</p> <p>A. Amount appropriated for public safety in 2022. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year \$ <u>0</u></p> <p>B. Expenditures for public safety in 2022. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year \$ <u>0</u></p> <p>C. Subtract B from A and divide by Line 32 and multiply by \$100 \$ <u>0</u> /\$100</p> <p>D. Enter the rate calculated in C. If not applicable, enter 0.</p>	\$ <u>0</u> /\$100
39.	<p>Adjusted 2023 NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.</p>	\$ <u>0.3600</u> /\$100
40.	<p>Adjustment for 2022 sales tax specifically to reduce property taxes. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2022 should complete this line. These entities will deduct the sales tax gain rate for 2023 in Section 3. Other taxing units, enter zero.</p> <p>A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2022, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent \$ <u>2,235,193</u></p> <p>B. Divide Line 40A by Line 32 and multiply by \$100 \$ <u>0.1313</u> /\$100</p> <p>C. Add Line 40B to Line 39.</p>	\$ <u>0.4913</u> /\$100
41.	<p>2023 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below.</p> <p>Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08.</p> <p>- or -</p> <p>Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.</p>	\$ <u>0.5084</u> /\$100

²⁵ Tex. Tax Code §26.0442
²⁶ Tex. Tax Code §26.0443

Line	Voter-Approval Tax Rate Worksheet	Amount/ <i>Item 2.</i>
D41.	<p>Disaster Line 41 (D41): 2023 voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of</p> <p>1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or</p> <p>2) the third tax year after the tax year in which the disaster occurred</p> <p>If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁷ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).</p>	\$ 0 /\$100
42.	<p>Total 2023 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that:</p> <p>(1) are paid by property taxes,</p> <p>(2) are secured by property taxes,</p> <p>(3) are scheduled for payment over a period longer than one year, and</p> <p>(4) are not classified in the taxing unit's budget as M&O expenses.</p> <p>A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ²⁸</p> <p>Enter debt amount \$ 1,095,925</p> <p>B. Subtract unencumbered fund amount used to reduce total debt. - \$ 823,850</p> <p>C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ 0</p> <p>D. Subtract amount paid from other resources - \$ 0</p> <p>E. Adjusted debt. Subtract B, C and D from A. \$ 272,075</p>	\$ 272,075
43.	Certified 2022 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ 0
44.	Adjusted 2023 debt. Subtract Line 43 from Line 42E.	\$ 272,075
45.	<p>2023 anticipated collection rate.</p> <p>A. Enter the 2023 anticipated collection rate certified by the collector. ³⁰ 100.00 %</p> <p>B. Enter the 2022 actual collection rate. 99.00 %</p> <p>C. Enter the 2021 actual collection rate. 101.00 %</p> <p>D. Enter the 2020 actual collection rate. 98.00 %</p> <p>E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹</p>	100.00 %
46.	2023 debt adjusted for collections. Divide Line 44 by Line 45E.	\$ 272,075
47.	2023 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,719,773,002
48.	2023 debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ 0.0158 /\$100
49.	2023 voter-approval tax rate. Add Lines 41 and 48.	\$ 0.5242 /\$100
D49.	<p>Disaster Line 49 (D49): 2023 voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.</p>	\$ /\$100

²⁷ Tex. Tax Code §26.042(a)

²⁸ Tex. Tax Code §26.012(7)

²⁹ Tex. Tax Code §26.012(10) and 26.04(b)

³⁰ Tex. Tax Code §26.04(b)

³¹ Tex. Tax Code §§26.04(h), (h-1) and (h-2)

Item 2.

Line	Voter-Approval Tax Rate Worksheet	Amount/
50.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2023 county voter-approval tax rate.	\$ 0 /\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	Taxable Sales. For taxing units that adopted the sales tax in November 2022 or May 2023, enter the Comptroller’s estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller’s Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2022, enter 0.	\$ 0
52.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2022 or in May 2023. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2022. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ 2,356,873
53.	2023 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,719,773,002
54.	Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ 0.1370 /\$100
55.	2023 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.3729 /\$100
56.	2023 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2022 or in May 2023. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2022.	\$ 0.3729 /\$100
57.	2023 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.5242 /\$100
58.	2023 voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ 0.3872 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit’s expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ 0
60.	2023 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,719,773,002
61.	Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ 0 /\$100
62.	2023 voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ 0.3872 /\$100

³² Tex. Tax Code §26.041(d)
³³ Tex. Tax Code §26.041(i)
³⁴ Tex. Tax Code §26.041(d)
³⁵ Tex. Tax Code §26.04(c)
³⁶ Tex. Tax Code §26.04(c)
³⁷ Tex. Tax Code §26.045(d)
³⁸ Tex. Tax Code §26.045(i)

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

Item 2.

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate adjusted to remove the unused increment rate for the prior three years.³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the portion of the unused increment rate must be backed out of the calculation for that year.

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020;⁴⁰
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a);⁴¹ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval.⁴²

Individual components can be negative, but the overall rate would be the greater of zero or the calculated rate.

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit.⁴³

Line	Unused Increment Rate Worksheet	Amount/Rate
63. Year 3 component.	Subtract the 2022 actual tax rate and the 2022 unused increment rate from the 2022 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 67).....	\$ 0.3958 /\$100
B.	Unused increment rate (Line 66).....	\$ 0.0000 /\$100
C.	Subtract B from A.....	\$ 0.3958 /\$100
D.	Adopted Tax Rate.....	\$ 0.3958 /\$100
E.	Subtract D from C.....	\$ 0.0000 /\$100
64. Year 2 component.	Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 67).....	\$ 0.4396 /\$100
B.	Unused increment rate (Line 66).....	\$ 0.0000 /\$100
C.	Subtract B from A.....	\$ 0.4396 /\$100
D.	Adopted Tax Rate.....	\$ 0.4420 /\$100
E.	Subtract D from C.....	\$ -0.0024 /\$100
65. Year 1 component.	Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 65).....	\$ 0.4574 /\$100
B.	Unused increment rate (Line 64).....	\$ 0.0000 /\$100
C.	Subtract B from A.....	\$ 0.4574 /\$100
D.	Adopted Tax Rate.....	\$ 0.4550 /\$100
E.	Subtract D from C.....	\$ 0.0024 /\$100
66. 2023 unused increment rate.	Add Lines 63E, 64E and 65E.	\$ 0.0000 /\$100
67. Total 2023 voter-approval tax rate, including the unused increment rate.	Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).	\$ 0.3872 /\$100

³⁹ Tex. Tax Code §26.013(a)

⁴⁰ Tex. Tax Code §26.013(c)

⁴¹ Tex. Tax Code §§26.0501(a) and (c)

⁴² Tex. Local Gov't Code §120.007(d), effective Jan. 1, 2022

⁴³ Tex. Tax Code §26.063(a)(1)

⁴⁴ Tex. Tax Code §26.012(8-a)

⁴⁵ Tex. Tax Code §26.063(a)(1)

SECTION 6: De Minimis Rate

Item 2.

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴ This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

Line	De Minimis Rate Worksheet	Amount/Rate
68.	Adjusted 2023 NNR M&O tax rate. Enter the rate from Line 39 of the <i>Voter-Approval Tax Rate Worksheet</i>	\$ 0.3600 /\$100
69.	2023 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,719,773,002
70.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 69 and multiply by \$100.	\$ 0.0290 /\$100
71.	2023 debt rate. Enter the rate from Line 48 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.0158 /\$100
72.	De minimis rate. Add Lines 68, 70 and 71.	\$ 0.4048 /\$100

SECTION 7: Voter Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago. This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	2022 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.3958 /\$100
74.	Adjusted 2022 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2022 and the taxing unit calculated its 2022 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2022 worksheet due to a disaster, complete the applicable sections or lines of Form 50-856-a, Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet. - or - If a disaster occurred prior to 2022 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2022, complete the separate <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2022 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. ⁴⁸ Enter the final adjusted 2022 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2022 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0 /\$100
75.	Increase in 2022 tax rate due to disaster. Subtract Line 74 from Line 73.	\$ 0 /\$100
76.	Adjusted 2022 taxable value. Enter the amount in Line 14 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,599,769,680
77.	Emergency revenue. Multiply Line 75 by Line 76 and divide by \$100.	\$ 0
78.	Adjusted 2023 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1,701,086,282
79.	Emergency revenue rate. Divide Line 77 by Line 78 and multiply by \$100. ⁴⁹	\$ 0 /\$100

⁴⁶ Tex. Tax Code §26.042(b)

⁴⁷ Tex. Tax Code §26.042(f)

⁴⁸ Tex. Tax Code §26.042(c)

⁴⁹ Tex. Tax Code §26.042(b)

Line	Emergency Revenue Rate Worksheet	Amount	Item 2.
80.	2023 voter-approval tax rate, adjusted for emergency revenue. Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	\$ 0.3872 /\$100	

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. \$ 0.3729 /\$100
 As applicable, enter the 2023 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax).
 Indicate the line number used: 26

Voter-approval tax rate. \$ 0.3872 /\$100
 As applicable, enter the 2023 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue).
 Indicate the line number used: 58

De minimis rate. \$ 0.4048 /\$100
 If applicable, enter the 2023 de minimis rate from Line 72.

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code.⁵⁰

print here ▶ Jason King

 Printed Name of Taxing Unit Representative

sign here ▶ _____
 Taxing Unit Representative

_____ Date

⁵⁰ Tex. Tax Code §§26.04(c-2) and (d-2)

2023 Governing Body Summary #1A*

Benchmark 2023 Tax Rates

City of Stephenville

Date: 08/08/2023 10:00 AM

DESCRIPTION OF TAX RATE	TAX RATE PER \$100	THIS YEAR'S TAX LEVY**	ADDITIONAL TAX LEVY
No-New-Revenue Tax Rate	\$0.3729	\$6,413,034	
One Percent \$100 Tax Increase***	\$0.3766	\$6,476,665	\$63,631
One Cent per \$100 Tax Increase***	\$0.382900	\$6,585,011	\$171,977
De Minimis Rate	\$0.4048	\$6,961,641	\$548,607
VAR NOT adjusted for Unused Increment Rate	\$0.3872	\$6,658,961	\$245,927
VAR adjusted for Unused Increment Rate	\$0.3872	\$6,658,961	\$245,927
Last Year's Tax Rate	\$0.3958	\$6,806,862	\$393,828
Proposed Tax Rate	\$0.3872	\$6,658,961	\$245,927

*These figures are provided as estimates of possible outcomes resulting from varying the tax rate. Please be aware that these are only estimates and should not be used alone in making budgetary decisions.

**Tax levies are calculated using line 21 of the No-New-Revenue Tax Rate Worksheet and this year's frozen tax levy on homesteads of the elderly or disabled.

***Tax increase compared to no-new-revenue tax rate.

Section 26.05(b) of Property Tax Code
Worksheet for Determination of Steps Required for Adoption of Tax Rate
City of Stephenville

Item 2.

M&O Tax Increase in Current Year	
1. Last year's taxable value, adjusted for court-ordered reductions. Enter Line 8 of the No-New-Revenue Tax Rate Worksheet.	\$1,627,368,882
2. Last year's M&O tax rate. Enter Line 28 of the Voter-Approval Tax Rate Worksheet.	\$0.3812/\$100
3. M&O taxes refunded for years preceding tax year 2022. Enter Line 31A of the Voter-Approval Tax Rate Worksheet.	\$11,112
4. TIF Adjustment. Enter Line 31B of the Voter-Approval Tax Rate Worksheet.	\$90,511
5. Last year's M&O tax levy. Multiply line 1 times line 2 and divide by 100. To the result, add line 3 and subtract line 4.	\$6,124,131
6. This year's total taxable value. Enter line 21 of the No-New-Revenue Tax Rate Worksheet.	\$1,719,773,002
7. This year's proposed M&O tax rate. Enter the proposed M&O tax rate approved by the Governing Body.	\$0.3714/\$100
8. This year's M&O tax levy. Multiply line 6 times line 7 and divide by 100.	\$6,387,237
9. M&O Tax Increase (Decrease). Subtract line 5 from line 8.	\$263,106
Comparison of Total Tax Rates	
10. No-New-Revenue Total Tax Rate.	\$0.3729/\$100
11. This year's proposed total tax rate.	\$0.3872/\$100
12. This year's rate minus No-New-Revenue rate. Subtract line 10 from line 11.	\$0.0143
13. Percentage change in total tax rate. Divide Line 12 by line 10.	3.83%
Comparison of M&O Tax Rates	
14. No-New-Revenue M&O Tax Rate. Enter line 39 of the Voter-Approval Tax Rate Worksheet.	\$0.3600/\$100
15. This year's proposed M&O tax rate.	\$0.3714/\$100
16. This year's rate minus No-New-Revenue rate. Subtract line 14 from line 15.	\$0.0114
17. Percentage change in M&O tax rate. Divide line 16 by line 14.	3.17%
Raised M&O Taxes on a \$100,000 Home	
18. This year's taxable value on a \$100,000 home.	\$100,000
19. Last year's M&O tax rate.	\$0.3812/\$100
20. This year's proposed M&O tax rate.	\$0.3714/\$100
21. This year's raised M&O taxes. Subtract line 19 from line 20 and multiply result by line 18.	\$-9.80



STAFF REPORT

SUBJECT: Set Date, Time, and Location of Public Hearing on Proposed Tax Rate for 2023

DEPARTMENT: Finance

STAFF CONTACT: Monica Harris

RECOMMENDATION:

Staff recommends setting the public hearing on the 2023 proposed tax rate on September 19, 2023 at 5:30 pm in the Council Chambers at City Hall located at 298 W. Washington in Stephenville.

BACKGROUND:

City Charter requires the City Manager to provide the proposed budget to the City Council at least 45 days prior to the beginning of the budget year. The proposed budget must also be filed with the City Secretary and posted on the website. If the proposed tax rate will exceed the No-New-Revenue rate, the City must have a public hearing on the proposed tax rate prior to adopting the tax rate. The adoption of the tax rate must be at least 30 days after the City Manager provides the proposed budget to the City Secretary and the proposed budget is posted on the website.

ALTERNATIVES

Choose a later date to have the hearing, but no later than September 29, 2023, the last day to adopt the tax rate.

COUNTY OF ERATH §
 §
STATE OF TEXAS §

INTERLOCAL AGREEMENT
By and between
ERATH COUNTY & CITY OF STEPHENVILLE

This **Interlocal Agreement by and between Erath County, Texas and City of Stephenville, Texas** (“Agreement”) is executed as of this the ____ day of _____, and is made pursuant to the authority granted by the “Texas Interlocal Cooperation Act,” Chapter 791 of the Texas Government Code, said statute providing for the cooperation between local government bodies. Thus, do the parties hereto, in consideration of the premises and mutual promises contained herein, agree as follows:

WHEREAS, this Agreement is made under the authority of Sections 791.001-791.029 of the Texas Government Code;

WHEREAS, City of Stephenville, Texas, and Erath County, Texas, from time to time need to perform general maintenance and upkeep on roads or other City- or County-owned property or buildings. The City and the County from time to time may need help from the other to perform such jobs, by using each other’s equipment and/or manpower, depending on the job.

WHEREAS, Erath County and the City of Stephenville have each found that contracting for and with respect to the governmental services hereinafter described will result in increased efficiency and economy to the citizens of each such governmental entity; and

WHEREAS, the governing bodies of each party find that the subject of this contract is necessary for the benefit of the public and that each party has the legal authority to perform and to provide the governmental function or service which is the subject matter of this contract; furthermore, the governing bodes find that the performance of this contract is in the common interest of both parties; and that the division of cost fairly compensates the performing party for the services under this contract.

NOW, THEREFORE, for and in consideration of the covenants, conditions and undertakings hereinafter described, and the benefits to accrue to the citizens of Erath County and City of Stephenville, the parties contract, covenant and agree as follows:

I.

Upon request from the City of Stephenville, the County of Erath shall provide equipment and manpower to perform general maintenance or upkeep on roads and/or property owned by City of Stephenville, Texas. City of Stephenville agrees to indemnify Erath County, Texas, for any damages that result to the equipment or to others as a result of the performance of this work.

II.

Upon request from Erath County, the City of Stephenville shall provide equipment and manpower to perform general maintenance or upkeep on roads and/or property owned by Erath County, Texas. Erath County, Texas, agrees to indemnify the City of Stephenville, Texas, for any damages that result to the equipment or to others as a result of the performance of this work.

III.

The County Judge is hereby designated as the official representative of Erath County in all matters relating to this Agreement. The City Administrator is hereby designated as the official representative for the City of Stephenville in all matters relating to this Agreement. Either party may terminate the agreement for any reason with thirty (30) days written notice.

IV.

This Agreement shall take effect upon execution by both signatories.

V.

Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to either Erath County or City of Stephenville nor to create any legal rights or claim on behalf of any third party. Neither Erath County nor City of Stephenville waives, modifies, or alters to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas.

This Agreement may not be amended or modified except by written amendment executed by Erath County and City of Stephenville and authorized by their respective governing bodies.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof, but rather this entire Agreement will be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the parties hereto shall be construed and enforced in accordance therewith. The parties hereto acknowledge that if any provision of this Agreement is determined to be invalid or unenforceable, it is their desire and intention that such provision be reformed and construed on such a manner that it will, to the maximum extent practicable, be deemed to be validated and enforceable.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall be considered fully executed when all parties have executed an identical counterpart, notwithstanding that all signatures may not appear on the same counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement by their officers thereunto duly authorized as of the first date written above.

ERATH COUNTY, TEXAS

CITY OF STEPHENVILLE, TEXAS

By: _____

By: _____

Name: Brandon Huckabee

Name: _____

Title: County Judge

Title: _____