



ECONOMIC DEVELOPMENT
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Benefits of Consolidation

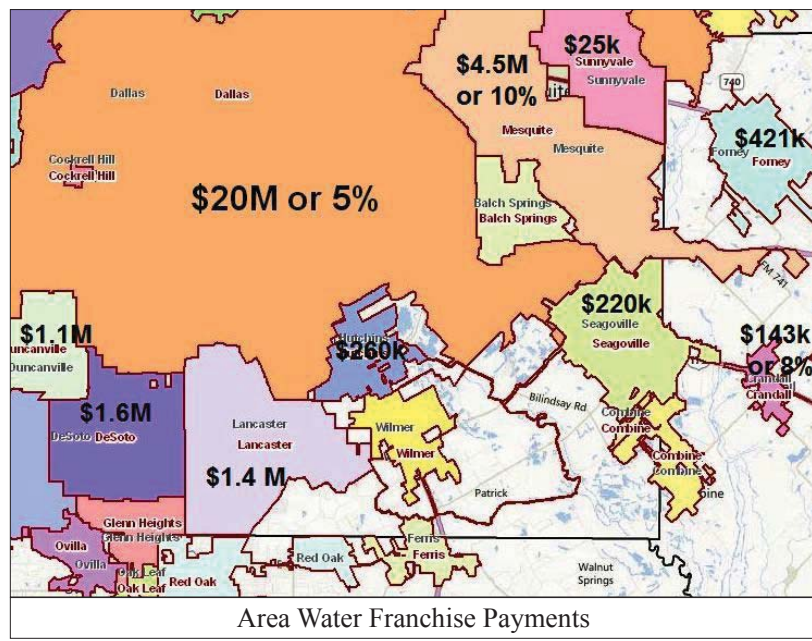
As of July 10, 2012, Standard & Poor's Rating Services reported that the City of Balch Springs had a stable bond rating of "A-" with a stable outlook and is fiscally sound with a balanced budget. The City of Balch Springs finished the fiscal year 2012 with a slightly above average fund balance, relative to other surrounding cities as the recession came to an end. Property values and tax rates remain stable and sales tax collections continue to rise modestly, just as the City of Balch Springs budgeted. As of April 2, 2013, the City of Balch Springs maintains a general fund balance of approximately 10 percent. The general fund budget for the City of Balch Springs for FY 2012-2013 is \$11.8M with a total of 144 employees. The operating budget for the DC6 MUD for FY2012-2013 is \$10.7M with a total of only 37 employees.

Approximately 80 percent, or most of the city's revenue, comes from three sources: property tax (40 percent), sales taxes (30 percent), and fines and forfeitures (10 percent), for a total of almost \$9 million dollars. Currently all public services such as streets, parks, police, fire, recreation center, animal control, library, senior citizens center, code enforcement, etc. are funded by these sources of revenue. It is important to know that the DC6 Water District does not pay any franchise fees for the use of the City of Balch Springs' right of ways. This leaves the burden on the tax payers to fund the street maintenance. Of the surrounding cities surveyed, 100 percent of them transfer between 4-10 percent from the water/wastewater fund to the general fund. Applying this to the City of Balch Springs budget would result in the citizens of Balch Springs having an additional \$450,000 to

\$1,050,000. It is also important to note that in 2012 the city performed maintenance on 17.5 miles of streets which included approximately 12 streets for a total project cost of \$972,000. It's just a start, but it is a huge investment into the maintenance of the streets in a city of this size; and at a time when most cities are having to put street maintenance on hold.

In Texas, MUDs are used to finance utility development of residential and commercial areas outside of city limits in unincorporated areas consisting of several communities, towns, cities and or numerous homeowner associations that serve members, almost like a municipality. Consolidating the DC6 MUD with the City of Balch Springs can and will produce a more progressive one stop shop for the Citizens of Balch Springs. By having one political subdivision, as is most common in the State of Texas, the citizens could save approximately \$1,000,000 dollars through a more conservative approach to increasing efficiency and making streamlined adjustments to both organizations. The result could be an average customer's savings of \$10 on their water bill as well as a lower tax rate of approximately 8 cents. This is a win-win for the citizens of the City of Balch Springs, lower taxes, lower water bills and better service.

The consolidation of the MUD into the City will allow for a greater opportunity for development and the use of financing tools and development agreements as set forth in the Texas Local Government Code. The consolidation will also define local and regional partnerships for the development of the infrastructure throughout the City as it relates to the future land use and com-



prehensive plan of the City of Balch Springs. Development agreements are a contractual agreement between cities and owners of real property relating to development or redevelopment of that property. These agreements bring financial investment into the City that include, but are not limited to: land development, buildings and other structures for human occupancy, improvements which can include not only new construction but also renovation, remodeling, or reuse of existing improvements. The agreement will include public infrastructure installed and paid for by the developer which may be proportionally reimbursed by the city. This creates a win-win situation for both the city and developer. The benefit for a city is the increased tax base, additional jobs, higher quality development, community amenities, diversification of job base, shopping,

etc. This investment into the community creates a solid and sustainable tax base for the city. The major benefit for land owners is the partnership with the City and the proportional reimbursement for up front costs of the infrastructure while making the investment into the community. These benefits DO NOT exist with the existence of the DC6.

In addition to the above stated reasons, the City believes that consolidation of municipal services could result in three major benefits: 1) efficiency in municipal government, 2) elimination of duplication of services and 3) improved delivery of city services. These are the attributes that define a great city.

Charles Fenner – AICP, CPM, CHRM
 Assistant City Manager
 Public Works Director

Freese and Nichols Highlights the Benefits of Consolidation

Note: The City of Balch Springs has contracted with Freese and Nichols, Inc. to provide an evaluation of benefits for the City to provide water and wastewater services. Additionally, Freese and Nichols will be part of a team of experts assembled by the City of Balch Springs should the City and Dallas County Water Control & Improvement District #6 (DC6) consolidate to ensure a smooth, seamless transition.

Freese and Nichols is a well-respected engineering, planning and construction firm with several offices located throughout Texas. Projects include developing DFW Airports' utility and road system and water and wastewater infrastructure projects associated with the expansion of the Ballpark in Arlington. Recent local projects include Wastewater Master Plan and TCEQ SSO Initiative Assistance for Arlington, Texas; Water Master Plan for Fort Worth, Texas and the Water and Wastewater Master Plan and Impact Fee Study for Burleson, Texas. Here is their evaluation of the proposed consolidation of services:

INTRODUCTION

Dallas County Water Control & Improvement District #6 (DC6) currently provides water, wastewater and solid waste collection service to the citizens of Balch Springs. DC6 was established in 1951 to provide water service to this rural, undeveloped area. The City of Balch Springs was incorporated in 1953 and has provided fire, police and all other municipal services with the exception of water, wastewater and solid waste collection services. DC6 has contracted with Dallas Water Utilities to provide water and wastewater services.

In the Dallas-Fort Worth Metroplex, municipalities typically provide water and wastewater service to citizens and non-residential development within their community in order to most efficiently coordinate infrastructure needs. Municipal Utility Districts or "MUDs" sometimes provide retail water and wastewater services, usually to residents of unincorporated areas. There are four MUDs in the DFW Metroplex that provide retail service. These entities include Trophy Club MUD, Seis Lagos Utility District, Traditions MUD and DC6.

EFFICIENCY OF SERVICE

There are efficiencies with the City of Balch Springs providing all municipal services including water and wastewater service. Operations & Maintenance (O&M) cost can be reduced by coordinating existing and future infrastructure need. For example, if a road needs to be repaved, City Staff can evaluate the condition of existing infrastructure and future infrastructure needs to determine if water and wastewater lines should be replaced and the recommended sizing to meet future growth.

City Staff indicated that DC6 currently staffs 37 water and wastewater employees to serve the City population of 24,272. Table 1 shows the ratio of population to water and wastewater staff for the District as well as three similar municipalities that provide water and wastewater service. The District has the highest number of water and wastewater staff between the comparison utilities and the second

lowest ratio of population to water/wastewater staff. Each City of Lancaster Staff serves approximately twice as many residents as DC6. In addition if the City of Balch Springs provides water and wastewater service, there is potential for a reduction in administrative costs and staff by eliminating duplicate roles in both organizations.

ENHANCEMENT OF SERVICE

According to the Insurance Services Office (ISO), the maximum fire flow a utility is required to provide is 3,500 gallons per minute (gpm). While typical residential and commercial fire flow requirements are 1,000 gpm and 1,500 gpm, respectively, some larger developments can approach the 3,000 to 3,500 gpm range or even higher.

The smallest water lines in the DC6 water system include 2-inch, 2 1/4-inch, and 4-inch water lines. It is estimated that the existing water system has marginal fire protection in some areas within the City based on a review of water line sizes, maximum capacity of flow through each line size, and connectivity of water lines. The City of Balch Springs has plans to provide adequate fire protection over time to all existing citizens and businesses within the City. In addition, we understand that City Staff is committed to the future of the City by making water and wastewater system improvements to the existing system to accommodate growth.

ECONOMIC DEVELOPMENT

The City's Planning and Zoning Department developed land use assumptions, and future objectives include guiding the long-term growth of the community and development of a Comprehensive Master Plan. It is beneficial to coordinate City planning efforts with development of water and wastewater Capital Improvement Plans (CIPs) because the recommended infrastructure will be appropriately sized to meet the needs for each proposed land use type and encourage development.

Additional development is beneficial as it will create new jobs in the City and provide more businesses for the

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Balch Springs Industrial & Economic Development Board Type A
 David Roffino, President
 Mac McCay, Vice President
 Keran Bhakta
 Flo Lockett-Miles
 Tina Mitchell
 Felicia Rettig-Alternate
 Tonya Shavers-Alternate
 *Verlyn Smith-City Council Board Liaison

Balch Springs Community & Economic Development Board Type B
 Debbie Zanolini, President
 Christi Steele, Vice-President
 Sarah Surratt
 Tonya Shavers
 Cindy Schneider
 Kelwyn Hill
 Rhonda Ashcraft
 *Mayor Carrie Gordon-City Council Board Liaison


City Council
 Dr. Carrie Gordon, Mayor
 Rodney Taylor, Mayor Pro-tem, Place 2
 Place 3 - Vacant
 Charlene Rushing, Place 4
 Howard D. Arnold, Place 5
 Wanda Adams, Place 6
 Verlyn Smith, Place 7

Staff
 John Hubbard, CECD, EDFP, PCED
 Director of Balch Springs EDC
 Effie Donaldson
 Economic Development Specialist
 Chris Dyser, MURP
 EDC/Senior Planner

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Hours
 Monday through Thursday 8:00 – 6:00 pm
 Friday 8:00 – 5:00 pm

If you wish to opt out of the mailing notice, please call the EDC office at 972-913-3009/3004.



Benefits of Consolidation - continued from p2

Utility	Population	W/WW Staff	Ratio Staff to Res.
City of Terrell	15,160	31	489
Dallas County Water Control and Improvement District #6 (District)	24,272	37	656
City of Forney	15,450	20	773
City of Seagoville	14,920	16	933
City of Lancaster	36,700	28	1,315

Table 1 Comparison of Population and Water and Wastewater Staff

¹The water and wastewater staff for the City of Terrell includes staff to operate the Wastewater Treatment Plant.

citizens. The City Staff will further encourage development by having the opportunity to issue developer agreements and incentives related to the water and wastewater systems for new development. The City of Balch Springs has significant commercial development opportunities along the I-635 and I-20 corridors and water and wastewater enhancements are very likely needed to be able to provide adequate service. The City is committed to making the improvements necessary to allow the development.

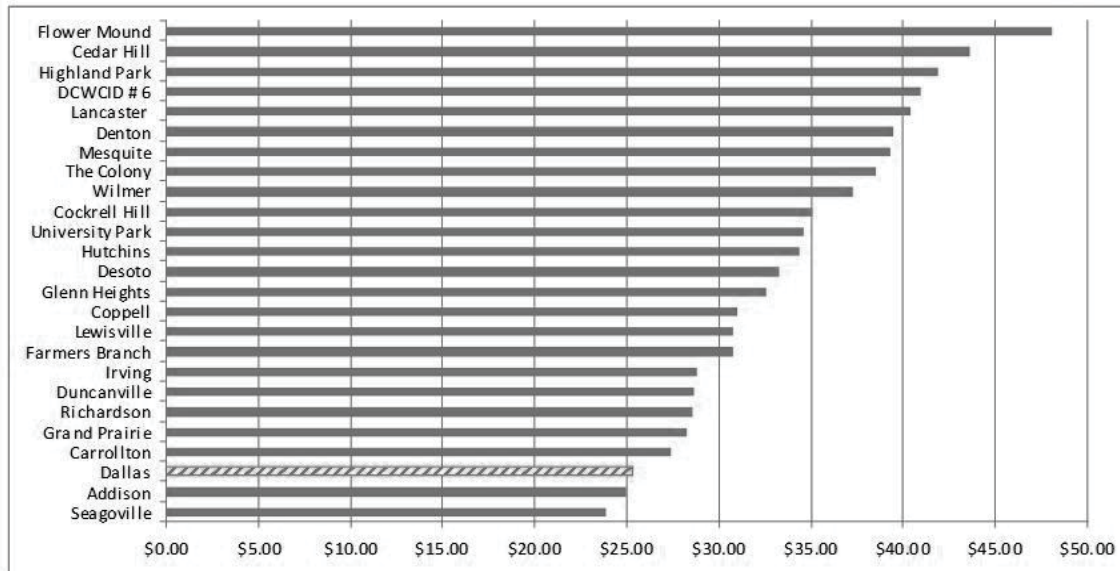
Dallas-Fort Worth Metroplex provide water and wastewater service to their citizens due to the numerous benefits. Several of these benefits include:

- Reduction in O&M costs with coordination of infrastructure needs
- Reduction in administrative costs by eliminating duplicate roles
- Enhancement of water and wastewater service
- Coordination of City planning efforts with water and wastewater Capital Improvement Plans
- Economic development opportunities
- Provide the citizens enhanced fire protection

SUMMARY

In summary, the vast majority of municipalities in the

Comparison of Customer Cities Typical Monthly Residential Water Bills



Note: Bill comparison based on annual average of 8,300 gallons per month on 5/8" meter
Water Utilities Rate Comparison - 2012

Calendar of Events

April 22: Regular City Council Meeting; 7:00pm; City Hall
24: Administrative Professionals Day
25: Parks & Recreation Board Meeting; 7:00pm; City Hall
27: Friends of the Library Idol Karaoke; 6:00pm; Balch Springs Library
29: Early Voting Begins
29: Town Hall Meeting; 6:30pm; Civic Center
May 2: Planning & Zoning Meeting; 7:00pm; City Hall
4: Cinco de Mayo Event; Balch Springs Recreation Center
7: Last Day of Early Voting
8: BSCEDC Type B Regular Board Meeting 6:00pm; City Hall
11: Election Day
13: Regular City Council Meeting; 7:00pm; City Hall
16: Planning & Zoning Meeting; 7:00pm; City Hall
21: BSIEDC Type A Regular Board Meeting 5:30pm; Learning Ctr
23: Parks & Recreation Board Meeting; 7:00pm; City Hall
27: Regular City Council; 7:00pm; City Hall
27: Memorial Day; City Offices Closed
June 6: Planning & Zoning Meeting; 7:00pm; City Hall
10: Regular City Council Meeting; 7:00pm; City Hall
12: BSCEDC Type B Regular Board Meeting 6:00pm; City Hall
15: Juneteenth Celebration; Civic Center
18: BSIEDC Type A Regular Board Meeting 5:30pm; Learning Ctr
20: Planning & Zoning Meeting; 7:00pm; City Hall
24: Regular City Council Meeting; 7:00pm; City Hall
27: Parks & Recreation Board Meeting; 7:00pm; City Hall
29: Balch Springs July 4 Event; Balch Springs Recreation Center
July 4: July 4th Holiday City Offices Closed
8: Regular City Council Meeting; 7:00pm; City Hall
10: BSCEDC Type B Regular Board Meeting 6:00pm; City Hall
16: BSIEDC Type A Regular Board Meeting 5:30pm; Learning Ctr
18: Planning & Zoning Meeting; 7:00pm; City Hall
22: Regular City Council Meeting; 7:00pm; City Hall
25: Parks & Recreation Board Meeting; 7:00pm; City Hall
August 1: Planning & Zoning Meeting; 7:00pm; City Hall
12: Regular City Council Meeting; 7:00pm; City Hall
14: BSCEDC Type B Regular Board Meeting 6:00pm; City Hall
15: Planning & Zoning Meeting; 7:00pm; City Hall
20: BSIEDC Type A Regular Board Meeting 5:30pm; Learning Ctr
22: Parks & Recreation Board Meeting; 7:00pm; City Hall
26: Regular City Council Meeting; 7:00pm; City Hall

For more information on these events or other EDC/City events visit our website at www.cityof-ballchsprings.com or our Facebook Page.
 City Hall: 3117 Hickory Tree Rd
 Learning Ctr: 12450 Elam Rd
 Recreation Ctr: 4327 Shenherd Ln

BEST Promotions USA Relocates to Balch Springs

BEST Promotions USA, a Promotional Product Supplier serving about 6,000 independent distributors across the United States, moved its operations from Forney to Balch Springs in February of this year. The Company is now located at the old Dallas Morning News warehouse at 1730 W. Bruon Road.

BEST provides a wide array of custom decorated beverage insulators (AKA Coolers, huggers, etc.) to businesses, municipalities, schools, individuals and other organizations through its nationwide distributor network. The company has had an annual average growth rate of 35% per year since inception and currently has 40 employees. BEST utilizes screen printing, dye sublimation (digital printing) and also applies custom made Rhinestone Transfers. BEST also cuts and sews its own sizes and shapes, and prints its own digital and rhinestone transfers in house. Currently, the company processes from 75 to 100 orders per day and has a capacity to produce around 75,000 units in its current 8 hour day shift. The company's products are primarily used for advertising purposes, for sale in retail locations, fundraising, weddings, birthdays, anniversaries, golf tournaments and other events. To continue its growth the company plans on adding more innovative merchandise to its product offering as soon as 2014.

BEST was started in Forney, TX in the summer of 2007

in a leased location. Along the way the company added a 2nd leased location adjacent to its original location. Having no more room for growth the company began looking for property to purchase around the south east area of the DFW Metroplex. BEST found a potential property in Balch Springs in October of 2012 and began immediately working with the Balch Springs EDC to seek assistance for its move. Company founder and President Michael Hicks adds, "I was very impressed with the EDC's business friendly paradigm. Because of them and their experience and the service from several other related entities, I felt comfortable moving the company here with hopes that some help would come down the line." The company is in the process of adding a fire suppression sprinkler system and other building improvements.

More building improvements are slated for the Company's new headquarters. BEST plans to put a stone-like facade in the front by the windows, add landscaping to the front and sides of the building, redo the parking lot and repaint the top facade and side of the building.

The company won the PPAI AWARD of MERT for service in 2012 and has the highest ratings for service, quality, speed and communications in its industry. More industry facts and figures can be found at PPAI.org. The company's website is www.bestpromotionsusa.com.



Mayor Carrie Gordon presents check to Company founder and President Michael Hicks at Council Meeting



ACP Print Room



BEST Promotions Production Line



BEST Promotions Production Line



Rhinestone Machine



Screenprinting