AMENDED

City of Hutto

Agenda

City Council Meeting

Thursday, June 4, 2020 at 7:00 PM

City Council Chambers

In accordance with the Texas Open Meetings Act this meeting agenda is posted for public information, continuously, for at least 72 hours prior to the scheduled time of the meeting on the bulletin board located on the exterior wall of the City Hall building at 500 West Live Oak, Hutto, Texas. This meeting agenda is also accessible via the Internet at www.huttotx.gov

Page

1. CALL SESSION TO ORDER
2. ROLL CALL
3. INVOCATION
4. PLEDGE OF ALLEGIANCE
5. CITY COUNCIL COMMENTS

   Pursuant to Texas Government Code Sec. 551.0415, a member of the governance body may make an announcement about items of community interest during a meeting of the governing body without given notice of the subject of the announcement. Items of Community Interests include: (1) expressions of thanks, congratulations, or condolence; (2) information regarding holiday schedule; (3) an honorary or salutary recognition of public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition of the subdivision; (4) a reminder regarding social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the political subdivision; and (5) announcements involving imminent threat to the public health and safety of people in the political subdivision that has arisen after the posting of the agenda.

   5.1. General Comments from City Council

6. PROCLAMATIONS
7. PUBLIC COMMENT

   Any citizen wishing to speak during public comment may do so after completing the required registration form. The purpose of this item is to allow the residents of Hutto and other interested persons an opportunity to address the City Council on agenda issues and on non-agenda issues that are a matter of the jurisdiction of the City Council (i.e., City policy or legislative issues). Non-agenda issues regarding daily operational or administrative matters should be first dealt with at the administrative level by calling City Hall at (512) 759-4839 during business hours. Each person providing public comment will be limited to 3 minutes.

   [Note: The Texas Open Meetings Act, Texas Government Code, Chapter 551, prohibits the City Council from fully discussing, debating, or considering subjects for which public notice has not been given on the agenda. Issues that cannot be referred to the City Staff for action may be placed on the agenda of a future City Council Session.]

8. CITY MANAGER COMMENTS

9. CONSENT AGENDA ITEMS

9.1. Consideration and Possible Action on the April 2, 2020 Regular Called City Council Meeting Minutes. 7 - 16

Agenda Item Report - AIR-20-233 - Pdf
April 2, 2020 Regular City Council Meeting Minutes

9.2. Consideration and Possible Action on the May 7, 2020 Special Called City Council Work Session Minutes. 17 - 19

Agenda Item Report - AIR-20-236 - Pdf
May 7, 2020 Work session minutes

9.3. Consideration and Possible Action on the May 7, 2020 Regular Called City Council Meeting Minutes. 20 - 32

Agenda Item Report - AIR-20-237 - Pdf
May 7, 2020 Regular City Council Meeting Minutes

9.4. Consideration and Possible Action on the May 21, 2020 Special Called City Council Work Session Minutes. 33 - 35

Agenda Item Report - AIR-20-241 - Pdf
May 21, 2020 Work Session Minutes

9.5. Consideration and Possible Action on the May 21, 2020 Regular Called City Council Meeting Minutes. 36 - 43

Agenda Item Report - AIR-20-240 - Pdf
May 21, 2020 Regular City Council Meeting Minutes

10. ORDINANCES

10.1. Consideration and Possible Action on Ordinance No. O-2020-017 to Amend the Fiscal Year 2019-2020 Operations Budget. (Second Reading) 44 - 55

Staff recommends Council approval of the ordinance to amend the FY 2019-2020 Budget.

Agenda Item Report - AIR-20-239 - Pdf
O-2020-017 FY 2019-2020 Operations Budget
FY 2019-2020 Budget Amendment

11. RESOLUTIONS

11.1. Consideration and possible action on Resolution No. R-2020-028 to adopt a policy for special financing districts, to include Public Improvement Districts (PIDs), Tax Increment Reinvestment Zones (TIRZs) and Municipal Utility Districts (MUDs).(Michel Sorrell) 56 - 68

Agenda Item Report - AIR-20-193 - Pdf
Hutto PID Policy Resolution 6 4 20
Hutto PID POLICY Final 6 4 20 CC meeting

11.2. Consideration and possible action on Resolution No. R-2020-029 approving agreement for Forensic Audit (Pete Haskel, Jennifer Burrington) 69 - 80

Resolution R-2020-029 authorizing Forensic Audit - Full Contract FINAL

Engagement Contract for Eide Bailley Full Agreement FINAL PARTIAL SIGNED

11.3. Consideration and possible action on Resolution No. R-2020-030 amending the Fiscal and Budgetary Policy. 81 - 111

Staff recommends Council approval of the resolution to amend the Fiscal and Budgetary Policy.

Agenda Item Report - AIR-20-238 - Pdf
R-2020-030 Fiscal Budgetary Policy
FISCAL AND BUDGETARY POLICY_Council 06.04.20 Exhibit A_Redlined
FISCAL AND BUDGETARY POLICY_Council 06.04.20 _Exhibit B_Clean

11.4. Consideration and possible action on Resolution No. R-2020-031 consenting to the use of the power of eminent domain by Williamson County within the jurisdiction of Hutto for the Southeast Loop construction project. (Samuel Ray) 112 - 120

Agenda Item Report - AIR-20-243 - Pdf
SE Loop Project Res. 2020-031 w. exh.
2040 Future Land Use Map
Williamson County Bond Program SE Loop Email

12. OTHER BUSINESS

12.1. Update on Lakeside Estates lift station decommissioning project. (Samuel Ray) 121

Agenda Item Report - AIR-20-244 - Pdf

12.2. Consideration and possible action on amendments to the City Council Protocols. 122 - 141

Agenda Item Report - AIR-20-246 - Pdf
City Council Protocol Policy 08-01-2019

13. EXECUTIVE SESSION

The City Council for the City of Hutto reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above as authorized by the Texas Government Code Sections 551.071 [Litigation/Consultation with Attorney], 551.072 [Deliberations regarding real property], 551.073 [Deliberations regarding gifts and donations], 551.074 [Deliberations regarding personnel matters] or 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and 551.087 [Deliberations regarding Economic Development negotiations].

13.1. Receive legal advice regarding forensic audit, scope of work, and contract for services provided by Eide Bailly, LLP, in accordance with Tex. Gov't Code§ 551.071(2) (Pete Haskel, Jennifer Burrington)

13.2. Deliberation regarding Economic Development Negotiations concerning a new business prospect within the City of Hutto, Texas, pursuant to Texas Gov't. Code Section 551.087.(Jennifer Burrington, Economic Development Specialist)

13.3. Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code § 551.07: the Multi-Party Development Agreement; deliberations regarding Economic Development pursuant to Tex. Govt. Code § 551.087; and deliberate the purchase or sale of real property within the Hutto Sports, Health and

Entertainment District.

13.4. Receive legal advice concerning legal representation of the City and Cottonwood Development Corporation.

13.5. Receive legal advice pursuant to Tex. Gov.t Code Sec. 551.071 related to the Hutto Economic Development Corporation Small Business Loan Project.

13.6. Receive legal advice pursuant to Tex. Gov.t Code Sec. 551.071 related to the River Creek Development Corporation and underlying public improvement districts and the engagement of Norton Rose Fulbright as bond counsel.

13.7. Receive legal advice from the City Attorney on pending legal matters and Council legal requests pursuant Tex. Govt. Code § 551.071.

14. ACTION RELATIVE TO EXECUTIVE SESSION

14.1. Receive legal advice regarding forensic audit, scope of work, and contract for services provided by Eide Bailly, LLP, in accordance with Tex. Gov't Code§ 551.071(2) (Pete Haskel, Jennifer Burrington)

14.2. Receive legal advice regarding Economic Development Negotiations concerning a new business prospect within the City of Hutto, Texas, pursuant to Texas Gov't. Code Section 551.087.(Jennifer Burrington, Economic Development Specialist)

14.3. Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code § 551.07: the Multi-Party Development Agreement; deliberations regarding Economic Development pursuant to Tex. Govt. Code § 551.087; and deliberate the purchase or sale of real property within the Hutto Sports, Health and Entertainment District.

14.4. Receive legal advice concerning legal representation of the City and Cottonwood Development Corporation.

14.5. Receive legal advice pursuant to Tex. Gov.t Code Sec. 551.071 related to the Hutto Economic Development Corporation Small Business Loan Project.

14.6. Receive legal advice pursuant to Tex. Gov.t Code Sec. 551.071 related to the River Creek Development Corporation and underlying public improvement districts and the engagement of Norton Rose Fulbright as bond counsel.

14.7. Receive legal advice from the City Attorney on pending legal matters and Council legal requests pursuant Tex. Govt. Code § 551.071.

15. ADJOURNMENT

16. CERTIFICATION

I certify that this notice of the **June 4, 2020** Hutto City Council meeting was posted on the City of Hutto website and the City Hall bulletin board of the City of Hutto on May 29, 2020 at **5:00 P.M.**

THE CITY OF HUTTO
INCORPORATED 1911

Holly Nagy, *City Secretary*

City Council

AGENDA ITEM REPORT

To:

Subject: AIR-20-233-Consideration and Approval of the Minutes from the Regular City Council Meeting April 2, 2020.

Meeting: City Council - 04 Jun 2020

Department: City Secretary

Staff Contact:

BACKGROUND INFORMATION:

These minutes are of the April 2, 2020 City Council meeting.

CITY OF HUTTO, TEXAS
CITY COUNCIL
MEETING MINUTES
APRIL 2, 2020

A Regular Session of the City Council of the City of Hutto, Texas was held on April 2, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. CALL SESSION TO ORDER

With a quorum of the members present, Mayor Gaul called the meeting to order at 7:00 p.m.

2. ROLL CALL

Members of the City Council present were Mayor Doug Gaul, Mayor Pro Tem Tom Hines, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez, Councilmember Tanner Rose.

Members of staff that were present were Charles W. Daniels, Interim City Manager; Byron Frankland, Assistant City Manager; Michel Sorrell, Assistant City Manager and CFO (by telephone); Stacy Schmitt, Assistant to the City Manager and Appointed City Secretary; and Dorothy Palumbo, City Attorney (by telephone).

3. INVOCATION. The Invocation was given by Byron Frankland, Assistant City Manager.

4. PLEDGE OF ALLEGIANCE. Mayor Gaul opened the meeting with the Pledge of Allegiance and the Texas Pledge.

5. CITY COUNCIL COMMENTS

Councilmember Martinez stated concerns about rumors around that there will be a reduction in the police officers. She wanted to reassure the citizens that was not the intention of the Council. Interim City Manager Charles Daniels confirmed that he had heard the same rumors and that there were no plans to lay off any police officer.

6. PROCLAMATIONS. There were no proclamations presented.

7. PUBLIC COMMENTS

In light of COVID-19 emergency, in person gatherings of the public should be avoided. Therefore, the Open Meetings requirement was suspended by the Governor and the City instituted that public comments would be submitted by email and would be read aloud during the meeting. Also, comments would be received by call-ins. There was only 1 call-in for public comments. However, the caller was not on the line when the city put the call through. Emails submitted were read aloud by Stacy Schmitt.

Jane Doe stated she was concerned with the possible layoff of any police officers especially during this pandemic.

Mike Glass stated he was concerned with the shortfall of city funds. He asked that the animal control officers, and all employees be reinstated, with back pay. He asked that they do not cut any city services.

Lisa Adler asked who was directly responsible for signing off to spend funds that they city did not have. The residents deserve an answer.

Amanda _____________ stated concerns with eminent domain being forced on residents.

Rose ____________ stated her concerns and disappointment with city leadership.

David Roark commented on the consulting contract with Paul Martin and requested that the City cancel that contract.

Cheri Berry commented that councilmembers need to provide accountability and oversight for financial decisions.

8. <u>**CITY MANAGER COMMENTS**</u>.

Interim City Manager Charles Daniels reported that Patrol Officer Wayne Cunningham will reassume his duties on Monday. His sick leave will be reinstated and city tenure.

Stacy Schmitt advised Council that a newsletter is being sent out to community members on the downtown community lists and chamber of commerce providing messaging for organizations working with them.

9. <u>**CONSENT AGENDA ITEMS**</u>

<u>**MOTION:**</u> A motion was made by Councilmember Martinez to pull item 9.3 from the Consent Agenda to be dealt with separately. Councilmember Gordon seconded the motion.

<u>**VOTE:**</u>

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nay.

9.1. Consideration and Approval for the February 6, 2020 Regular City Council Meeting minutes.

9.2. Consideration and Approval for the February 27, 2020 Regular City Council Meeting minutes.

MOTION: A motion was made by Councilmember Scott Rose to approve items 9.1. and 9.2. on the Consent Agenda as presented. Councilmember Martinez seconded the motion.

VOTE:	**Ayes**	**Nays**	**Abstain**	**Absent**
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

9.3. Consideration and possible action on a resolution consenting to the use of the power of eminent domain by Williamson County within the jurisdiction of Hutto for the Southeast Loop construction project. *(Samuel Ray)*

MOTION: A motion was made by Councilmember Snyder to table the agenda item. Councilmember Scott Rose seconded the motion.

VOTE:	**Ayes**	**Nays**	**Abstain**	**Absent**
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

10. ORDINANCES

10.1. Consideration of a public hearing and possible action on the reading of an ordinance approving the annexation of the Sports and Health District properties, 42.5987 acres, more or less, of land, and to establish base zoning as SF-1 (Single Family Residential), located on Mager Lane and CR 132. *(Ashley Lumpkin)*

Public Hearing: The Mayor opened the public hearing for comments at 7:43 p.m. Hearing none, the public hearing was closed at 7:43 p.m.

MOTION: A motion was made by Councilmember Tanner Rose to approve Ordinance No. O-2020-005 on the first reading to annex 42.5987 acres of the Sports and Health District properties. Councilmember Martinez seconded the motion.

VOTE:	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

MOTION: A motion was made by Councilmember Scott Rose to dispense with the second reading of the ordinance. Councilmember Martinez seconded the motion.

VOTE:	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

10.2. Consideration and possible action regarding the Request for Qualifications (RFQ) submissions from Certified Public Accounting (CPA) firms to perform forensic audit services related to the City's 2019 Fiscal Year. *(Michel Sorrell)*

MOTION: A motion was made by Councilmember Scott Rose to award the contract to Eide Bailey LLP to conduct a forensic audit. Mayor Pro Tem Hines seconded the motion.

VOTE:	**Ayes**	**Nays**	**Abstain**	**Absent**
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

10.3. Consideration and possible action on the second and final reading of an ordinance to provide a residence homestead exemption for disabled persons. *(Michel Sorrell)*

MOTION: A motion was made by Councilmember Snyder to reduce the amount of the exemption from $60,000 to $30,000. The motion failed due to the lack of a motion.

MOTION: A motion was made by Councilmember Scott Rose to approve Ordinance No. O-2020-007 to establish residential homestead for disabled owners. Councilmember Martinez seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes and 0 nays.

10.4. Consideration and possible action on the second and final reading of an ordinance establishing an ad valorem tax ceiling for residential homestead property owners who are 65 or older. *(Michel Sorrell)*

MOTION: A motion was made by Councilmember Scott Rose to approve Ordinance No. O-2020-006 to establish a tax ceiling for residential homestead property owners who are 65 or older. Councilmember Gordon seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro-tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

11. RESOLUTIONS

11.1 Consideration and possible action on an ordinance to suspend the effective date proposed by Atmos Energy Corporation – Mid-Tex Division, to increase rates under the gas reliability infrastructure program for 45 days and authorize the City's continued participation in a coalition of cities known as the "Atmos Texas Municipalities. *(Michel Sorrell)*

MOTION: A motion was made by Councilmember Gordon to table the agenda item. Councilmember Scott Rose seconded the motion.

VOTE:	**Ayes**	**Nays**	**Abstain**	**Absent**
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12. OTHER BUSINESS. There was no other business.

13. EXECUTIVE SESSION

The City Council for the City of Hutto reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed as authorized by the Texas Government Code: *Section 551.071 [Litigation/Consultation with Attorney], Section 551.072 [Deliberations regarding real property], Section 551.073 [Deliberations regarding gifts and donations], Section 551.074 [Deliberations regarding personnel matters], Section 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and Section 551.087 [Deliberations regarding Economic Development negotiations]*.

13.1. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071 (1) involving the Declarations of Local, State and National Disaster, Emergency Orders, and related regulatory issues concerning COVID-19 and as related to City of Hutto municipal operations.

13.2. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(1) about pending litigation, to wit: *Brushy Creek, Ltd. V. City of Hutto,* Cause No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas).

13.3. 13.2. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(2) about legal issues relating to current and former development agreements; including, without limitation, a certain Master Development Agreement dated September 20, 2019, between the City of Hutto and Legacy Hutto, LLC and a certain Multi-Party Development Agreement dated October 1, 2019, by and among the City of Hutto, Perfect Game Incorporated, Legacy Hutto, LLC, and Sports Facilities Development, LLC, both agreements relating to the development of a public sports and mixed-use district consisting of approximately 242 acres within the City.

13.4. Receive legal advice from the City Attorney on pending legal matters, Council legal requests and potential litigation.
13.5. Receive legal advice from the City Attorney on any posted agenda item.

The Open Meeting was recessed at 8:08 p.m. to convene an Executive Session at 8:08 p.m. under the authority contained in the Texas Government Code Section 551.071 to consult with the City Attorney relative to items listed above. The Executive Session was adjourned at 9:15 p.m.

There was no action taken during the Executive Session.

14. ACTION RELATIVE TO EXECUTIVE SESSION

14.1. Discuss and consider the Declarations of Local, State and National Disaster, Emergency Orders, and related regulatory issues concerning COVID-19 and as related to City of Hutto municipal operations.

MOTION: A motion was made by Councilmember Snyder to approve Resolution R-2020-015 to extend the suspension of the PIA requirements for an additional 7 days. Councilmember Scott Rose seconded the motion.

AMENDED MOTION: Councilmember Martinez made a motion to amend the previous motion to include in the motion the statement --"in accordance with the Texas Government Code Section 552.233". Councilmember Scott Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

Vote on original and amended motion:

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose		X		

ACTION: The motion carried by a vote of 6 ayes to 1 nay.

14.2. Discuss and consider current status of pending litigation concerning Brushy Creek, Ltd. V. City of Hutto, Cause No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas), and provide direction and authority relating to the same, to the City Manager and City Attorney, including, without limitation, respecting counsel and witnesses.

No action was required.

14.3. Discuss and consider current and former development agreements and provide direction to the City Manager and City Attorney, respecting current and former development agreements including, without limitation, a certain Master Development Agreement dated September 20, 2019, between the City of Hutto and Legacy Hutto, LLC and a certain Multi-Party Development Agreement dated October 1, 2019, by and among the City of Hutto, Perfect Game Incorporated, Legacy Hutto, LLC, and Sports Facilities Development, LLC, both agreements relating to the development of a public sports and mixed-use district consisting of approximately 242 acres within the City.
No action was required.

14.4. Receive legal advice from the City Attorney on pending legal matters, Council legal requests and potential litigation.

No action was required.

14.5. Receive legal advice from the City Attorney on any posted agenda item.

No action was required.

SUPPLEMENTAL EMERGENCY AGENDA ITEM. Emergency Addition to Agenda pursuant to Section 551.045(b) of the Texas Government Code.

14.6. Consideration and possible action on an Ordinance of the City of Hutto, Texas continuing Ordinance No. 2020-004 and providing an effective date.

MOTION: A motion was made by Councilmember Snyder to approve Ordinance No. O-2020-008 continuing the Mayor's Declaration order through April 30, 2020. Mayor Pro Tem Hines seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nay.

15. ADJOURNMENT. Mayor Gaul adjourned the meeting at 9:27 p.m. on April 2, 2020.

Respectfully submitted,

____
Doug Gaul, Mayor

ATTEST:

____
Stacy Schmitt, Interim City Secretary

These minutes were approved on __________________, 2020.

City Council

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action on the May 7, 2020 special called city council workshop minutes.

Meeting:

Department: City Secretary

Staff Contact: Holly Nagy City Secretary

CITY OF HUTTO, TEXAS

SPECIAL CITY COUNCIL WORK SESSION

MEETING MINUTES

MAY 7, 2020

A Special City Council Work Session of the City Council of the City of Hutto, Texas was held on May 7, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. **CALL SESSION TO ORDER:** With a quorum of the members present, Mayor Gaul called the meeting to order at 5:02 p.m.

2. **ROLL CALL:**

Members of the City Council present were Mayor Doug Gaul, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez.

Councilmember Tanner Rose arrived at 5:30 PM.

Absent: MPT Tom Hines

City Staff: Charles W. Daniels, Interim City Manager, Stacy Schmitt, Assistant to the City Manager, Dottie Palumbo, City Attorney

3. **WORK SESSION:**

Update from the Community Development Corporation (CDC) on staff, current projects, processes and activities.

Steven Harris, Chair of CDC spoke about the 5 key directives that City Council gave when the Type B Board was established.

- Implement small business loan program- now disaster relief program.
- Business Retention & Expansion Program- partnered with Hutto Chamber. Survey of business community to see needs.
- Entertainment opportunities (participated in funding for city amphitheater, Chamber events downtown Hutto).
- Gap financing projects- utilizing sales tax revenue when available.
- Development and redevelop parks- utilizing sales tax revenue when available. Some projects identified on hold due to developers not being ready.

Mr. Harris discussed a proposed partnership with City, Chamber & CDC.

The proposed partnership was to be:

- a new organization
- 501(c)(3)-focuses on Economic Development allows companies to donate and get tax write off. Helps funds projects that wouldn't be possible with just sales tax revenue.
- The partnership ran into snags delaying startup. 501(c)(3) process was held up, they were asked to add that 501(c)(3) lessening the burdens of government to its mandate. The lessening of burdens of government adds a lot of extra steps and red tape to set up. This process held up the formation of the partnership. CDC and Chamber board has decided to move forward with original plan.
- hold up on establishing temporary board to work through processes to create 501(c)(3)
- CDC, and Chamber Board appointed their reps, City hasn't appointed anyone yet.
- the partnership can move forward with or without the city.

Discussion ensued regarding a proposed representative from the city.

- 3 reps needed- Councilmembers and/or staff.

Discussion ensued regarding the 5 key directives, staffing and projects with Economic Development. Mr. Harris would like to see the Economic Development team more involved in projects.

Discussion ensued regarding applying for various EDC loans and processes. Information regarding the COVID EDC Loan program is on social media, city website, email, press release. To date 6 loans have been given out under this program.

Discussion ensued regarding the roles and responsibilities of the EDC and the City.

Quarterly CDC agenda item or work session. Discussion ensued regarding city staff and EDC staff communications.

Discussion ensued regarding recipients of CDC loan funds. Discussion ensued regarding revisiting Chapter 505.

ADJOURNMENT: 6:33 PM

PASSED and APPROVED this the 4th day of June, 2020

____
Doug Gaul, Mayor

ATTEST:

____
Holly Nagy, City Secretary

City Council

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action on the May 7, 2020 regular called city council meeting minutes.

Meeting: City Council - 04 Jun 2020

Department: City Secretary

Staff Contact:

CITY COUNCIL

MEETING MINUTES

MAY 7, 2020

A Regular Session of the City Council of the City of Hutto, Texas was held on May 7, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. **CALL TO ORDER:** 7:03 PM

2. **ROLL CALL:** Members of the City Council present were Mayor Doug Gaul, Mayor Pro Tem Tom Hines (by video conference), Councilmember Scott Rose (by video conference), Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez, Councilmember Tanner Rose.

3. **INVOCATION:** Led by Mayor Gaul

4. **PLEDGE OF ALLEGIANCE**: Led by Mayor Gaul and City Council

5. **CITY COUNCIL COMMENTS:**

5.1. General Comments from City Council.

- *None.*

6. **PROCLAMATIONS:**

6.1. Proclamation for Motorcycle Awareness Month in the City of Hutto

7. **PUBLIC COMMENTS:**

* Robin Sutton –RE: new lawsuit with Ken Paxton, forensic audit
* Barbara Flanagan- RE: separation agreement with Odis Jones, third party investigation of City Manager's office.
* Ilisha Adler RE: forensic audit.

8. **CITY MANAGER COMMENTS**:

Interim City Manager Charles Daniels gave brief overview on plan to reopen City Hall on June 1,

2020. May 11-29th- Staff integration program includes alternate staff working from home and within city hall offices by staggering the return of employees. Phase 2 Library will reopen for limited services on June 1, 2020. Interim City Manager Daniels gave a detailed overview of the limited library services.

9. **CONSENT AGENDA ITEMS**:

MOTION: A motion was made by Councilmember Snyder to pull item 9.5 from the Consent Agenda to be dealt with separately. Councilmember Gordon seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Dough Gaul	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

9.1. Consideration and approval of the minutes from the Regular City Council meeting on March 5,2020.

9.2. Consideration and approval of the minutes for the Regular City Council Meeting on March 19, 2020.

9.3. Consideration and approval of the minutes from the Special Called City Council Meeting on March 26, 2020.

9.4. Consideration and approval of the minutes from the Special Called City Council Meeting on March 30, 2020.

9.6. Consideration and possible action on a resolution approving the proposed Legends of Hutto Phase Two Lot 1A, Block J Amended Plat, 3.25 acres, more or less, of land, 1 drainage easement and public utility easement lot, located on FM 1660 South. (Ashley Lumpkin)

9.7. Consideration and possible action on a resolution approving the proposed Commercial Development 1660 South, Hutto (Phase I) Lot 1A Amended Plat, 0.92 acres, more or less, of land, 1 commercial lot, located on FM 1660 South. (Ashley Lumpkin)

MOTION: A motion was made by Councilmember Gordon moved to approve consent agenda Items 9.1, 9.2., 9.3, and 9.4., 9.5, 9.6 and 9.7 Councilmember S. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

9.5. Consideration and possible action on a resolution regarding COVID-19 leave provided by the new Families First Coronavirus Response Act and authorizing City employees to utilize earned leave to supplement the 1/3 of pay not covered under the Act. (Jessica Gray)

MOTION: A motion was made by MPT Hines to approve item 9.5. Councilmember Martinez seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

10. OTHER BUSINESS

10.1. Consideration and possible action to amend the minutes of the September 19, 2019 Council Meeting.

Councilmember T. Rose would like the votes on 10 A, 10 B, 10 C at the September 19, 2019 meeting to show Councilmember T. Rose as a no vote. Councilmember S. Rose was a yes vote. Staff will bring back amended minutes.

MOTION: A motion was made by Councilmember T. Rose to approve Item 10.1 with amendments. Councilmember S. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Peter Gordon	X			
Councilmember Patti Marinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

10.2. Presentation of cost analysis and discussion relating to Abescape mowing contract vs. in house mowing of public rights of way. (Samuel Ray)

Item will be brought back for next budget conversation. Council would like to view what the options are.

11. ORDINANCES

11.1. Consideration and possible action on the second reading of an ordinance concerning the first amendment to the Fiscal Year 2019-2020 Budget of the Hutto Community Development Corporation - Type B (Community Development Corporation). (Michel Sorrell, ACM; Steven Harris, Chair EDC; Don Carlson, Vice Chair EDC)

MOTION: A motion was made by Councilmember Gordon to table this item pending legal advice. Councilmember Martinez seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			

Councilmember Scott Rose	X
Councilmember Mike Snyder	X
Councilmember Peter Gordon	X

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

11.2. Consideration and possible action on an Ordinance of the City of Hutto, Texas continuing the Ordinance continuing the Declaration of Local Disaster extending the Declaration of Disaster to be consistent with Governor Abbott's Executive Orders and providing an effective date.

MOTION: A motion was made by Councilmember Snyder to approve the ordinance. Councilmember S. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

MOTION: A motion was made by Councilmember T. Rose to dispense of the second reading. Councilmember Snyder seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

11.3. Consideration and possible action on an Ordinance of the City of Hutto, Texas amending Article 1.02, City Council, Division 1. Generally, of the Hutto City Code by adding Section 1.02.001, Investigations by City Council; providing for penalties and an effective date.

MOTION: A motion was made by Councilmember S. Rose to approve Item 11.3. Councilmember Gordon seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12. RESOLUTIONS:

MOTION: Councilmember Martinez requested to move Item 14.5 up. Councilmember Snyder seconded the motion. (Parks Foundation)

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Pro Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

Perry Savard, Parks Advisory Board Member discussed the conversation held during the Parks Advisory Board Meeting regarding the proposed Parks Foundation. Item will come back June 18th.

10-minute break

12.1. Consideration and possible action on a resolution adopting a revised investment policy. (Michel Sorrell)

MOTION: A motion was made by MPT Hines to approve item 12.1. Councilmember Snyder seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12.2. Consideration and possible action on a resolution authorizing the Interim City Manager to execute an agreement for financial advisor services with Hilltop Securities Inc.

MOTION: A motion was made by Councilman Snyder to table Item 12.2 until after Executive Session. Councilman Gordon seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12.3. Consideration and possible action for a Resolution authorizing the Interim City Manager and City Attorney to negotiate and the Interim City Manager to execute an agreement for forensic audit subject to final approval by City Council and further authorizing Interim City Manager and City Attorney to negotiate and the Interim City Manager to execute an interim agreement for performance of initial work for said forensic audit (Jennifer Burrington)

MOTION: Councilmember Snyder made a motion to table item 12.3 until after Executive Session. Councilmember T. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12.4. Consideration and possible action on a resolution authorizing the Interim City Manager to execute an agreement with P3 Works for administrative services for the City's Public Improvement Districts and for the City's Tax Increment Reinvestment Zones (Michel Sorrell, CFO/ACM)

MOTION: Councilmember Martinez made a motion to approve item 12.4. Councilmember S. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro -Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12.5. Consideration and possible action on a resolution amending the Fiscal and Budgetary Policy.

- No action taken.

12.6. Consideration and possible action on a resolution authorizing Mayor Doug Gaul to sign a letter on behalf of the City requesting that Texas Governor Greg Abbott issue a proclamation pursuant to Section 418.016 of the Texas Government Code suspending Sections 41.001(a)(2) and 41.0052 of the Texas Election Code to the extent necessary to allow political subdivisions to hold the election postponed from May 2, 2020, at a date earlier than November 3, 2020.

MOTION: A motion was made by Councilman T. Rose to approve item 12.6 with the address amendment. Councilman Gordon seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

13. EXECUTIVE SESSION:

Entered: 10:42 PM

13.1. Receive legal advice regarding forensic audit, scope of work, and contract for services provided by Eide Bailey, LLP, in accordance with Tex. Gov't Code § 551.071(2).

13.2. Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code 551.071.

13.3. Receive legal advice concerning the disclosure of potential conflicts of Interest and Consent for the Bojorquez Law Firm, P.C. to represent Local Government Corporations, Economic Development Corporations or Hutto Parks Foundation created by the City of Hutto in accordance with Tex. Govt. Code 551.071(2)

13.4. Receive legal advice concerning TCEQ Matter No. 2398, the Lealco Waste Transfer station in accordance with Tex. Govt. Code § 551.071.

13.5. Receive legal advice from the City Attorney on pending legal matters and Council legal requests pursuant Tex. Gov't. Code Section 551.071; including but not limited to legal requirements in creating a Park Foundation, status of public information act requests and litigation, and development agreements.

14. ACTION RELATIVE TO EXECUTIVE SESSION:

Reconvene: 12:52 AM

12.3/14.1

MOTION: A motion was made by Councilmember Martinez to approve the resolution to contract for services provided by Eide Bailey, LLP, in accordance with Tex. Gov't Code for the forensic audit and amends original motion to include Interim Manager to execute the interim agreement for performance of initial work for said forensic audit and to not to exceed the amount of $8,800. Councilmember T. Rose seconded the motion.

AMENDED MOTION: MPT Hines made an amendment to the motion to increase the amount to $16,000 and to look over the last seven years. Councilmember S. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Mike Snyder		X		
Councilman Peter Gordon		X		
Councilmember Patti Martinez		X		
Councilmember Tanner Rose		X		
Mayor Doug Gaul		X		
Mayor Pro-Tem Tom Hines	X			
Councilmember Scott Rose	X			

ACTION: The amended motion failed by a vote of 5 nays to 2 ayes.

MOTION: A motion was made by Councilmember Martinez to approve the resolution to contract for services provided by Eide Bailey, LLP, in accordance with Tex. Gov't Code for the forensic audit and amends original motion to include Interim Manager to execute the interim agreement for performance of initial work for said forensic audit and to not to exceed the amount of $8,800. Councilmember T. Rose seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember Mike Snyder	X			
Councilman Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

Mayor Doug Gaul	X
Mayor Pro-Tem Tom Hines	X
Councilmember Scott Rose	X

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

12.2 Consideration and possible action on a resolution authorizing the Interim City Manager to execute an agreement for financial advisor services with Hilltop Securities Inc.

MOTION: MPT Hines made a motion to execute the agreement with Hilltop Securities as Financial Advisors. Councilmember Martinez seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember S. Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

14.2 Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code Section 551.071 and deliberations regarding Economic Development negotiations pursuant to Tex. Govt. Code Section 551.087 concerning a Grant Agreement pursuant to Texas Loc. Govt. Code Chapter 380 for an Alternative Project Grant pursuant to the Loan Agreement between Cottonwood Development Corporation and Preston Hollow Capital, LLC dated February 13, 2020.

- No action taken.

14.3 Receive legal advice concerning the disclosure of potential conflicts of Interest and Consent for the Bojorquez Law Firm, P.C. to represent Local Government Corporations, Economic Development Corporations or Foundations created by the City of Hutto in accordance with Tex. Govt. Code § 551.071(2)

MOTION: Councilmember T. Rose made a motion to allow the Mayor to execute the addendum to the Bojorquez legal agreement. MPT Hines seconded the motion.

VOTE:

	Ayes	Nays	Abstain	Absent
Councilmember S. Rose	X			
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			
Mayor Doug Gaul	X			
Mayor Pro-Tem Tom Hines	X			

ACTION: The motion carried unanimously by a vote of 7 ayes to 0 nays.

14.4 Receive legal advice concerning TCEQ Matter No. 2398, the Lealco Waste Transfer station in accordance with Tex. Govt. Code § 551.071.

- No action taken.

14.5 Receive legal advice from the City Attorney on pending legal matters and Council legal requests pursuant Tex. Gov't. Code Section 551.071; including but not limited to legal requirements in creating a Park Foundation, status of public information act requests and litigation, and development agreements.

- No action taken.

14. ADJOURNMENT:

Mayor Gaul adjourned the meeting at 1:11 a.m. on May 8, 2020.

PASSED and APPROVED on this the ____of ______, 2020.

____
Doug Gaul, Mayor

ATTEST:

____

Holly Nagy, City Secretary

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action on the May 21, 2020 special called city council workshop minutes.

Meeting:

Department: City Secretary

Staff Contact: Holly Nagy City Secretary

SPECIAL CITY COUNCIL WORK SESSION

MEETING MINUTES

MAY 21, 2020

A Special City Council Work Session of the City Council of the City of Hutto, Texas was held on May 21, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. <u>CALL TO ORDER:</u> With a quorum of the members present, Mayor Gaul called the meeting to order at 5:00 p.m.

2. <u>ROLL CALL:</u>

Members of the City Council present were Mayor Doug Gaul, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez.

Councilmember Tanner Rose arrived at 5:20 PM

Absent: MPT Tom Hines

City Staff: Byron Franklin, Assistant City Manager, Michel Sorrell, Assistant City Manager, CFO, Stacy Schmitt, Assistant to the City Manager, Holly Nagy, City Secretary, Dottie Palumbo, City Attorney.

3. <u>CITY MANAGER COMMENTS:</u>

3.1 Introduction of Work Session and Speakers.

4. <u>OTHER BUSINESS:</u>

4.1 A presentation on special finance district tools available to cities for the purposes of economic development to include Public Improvement Districts (PIDs), Tax Increment Reinvestment Zones (TIRZs), and Municipal Utility Districts (MUDs).

Presentation by:

- Jim Sabonis, Managing Director of Hilltop Securities

ADJOURNMENT: 6:41 PM

PASSED and APPROVED this the 4th day of June, 2020

____

Doug Gaul, Mayor

ATTEST:

____

Holly Nagy, City Secretary

City Council

AGENDA ITEM REPORT

To:	
Subject:	Consideration and possible action on the May 21, 2020 regular called city council meeting minutes.
Meeting:	City Council - 04 Jun 2020
Department:	City Secretary
Staff Contact:	Holly Nagy City Secretary

CITY OF HUTTO, TEXAS
CITY COUNCIL
MEETING MINUTES
MAY 21, 2020

A Regular Session of the City Council of the City of Hutto, Texas was held on May 21, 2020 in the Council Chambers, City Hall, 500 W. Live Oak, Hutto, Texas 78634, for which proper notice was given.

1. CALL SESSION TO ORDER

With a quorum of the members present, Mayor Gaul called the meeting to order at 7:02 p.m.

2. ROLL CALL

Members of the City Council present were Mayor Doug Gaul, Councilmember Scott Rose, Councilmember Mike Snyder, Councilmember Peter Gordon, Councilmember Patti Martinez (via teleconference), Councilmember Tanner Rose.

Absent: MPT Hines

Members of staff that were present were Byron Frankland, Assistant City Manager; Michel Sorrell, Assistant City Manager and CFO; Stacy Schmitt, Assistant to the City Manager, Holly Nagy, City Secretary and; Dorothy Palumbo, City Attorney.

3. INVOCATION. The Invocation was given by Councilmember Peter Gordon.

4. PLEDGE OF ALLEGIANCE. Mayor Gaul opened the meeting with the Pledge of Allegiance and the Texas Pledge.

5. CITY COUNCIL COMMENTS

Councilmember Snyder stated that on May 14th, a sworn ethics complaint was filed against him with the Texas Ethics Commission regarding a consulting agreement. Item was dismissed by the Texas Ethics Commission on May 19th. Councilmember Snyder wanted to let the citizens know this happened in full transparency. Councilmember Gordon recognized the parents of Hutto graduating seniors who put on the parade. It was an impressive show of solidarity and support for kids. Mayor Gaul expressed condolences on the loss of Adrian Herran.

6. PROCLAMATIONS There were no proclamations presented.

7. **PUBLIC COMMENTS**

In light of COVID-19 emergency, in person gatherings of the public should be avoided. Therefore, the Open Meetings requirement was suspended by the Governor and the City instituted that public comments would be submitted by email and would be read aloud during the meeting. Emails submitted were read aloud by Stacy Schmitt.

Ms. Robin Sutton: RE: Proposed adjournment time-concerned regarding citizens being heard.

Ms. Shirley Peek (via email): RE: Old Town Hutto congested roads, neighborhood streets. Forcing traffic through neighborhoods.

8. **CITY MANAGER COMMENTS.**

- *None*

9. **CONSENT AGENDA ITEMS**

Councilmember Snyder made a motion to pull items 9.3 and 9.9 from the Consent Agenda. Councilmember S. Rose seconded the motion. The motion passed unanimously.

9.1. Consideration and action on a resolution regarding Oncor Electric Delivery Company and its filed application for approval of a Distribution Cost Recovery Factor ("DCRF").

9.2. Consideration and possible action on a resolution approving the proposed Brooklands Section Four Final Plat, 15.7896 acres, more or less, of land, 88 residential lots, located at Swindoll Lane at Brooklands Boulevard.

9.4 Consideration and possible action on a resolution approving the proposed Hutto Crossing Phase 4 Section 12 Final Plat, 12.25 acres, more or less, of land, one commercial lot, located at Carl Stern Drive at Cyril Drive.

9.5 Consideration and possible action on a resolution approving the proposed Highlands North Section 2 Final Plat, 36.040 acres, more or less, of land, 100 residential lots, located at CR 132 and Panico Road.

9.6 Consideration and possible action on a resolution approving the proposed Highlands North Revised Preliminary Plat, 204.298 acres, more or less, of land, 480 residential lots, located at CR 132 and CR 133.

9.7 Consideration and possible action on a resolution approving the proposed Mustang Creek Phase 4 Final Plat, 27.290 acres, more or less, of land, 107 residential lots, located on FM 1660 North.

9.8 Consideration and possible action on an Ordinance of the City of Hutto, Texas amending Article 1.02, City Council, Division 1. Generally, of the Hutto City Code by adding Section 1.02.001, Investigations by City Council; providing for penalties and an effective date. (Second Reading)

Councilmember Gordon made a motion to approve items 9.1, 9.2, 9.4, 9.5, 9.6, 9.7 and 9.8 on the Consent Agenda as presented. Councilmember S. Rose seconded the motion. The motion passed unanimously.

Councilmember Martinez stated that in the past she has recused herself from voting during the Brookland sections. Councilmember Martinez wishes to note for the record that she no longer works for the company in which she had relations in the subdivision for. Councilmember Martinez wishes to clear the air and let Council know why she didn't recuse herself from that item.

9.3. Consideration and possible action on a resolution approving the proposed Durango Farms Phase 1 Final Plat, 72.391 acres, more or less, of land, 138 residential lots, one multifamily lot, and one commercial lot, located on FM 1660 North at Mager Lane.

Ms. Robin Sutton spoke regarding the project.
- left turning lane FM 79 and FM 1660.
-concerned that the roads can't accommodate drainage or traffic.
- where is traffic analysis?

Councilmember S. Rose made a motion to approve item 9.3 as presented. Councilmember Gordon seconded the motion. The motion passed. (4:2)

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines				X
Councilmember Scott Rose	X			
Councilmember Mike Snyder		X		
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose		X		

ACTION: The motion carried by a vote of 4 ayes to 2 nays.

9.9 Consideration and possible action on an Ordinance of the City of Hutto, Texas continuing the Ordinance continuing the Declaration of Local Disaster extending the Declaration of Disaster to be consistent with Governor Abbott's Executive Orders and providing an effective date.

Councilmember Snyder made a motion to allow the ordinance to expire. Councilmember T. Rose seconded the motion. The motion passed. (5:1)

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines				X
Councilmember Scott Rose		X		
Councilmember Mike Snyder	X			
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose	X			

ACTION: The motion carried by a vote of 5 ayes to 1 nays.

10. ORDINANCES

10.1. Consideration and possible action on an Ordinance to amend section 2.04.002-Police Department.

Councilmember Snyder made a motion to table item 10.1 to clarify information and bring back whole ordinance to Council. Councilmember Gordon seconded the motion. The motion passed unanimously.

10.2. Consideration and possible action to approve an Ordinance adopting an adjournment time for City Council meetings.

Councilmember Snyder made a motion to deny item 10.2 as written. Councilmember T. Rose seconded the motion.

Councilmember Gordon made a motion to table item 10.2 until after there is a discussion regarding online message boards as a Council. Councilmember Martinez seconded the motion. Motion failed. (3:3)

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul	X			
Mayor Pro Tem Tom Hines				X
Councilmember Scott Rose		X		
Councilmember Mike Snyder		X		
Councilmember Peter Gordon	X			
Councilmember Patti Martinez	X			
Councilmember Tanner Rose		X		

ACTION: The motion failed by a vote of 3 ayes to 3 nays.

Councilmember S. Rose made a motion to table item 10.2 with an amendment that it takes a super majority to continue past 11 pm. Councilmember Martinez seconded the motion. The motion failed (4:2)

VOTE:

	Ayes	Nays	Abstain	Absent
Mayor Doug Gaul		X		
Mayor Pro Tem Tom Hines				X
Councilmember Scott Rose	X			
Councilmember Mike Snyder		X		
Councilmember Peter Gordon		X		
Councilmember Patti Martinez	X			
Councilmember Tanner Rose		X		

ACTION: The motion failed by a vote of 2 ayes to 4 nays.

11. RESOLUTIONS

11.1. Public hearing, consideration and possible action to adopt a Resolution of the City of Hutto, Texas, authorizing and creating the Durango Farms Public Improvement District within the City of Hutto pursuant to Chapter 372 Texas Local Government Code.

Public hearing opened: 8:55 pm.
Public hearing closed: 8:55 pm.

No one spoke.

Presentation only. Item will come back to June 18, 2020 City Council Meeting.

11.2 Consideration and possible action authorizing the City to pursue alternative funding sources to respond to and recover from the Coronavirus (COVID 19) pandemic.

Councilmember T. Rose made a motion to approve item 11.2 as presented. Councilmember S. Rose seconded the motion. The motion passed unanimously.

12. **OTHER BUSINESS.**

12.1 Presentation of 2019 Crime Statistics.

12.2 Approval of Amended City Council Meeting Minutes of September 19, 2019.

Councilmember T. Rose made a motion to approve item 12.2. Councilmember S. Rose seconded the motion. The motion passed unanimously.

13. **EXECUTIVE SESSION** *Entered: 9:36 PM*

The City Council for the City of Hutto reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed as authorized by the Texas Government Code: *Section 551.071 [Litigation/Consultation with Attorney], Section 551.072 [Deliberations regarding real property], Section 551.073 [Deliberations regarding gifts and donations], Section 551.074 [Deliberations regarding personnel matters], Section 551.076 [Deliberations regarding deployment/implementation of security personnel or devices] and Section 551.087 [Deliberations regarding Economic Development negotiations].*

13.1. Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code § 551.071 and deliberations regarding Economic Development negotiations pursuant to Tex. Govt. Code § 551.087 concerning a Grant Agreement pursuant to Texas Loc. Govt. Code Chapter 380 for an Alternative Project Grant pursuant to the Loan Agreement between Cottonwood Development Corporation and Preston Hollow Capital, LLC dated February 13, 2020.

13.2. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(1) about pending litigation, to wit: Brushy Creek, Ltd. V. City of Hutto, Cause No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas).

13.3. Receive legal advice relating to Special District Financing pursuant to Tex. Govt. Code. § 551.071.

13.4. Receive legal advice from the City Attorney on pending legal matters and Council legal requests pursuant Tex. Govt. Code § 551.071.

14. **ACTION RELATIVE TO EXECUTIVE SESSION** *Reconvened: 11:17 PM*

14.1. Receive legal advice concerning the Hutto Sports, Health and Entertainment District in accordance with Tex. Govt. Code § 551.071 and deliberations regarding Economic Development negotiations pursuant to Tex. Govt. Code § 551.087 concerning a Grant Agreement pursuant to Texas Loc. Govt. Code Chapter 380 for an Alternative Project Grant pursuant to the Loan Agreement between Cottonwood Development Corporation and Preston Hollow Capital, LLC dated February 13, 2020.

14.2. Receive legal advice from the City Attorney in accordance with Tex. Gov't Code § 551.071(1) about pending litigation, to wit: Brushy Creek, Ltd. V. City of Hutto, Cause No. 19-1497-C395 (395th Judicial District Court, Williamson County, Texas).

14.3. Receive legal advice relating to Special District Financing pursuant to Tex. Govt. Code. § 551.071.

14.4. Receive legal advice from the City Attorney on pending legal matters, Council legal requests and potential litigation.

No action taken on items 14.1, 14.2, 14.3, and 14.4.

15. ADJOURNMENT. Mayor Gaul adjourned the meeting at 11:19 p.m. on May 21, 2020.

____
Doug Gaul, Mayor

ATTEST:

____
Holly Nagy, City Secretary

PASSED AND APPROVED ___________, 2020.

City Council

AGENDA ITEM REPORT

To:	City Council
Subject:	Consideration and possible action on an ordinance to amend the Fiscal Year 2019-2020 Operations Budget.
Meeting:	City Council - 04 Jun 2020
Department:	Finance
Staff Contact:	Misti Hancock

BACKGROUND INFORMATION:

Annually per City Charter, Council adopts a Fiscal Year budget prepared and proposed by the City Manager. The budget outlines and establishes the financial priorities for the City as set forth through appropriations for each program, capital project or activity. The City Charter also set forth circumstances under which amendments after adoption may occur.

FINANCIAL IMPACT:

Amendment as proposed seeks to reduce the authorized appropriations due to probable revenue shortfall. Given revenue shortfall projections, City Leadership has taken necessary actions to reduce spending as Council considers the elimination of excess spending authorization.

POLICY IMPLICATIONS:

Policy requires Council notification of anticipated revenue shortfall so that Council may consider and take necessary action. A budget amendment requires two readings before Council before becoming effective.

ALTERNATIVES:

Council could take no action to formally reduce the spending authroization levels and rely on City Leadership to manage its spending to available revenues while maintaining its fund balance reserve requirements.

ORDINANCE NO. O-2020-017

AN ORDINANCE OF THE CITY OF HUTTO, TEXAS AMENDING THE FISCAL YEAR 2019-20 BUDGET TO REFLECT CHANGES IN REVENUE AND EXPENDITURE PROJECTIONS DRIVEN BY ECONOMIC, ORGANIZATIONAL AND SERVICE LEVEL ADJUSTMENTS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS:

SECTION 1: That the appropriations for the fiscal year beginning October 1, 2019, and ending September 30, 2020, for the support of the general government of the City of Hutto, Texas, be amended for said term in accordance with the change in revenue and expenditures shown in the attached Exhibit A.

SECTION 2: That the amendment, as shown in words and figures in Exhibit A, is hereby approved in all aspects and adopted as an amendment to the City budget for the fiscal year October 1, 2019, and ending September 30, 2020.

SECTION 3: The City Secretary of the City of Hutto is hereby authorized and directed to publish the caption of this ordinance in the manner and for the length of time prescribed by law and the *City Charter*.

SECTION 4: 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 phrase, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity 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 of this ordinance of any such invalid phrase, clause, sentence, paragraph or section. If a court of competent jurisdiction to be invalid shall adjudge any provision of this Ordinance, the invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision, and to this end the provisions of this Ordinance are declared to be severable.

SECTION 5: All ordinances or parts of ordinances and sections of the City Code of Ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 6: This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the *Tex. Loc. Gov't. Code* and the *City Charter.*

SECTION 7: It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, *Chapter. 551, Tex. Gov't. Code*.

READ and **APPROVED** on **first reading** on this the **16th** day of **April 2020,** at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

READ, APPROVED and **ADOPTED** on **second and final reading** this **4th** day of **June 2020,** at a regular meeting of the City Council of the City of Hutto, there being a quorum present.

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Holly Nagy, City Secretary

FY 2019-20 Budget Amendment #1

Fund	Adopted Budget	Amended Total	Increase/ (Decrease)	Notes
General Fund				
Revenues	18,152,056	17,325,494	(826,562)	Reduction in Sales Tax Projection
Expenditures	18,815,284	16,828,062	(1,987,222)	Reductions in Salary & Benefits (2.1M); Supplies & Materials (340K); Repair & Maintenance (130K); Other Misc. (80K) offset by projected increase in Contractual Services (715K)
Beginning Fund Balance	4,694,203	1,228,448	(3,465,755)	
Change in Fund Balance	(663,228)	497,432	1,160,660	
Ending Fund Balance	4,030,975	1,725,880	(2,305,095)	
Reserves	21%	10%	116%	
Utility Fund				
Revenues	13,531,199	13,394,569	(136,630)	Reduced Solid Waste Transfer
Expenditures	13,678,474	12,985,530	(692,944)	Reductions in Salary & Benefits(210K) and Repair/Maintenance Reduction for Water System (640K) offset by projected increase in Contractual Services (210K)
Beginning Fund Balance	3,794,023	2,300,573	(1,493,450)	
Change in Fund Balance	(147,275)	409,039	556,314	
Ending Fund Balance	3,646,748	2,709,612	(937,136)	
Reserves	27%	21%	135%	
Streets & Drainage Fund				
Revenues	4,083,493	1,934,346	(2,149,147)	Capital Contribution adjustment for reduced Bond efforts/needs
Expenditures	4,083,493	1,934,346	(2,149,147)	Reduction in Staff and Machinery/Equipment Purchase
Beginning Fund Balance	-	-	-	
Change in Fund Balance	-	-	-	
Ending Fund Balance	-	-	-	
Solid Waste Fund				
Revenues	1,485,042	1,544,500	59,458	
Expenditures	1,913,569	1,672,500	(241,069)	Reduce Transfer to Utility Fund from 540K to 330K to maintain positive fund balance projection
Beginning Fund Balance	431,228	161,184	(270,044)	
Change in Fund Balance	(428,527)	(128,000)	300,527	
Ending Fund Balance	2,700	33,184	30,484	

FY 2019-20 Budget Amendment #1

Fund	Adopted Budget	Amended Total	Increase/ (Decrease)	Notes
General Capital Improvements Project				
Revenues	38,175,500	38,175,500	-	Council Discussion
Expenditures	40,578,000	40,578,000	-	
Beginning Fund Balance	2,402,657	14,414,952	12,012,295	
Change in Fund Balance	(2,402,500)	(2,402,500)	-	
Ending Fund Balance	157	12,012,452	12,012,295	
Utility Capital Improvement Projects				
Revenues	1,900,000	1,900,000	-	Council Discussion
Expenditures	5,499,541	5,499,541	-	
Beginning Fund Balance	7,506,504	12,472,839	4,966,335	
Change in Fund Balance	(3,599,541)	(3,599,541)	-	
Ending Fund Balance	3,906,963	8,873,298	(4,966,335)	

Sales Tax Projection

CITY ONLY - Monthly Sales & Use Tax Revenue

Receipt Month	Month Earned	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Estimate	2019-20 Actual	Difference $ Amount	Difference % of Est.	Difference Prior Year Inc/(Dec)%
December	October	150,420	168,125	189,861	207,803	277,072	355,906	445,693	380,217	(65,476)	-14.7%	6.8%
January	November	182,141	203,076	239,957	262,899	269,521	268,005	335,617	368,031	32,414	9.7%	37.3%
February	December	148,258	168,372	197,105	206,995	341,010	376,485	491,626	471,312	(20,314)	-4.1%	25.2%
March	January	138,220	156,053	188,753	239,185	259,488	310,216	405,090	374,496	(30,594)	-7.6%	20.7%
April	February	197,302	208,780	244,466	282,572	256,222	343,422	349,480	-			
May	March	128,997	158,489	180,096	256,817	389,964	348,258	348,258	-			
June	April	135,653	151,085	185,470	244,503	313,507	349,284	349,284	-			
July	May	204,408	237,662	267,052	327,481	299,113	369,062	387,515	-			
August	June	181,326	204,896	206,368	240,300	284,987	426,662	447,995	-			
September	July	162,309	186,590	198,228	269,378	312,147	358,298	376,213	-			
October	August	203,886	256,284	265,145	315,155	298,641	356,908	374,754	-			
November	September	172,101	207,273	218,107	288,766	351,465	422,002	443,102	-			
	% M-T-D Change	1.2%	12.9%	21.0%	26.7%	8.5%	19.5%	~~4,754,627~~	1,594,056			

Actual thru March + Estimated $4,670,657

General Fund

	YTD Actuals	Original Budget	Proposed Budget	Budget Change $	Budget Change %
Revenues					
Property Taxes	7,599,707	7,871,045	7,615,457	(255,588)	-3.2%
Sales & Liquor Tax	1,588,897	5,561,432	4,677,997	(883,435)	-15.9%
Permits & Licenses	1,782,913	2,834,980	3,319,381	484,401	17.1%
Franchise Fees	148,378	1,051,697	1,044,451	(7,246)	-0.7%
Fines & Fees	169,105	345,064	282,109	(62,955)	-18.2%
Charges for Services	72,876	284,544	80,334	(204,210)	-71.8%
Interest Earned	75,487	65,000	150,974	85,974	132.3%
Intergovernmental Revenues	-	7,500	-	(7,500)	-100.0%
Other Revenues	138,040	130,794	154,790	23,996	18.3%
Subtotal	11,575,402	18,152,056	17,325,494	(826,562)	-4.6%
Expenses					
Salaries & Benefits	6,172,005	12,693,776	10,544,402	(2,149,374)	-16.9%
Supplies & Materials	397,000	1,260,580	921,430	(339,150)	-26.9%
Repair & Maintenance	61,313	435,700	306,468	(129,232)	-29.7%
Contractual Services	1,161,365	2,531,147	3,244,256	713,109	28.2%
Other/Misc. Expenses	676,320	1,130,954	1,125,879	(5,075)	-0.4%
Capital Outlay	430,852	715,627	638,128	(77,499)	-10.8%
Other Financing Uses	15,833	47,500	47,500	-	0.0%
Subtotal	8,914,689	18,815,284	16,828,062	(1,987,222)	-10.6%
Revenue Over/Under Expenses	2,660,712	(663,228)	497,431	1,160,659	

City Administration	2,405,856	3,285,637	4,327,245	1,041,608	31.7%
Communications	1,060,817	2,422,704	2,002,897	(419,807)	-17.3%
Community Services	838,114	2,521,277	1,675,476	(845,801)	-33.5%
Development Services	424,297	1,050,403	806,257	(244,146)	-23.2%
Financial Services	860,487	1,673,005	1,490,714	(182,291)	-10.9%
Law Enforcement	3,015,355	6,281,947	5,929,887	(352,060)	-5.6%
Public Works & Engineering	309,764	1,580,311	595,586	(984,725)	-62.3%
Subtotal	8,914,689	18,815,284	16,828,062	(1,987,222)	-10.6%

Utility Fund - Operating

	YTD Actuals	Original Budget	Proposed Budget	Budget Change $	Budget Change %
Revenues					
Charges for Water/Wastewater Services	5,059,043	11,315,959	11,344,059	28,100	0.2%
Other Financing	682,795	2,052,500	1,834,795	(217,705)	-10.6%
Fines & Fees	115,774	157,740	160,516	2,776	1.8%
Interest Earned	-	5,000	50,000	45,000	900.0%
Intergovernmental Revenues	5,200	-	5,200	5,200	NA
Subtotal	5,862,812	13,531,199	13,394,569	(136,630)	-1.0%
Expenses					
Salaries & Benefits	576,222	1,312,071	1,101,009	(211,062)	-16.1%
Supplies & Materials	104,092	338,825	348,221	9,396	2.8%
Repair & Maintenance	121,558	980,400	339,974	(640,426)	-65.3%
Contractual Services	1,339,662	2,884,449	3,094,507	210,058	7.3%
Other/Misc. Expenses	348,758	511,333	607,454	96,121	18.8%
Capital Outlay	159,112	474,884	452,920	(21,964)	-4.6%
Debt Service	9,445	-	9,445	9,445	NA
Other Financing Uses	2,344,000	7,032,000	7,032,000	-	0.0%
Subtotal	5,002,849	13,533,962	12,985,530	(548,432)	-4.1%
Revenue Over/Under Expenses	859,963	(2,763)	409,040	411,803	

Communications	4,461	7,750	7,750	-	0.0%
Financial Services	2,865,880	7,965,453	8,144,050	178,597	2.2%
Public Works & Engineering	2,132,508	5,560,759	4,833,730	(727,029)	-13.1%
	5,002,849	13,533,962	12,985,530	(548,432)	-4.1%

Streets & Drainage

	YTD Actuals	Original Budget	Proposed Budget	Budget Change $	Budget Change %
Revenues					
Drainage Fees	177,228	-	420,000	420,000	NA
Charges for Water/Wastewater Services	3,642	-	6,000	6,000	NA
Other Financing	-	-	1,501,046	1,501,046	NA
Interest Earned	4,922	-	7,300	7,300	NA
Subtotal	185,792	-	1,934,346	1,934,346	NA
Expenses					
Salaries & Benefits	556,925	1,379,593	950,946	(428,647)	-31.1%
Supplies & Materials	52,686	204,900	137,905	(66,995)	-32.7%
Repair & Maintenance	29,189	570,000	427,964	(142,036)	-24.9%
Contractual Services	74,117	150,000	166,514	16,514	11.0%
Other/Misc. Expenses	91,747	159,000	218,186	59,186	37.2%
Capital Outlay	32,832	1,620,000	32,832	(1,587,168)	-98.0%
Subtotal	837,496	4,083,493	1,934,346	(2,149,147)	-52.6%
Revenue Over/Under Expenses	(651,704)	(4,083,493)	(0)	4,083,493	

Solid Waste

	YTD Actuals	Original Budget	Proposed Budget	Budget Change $	Budget Change %
Revenues					
Franchise Fees	39,581	32,500	48,500	16,000	49.2%
Charges for Water/Wastewater Services	706,468	1,452,542	1,496,000	43,458	3.0%
Subtotal	746,049	1,485,042	1,544,500	59,458	4.0%
Expenses					
Contractual Services	650,313	1,366,069	1,340,000	(26,069)	-1.9%
Other/Misc. Expenses	-	7,500	2,500	(5,000)	-66.7%
Other Financing Uses	180,000	540,000	330,000	(210,000)	-38.9%
Subtotal	830,313	1,913,569	1,672,500	(241,069)	-12.6%
Revenue Over/Under Expenses	(84,263)	(428,527)	(128,000)	300,527	

Budget Amendment – Q & A

City Council

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action regarding a resolution to adopt a policy for special financing districts, to include Public Improvement Districts (PIDs), Tax Increment Reinvestment Zones (TIRZs) and Municipal Utility Districts (MUDs).

Meeting: City Council - 04 Jun 2020

Department: Assistant City Manager

Staff Contact: Michel Sorrell

CITY OF HUTTO, TEXAS

RESOLUTION NO. R-2020-028

A RESOLUTION AUTHORIZING THE CITY OF HUTTO, PUBLIC IMPROVEMENT DISTRICT POLICY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Chapter 372 of the Texas Local Government Code (the "Act") allows for the creation of Public Improvement Districts; and

WHEREAS, the City of Hutto, Texas (the "City") desires to adopt a Public Improvement District Policy, and;

WHEREAS, on May 21, 2020, the City Council held a Special District workshop to receive information on best practices for Special District Financing; including Public Improvement Districts; and

WHEREAS, City Council desires to authorize the adoption of the City of Hutto Public Improvement District (PID) policy for the creation, renewal, administration and management of Public Improvement Districts.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, that:

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

Section 2. That the City of Hutto Public Improvement District (PID) Policy, as presented in (Exhibit A), be adopted as a policy guideline for the creation, renewal, administration and management of Public Improvement Districts in the City of Hutto, Texas.

Section 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Hutto, and it is accordingly so resolved.

CONSIDERED and **RESOLVED** by the City Council of the City of Hutto on this the **4th** day of **June 2020**.

THE CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Holly Nagy, TRMC, City Secretary

EXHIBIT “A”

City of Hutto, Texas

Policy and Procedures for Public Improvement Districts

PURPOSE

The purpose of the Public Improvement District, ("PID"), policy is to outline the issues to be addressed before the City Council can support the establishment and continuation of a PID as allowed by Chapter 372 of the Texas Local Government Code. The policy outlines such things as petition requirements, information to property owners, and determination of annual plan of services, budget and assessments. It addresses City administration issues, which are in addition to the requirements of state law.

GENERAL

PIDs must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project's costs.

PIDs must be established carefully and only when related to a public purpose to avoid a proliferation of special districts.

PID petition signatures should reflect that a reasonable attempt was made to obtain full support of the PID by the majority of the property owners.

APPLICATION

In agreeing to consider a petition for creation of a PID, the City will require the following from the developer of the PID at the time the application is submitted, at a minimum:

1. Have entered into a Development Fee Agreement to cover all administrative or operational costs incurred by the City for legal, engineering, administrative and financial advisory services and fees in connection with vetting the request for a District and drafting of a development agreement. The payment of such fees is not a guarantee that the City will approve the creation of the District but is an initial fee for review of the application.

2. Evidence that the developer has the expertise and financial backing to complete the new development to be supported by the District financing. In connection with this requirement, the developer must provide the City with its evidence of its committed and anticipated sources of funding to fund the balance of the improvements in the District not eligible to be funded by District issued financing.

3. Proposed development plan including construction schedule.

4. Identify all project costs, including acquisition, construction, soft costs, and applicable long-term management costs.

    a. Source and Uses budget and project proforma detailing projected cash flows over the life of the proposed District including other public sources, private financing, and developer equity contribution into project

    b. Demonstration of financial wherewithal to meet project costs and complete project (i.e. the most current three years of financial statements, complete Sources and Uses budget, and/or Letters of Credit from Bank)

5. Demonstrated previous experience developing similar scale and type of project

6. The proposed development must be consistent with the entitlements on the property. Zoning for the proposed development must be in place prior to District creation-. The Developer must provide evidence to the City that the utility service provider has sufficient capacity to provide all necessary utility services for a PID.

7. The City shall, upon reasonable prior written notice to the developer and during normal business hours, have the right to audit and inspect the developer's records, books, and all other relevant records. The City, the developer, and any other parties involved in the approval of the PID Petition and/or financing, will agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, local or state laws or ordinances, or at the direction of the Attorney General.

REQUIREMENT FOR DEVELOPMENT AGREEMENT

With an application for a District, the applicant acknowledges the obligation to have entered into a Development Fee Agreement and then enter into a Development Agreement that will include, but not be limited to, the following provisions, as the same may be applicable to the type of District proposed:

1. All Districts shall be self-sufficient and in no case shall any consideration or approval of a PID create a recourse position for the City, where the City is asked to pledge its full faith and credit or responsible for repayment of any debt.

2. Voluntary annexation of the project area, prior to the creation of the PID.

3. Outline at least three of the City's desired community benefits incorporated by the proposed development;

4. A development plan that outlines, at a minimum, land use and thoroughfare connections and is consistent with the City's Master Plans, as amended;

5. The proposed development will substantially contribute to funding the expansion of arterial streets, major collector roadways, and trunk line utility infrastructure, as applicable when necessary to address the projected demand for services and impacts of

the development;

6. The development will be located within the City's existing Water and Wastewater CCNs or expanded CCNs facilitated by the developer if, in the City's discretion, such expansion is feasible;

7. Plans for the proposed development shall be prepared and reviewed by the City in compliance with the City's development regulations as relates to land use, infrastructure design, permitting, and inspections and applicants shall seek City development approvals prior to the commencement of any construction.

COMMUNITY BENEFITS

1. Subject to the requirements of Chapter 372 of the Texas Local Government Code, the City Council will prioritize approval of PID petitions for land in the City and / or Extraterritorial Jurisdiction of the City, ("ETJ") that provide for the following public benefits to a degree that is superior to the benefits typically generated by real estate development projects not involving PID financing.

2. For proposed PIDs within the city limits, the petitioners shall be responsible for notice and coordination with and between the City and Hutto Independent School District, ("HISD"), at the earliest possible date to assess municipal and school service plans, the maximum PID assessment relative to municipal taxation, relative responsibilities for acceptance and maintenance of PID improvements to be financed by the PID and related matters.

3. Projects that will generate primary employment or other long-term economic development benefits to the City, above and beyond the economic development benefits generated by typical residential developments.

4. Improvements or services that advance or exceed the City's design standards.in the Unified Development Code, take into consideration environmentally sensitive areas or natural features within the area for development.

5. Projects that create or enhance parks, hike and bike trails, recreational facilities, open space benefits, etc. that exceed what is required by applicable development regulations. See, Hutto 2040 Comprehensive Plan - Updated.

6. Projects that improve environmental protection, storm water quality, and flood control benefits that meet or exceed what is required by applicable development regulations.

7. Affordable Housing Developments that may include senior housing, workforce housing or veteran's housing.

8. Projects that increase or enhance multimodal transportation options.

9. Projects that improve public educational programs and/or facilities.

10. Projects that provide exceptional benefits to improve the public roadway network in the City.

11. Projects that provide enhanced water and wastewater infrastructure in the City.

ADDITIONAL REQUIREMENTS FOR PIDS WITHIN THE ETJ

1. For proposed PIDs in the ETJ, the petitioners shall be responsible for notice and coordination with and between the City, County and HISD at the earliest possible date to assess municipal annexation plans, the maximum PID assessment relative to municipal taxation, relative responsibilities for acceptance and maintenance of PID improvements to be financed by the PID, and related matters.

2. Generally, the City will consider PID petitions for property in the ETJ only if a development agreement has been approved that requires that the whole project is voluntarily annexed into the City and the project will enhance the City's tax base.

3. Petitioner will dissolve or agree to not create any other special district vehicles that may overlay the PID; including, but not limited to Municipal Utility Districts, Water Control & Improvement Districts.

MINIMUM REQUIREMENTS FOR A PID

To be considered by the City Council, the real estate development project supported by the PID must meet the following minimum requirements:

1. The PID must achieve at least three of the priorities listed under Community Benefits.

2. Prior to the creation of a PID District, the property shall be zoned appropriately for the proposed development or zoned contemporaneously with the creation of the PID.

3. Petitioner will be required to pay fees for administrative or operational costs incurred by the City during the creation of a PID and the bond issuance process for a PID by entering into a Development Fee Agreement to pay fees for administrative or operational costs incurred by the City for legal, engineering, administrative, financial advisory services, bond counsel services and fees in connection with continual vetting the request for a District and negotiating any associated documents. The payment of such fees is not a guarantee that the City will approve the PID. The costs a Petitioner will pay include but are not limited to:

a. Reviewing the PID petition;
b. Publishing required legal notices;
c. Preparation and review of creation proceedings and levy of assessments;
d. Cost of the appraisal and reviewing the appraisal the Feasibility Study, and Engineering Report including the cost of services provided by City consultants, attorneys, bond counsel, financial advisors and PID administrator;
e. Preparation of the initial Service and Assessment Plan by a third-party PID Administration Firm engaged by the City
f. Bond issuance;
g. Review and approval of plans for and inspection of construction of PID improvements;
h. Procurement of contracts for PID administration and operation, collection of assessments, foreclosures, etc.

4. The City's ongoing administrative and operational costs related to an approved PID, such as collection of PID assessments, review and approval of Service and Assessment Plan updates, and other costs shall be reimbursed from PID assessments. The City's costs will be determined on an annual basis.

5. Administration and management of ongoing PID responsibilities, such as preparation and updating of the Service and Assessment Plan, issuance of notices for annual City Council action on the Service and Assessment Plan, operation and maintenance of PID improvements, and other related matters shall be paid by PID assessments and performed by a third-party firm under contract with the City.

6. The City will use PID bond proceeds only to pay or reimburse the costs of PID improvements that have been designed and constructed to the applicable standards of, and accepted for maintenance or otherwise approved by, the governmental entity responsible for them.

7. In the event of default under the terms of the PID Financing Agreement, the City shall, after providing notice and an opportunity to cure, have the right to recapture reimbursements if the PID Financing Agreement established a Cash Flow PID.

8. Before a PID petition may be approved, the PID petitioners and the City must enter into a Development Agreement that establishes:

a. The basic terms and conditions for creation of the PID, including the provision of community benefits;

b. Have entered into a Development Fee Agreement for payment or reimbursement to the City's ongoing administrative and operational costs, including the cost of outside consultants to assist with PID formation and financing, including but not limited to city attorney, financial advisor, bond counsel, underwriter and PID administrator;

c The financing of the PID improvements and the payment of assessment revenues or PID Bond proceeds to pay for the costs of the PID Improvements; and

d. The planning, development, construction, management, and maintenance of the PID improvements, including review and approval by the governmental entities ultimately responsible for the PID improvements;

9. Property in the PID owned by the City shall not be subject to PID assessments. Property in the PID owned by another governmental entity may be assessed only pursuant to an inter-local agreement between the entity and the City.

10. The PID may not finance improvements or services that would not be accessible to the general public.

PETITION REQUIREMENTS

Where a proposed PID is located, Petitioners shall notify in the City Manager at least 30 days in advance of their intent to file a PID petition. Petitioners must attend one or more pre-filing meetings scheduled by the City. Petitions requesting establishment of a public improvement district must satisfy all statutory requirements under §372.004 of the Texas Local Government Code. In addition, all petitions submitted for establishment of a public improvement district shall include the following:

1. The basic terms and conditions for creation of the PID, including the provision of community benefits.
2. The petitioner's qualifications and previous experience with real estate development, financing of the development, prior PIDs, etc.
3. A legal description of the boundaries of the PID, a black and white map of the PID boundaries suitable for publication for the legal notices and a "commonly known" description of the area to be included in the District.
4. A current tax roll of the owners in the PID.
5. Any plan for phasing of both the real estate development supported by the PID and construction of public improvements in the PID.
6. Contain the signatures of one hundred percent (100%) of property owners.
7. The estimated costs of the proposed improvements (in dollars, $)
8. The estimated maximum Assessment (in dollars, $).
9. The estimated maximum bond issuance (in dollars, $).
10. The estimated maximum tax equivalent Rate (in cents, $).
11. A sunset clause, and a pre-executed petition to dissolve the PID by the landowner in case the project does not move forward within three (3) years.
12. Contingency plan to address the maintenance or disposition of PID improvements and or property that has not been dedicated to the public if a PID is dissolved.

13. Evidence that the petition's signatures are genuine, or the petition will be accompanied by a reasonable fee to cover the city costs of signature verification.
14. If the proposed District is an expansion of an existing public improvement district, a petition for the new segment of the proposed District must identify each subdivision, or portion thereof, within the proposed boundaries of the new District, and each subdivision or portion thereof, that is not currently in an existing PID shall individually satisfy the requirements for a petition under §372.005 of the Texas Local Government Code. Subdivision has the meaning assigned by §232.021 of the Texas Local Government Code.
15. A section, which clearly identifies the Community Benefits of the PID to the affected property owners (for use in public hearing(s)) and to the city as a whole (i.e., promotes the interests of the city).
16. Description of all city-owned land within the District as well as its proposed share of project costs, if any.
17. Specified assurances to the City that the construction of improvements in the public right-of-way will be maintained by the PID and in no way obligates the City to future maintenance or operational costs, unless otherwise stated in a subsequent agreement.
18. Statement that the petitioners understand that the annual budget for the District is subject to review by city staff with final approval by the City Council.
19. A certified check for the application fee will be paid by the applicant to reimburse the city for the cost of evaluating the petition. This application fee must be paid in full when the petition is submitted to the City for evaluation and review. Petitioners must pay all direct costs of processing the PID petition, such as newspaper advertisements, postage, and contractors pursuant to the City's current Fee Schedule.
20. All estimated costs must be identified before a decision is reached on a request to establish a PID. Costs to be identified include costs related to establishing the District; costs for maintenance, operations and administration; and costs for later revision, repair or replacement of any improvements.
21. An independently prepared market analysis or feasibility study – to be prepared and submitted prior to the public hearing. The market analysis or feasibility study will assess the reasonableness of the public improvements and overall development plan in light of market conditions. The costs of the third-party market analysis will be paid by the PID Petitioner and the results of the study are to be reviewed by the City.
22. A notification that anyone selling land in a public improvement district must include a "title encumbrance" which notifies any prospective property owner of the existence or proposal of special assessments on the property. All closing statements must specify who is responsible for payment of the PID assessment on a pro rata share thereof.
23. A plan for ensuring dissolution of the PID will not impose unintended costs on the City or other governmental entities, and that addresses the maintenance or disposition of PID improvements if a PID is dissolved;

PREFERENTIAL FACTORS

PIDs, in which the cost of public improvements are financed without City financial participation, other than revenue generated from PID assessments and proceeds from PID bonds, are preferred. Except for public improvements specifically approved in a City bond proposition, the City will not expend or pledge a tax increment, general fund revenue, general obligation bonds or certificate of obligation proceeds, etc. to support the costs of PID improvements unless it is explicitly approved by City Council as advancing a City purpose. In addition:

1. PID petitions signed by 100% of the owners in the PID boundaries are preferred;

2. PIDs that have a value-to-lien ratio that exceed 3:1 are preferred;

3. PIDs that have a tax rate equivalent comparable to surrounding developments.

4. Petitioners that can demonstrate indication of demand (letters of intent, builder contracts with earnest money) are preferred;

5. PIDs that provide four or more community benefits are preferred;

6. PIDs that have Engineer's Reports for improvements authorized by the PID and subdivision development are preferred.

7. A PID's budget shall include sufficient funds to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs, including costs and fees associated with a third-party PID administrator engaged by the City, as well as additional maintenance costs resulting from the PID.

NOTICE, PUBLIC HEARING, APPROVAL OF THE PETITION AND PID PROCESS

1. City staff and consultants will assess the adequacy of the PID petition and the PID agreement and their compliance with this chapter and Ch. 372 and recommend to the City Council whether to proceed with a public hearing on the PID petition.

2. If the City Council approves setting a public hearing on the PID petition, City staff will publish the newspaper notice and mail the notice to property owners required by Ch. 372.

3. The hearing may be continued from time to time. After the final adjournment of the public hearing, the City Council has six months to adopt a resolution making the findings required by Ch. 372 to approve the PID petition.

4. The PID Financing and Reimbursement agreement must be executed on or before the date the PID assessments are levied.

FINANCIAL LIMITATIONS AND PERFORMANCE STANDARDS

1. Before authorizing issuance of PID bonds, the City Council shall:

    a. Determine the total cost of PID improvements;

    b. Approve a final Service and Assessment Plan and appraisal roll;

c. Levy an assessment; and

d. Establish a separate PID fund for the collection of the assessment.

2. The following limitations and performance standards shall apply to PID bonds.

a. The minimum appraised value-to-lien ratio of each bond issue shall be 3:1; provided, however, it shall be at the City's discretion if the VTL is reduced to no lower than a minimum X:1 ratio, at which time, the amount of funds below the 3:1 VTL ratio shall be "restricted" from access by the Developer until such a time as the value of the Development reaches the 3:1 ratio.

b. The maximum maturity for each series of bonds shall be 30 years.

c. The aggregate principal amount of bonds required to be issued shall not exceed an amount sufficient to fund:

1. The actual costs of the qualified PID improvements;

2. Required reserves and capitalized interest during the period of construction and not more than 12 months after the completion of construction and in no event for a period greater than 3 years from the date of the initial delivery of the bonds; and

3. Any costs of issuance.

4. The PID bond reserve fund may be the lesser of:

(a) The maximum annual debt service on the bonds,

(b) 10 percent of the par amount of the bonds, or

(c) 125 percent of the average annual debt service. The reserve fund will be funded from bond proceeds at the time bonds are issued.

(d) And any other reserves required at the time of sale in accordance with the law.

PID ADMINISTRATION AND MANAGEMENT

The City will contract with an outside consultant to administer the PID and to bill, collect, and track PID assessments. This cost will be considered a reimbursable project cost and shall be included in the PID Service and Assessment Plan.

RESOLUTION NO. R-2020-029

A RESOLUTION APPROVING AGREEMENT FOR FORENSIC AUDIT

WHEREAS, the City Council desires a forensic audit or forensic accounting examination of City expenditures for the fiscal year ending on September 30, 2019 ("Forensic Audit"), and said Forensic Audit may extend its examination into City activities in Fiscal Year 2019-2020, to review the legitimacy of City spending and the appropriateness of City spending habits, including those of the City Council, City Manager's Office, and City in general, and including the discovery of any fraud, theft, waste, abuse or collusion, and the investigation into whether the City adhered to applicable laws and regulations, and whether City officers and employees worked diligently and in the interests of the City, and;

WHEREAS, the certified public accounting firm of Eide Bailly LLP ("Eide Bailly") has participated in a proper request for proposals procurement procedure conducting by City staff and the Interim City Manager has as a result of that procedure recommended the accounting firm Eide Bailly for award of a contract with the City to conduct such Forensic Audit, and;

WHEREAS, on May 7, 2020, by Resolution R-2020-011, the City Council authorized the Interim City Manager to execute an interim agreement to start the audit work for approximately three weeks and with the City Attorney to negotiate and execute an agreement with Eide Bailly for completion of the full Forensic Audit subject to the final approval of the City Council (the "Full Agreement"), that such interim agreement was duly executed and the initial audit work performed thereunder, and;

WHEREAS, Eide Bailly has reported its progress under said interim agreement, and;

WHEREAS, the Interim City Manager and the City Attorney have negotiated the Full Agreement and with the City Attorney's advice said Full Agreement was fully executed by Eide Bailly and the Interim City Manager on behalf of the City subject to approval of the City Council, and;

WHEREAS, the City Council has reviewed the executed Full Agreement and received sufficient advice and information concerning its terms;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS, hereby

APPROVES AND AUTHORIZES; said final agreement in accordance with the terms thereof, for an amount not to exceed $108,400, less any amount paid to Eide Bailly pursuant to said interim agreement.

CONSIDERED and RESOLVED by the City Council of the City of Hutto on this the 4th day of June, 2020.

THE CITY OF HUTTO, TEXAS

Doug Gaul, Mayor

ATTESTED:

Holly Nagy, TRMC, City Secretary

PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF HUTTO, TEXAS AND EIDE BAILLY, LLP FOR CONDUCTING FORENSIC AUDIT

The City of Hutto, Texas, a Texas home-rule municipal corporation with its principal administrative offices in Williamson County, Texas (the “City”), and Eide Bailly, LLP, a Minnesota Limited Liability Partnership registered to do business in the State of Texas with principal offices at 7001 E. Belleview Ave., Ste. 700, Denver, CO 80237 (“Eide Bailly” or the “Auditor”) (each of the City and Eide Bailly alone, a “Party” and together the “Parties”) hereby agree in this professional services contract (“Agreement”) as follows, **SUBJECT TO AND CONDITIONAL ON APPROVAL BY RESOLUTION OF THE HUTTO CITY COUNCIL**:

1. Scope of Engagement

1.1. Eide Bailly will conduct a forensic accounting examination of the City’s expenditures for October 1, 2018 through September 30, 2019 (“FY 2018-19” or the “Audit Period”) (the “Forensic Audit”) The services that Eide Bailly will provide are limited to the scope of work outlined in the City’s Request for Qualifications 20-01 (the “RFQ”), which is incorporated herein for all purposes, except that if there is any conflict between the RFQ and this Agreement, the terms and conditions of this Agreement control.

1.2. Eide Bailly will also provide the following:

1.2.1. Provide examination progress updates bi-weekly, orally or by email, but provide prompt oral notice with such email or other written follow-up as the City may direct when and if Eide Bailly discovers fraud or other criminal activity or practices that occurred during or outside of the Audit Period that appear to Eide Bailly likely to be continuing to cause the City to suffer preventable loss.

1.2.2. Communicate Eide Baily’s final findings, conclusions and recommendations to the City (both orally and in writing), except to the extent otherwise directed by the City.

1.2.3. Should additional items surface during Eide Baily’s examination, that Eide Bailly considers worthy of investigation, including the appropriateness of expanding the Audit Period or other audit scope, promptly notify the City orally and only proceed after consultation with the City, in accordance with such further agreements as the Parties execute for any additional work.

1.2.4. As to any apparent or suspected fraud by any person or entity that Eide Bailly may discover during the Forensic Audit (“Questionable Activity”), Eide Bailly will report and opine as to the following in any final written report unless the City asks that these opinions not be in such report, or in such interim or preliminary written report as the City may request to contain such opinions. However, if Eide Bailly is unable to opine as to any of these elements of fraud, Eide Bailly will cite the auditing standards or other regulations or standards the preclude giving any such opinion or specify the type of evidence or lack of evidence (such as, for example only, missing documents, missing witnesses, or witnesses refusing to speak) that precludes Eide Bailly from reporting or opining. The matters relating to apparent fraud covered by this section are:

1.2.4.1. Report a description of the representations, conduct or omissions constituting the Questionable Activity, including context;

1.2.4.2. Report amount of suspected loss to the City or other entity or any individual resulting from Questionable Activity;

1.2.4.3. Report the amount of questionable gain to any entity or individual resulting from the Questionable Activity;

1.2.4.4. Report facts showing whether any representation, conduct or omission included in the Questionable Activity false;

1.2.4.5. Report facts showing whether any false representation, conduct or omission included in the Questionable Activity objectively appears under the circumstances to have been intended to influence the conduct of another or apparently did influence the conduct of another;

1.2.4.6. Report facts showing whether the Questionable Activity was innocent, negligent or intentional;

1.2.4.7. Opine whether any loss to the City was material in a financial audit sense, relying on the Comprehensive Annual Financial Report for the Fiscal Year Ending on September 30, 2019, for the City including the Report of Independent Auditors therein, for the City for fiscal year 2018-19 for determination of “materiality”;

1.2.4.8. Report facts showing whether, any City Council members, officers, or employees were aware of the Questionable Activity, and when they learned of it; and

1.2.4.9. Report facts showing what diligence any City Council members, officers, or employees exercised to learn of or about the Questionable Activity and what if anything any of them with knowledge did to attempt to correct the Questionable Activity or to report it to appropriate authorities.

1.2.5. Eide Bailly is not limited to reporting and opining as to the matters described in above section 1.2.4. and will provide any other report or opinions that it deems appropriate in consultation with the City’s attorneys.

1.2.6. Eide Bailly is not required to follow the format or order used in above section 1.2.4 in any report, and may use any format it deems best suited to communicate results of the Forensic Audit, subject to reasonable requests for clarification by the City.

1.3. Eide Bailly’s engagement will be conducted in accordance with lawful forensic accounting techniques and professional standards that include but are not limited to forensic examination of books and records; voluntary interviews of appropriate personnel; and other such evidence-gathering procedures as necessary under the circumstances. Due to the hidden nature of fraud, Eide Bailly does not provide assurances that fraud, if it exists, will be uncovered as a result of the Forensic Audit. However, Eide Bailly will report to the City on a regular basis, thus providing the City with a sense of progress in terms of cost and findings.

1.4. In the event of any litigation arising from the Forensic Audit other than a Dispute (hereinafter defined) between the Parties, including, without limitation, any claim by the City to recover the fruits of any wrongful conduct, the Parties may agree that the City will engage the services of Eide Bailly as consultant, expert witness or otherwise. Such services would be the subject of a future agreement and are not within the scope of this Agreement. The City would not be obligated to use Eide Bailly for such future litigation and Eide Bailly would not be obligated by this Agreement to perform such future litigation services. However, Eide Bailly will not disclose to any entity or individual adverse to the City any non-public information of which Eide Bailly learns during or in connection with the Forensic Audit except as may be required by law or with the written consent of the City, nor agree to assist any entity or individual prepare for or conduct any litigation adverse to the City as to matters within the scope of this Agreement. This provision does not prevent Eide Bailly from complying with any lawful subpoena or other process but Eide Bailly will promptly notify the City of any such process to the extent permitted by law.

2. Disclosure and Confidentiality

2.1. The City will use any written reports or other documents that Eide Bailly may prepare only for the purpose of litigation, including any law enforcement investigation or prosecution and administrative proceedings including employee disciplinary action or contractor disqualification-related proceedings, and/or other internal use associated with any findings discovered as a result of Eide Baily's engagement.

2.1.1. Such reports or other documents may not be published or used for any other purposes without Eide Bailly's written consent, not to be unreasonably withheld.

2.1.2. Notwithstanding the other provisions of this section 2.1, the Parties will comply with the provisions of the Texas Public Information Act, Texas Government Code chapter 552, and any law, rule, regulation, or contract or grant provisions from, without limitation, federal, state, county or other government units, and with lawful judicial or administrative process, that require disclosures that include disclosure of Eide Bailly's work. However, the City will give Eide Bailly prompt notice of any attempt to obtain any of Eide Bailly's work by any third party to the extent not prohibited by law, rule, regulation, or contract, or judicial or administrative order.

2.1.3. Eide Bailly will protect the confidentiality of its work papers and work product to the extent permitted or required by law, rules, and contract, or judicial or administrative orders, including, without limitation, Texas Occupations Code § 901.457, Title 22 Texas Administrative Code § 501.75, and Texas Government Code § 552.116, and court rules respecting attorney-client and attorney work-product privileges.

2.1.4. Eide Bailly will promptly disclose to and consult with an attorney for the City respecting the release of any information or documents pertaining to this Forensic Audit to a third party to the extent not prohibited by law, rule, regulation, or contract or judicial or administrative order, and comply with that attorney's direction pertaining to disclosure.

2.2. Eide Baily may discuss this engagement and disclose information internally with other partners or associates in Eide Baily's firm for the purpose of obtaining expertise, research materials or other matters essential to this engagement, except to any extent that internal disclosure may be limited by a confidentiality agreement or court order involving entities other than the Parties, or individuals not affiliated with either Party.

3. Subcontractors and Other Agents

3.1. Eide Bailly may within the Not-to-Exceed Amount employ, contract with or use the service of any third party in connection with the performance of the services, that Eide Bailly deems reasonably necessary or desirable to complete this engagement provided that:

3.1.1. The City consents in writing to such use, such consent not to be unreasonably withheld;

3.1.2. The agent is authorized to perform the work for Eide Bailly under federal and Texas law, and the laws of any other jurisdiction in which such work is performed;

3.1.3. Such agent is competent to do such work;

3.1.4. Such third party is required by Eide Bailly to comply with the confidentiality and notice provisions of this Agreement;

3.1.5. Such third party is not a third-party beneficiary of this Agreement and has no rights under this Agreement; and

3.1.6. Any such employment, contract or use does not relieve Eide Bailly of any duty to the City under this Agreement.

4. Timeline

4.1. Eide Bailly will begin Eide Bailly's procedures upon approval of this Agreement by the City Council.

4.2. Eide Bailly will complete and report (to the extent that the City does not direct that Eide Bailly not submit any report) the Forensic Audit within eight weeks after City Council approval of this Agreement ("Due Date"), except that the Parties may agree in writing to extend the Due Date to one or more dates certain, and the city manager (including any interim city manager) ("City

Manager”) may do so on behalf of the City if the Due Date extension is for not longer than an additional 30 calendar days, unless the City Council by resolution deprives the City Manager of or alters this authority, in which case the Due Date established by or authorized by such resolution governs, but the new Due Date will not be earlier than the Due Date established by this Section unless Eide Bailly agrees to such earlier Due Date in writing (including electronic mail).

4.3. Unless the City informs Eide Bailly that it does not have access to such requested information, if the City does not produce requested materials or information, within three business days after Eide Bailly requests such in writing (including electronic mail), the Due Date will be extended by the number of days of any production delay beyond three business days, unless the City sooner asks for additional time and the request is reasonable due to circumstances such as, without limitation, the volume of requested materials or their difficulty of access or retrieval.

5. Fees and Expenses

5.1. Eide Baily’s fees are based upon the amount of time required to complete the assignment, at an hourly rate for services at $200 plus reimbursement for actual, reasonable, and necessary expenses. Eide Baily’s total billings under this Agreement will not exceed $108,400 (less any amounts Eide Bailly receives from the City under any interim agreement for initial work) unless approved in writing by the City. $108,400 less any amounts paid to Eide Bailly under any interim agreement for commencing the Forensic Audit is the “Not-to-Exceed Amount” as that term is used in this Agreement.

5.2. The Not-to-Exceed Amount stated in above section 5.1 does not include services for litigation, including any discovery request compliance or objections, any assistance to the City in drafting discovery requests or objections, preparing any additional report for litigation, witness preparation, attendance and depositions, hearings, trial or other litigation proceedings as a consultant, or testimony. Eide Bailly will promptly provide, to the extent lawful, to the City and the City attorney, a copy of every subpoena or other discovery request that to which Eide Baily is asked to respond relating to the events relevant to the Forensic Audit, and the City’s behalf and will have the ability to control the extent of the discovery process to control the costs the City may incur. I

5.2.1. If the City requests that Eide Baily issue a report for litigation or provide other litigation services, Eide Baily will be paid for Eide Baily’s time and expenses under a supplemental or separate agreement, except to the extent, if any, that Eide Bailly may be paid for the same by another person or entity pursuant to court order or judgment or other arrangement wo which the Parties may agree.

5.2.2. If the City asks Eide Bailly to provide such litigation services under a supplemental or new agreement, Eide Bailly will under the supplemental or new agreement charge the City at the same or lower hourly rate and seek reimbursement for expenses on the same terms as under this agreement, and to the extent feasible use personnel who already are familiar with the facts relating to the supplemental or new agreement from having participated in the Forensic Audit.

5.3. The City will provide Eide Baily with legal services to enable Eide Bailly to comply with or object to any subpoena or other discovery request, or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of Eide Baily’s Firm’s performance of services under this Agreement; or if that is not feasible due conflicts of interests, or other valid reason, then the City will reimburse Eide Bailly for its actual, reasonable, and necessary attorney expenses that it may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of Eide Baily’s

Firm's performance of these services, but only if the City approves in advance the selection and rates of the lawyers that Eide Bailly selects for such services, and the lawyers' rates for services and terms for reimbursement, and the City Council approves and appropriates the funds.

5.4. Eide Baily will bill out-of-pocket actual, reasonable, and necessary expenses as incurred. Expenses to be reimbursed include, but are not limited to actual, reasonable, and necessary expenses for: travel, lodging, food, telephone, photocopying and facsimile charges. Ground motor vehicle mileage will be reimbursed at the rate of $0.575 per mile, adjusted to conform to whatever different standard mileage rate may prevail at the time of travel under U.S. Internal Revenue Service standard mileage rate notices, except that taxi and other ride-service transportation expenses will be reimbursed in the actual, reasonable, and necessary amounts actually paid for such service. Travel time will be charged at half the standard hourly rates identified.

5.5. Due to inflation or other cost-of-living changes, hourly rates may be adjusted slightly annually. Eide Bailly will provide one-month advance notice any rate changes.

5.6. Eide Baily will utilize progressive billings in increments of $20,000 for the Forensic Audit under this Agreement.

5.7. Eide Bailly may suspend work if the City account becomes 30 or more days overdue and will not be resumed until the City's account is paid in full. If Eide Baily elects to terminate Eide Baily's services for nonpayment, and the City's account is in fact 30 or more days overdue, Eide Baily's engagement will be deemed to have been completed upon written notification of termination even if Eide Baily have not completed Eide Baily's report. The City will be obligated to compensate Eide Bailly for all time expended and to reimburse Eide Bailly for all actual, reasonable and necessary out-of-pocket expenditures through the date of termination.

5.8. Should this Agreement terminate before Eide Baily's examination procedures are completed and a report issued, the City will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date.

6. Dispute Resolution

6.1. The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out the Agreement ("Dispute").

6.1.1. The Parties will first attempt to resolve any Dispute by discussion and negotiation.

6.1.2. To the extent that discussion and negotiation fails, the Parties will attempt to resolve their dispute by informal mediation using a mediator agreed by the parties with each party bearing half of any costs and reimbursable expenses of the mediator and bearing their own other costs and expenses of the mediation. The mediator will select the time and place for mediation but either Party or the mediator may participate via remote telecommunication, with or without video. If this mediation fails or if the Parties do not agree on the selection of an informal mediator, either Party may require in writing that the parties each select a mediator to be compensated in full by the Party that selected such mediator, and that the mediation will be conducted before both mediators with each party bearing any costs and reimbursable expenses of the mediator that it selected and bearing their own other costs and expenses of the mediation. The mediators will select the time and place for mediation but either Party or either mediator may participate via remote telecommunication, with or without video.

6.1.3. If the procedures described in above sections 6.1.1 through 6.1.2 do not succeed within 21 calendar days after the commencement of mediation by one mediator or, if two mediators are used, within 21 calendar days after commencement of mediation by two mediators, whichever date is later, either Party may commence litigation.

6.1.4. Notwithstanding anything in above sections 6.1.1 through 6.1.3, at any time the Parties may agree in writing to resume discussion and negotiation or to commence litigation.

6.2. Nothing in this Agreement waives or admits any claim, defense, or immunity.

6.3. All proceedings in negotiations, discussion, and mediation, including any oral or written statements and produced paper or electronic documents, and the fact of production, will be secret and confidential to the fullest extent allowed by Texas law. All statements and paper or electronic document production in negotiation, discussion, and mediation, will be information described by Texas Rule of Evidence 408(a), and both parties are hereby estopped from offering any such into evidence in any future litigation in any forum relating to or arising from any Dispute.

7. Governing Law and Venue

7.1. The aggrieved party will submit any unresolved Dispute to a trial only by a state court sitting in Williamson County, Texas.

7.2. This agreement shall be governed by and construed in accordance with the laws of the State of Texas without regard to Texas choice-of-law principles as to all matters including without limitation, matters of validity, construction, effect, and performance.

8. Limitation of City Remedies

8.1. The exclusive remedies available to the City in any adjudication proceeding shall be:

8.1.1. the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by us of Eide Baily's duties under this agreement and/or under applicable professional standards, such damages will be limited to no more than two times fees paid under this agreement. In no event shall Eide Baily be liable to the City for any punitive or exemplary damages, or for attorneys' fees.

8.1.2. Specific performance.

8.1.3. Replevin or other claim seeking return of documents including electronic data.

8.1.4. Injunction or similar remedy against disclosure of confidential information, including, without limitation, privileged information and information that the City is prohibited by law from disclosing to the public.

8.2. None of Eide Bailly, its partners, affiliates, officers or employees shall be responsible for or liable to the City for any misstatements in the City financial statements and/or tax returns that Eide Baily may fail to detect as a result of knowing representations made to Eide Bailly, or the concealment or intentional withholding of information from us, by any of the City's Council Members, officers or employees, whether or not they acted in doing so in the City's interests or for the City's benefit unless Eide Baily's failure to exercise due diligence under applicable professional standards caused Eide Bailly to fail to discover such misrepresentations, concealment, or intentional withholding of information.

9. Assignments Prohibited

9.1. Neither party will assign, sell, barter or transfer any duty of performance or any legal rights, causes of action, claims or Disputes that either Party may have against the other Party or against the other's respective partners, Council Members, affiliates, officers or employees, or against any other person, and any engagement of third parties by Eide Bailly as authorized by Section 3 will not relieve Eide Bailly from any duty under this Agreement.

10. Termination and Term of Agreement

10.1. Either Party may terminate this Agreement without cause by service written notice of termination upon the other Party, and such termination becomes effective ten calendar days after such notice is served unless the notice is sooner rescinded in writing served upon the other Party by electronic mail, but termination has only the following effect:

10.1.1. The City will be obligated to pay for services performed and reimbursable expenses incurred by Eide Bailly prior to notice of termination.

10.1.2. Eide Bailly will be obligated to provide to the City any reports fully or partially prepared before notice of termination, and to return any City property, including, without limitation, any paper and electronic documents and other information, and refund any overpayments received from the City.

10.1.3. Both Parties will continue to be bound by the terms and conditions of this agreement other than those pertaining to payments to Eide Bailly and completion of performance by Eide Bailly.

10.1.4. Unless sooner terminated or extended, this agreement expires on the completion of the Forensic Audit and the submission to the City of Eide Bailly's final report that is accepted in writing by the City, or, if the City notifies in writing that Eide Bailly not submit a final report, then upon submission of such notice to Eide Bailly, or one year after the date that this agreement is authorized by City Council, whichever of these three events occurs first. After expiration, both Parties will continue to be bound by the terms and conditions of this agreement other than those pertaining to completion of performance by Eide Bailly.

11. Notices and Other Communications, and Designated Representatives

11.1. (A) Written reports of the results of the Forensic Audit Notices respecting modifying, terminating, extending, or declaring or denying events of default under this agreement, changing addresses for notices, and all other notices, invoices and other requests for payment, information, documents or refunds, demands, and objections other than (B) routine communications in the course of performing this agreement, and (C) sensitive communications respecting such matters as, without limitation, suspected fraud, law enforcement matters, must be in writing and served by electronic mail and U.S. first class certified mail, return receipt requested, to the following addresses, except that either party may via electronic mail sent to the electronic mail addresses listed below for the other Party, change any addresses at which it wishes to receive notices:

11.1.1. Notices under category (A) in above section 11.1:

11.1.1.1. To the City:
City Manager's Office
Hutto City Hall
500 West Live Oak Street
Hutto, TX 78634
charles.daniels@HuttoTX.gov and
jennifer.burrington@HuttoTX.gov
and
City Attorney
Hutto City Hall
500 West Live Oak Street
Hutto, TX 78634
dottie@texasmuncipallawyers.com and
pete@texasmunicipallawyers.com

11.1.1.2. To Eide Bailly:
Douglas Cash
7001 E. Belleview Ave., Ste 700

Denver, CO 80237-2733
dcash@eidebailly.com and
bjohnson@eidebailly.com

11.2. Routine Communications between the City and Eide Bailly in the course of performing the Forensic Audit under category (B) in above section 11.1:

11.2.1. To the City:

In person or via telephone to Jennifer Burrington or Peter Haskel at the numbers they provide to Eide Bailly via electronic mail or to either of them via electronic mail at the addresses they will provide to Eide Bailly via electronic mail, or via telephone or electronic mail to such other persons as either of them may direct via telephone or electronic mail.

11.2.2. To Eide Bailly:

In person, via telephone or via electronic mail to Douglas Cash or Brett Johnson at the numbers they provide to the City via electronic mail.

11.3. Communications respecting sensitive information including, without limitation, suspected fraud, law enforcement matters, under category (C) in above section 11.1:

11.3.1. To the City:

Via telephone or in person to Peter Haskel and then to such other persons via such other means as he may via telephone, electronic mail or in person direct.

11.3.2. To Eide Bailly:

In person or via telephone to Douglas Cash and Brett Johnson at the numbers they provide to the City via electronic mail.

11.3.3. Inquiries about which category of notices should apply to any contemplated communication are communications under category (B) in above section 11.1, but such inquiry should not disclose the substance of any information subject to category (C) in above section 11.1.

11.4. The following representatives are authorized to act for each Party for the following purposes:

11.4.1. For the City:

11.4.1.1. To amend, extend or terminate this Agreement or to promise or appropriate additional funds hereunder, and to accept any final report from Eide Bailly or to notify Eide Bailly that a final report is not required: Only the City Council, or the City Manager to the extent expressly authorized by the City Council.

11.4.1.2. To advise and assist Eide Bailly respecting selection of and access to documents including electronically stored information, other information, and persons with relevant knowledge, and to advise Eide Bailly respecting City organization, activities, finances and other administrative and historical matters: Jennifer Burrington is the primary City contact, but she, the City Manager or Assistant City Manager may designate one or more other or additional persons in writing (including by electronic mail).

11.4.1.3. To provide legal advice, assistance and direction, Peter Haskel or such other or additional attorneys as he or City Attorney (the present incumbent is Dorothy G. Palumbo), or the City Manager may designate in writing, including by electronic mail), or as the City Council may designate by resolution.

11.4.1.4. For all other purposes, the City Manager or such other persons and the City Manager may designate in writing (including by electronic mail).

11.4.2. For Eide Bailly:

For this agreement and the engagement, Douglas Cash and/or Brett Johnson should be contacted at the numbers they provide to the City via electronic mail.

12. Inseverability.

12.1. The terms of this agreement are inseverable. In the event that any term of this agreement is held invalid, void, or unenforceable by final judgment of a court of competent jurisdiction, this agreement is terminated as of ten days after the effective date of said judgment as if terminated under section 10 of this agreement.

13. Entire Agreement

13.1. This Agreement constitutes the complete and full agreement of the Parties respecting the subject-matter hereof, and supersedes any and all oral or written agreements, representations or understandings between the Parties respecting the subject-matter hereof except as expressly stated in this Agreement.

13.2. Any interim written and duly executed interim agreement between the parties respecting the Forensic Audit remains in force until the completion thereof, and any unexpended funds for performance of any such interim agreement are added to the Not-to-Exceed Amount.

13.3. This Agreement can be amended only by a properly executed signed written agreement that is authorized or approved by the City Council.

13.4. Nothing in this Agreement limits the ability of the Parties to continue or expand the Forensic Audit under another written and properly executed and authorized agreement.

14. Representations and Warranties

14.1. The City and the individual who executes this agreement on behalf of the City each warrant and represent to Eide Bailly that the City is a Texas home-rule municipal corporation having the capacity to enter into this agreement and that the individual who executes this agreement on behalf of the City is authorized by the City to do so SUBJECT TO AND ON CONDITION THAT THIS AGREEMENT IS APPROVED BY RESOLUTION OF THE HUTTO CITY COUNCIL.

14.2. Eide Bailly and the individual who executes this agreement on behalf of Eide Bailly each represent and warrant to the City that Eide Bailly is a Minnesota Limited Liability Partnership registered to do business in the State of Texas with capacity to enter into this agreement, that is authorized to provide the services to the City set out in this agreement, that Eide Bailly and all persons that it will use for the Forensic Audit including any contractors or subcontractors and their respective personnel are legally authorized to perform and are competent to perform the services that they will perform on behalf of Eide Bailly.

15. No Other Parties or Third-Party Beneficiaries

15.1. There are no parties to this Agreement other than the City and Eide Bailly

15.2. There are no third-party beneficiaries to this Agreement.

15.3. Eide Bailly owes no duties under this Agreement to any entity or individual other than the City and the City owes no duties under this Agreement to any entity or individual other than Eide Bailly.

15.4. Only the City and Eide Bailly have any right, capacity, or standing to seek enforcement or to enforce any provision of this agreement.

16. Time of the Essence

16.1. Time is of the essence of and under this agreement.

17.Counterparts

17.1. This agreement may be executed in multiple counterparts, which together when each Party has signed at least one counterpart will constitute the fully executed agreement to be effective when the Hutto City Council has approved this agreement by resolution.

17.2. Any signature of a Party on a counterpart or original agreement that is transmitted to the other Party by accurate electronic means such as electronic mail or telephone facsimile will have the same force and effect as an original signature if the document bearing the original signature is promptly sent via U.S. first class mail, return receipt requested, to the other Party.

18. Effective Date

18.1. This agreement becomes effective on the effective date of a resolution of the Hutto City Council approving this Agreement.

18.2. A true copy of such resolution should be appended to this agreement and to each counterpart hereof for historical and clarity purposes, but the absence of an appended copy, or the inaccuracy or incompleteness of an appended copy, has no effect on the validity or effectiveness of this Agreement or of any term hereof, if such resolution was in fact adopted by said Council.

AGREED:

City of Hutto, Texas

By: ______________________ Date: ____________________

Charles W. Daniels
Interim City Manager

Eide Bailly LLP

By: ______________________ Date: 5/14/2020

Douglas Cash
Senior Manager

City Council

AGENDA ITEM REPORT

To:	City Council
Subject:	Consideration and possible action on a resolution amending the Fiscal and Budgetary Policy.
Meeting:	City Council - 04 Jun 2020
Department:	Finance
Staff Contact:	Misti Hancock

BACKGROUND INFORMATION:

The City of Hutto first adopted a Fiscal and Budgetary Policy in March 2007. The last policy amendment and adoption was March 21, 2019. Per City Charter Section 8.09, City Council shall provide by Ordinance the procedures for administering the budget; thus, annually both the City staff and City Council review and approve the Fiscal and Budgetary Policy.

FINANCIAL IMPACT:

The Fiscal and Budgetary Policy provides guidelines for the day-to-day planning and operations of the City's financial affairs.

POLICY IMPLICATIONS:

Revisions to the Fiscal and Budgetary Policy are proposed to ensure the policy reflects the financial philosophy of both City Council and City leadership.

RESOLUTION NO. R-2020-030

A RESOLUTION AMENDING AND APPROVING THE CITY OF HUTTO FISCAL AND BUDGETARY POLICY.

WHEREAS, the City of Hutto assumes a responsibility to its citizens to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public; and

WHEREAS, the City of Hutto developed a Fiscal and Budgetary Policy to enable the City to achieve and maintain a long term stable and positive financial condition and provide guidelines for the City's financial affairs; and

WHEREAS, the Fiscal and Budgetary Policy spans all areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, accounting and financial reporting and debt management; and

WHEREAS, the City Council wishes to amend the Fiscal and Budgetary Policy to reflect City philosophy and ensure alignment with the Charter. Policy amendments are presented in Exhibit A.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HUTTO, TEXAS,

That the City Council hereby approves the amendment of the Fiscal and Budgetary Policy as presented in Exhibit B.

RESOLVED on this the **4th** day of the month **June 2020**.

CITY OF HUTTO, TEXAS

____
Doug Gaul, Mayor

ATTEST:

____
Holly Nagy, City Secretary

EXHIBIT A

FISCAL & BUDGETARY POLICY

THE CITY OF HUTTO TEXAS

~~MAY 7, 2020~~June 4, 2020

TABLE OF CONTENTS

FISCAL AND BUDGETARY POLICY

Amended ~~March 21, 2019~~~~May 7, 2020~~ June 4, 2020

I. OVERVIEW AND STATEMENT OF PURPOSE

The City of Hutto has an important responsibility to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public. The Fiscal and Budgetary Policy, as outlined below, is adopted by the City Council annually and considered the basis for financial management, planning and budget preparation. The policy guides ~~both~~ the City of Hutto and its component units~~, the Hutto Economic Development Corporation.~~.

A component unit of the City is a legally separate entity for which the nature and significance of its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete due to the close relations and financial integration with the City. Cottonwood Development Corporation, River Creek Development Corporation, Economic Development Corporation (Type A) and Community Development Corporation (Type B) are examples of component units.

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operations of the City's financial affairs. The City's financial management, as directed by this Policy, is based upon the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

The scope of this policy generally spans areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, pay philosophy, accounting and financial reporting, debt management and reserves. This is done in order to:

A. Demonstrate to the citizens of Hutto, the City's bond holders, other creditors and the bond rating agencies that the City is committed to a strong fiscal operation;
B. Provide a common vision for financial goals and strategies for current and future policymakers and staff;
C. Fairly present and fully disclose the financial position of the City in conformity to Generally Accepted Accounting Principles (GAAP); and
D. Demonstrate compliance with finance-related legal and contractual practices in accordance with the Texas Local Government Code, bond covenants and other legal mandates.

II. FINANCIAL PLAN

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City's long range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the Capital Improvement Funds of the City. The plan is reviewed and updated annually.

A. **Capital Improvements Program** – The Capital Improvements Plan (CIP) outlines the major utility infrastructure, streets and drainage, facilities, parks and other improvements needed to serve the citizens, renovate and rehabilitate existing infrastructure and facilities, meet growth related needs and comply with state and federal regulations.

1. Preparation – The City Engineer, with the support of ~~the~~ Financial Services, coordinates the annual update and adoption of the multi-year CIP as a part of the annual budget process. In accordance with the City Charter (Charter, section 12.04), the CIP will be delivered to and reviewed by the Planning and Zoning Commission whose recommendation(s) will be presented to City Council. The CIP includes all costs associated with the design, rights of way, acquisition and construction of a project, as well as the estimated operating and maintenance costs, which impacts future operating budgets. The following guidelines will be utilized in developing the CIP:

    - Needed capital improvements and major maintenance projects are identified through life cycle system models, repair and maintenance records, and growth demands.
    - A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its ~~affect~~ effect on operations.
    - Citizen involvement and participation will be solicited in formulating the capital budget through website solicitation.
    - Review the existing City Master Plans to ensure capital improvement projects support the City's long-range goals.

2. Financing Programs – Where applicable, impact fees, assessments, pro-rata charges or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners. Short-term financing options, such as Capital Leasing, may also be considered. Long-term debt financing may also be explored to acquire major assets with an expected life equal to or exceeding the average life of the debt issue. Factors related to the issuance of debt will include the following:

    - Legal constraints on debt capacity and financing alternatives,
    - Essentiality of the proposed capital improvement and the economic cost of delay,
    - Willingness and financial ability to pay for the capital improvement,
    - Determination of the ability to fund through a pay-as-you-go system,
    - Assess current interest rate environment for borrowing and investment, as well as other market conditions, and reserve requirements,
    - Financial condition of the City,
    - The types, availability and stability of revenues to be pledged for repayment of the debt,
    - Type of debt to be issued, and
    - The nature and asset life of the capital projects

3. Control – All capital project expenditures must be appropriated in the capital budget. The Chief Financial Officer or City Manager must certify the availability of resources before any right of way easement is negotiated or before any capital project contract is presented to the Council for approval.

4. Reporting – Periodic financial reports will be prepared to enable the Department Directors to manage their capital budgets and to enable Financial Services to monitor and control the budget as authorized. Capital project financial status reports will be provided to Council quarterly ~~on a frequent basis.~~ and will include a schedule detailing current bond authorization and its usage.

B. **Operations Plan** – The plan will include estimated operating expenses, the cost of new programs being contemplated, and staffing needs for the period.

C. **Revenues and Financing Plan** - Financial Services will develop conservative, multi-year revenue forecasts based upon current and known future revenue streams. The Plan will illustrate the impact of the Capital and Operations Plans on the property tax rate, utility rates and other fees. Sensitivity analyses may be used in order to react to low-medium-high growth environments that would allow for more aggressive investment in infrastructure and conversely time to react to economic slowdown.

D. **Performance Measures** ~~-~~– Funding is prioritized and assigned based on the City's goals and objectives as outlined in the Strategic Plan and Execution Guide. ~~Department Directors will develop program performance measures to evaluate the impact of new programs and growth on the departments. Existing p~~Programs ~~will also be~~ are developed and ~~-~~evaluated as a part of the multi-year planning process and annual budget process to determine funding levels, service levels and viability. ~~whether certain programs should continue to be funded. International City Managers' Association (ICMA) Insights program participation will be utilized to establish, track and compare performance measures~~.

III. ANNUAL OPERATING BUDGET

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The "operating budget" is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary funds, debt service funds, special revenue funds and capital improvement funds of the City.

A. **Planning** – The budget process will include City Council participation in the identification of major policy issues. The budget process will be an extension of the strategic planning process for the City and will allow for citizen input.

B. **Preparation** – The Charter (Section 8.02) requires "On or before the 15th day of August each fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message." The City Council shall adopt the budget on or before the last day of the last month of the current fiscal year.

1. Proposed Budget – A proposed budget shall be prepared by the City Manager and delivered to the City Council prior to the end of July to allow for adequate review and discussion.~~per the City Charter.~~

    a. In accordance with the Charter (Section 8.04), the budget shall provide a complete financial plan for the ensuing fiscal year, in a form the City Manager or Council deems desirable, and the budget shall include goals and objectives, a capital budget, enterprise funds and appropriations. Additionally, the budget shall include an authorized staffing level under which the City shall operate.

    b. In accordance with the Charter (Section 8.05), the City will publish in a newspaper of general circulation in the City and on the City website, a general summary of the budget, as well as the date, time and location the budget will be available for public inspection. At a minimum, the publication notice must be provided at least two weeks prior to availability.

    c. A copy of the proposed budget will be filed with the City Secretary upon submission to the City Council, which must be at least 30 days prior to the Council's vote.

2. Adoption – City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget. The budget will be effective for the fiscal year beginning October 1st.

3. Standards for Publication - The City will utilize the criteria outlined in the Government Finance Officers Association (GFOA) Distinguished Budget Program for the presentation of the budget document. The budget document will be submitted annually to the GFOA for evaluation and consideration for the Distinguished Budget Presentation Award.

4. Budget Calendar – The timeline for budget adoption is guided by City Charter and state Truth in Taxation laws. The Texas Property Tax Reform and Transparency Act of 2019 (S.B.2) modified the notification and rate adoption guidelines significantly. The deadline for the chief appraiser to certify appraisal rolls to taxing units remains~~is~~ July 25th. After certification, City staff must calculate no-new-revenue, voter-approval and the de minimis tax rates for Council consideration, as well as post specific rate information. ~~City Council must discuss the tax rate, and if the maximum rate under consideration will exceed the rollback rate or effective tax rate, they must take a record vote and schedule a public hearing. If required, a Notice of Public Hearing on Tax Increase must be published at least 7 days prior to the first public hearing. If required, the second public hearing must be no earlier than 3 days after the first public hearing, and is also when the tax rate adoption meeting will be scheduled and announced (must be 3-14 days from the date of the second hearing). Notice of Tax Revenue Increase must be published before the meeting to adopt tax rate (at least seven days, if available). The meeting to adopt tax rate must be held 3-14 days after the second public hearing, and the tax rate must be adopted before September 30th.~~Budget and Tax Rate hearing notice requirements vary depending on rate scenario under consideration. To ensure compliance with state law, City should adhere to TML guidelines.

C. Revenue Estimates – In order to maintain a stable level of services, the City shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include the analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues. ~~This approach should reduce the likelihood of actual revenues falling short of budget estimates during the year, which could otherwise result in mid-year service reductions.~~

D. Balanced Budget – The ~~goal of~~ ~~**the**~~ **City** must produce an ~~is to balance the~~ operating budget that balances.~~with current revenues, whereby, c~~Current revenues should match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years may be used for non-recurring expenditures/expenses or for capital expenditures. At a minimum, the proposed budget must include the designation of contingency reserves sufficient to meet City Charter requirements.

E. Reporting – Summary financial reports will be presented to the City Council monthly at a regular City Council meeting. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status. Where appropriate, reports should include annual and monthly data points to facilitate comparative analysis.

F. Control and Accountability – Each Department Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Department Directors may request a transfer of funds within a department budget. All transfers of appropriation or budget amendments require either City Council or City Manager approval. ~~as outlined in Section V.C.~~ Further expenditure control guidance is located in Section V of this policy.

G. Budget Amendments – The *Charter (Section 8.07)* provides a method to amend appropriations. The City Council may authorize:

1. Supplemental Appropriations – If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval.

2. Emergency Appropriations – To meet public emergency affecting life, health, property, or the public peace, or to avoid a material cost or public expense, the City Council may adopt an emergency appropriation.

3. Reduction of Appropriations – If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

H. Contingency Appropriations – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset anticipated but amount unknown expenditures, unexpected maintenance or other unanticipated expenses that might occur during the year, including insurance deductibles, unexpected legal expenses, and equipment repairs.

I. Outside Agency Funding – The City Council may fund a number of outside agencies and organizations that provide core services for the citizens of Hutto. The amount of funding received by each agency depends upon Council direction and the availability of funds. The City Council may designate up to ~~0.75~~1.0% of the estimated General Fund revenues during the budget process.

1. Funding Process - A standardized process for application, review, monitoring, and reporting will be provided by the City. All agencies are required to submit applications for funding to the City during the budget process. Applications will include the following:
   a. Information about the organization including organization's purpose, charter, board of directors, etc.
   b. Copy of organization's financial policies
   c. Copy of prior year's tax filing demonstrating non-profit status
   d. Copy of prior year's audit or financial review for organizations whose operating budget exceeds $100,000 annually
   e. If applicable, a list and description of what prior year City funding was used for and program measures that indicate the increased success of the program due to the funding
2. Funding of non-profit agencies through public funds require enhanced guidelines for spending and operations which shall include:
   a. Funding will typically be used for specific programs, rather than for general operating costs, and demonstrates the program's sustainability beyond a three-year funding period.
   b. The City shall have the ability to review financial reports to monitor how public funds are utilized by an organization.
   c. Other items may be addressed by the City Council as specified in each organization's Outside Agency Funding Agreement.
3. The Williamson County Crisis Center (Hope Alliance), Williamson County Children's Advocacy Center and the Williamson County and Cities Health District will be considered a budgeted line-item. All other outside agencies and organizations will go through the Outside Agency Funding process.
4. The City Council will review requests from other agencies and award based upon available funding. Applications will be evaluated on the following criteria:
   a. Number of Hutto citizens served by the organization;
   b. Type of service provided and whether other organizations in the community provide the service;
   c. Availability of other funding sources for the organization;
   d. Demonstration of ability to adhere to the guidelines outlined by this policy; and
   e. The City Council prefers to allocate funding based upon the following guidelines:
      - Education ~~– 10%~~

- Quality of Life ~~– 30%~~
- Social Services ~~– 60%~~
- Public Health and Safety – The City Council may provide additional funding above the designated ~~0.75~~1.0% to support governmental organizations that provide public health and safety services to the Hutto Community. (For example, membership in the Williamson County and Cities Health District)

All funded agencies shall be required to submit quarterly reports with performance data unless otherwise specified.

J. Periodic Program Reviews – The City Manager and Department Directors will periodically review programs for efficiency and effectiveness. Programs not meeting efficiency and/or effectiveness objectives shall be brought up to required standards, or be subject to reduction or elimination with approval by the City Council~~.~~.

K. Budget Contingency Plan – The City will take immediate corrective action at any time during the fiscal year if an operating deficit ~~is projected at year end~~appears probable. General guidelines for managing revenue shortfalls resulting from factors such as local and economic downturns that affect the City's revenue streams are:

1. Immediate Action - Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:

   a. Freeze all new hire and vacant positions except those deemed to be a necessity
   b. Review all planned capital expenditures
   c. Delay all "non-essential" spending and/or equipment replacement purchases

2. Reporting – City Manager shall report to the City Council within no more than two weeks, the estimated amount of deficit, remedial action taken and recommendations for next steps.

3. Further Action - If the ~~above~~ initial actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. The City Manager may ask Department Directors for service level reduction recommendations ~~on reductions of service levels~~ in order to reduce expenditures to balance the budget. Any resulting service level reductions, including workforce reductions, ~~will be addressed by~~ must be reported to and approved by the City Council.

IV. REVENUE MANAGEMENT

A. Optimum Characteristics – The City will strive for the following optimum characteristics in its revenue system:

1. Revenue Adequacy – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

2. ~~Realistic and~~ Conservative Estimates - Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.

3. Administration – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. Where appropriate, the City will use the administrative processes of State, Federal or County collection agencies in order to reduce administrative costs.

4. Diversification and Stability – A diversified revenue system with a stable source of income shall be maintained. Diversification of revenue sources is intended to mitigate instabilities in revenue sources due to factors such as economic and weather variations.

B. **Other Considerations** – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. Non-Recurring Revenues – One-time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues shall be used only for non-recurring expenditures.

2. Property Tax Revenues – All real and business personal property located within the City will be estimated at a collection rate ~~of~~ no greater than 98% of the taxable value for any given year based on the current appraisal supplied by the Williamson County Appraisal District.

3. Investment Income – Earnings from investments will be distributed to the funds in accordance with the equity balance of the fund from which the invested monies were provided.

4. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct and/or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges at least every two to three years to ensure that fees provide adequate coverage for the cost of services. ~~The City Council will determine how much of the cost of a service should be recovered by fees and charges~~Fees are outlined in the Fee Schedule Appendix of the City's Code of Ordinance.

5. Utility Fund Rates – The City will review and adopt utility rates ~~as needed~~ sufficient to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants and provide for an adequate level of working capital. An internal review will be conducted annually as part of the budget process with a more comprehensive review every three years, at a minimum.

Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:

6. Administrative Cost Recovery – Administrative costs shall be charged to all funds for services of general overhead, such as administration, financial services, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.

7. Revenue Monitoring – Revenues as they are received will be regularly compared to budgeted revenues, variances will be investigated and if material will be included in the ~~quarterly~~ monthly report to the City Council.

C. **Funding Alternatives**

1. Grants - The City shall seek to obtain grants which are consistent with the City's current and future priorities and objectives. The City Council must authorize acceptance of any grant funding. Potential grants will be examined for any matching requirements and the source of those requirements identified. Grant applications will be reviewed by Financial Services to ascertain funding sources, outcomes and other relevant information before the information is presented to the City Council. The City shall recover indirect costs to the maximum allowable by the funding source, and may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant-funded programs and associated positions will be terminated as directed by the City Council when grant funds are no longer available, unless alternate funding is identified.

2. Leases - The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City. ~~The accounting treatment of leases will change in 2020. The policy will be updated at that time.~~

3. Impact Fees - The City will impose impact fees as allowable under state law for ~~both~~infrastructure necessitated by development. Examples include impact fees for water

and wastewater ~~services.~~services, traffic, streets, drainage and impervious surfaces. These fees will be calculated in accordance with statute and reviewed at least every two ~~to three~~ years. All fees collected will fund projects identified within the Fee study and as required by state laws.

D. **Liabilities and Receivables** - Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the goods or services or invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. Receivables aging past 120 days will be sent to a collection agency. The Chief Financial Officer is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

V. EXPENDITURE POLICIES

A. **Appropriations** – The point of budget control is at the department level budget for all funds. The Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the Council within a departmental or program budget category (personnel costs, supplies, maintenance, operations/maintenance and capital).

B. **Central Control** – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Director without prior authorization from the City Manager. Budget savings realized in this manner can be transferred by the City Manager, without further Council action.

C. **Budget Transfers –** The *Charter (Section 8.07)* provides that the City Manager may transfer balances within departments and programs. A Department Director may request a transfer between line items, or categories of items through the City Manager. Financial Services will make the adjustment upon approval from the City Manager. A summary notification will be provided to Council detailing the amount(s) transferred and the reason(s) for the transfer at the first regularly scheduled Council meeting following the transfer.

D. **Purchasing** – All City purchases of goods or services will be made in accordance with the City's current Procurement Policy and with State law. In accordance with Texas Local Government Code, Subchapter B, Sections 252.021 and 252.043, the City shall make award to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality. Council may delegate authority to a designated representative in determining the appropriate method of purchase. State law requires any purchase of goods or materials over $50,000 be formally bid or procured through an approved cooperative. The City's Procurement Policy follows State Law by requiring multiple quotes for most purchases over $3,000. The City's Procurement Policy requires all contracts greater than $50,000 annually be approved by the City Council. The following shows a summary of approval requirements for purchases.

1. Local Preference - In accordance with Chapter 271.9051 of the Local Government Code, the City Council may choose to enter into a contract for construction services in an amount of less than $100,000 or a contract for other purchases in an amount of less than $500,000 with the lowest bidder, or the bidder whose principal place of business is in the municipality if the governing body determines that the local bidder offers the best combination of contract price and additional economic development opportunities~~-~~, provided that this bid is within 5% of the lowest bid price received from the lowest bidder whose business is not within the City limits. The determination that the local bidder offers the City the best combination of contract price and additional local economic development opportunities will be made in writing.

2. Interlocal Cooperation in Delivery of Services **–** In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the cost of services, to share facilities and to develop joint programs to improve service to its citizens.

3. Conflict of Interest – The City will comply with all conflict of interest requirements as mandated by the Texas Government Code and Local Government Code.

E. **Prompt Payment** – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.

VI. PAY PHILOSOPHY

The City's goal as an employer is to attract and retain quality employees who provide exemplary public service to our community in an effective and efficient manner.

A. **Adequate Staffing** – Staffing levels will be adequate for the operations and programs of the City to be conducted efficiently and effectively. In order to provide continuing services to a growing population, as well as add new services, staffing levels will be evaluated by the City Manager regularly to determine workloads. Workload allocation alternatives, such as contract labor and contracted services, will be explored before adding additional staff. Council will be notified (at the first subsequent regularly scheduled meeting) of any staffing supplements. If the City Manager deems it necessary to add additional, permanent staffing to meet service demands, Council will be notified prior to increasing headcount above the total authorized in the budget.

B. **Market Adjustments** – The City shall utilize salary survey data, as well as compensation data from other benchmark cities, as a reference for making market-based adjustments. Market-based adjustments are based upon the job duties and job descriptions of the position, not on performance of the employee within the position. Benchmark cities are identified by the City Council based on parameters such as population, proximity to Hutto, growth rate, and tax base. The cities selected are: Belton, Cedar Park, Cibolo, Georgetown, Kyle, Leander, Little Elm, Pflugerville, Round Rock, ~~Schertz,~~ Seguin and Taylor.

C. **Merit Adjustments –** The City utilizes a merit-based pay and step-pay plan as a part of the overall compensation system. Council may fund merit increases annually during the budget process to aid in retaining and rewarding quality employees for productivity and job performance. These merit-based adjustments are recommended by the employee's immediate supervisor and reviewed by both the Department Director and the City Manager. Employees may receive a merit increase upon approval of the City Manager based upon performance, or when other situations warrant this type of increase, such as a reclassification due to additional job duties.

VII. CAPITAL MAINTENANCE AND REPLACEMENT

The City shall maintain a Capital Replacement Fund to provide financial resources to replace aging fleet and equipment. Only fleet and equipment included on the City's Fixed Assets inventory will be included on the replacement schedule. Funding will be set aside each year through the annual budget process to fund the future replacement of fleet and equipment.

VIII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

A. **Accounting** – The City is responsible for the recording and reporting of its financial affairs, both internally and externally. The City's Chief Financial Officer is responsible for establishing the structure for the City's Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's financial position. Separate accounts will be established for bond activities and contingency reserves to ensure proper accounting and reporting.

B. **Audit of Accounts** – In accordance with the *Charter Section 8.14*, an independent audit of the City accounts will be performed annually. The auditor is retained by and is accountable directly to the City Council.

C. **External Reporting** – Upon completion and acceptance of the annual audit by the City's auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City's fiscal year end. The CAFR shall be prepared in accordance with GAAP and shall be presented annually to the GFOA for evaluation and consideration for the Certificate of Achievement in Financial Reporting. If City staffing limitations preclude such timely reporting, the Chief Financial Officer will inform the City Council of the delay and the reasons therefore.

IX. RISK AND ASSET MANAGEMENT

A. **Risk Management** - The City will utilize programs to prevent and/or reduce the financial impact to the City due to claims and losses. Transfer of liability for claims through transfer to other entities through insurance and/or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

B. **Investments** – The City Council has formally approved a separate Investment Policy for the City of Hutto that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City.

C. **Cash Management** - The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City's depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.

X. DEBT MANAGEMENT

The City of Hutto recognizes the primary purpose of capital facilities is to support provision of services and mobility to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and "pay as you go" methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City's long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets, including equipment, for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A. **Usage of Debt** - Long-term debt financing will be considered for multi-year capital improvements of which future citizens will benefit. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively-projected revenue sources. The financing period will not exceed the useful life of the improvement and the cost benefit of the improvement, including interest costs, will be positive to the community.

B. Types of Debt –

1. General Obligation Bonds (GO) – General obligation bonds must be authorized by a vote of the citizens of Hutto. They are used only to fund capital assets of the general government and will not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds. Conditions for issuance of general obligation debt include:

   - When the project will have a significant impact on the tax rate;
   - When the project may be discretionary or nonessential even though it is routine in nature; or
   - When the project falls outside the normal bounds of projects the City has typically done.

2. Certificates of Obligation, Contract Obligations (CO) – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO bonds may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO bonds when the following conditions are met:

   - When the proposed debt will have minimal impact on future effective property tax rates;
   - When the projects to be funded are within the normal bounds of city capital requirements, such as for roads, parks, various infrastructure and City facilities; and
   - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue; or
   - When the project or capital item is determined to be nondiscretionary or essential to the City.

   Certificates of obligation will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

3. Self-supporting General Obligation Debt – Refers to general obligation debt including CO bonds issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes. The annual debt requirements are not included in the property tax calculation. The Utility Fund issues this type of debt.

4. Internal Borrowing between City Funds – The City can authorize use of existing long-term reserves as "loans" between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.

5. Short-term Borrowing - The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCOs) or Limited Tax Notes (Notes) which are short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs and Notes are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can and should be grouped in a single PPFCO or Note issue in order to develop economies of scale. Notes are limited to a 7 year term.

6. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements. The average life of the obligation should not exceed the useful life of the

asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

C. **Method of Sale** – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of a financial advisor and Chief Financial Officer in the selection of the underwriter or direct purchaser.

D. **Disclosure** – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.

E. **Federal Requirements** – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

F. **Debt Structuring** – The City will issue bonds with maturity not to exceed the useful life of the asset acquired. The structure should approximate overall level debt service and tax rate or revenue source stability unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long-term debt instruments. The City will utilize the expertise of professional financial advisor(s) for all bond considerations.

G. **Debt Coverage Ratio** – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City's Utility. The City will maintain a minimum debt service coverage ratio of 1.0 times for these utilities as a whole.

H. **Reimbursement Resolutions** – The City may utilize reimbursement resolutions for debt financings as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

XI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Hutto will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

A. **Operating Reserves** – In accordance with the Charter Section 8.04, the City is mandated to maintain a 10% reserve. ~~Per the Fiscal and Budgetary policy, t~~The City will strive to maintain emergency reserves at ~~a minimum of~~ 20% of net budgeted operating expenditures for both the General and Utility funds. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported)~~, direct cost for purchased power~~ and payments from third party grant funds.

~~1. General Fund – The unobligated fund balance in the General Fund should equal at least 20%.~~

~~1. Utility Fund – Working capital reserves in these funds should be 20%.~~

Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget. As outlined in the City Charter Section 8.04(d), reserves will be set aside and placed in separate accounts to safe guard the funding. Funds in excess of the minimum reserves may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years.

B. Capital Project Funds – Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.

C. Debt Service Funds for Ad Valorem Tax Obligations – This fund holds receipts from ad valorem property taxes levied to pay debt service on outstanding ad valorem tax obligations. Due to the nature of the source of funds, monies held within this fund are stable. Balances are maintained in this fund to ensure that debt service payments may be made in a timely manner and to comply with ordinances authorizing such outstanding debt obligations.

D. Investment of Reserve Funds – The reserve funds will be invested in accordance with the City's investment policy.

E. Sales Tax Excess – Due to the volatile nature of sales tax revenue, collections over and above the estimated sales tax revenue amount should be used to fund non-recurring expenses, such as (but not limited to) equipment purchases, capital improvement projects, or transfers to the capital replacement fund.

XII. OVERSPENDING OF APPROPRIATIONS PROHIBITED

Per City Charter Section 8.10, no payment shall be made or obligation incurred against any appropriation except in accordance with authorized appropriations and unless the City Manager or his designee first certifies that there are sufficient funds to cover the obligation when it becomes due and payable. Any authorization of payment or commitment of obligation in excess of appropriations is a violation of this policy. Violations of this policy shall be cause for removal of any officer who knowingly authorized or incurred such obligation. Such officer may also be liable to the City for any amount so paid/obligated.

EXHIBIT B

FISCAL & BUDGETARY POLICY

THE CITY OF HUTTO TEXAS

June 4, 2020

TABLE OF CONTENTS

FISCAL AND BUDGETARY POLICY

Amended June 4, 2020

I. OVERVIEW AND STATEMENT OF PURPOSE

The City of Hutto has an important responsibility to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public. The Fiscal and Budgetary Policy, as outlined below, is adopted by the City Council annually and considered the basis for financial management, planning and budget preparation. The policy guides the City of Hutto and its component units.

A component unit of the City is a legally separate entity for which the nature and significance of its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete due to the close relations and financial integration with the City. Cottonwood Development Corporation, River Creek Development Corporation, Economic Development Corporation (Type A) and Community Development Corporation (Type B) are examples of component units.

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operations of the City's financial affairs. The City's financial management, as directed by this Policy, is based upon the foundation of integrity, prudent stewardship, planning, accountability and full disclosure.

The scope of this policy generally spans areas of financial planning, operating and capital budgeting, revenue management, expenditure control, asset management, pay philosophy, accounting and financial reporting, debt management and reserves. This is done in order to:

A. Demonstrate to the citizens of Hutto, the City's bond holders, other creditors and the bond rating agencies that the City is committed to a strong fiscal operation;
B. Provide a common vision for financial goals and strategies for current and future policymakers and staff;
C. Fairly present and fully disclose the financial position of the City in conformity to Generally Accepted Accounting Principles (GAAP); and
D. Demonstrate compliance with finance-related legal and contractual practices in accordance with the Texas Local Government Code, bond covenants and other legal mandates.

II. FINANCIAL PLAN

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. Multi-year budgeting provides a means to identify the impact of implementing new programs and projects on future budgets. The Financial Plan is the City's long range operations and capital plan. The plan includes all of the operating departments of the General Fund and Utility Fund as well as the Capital Improvement Funds of the City. The plan is reviewed and updated annually.

A. **Capital Improvements Program** – The Capital Improvements Plan (CIP) outlines the major utility infrastructure, streets and drainage, facilities, parks and other improvements needed to serve the citizens, renovate and rehabilitate existing infrastructure and facilities, meet growth related needs and comply with state and federal regulations.

1. Preparation – The City Engineer, with the support of Financial Services, coordinates the annual update and adoption of the multi-year CIP as a part of the annual budget process. In accordance with the City Charter (Charter, section 12.04), the CIP will be delivered to and reviewed by the Planning and Zoning Commission whose recommendation(s) will be presented to City Council. The CIP includes all costs associated with the design, rights of way, acquisition and construction of a project, as well as the estimated operating and maintenance costs, which impacts future operating budgets. The following guidelines will be utilized in developing the CIP:

   - Needed capital improvements and major maintenance projects are identified through life cycle system models, repair and maintenance records, and growth demands.
   - A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.
   - Citizen involvement and participation will be solicited in formulating the capital budget through website solicitation.
   - Review the existing City Master Plans to ensure capital improvement projects support the City's long-range goals.

2. Financing Programs – Where applicable, impact fees, assessments, pro-rata charges or other fees should be used to fund capital projects which have a primary benefit to specific, identifiable property owners. Short-term financing options, such as Capital Leasing, may also be considered. Long-term debt financing may also be explored to acquire major assets with an expected life equal to or exceeding the average life of the debt issue. Factors related to the issuance of debt will include the following:

   - Legal constraints on debt capacity and financing alternatives,
   - Essentiality of the proposed capital improvement and the economic cost of delay,
   - Willingness and financial ability to pay for the capital improvement,
   - Determination of the ability to fund through a pay-as-you-go system,
   - Assess current interest rate environment for borrowing and investment, as well as other market conditions, and reserve requirements,
   - Financial condition of the City,
   - The types, availability and stability of revenues to be pledged for repayment of the debt,
   - Type of debt to be issued, and
   - The nature and asset life of the capital projects

3. Control – All capital project expenditures must be appropriated in the capital budget. The Chief Financial Officer or City Manager must certify the availability of resources before any right of way easement is negotiated or before any capital project contract is presented to the Council for approval.

4. Reporting – Periodic financial reports will be prepared to enable the Department Directors to manage their capital budgets and to enable Financial Services to monitor and control the budget as authorized. Capital project financial status reports will be provided to Council quarterly and will include a schedule detailing current bond authorization and its usage.

B. Operations Plan – The plan will include estimated operating expenses, the cost of new programs being contemplated, and staffing needs for the period.

C. Revenues and Financing Plan - Financial Services will develop conservative, multi-year revenue forecasts based upon current and known future revenue streams. The Plan will illustrate the impact of the Capital and Operations Plans on the property tax rate, utility rates and other fees. Sensitivity analyses may be used in order to react to low-medium-high growth environments that would allow for more aggressive investment in infrastructure and conversely time to react to economic slowdown.

D. Performance Measures – Funding is prioritized and assigned based on the City's goals and objectives as outlined in the Strategic Plan and Execution Guide. Programs are developed and evaluated as a part of the multi-year planning process and annual budget process to determine funding levels, service levels and viability.

III. ANNUAL OPERATING BUDGET

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The "operating budget" is the City's annual financial operating plan. The annual budget includes all of the operating departments of the general fund, proprietary funds, debt service funds, special revenue funds and capital improvement funds of the City.

A. Planning – The budget process will include City Council participation in the identification of major policy issues. The budget process will be an extension of the strategic planning process for the City and will allow for citizen input.

B. Preparation – The Charter (Section 8.02) requires "On or before the 15th day of August each fiscal year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message." The City Council shall adopt the budget on or before the last day of the last month of the current fiscal year.

1. Proposed Budget – A proposed budget shall be prepared by the City Manager and delivered to the City Council prior to the end of July to allow for adequate review and discussion.
    a. In accordance with the Charter (Section 8.04), the budget shall provide a complete financial plan for the ensuing fiscal year, in a form the City Manager or Council deems desirable, and the budget shall include goals and objectives, a capital budget, enterprise funds and appropriations. Additionally, the budget shall include an authorized staffing level under which the City shall operate.
    b. In accordance with the Charter (Section 8.05), the City will publish in a newspaper of general circulation in the City and on the City website, a general summary of the budget, as well as the date, time and location the budget will be available for public inspection. At a minimum, the publication notice must be provided at least two weeks prior to availability.
    c. A copy of the proposed budget will be filed with the City Secretary upon submission to the City Council, which must be at least 30 days prior to the Council's vote.
2. Adoption – City Council will hold a public hearing, and subsequently adopt by Ordinance the final budget. The budget will be effective for the fiscal year beginning October 1st.
3. Standards for Publication - The City will utilize the criteria outlined in the Government Finance Officers Association (GFOA) Distinguished Budget Program for the presentation of the budget document. The budget document will be submitted annually to the GFOA for evaluation and consideration for the Distinguished Budget Presentation Award.
4. Budget Calendar – The timeline for budget adoption is guided by City Charter and state Truth in Taxation laws. The Texas Property Tax Reform and Transparency Act of 2019 (S.B.2) modified the notification and rate adoption guidelines significantly. The deadline for the chief appraiser to certify appraisal rolls to taxing units remains July 25th. After certification, City staff must calculate no-new-revenue, voter-approval and the de minimis tax rates for Council consideration, as well as post specific rate information. Budget and Tax Rate hearing notice requirements vary depending on rate scenario under consideration. To ensure compliance with state law, City should adhere to TML guidelines.

C. Revenue Estimates – In order to maintain a stable level of services, the City shall use a conservative, objective and analytical approach when preparing revenue estimates. The process shall include the analysis of probable economic changes and their impacts on revenues, historical collection rates and trends in revenues.

D. **Balanced Budget** – The City must produce an operating budget that balances. Current revenues should match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years may be used for non-recurring expenditures/expenses or for capital expenditures. At a minimum, the proposed budget must include the designation of contingency reserves sufficient to meet City Charter requirements.

E. **Reporting** – Summary financial reports will be presented to the City Council monthly at a regular City Council meeting. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status. Where appropriate, reports should include annual and monthly data points to facilitate comparative analysis.

F. **Control and Accountability** – Each Department Director, appointed by the City Manager, will be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring each department budget for compliance with spending limitations. Department Directors may request a transfer of funds within a department budget. All transfers of appropriation or budget amendments require either City Council or City Manager approval. Further expenditure control guidance is located in Section V of this policy.

G. **Budget Amendments** – The *Charter (Section 8.07)* provides a method to amend appropriations. The City Council may authorize:

1. Supplemental Appropriations – If the City Manager certifies that revenues are available in excess of those estimated in the budget, an amendment ordinance may be prepared for City Council approval.
2. Emergency Appropriations – To meet public emergency affecting life, health, property, or the public peace, or to avoid a material cost or public expense, the City Council may adopt an emergency appropriation.
3. Reduction of Appropriations – If at any time during the fiscal year it appears probable that expected revenues will be insufficient to finance expenditures for which appropriations have been authorized, the City Council may adopt an ordinance to reduce appropriations.

H. **Contingency Appropriations** – The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset anticipated but amount unknown expenditures, unexpected maintenance or other unanticipated expenses that might occur during the year, including insurance deductibles, unexpected legal expenses, and equipment repairs.

I. **Outside Agency Funding** – The City Council may fund a number of outside agencies and organizations that provide core services for the citizens of Hutto. The amount of funding received by each agency depends upon Council direction and the availability of funds. The City Council may designate up to 1.0% of the estimated General Fund revenues during the budget process.

1. Funding Process **-** A standardized process for application, review, monitoring, and reporting will be provided by the City. All agencies are required to submit applications for funding to the City during the budget process. Applications will include the following:
   a. Information about the organization including organization’s purpose, charter, board of directors, etc.
   b. Copy of organization’s financial policies
   c. Copy of prior year’s tax filing demonstrating non-profit status
   d. Copy of prior year’s audit or financial review for organizations whose operating budget exceeds $100,000 annually

   e. If applicable, a list and description of what prior year City funding was used for and program measures that indicate the increased success of the program due to the funding

2. Funding of non-profit agencies through public funds require enhanced guidelines for spending and operations which shall include:

   a. Funding will typically be used for specific programs, rather than for general operating costs, and demonstrates the program's sustainability beyond a three-year funding period.
   b. The City shall have the ability to review financial reports to monitor how public funds are utilized by an organization.
   c. Other items may be addressed by the City Council as specified in each organization's Outside Agency Funding Agreement.

3. The Williamson County Crisis Center (Hope Alliance), Williamson County Children's Advocacy Center and the Williamson County and Cities Health District will be considered a budgeted line-item. All other outside agencies and organizations will go through the Outside Agency Funding process.

4. The City Council will review requests from other agencies and award based upon available funding. Applications will be evaluated on the following criteria:

   a. Number of Hutto citizens served by the organization;
   b. Type of service provided and whether other organizations in the community provide the service;
   c. Availability of other funding sources for the organization;
   d. Demonstration of ability to adhere to the guidelines outlined by this policy; and
   e. The City Council prefers to allocate funding based upon the following guidelines:
      - Education
      - Quality of Life
      - Social Services
      - Public Health and Safety – The City Council may provide additional funding above the designated 1.0% to support governmental organizations that provide public health and safety services to the Hutto Community. (For example, membership in the Williamson County and Cities Health District)

All funded agencies shall be required to submit quarterly reports with performance data unless otherwise specified.

J. Periodic Program Reviews – The City Manager and Department Directors will periodically review programs for efficiency and effectiveness. Programs not meeting efficiency and/or effectiveness objectives shall be brought up to required standards or be subject to reduction or elimination with approval by the City Council.

K. Budget Contingency Plan – The City will take immediate corrective action at any time during the fiscal year if an operating deficit appears probable. General guidelines for managing revenue shortfalls resulting from factors such as local and economic downturns that affect the City's revenue streams are:

1. Immediate Action - Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset any revenue shortfall with a reduction in current expenses. The City Manager may:

   a. Freeze all new hire and vacant positions except those deemed to be a necessity
   b. Review all planned capital expenditures
   c. Delay all "non-essential" spending and/or equipment replacement purchases

2. Reporting – City Manager shall report to the City Council within no more than two weeks, the estimated amount of deficit, remedial action taken and recommendations for next steps.

3. Further Action - If the initial actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. The City Manager may ask Department Directors for service level reduction recommendations in order to reduce expenditures to balance the budget. Any resulting service level reductions, including workforce reductions, must be reported to and approved by the City Council.

IV. REVENUE MANAGEMENT

A. Optimum Characteristics – The City will strive for the following optimum characteristics in its revenue system:

1. Revenue Adequacy – The City should require there be a balance in the revenue system; i.e., the revenue base will have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

2. Conservative Estimates - Revenues will be estimated realistically, and conservatively, taking into account the volatile nature of various revenue streams.

3. Administration – The benefits of a revenue source should exceed the cost of levying and collecting that revenue. Where appropriate, the City will use the administrative processes of State, Federal or County collection agencies in order to reduce administrative costs.

4. Diversification and Stability – A diversified revenue system with a stable source of income shall be maintained. Diversification of revenue sources is intended to mitigate instabilities in revenue sources due to factors such as economic and weather variations.

B. Other Considerations – The following considerations and issues will guide the City in its revenue policies concerning specific sources of funds:

1. Non-Recurring Revenues – One-time or non-recurring revenues shall not be used to finance current ongoing operations. Non-recurring revenues shall be used only for non-recurring expenditures.

2. Property Tax Revenues – All real and business personal property located within the City will be estimated at a collection rate no greater than 98% of the taxable value for any given year based on the current appraisal supplied by the Williamson County Appraisal District.

3. Investment Income – Earnings from investments will be distributed to the funds in accordance with the equity balance of the fund from which the invested monies were provided.

4. User-Based Fees and Service Charges – For services associated with a user fee or charge, the direct and/or indirect costs of that service will be offset by a fee where possible. The City will review fees and charges at least every two to three years to ensure that fees provide adequate coverage for the cost of services. Fees are outlined in the Fee Schedule Appendix of the City's Code of Ordinance.

5. Utility Fund Rates – The City will review and adopt utility rates sufficient to generate revenues required to fully cover operating expenses, meet the legal requirements of all applicable bond covenants and provide for an adequate level of working capital. An internal review will be conducted annually as part of the budget process with a more comprehensive review every three years, at a minimum.

Additionally, enterprise activity rates will include transfers to and receive credits from other funds as follows:

6. Administrative Cost Recovery – Administrative costs shall be charged to all funds for services of general overhead, such as administration, financial services, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.

7. Revenue Monitoring – Revenues as they are received will be regularly compared to budgeted revenues, variances will be investigated and if material will be included in the monthly report to the City Council.

C. Funding Alternatives

1. Grants - The City shall seek to obtain grants which are consistent with the City's current and future priorities and objectives. The City Council must authorize acceptance of any grant funding. Potential grants will be examined for any matching requirements and the source of those requirements identified. Grant applications will be reviewed by Financial Services to ascertain funding sources, outcomes and other relevant information before the information is presented to the City Council. The City shall recover indirect costs to the maximum allowable by the funding source, and may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant. Grant-funded programs and associated positions will be terminated as directed by the City Council when grant funds are no longer available, unless alternate funding is identified.

2. Leases - The City may authorize the use of lease financing for certain operating equipment when it is determined that the cost benefit of such an arrangement is advantageous to the City.

3. Impact Fees - The City will impose impact fees as allowable under state law for infrastructure necessitated by development. Examples include impact fees for water and wastewater services, traffic, streets, drainage and impervious surfaces. These fees will be calculated in accordance with statute and reviewed at least every two years. All fees collected will fund projects identified within the Fee study and as required by state laws.

D. Liabilities and Receivables - Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the goods or services or invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service. Receivables aging past 120 days will be sent to a collection agency. The Chief Financial Officer is authorized to write-off non-collectible accounts that are delinquent for more than 180 days, provided proper delinquency procedures have been followed, and include this information in the annual report to the City Council.

V. EXPENDITURE POLICIES

A. Appropriations – The point of budget control is at the department level budget for all funds. The Department Directors shall manage budgets to ensure that appropriations are not exceeded. Budgets are approved by the Council within a departmental or program budget category (personnel costs, supplies, maintenance, operations/maintenance and capital).

B. Central Control – No recognized or significant salary or capital budgetary savings in any Department shall be spent by the Department Director without prior authorization from the City Manager. Budget savings realized in this manner can be transferred by the City Manager, without further Council action.

C. Budget Transfers – The *Charter (Section 8.07)* provides that the City Manager may transfer balances within departments and programs. A Department Director may request a transfer between line items, or categories of items through the City Manager. Financial Services will make the adjustment upon approval from the City Manager. A summary notification will be provided to Council detailing the amount(s) transferred and the reason(s) for the transfer at the first regularly scheduled Council meeting following the transfer.

D. Purchasing – All City purchases of goods or services will be made in accordance with the City's current Procurement Policy and with State law. In accordance with Texas Local Government Code, Subchapter B, Sections 252.021 and 252.043, the City shall make award to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality. Council may delegate authority to a designated representative in determining the appropriate method of purchase. State law requires any purchase of goods or materials over $50,000 be formally bid or procured through an approved cooperative. The City's Procurement Policy follows State Law by requiring multiple quotes for most purchases over $3,000. The City's Procurement Policy requires all contracts greater than $50,000 annually be approved by the City Council. The following shows a summary of approval requirements for purchases.

1. Local Preference - In accordance with Chapter 271.9051 of the Local Government Code, the City Council may choose to enter into a contract for construction services in an amount of less than $100,000 or a contract for other purchases in an amount of less than $500,000 with the lowest bidder, or the bidder whose principal place of business is in the municipality if the governing body determines that the local bidder offers the best combination of contract price and additional economic development opportunities, provided that this bid is within 5% of the lowest bid price received from the lowest bidder whose business is not within the City limits. The determination that the local bidder offers the City the best combination of contract price and additional local economic development opportunities will be made in writing.
2. Interlocal Cooperation in Delivery of Services **–** In order to promote the effective and efficient delivery of services, the City shall work with other local jurisdictions to share on an equitable basis the cost of services, to share facilities and to develop joint programs to improve service to its citizens.
3. Conflict of Interest – The City will comply with all conflict of interest requirements as mandated by the Texas Government Code and Local Government Code.

E. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all purchase discounts, when possible.

VI. PAY PHILOSOPHY

The City's goal as an employer is to attract and retain quality employees who provide exemplary public service to our community in an effective and efficient manner.

A. Adequate Staffing – Staffing levels will be adequate for the operations and programs of the City to be conducted efficiently and effectively. In order to provide continuing services to a growing population, as well as add new services, staffing levels will be evaluated by the City Manager regularly to determine workloads. Workload allocation alternatives, such as contract labor and contracted services, will be explored before adding additional staff. Council will be notified (at the first subsequent regularly scheduled meeting) of any staffing supplements. If the City Manager deems it necessary to add additional, permanent staffing to meet service demands, Council will be notified prior to increasing headcount above the total authorized in the budget.

B. Market Adjustments – The City shall utilize salary survey data, as well as compensation data from other benchmark cities, as a reference for making market-based adjustments. Market-based adjustments are based upon the job duties and job descriptions of the position, not on performance of the employee within the position. Benchmark cities are identified by the City Council based on parameters such as population, proximity to Hutto, growth rate, and tax base. The cities selected are: Belton, Cedar Park, Cibolo, Georgetown, Kyle, Leander, Little Elm, Pflugerville, Round Rock, Seguin and Taylor.

C. Merit Adjustments – The City utilizes a merit-based pay and step-pay plan as a part of the overall compensation system. Council may fund merit increases annually during the budget process to aid in retaining and rewarding quality employees for productivity and job performance. These merit-based adjustments are recommended by the employee's immediate supervisor and reviewed by both the Department Director and the City Manager. Employees may receive a merit increase upon approval of the City Manager based upon performance, or when other situations warrant this type of increase, such as a reclassification due to additional job duties.

VII. CAPITAL MAINTENANCE AND REPLACEMENT

The City shall maintain a Capital Replacement Fund to provide financial resources to replace aging fleet and equipment. Only fleet and equipment included on the City's Fixed Assets inventory will be included on the replacement schedule. Funding will be set aside each year through the annual budget process to fund the future replacement of fleet and equipment.

VIII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

A. Accounting – The City is responsible for the recording and reporting of its financial affairs, both internally and externally. The City's Chief Financial Officer is responsible for establishing the structure for the City's Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's financial position. Separate accounts will be established for bond activities and contingency reserves to ensure proper accounting and reporting.

B. Audit of Accounts – In accordance with the *Charter Section 8.14*, an independent audit of the City accounts will be performed annually. The auditor is retained by and is accountable directly to the City Council.

C. External Reporting – Upon completion and acceptance of the annual audit by the City's auditors, the City shall prepare a written Comprehensive Annual Financial Report (CAFR) which shall be presented to the City Council within 180 calendar days of the City's fiscal year end. The CAFR shall be prepared in accordance with GAAP and shall be presented annually to the GFOA for evaluation and consideration for the Certificate of Achievement in Financial Reporting. If City staffing limitations preclude such timely reporting, the Chief Financial Officer will inform the City Council of the delay and the reasons therefore.

IX. RISK AND ASSET MANAGEMENT

A. Risk Management - The City will utilize programs to prevent and/or reduce the financial impact to the City due to claims and losses. Transfer of liability for claims through transfer to other entities through insurance and/or by contract will be utilized where appropriate. Prevention of loss through the safety program and the employee health program will be employed.

B. Investments – The City Council has formally approved a separate Investment Policy for the City of Hutto that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Government Code. This policy is reviewed annually by the City Council and applies to all financial assets held by the City.

C. Cash Management - The City shall maintain a comprehensive cash management program to include the effective collection of all accounts receivable, the prompt deposit of receipts to the City's depository, the payment of obligations, and the prudent investment of idle funds in accordance with this policy.

X. DEBT MANAGEMENT

The City of Hutto recognizes the primary purpose of capital facilities is to support provision of services and mobility to its residents. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements. In meeting demand for additional services, the City will strive to balance the needs between debt financing and "pay as you go" methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City's long-range financial condition.

The City will issue debt only for the purpose of acquiring or constructing capital assets, including equipment, for the general benefit of its citizens and to allow it to fulfill its various purposes as a city.

A. <u>Usage of Debt</u> - Long-term debt financing will be considered for multi-year capital improvements of which future citizens will benefit. Alternatives for financing will be explored prior to debt issuance and include, but not limited to:

- Grants
- Use of Reserve Funds
- Use of Current Revenues
- Contributions from developers and others
- Leases
- Impact Fees

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively-projected revenue sources. The financing period will not exceed the useful life of the improvement and the cost benefit of the improvement, including interest costs, will be positive to the community.

B. <u>Types of Debt</u> –

1. <u>General Obligation Bonds (GO)</u> – General obligation bonds must be authorized by a vote of the citizens of Hutto. They are used only to fund capital assets of the general government and will not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds. Conditions for issuance of general obligation debt include:

    - When the project will have a significant impact on the tax rate;
    - When the project may be discretionary or nonessential even though it is routine in nature; or
    - When the project falls outside the normal bounds of projects the City has typically done.

2. <u>Certificates of Obligation, Contract Obligations (CO)</u> – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO bonds may be either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both. Typically, the City may issue CO bonds when the following conditions are met:

    - When the proposed debt will have minimal impact on future effective property tax rates;
    - When the projects to be funded are within the normal bounds of city capital requirements, such as for roads, parks, various infrastructure and City facilities; and
    - When the average life of the obligation does not exceed the useful life of the asset(s) to be funded by the issue; or
    - When the project or capital item is determined to be nondiscretionary or essential to the City.

    Certificates of obligation will be used with prudent care and judgment by the City Council. Every effort will be made to ensure public participation in decisions relating to debt financing.

3. Self-supporting General Obligation Debt – Refers to general obligation debt including CO bonds issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes. The annual debt requirements are not included in the property tax calculation. The Utility Fund issues this type of debt.
4. Internal Borrowing between City Funds – The City can authorize use of existing long-term reserves as "loans" between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within ten (10) years. The loan will be considered an investment of working capital reserves by the lending fund.
5. Short-term Borrowing - The City may authorize the issuance of Public Property Finance Contractual Obligations (PPFCOs) or Limited Tax Notes (Notes) which are short-term obligations for the acquisition of personal public property, such as equipment. PPFCOs and Notes are payable from either ad valorem taxes or another dedicated revenue stream. Each issuance will be assessed to ensure cost effectiveness and the repayment schedule will not exceed the useful life of the asset. Multiple equipment acquisitions can and should be grouped in a single PPFCO or Note issue in order to develop economies of scale. Notes are limited to a 7 year term.
6. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements. The average life of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

C. **Method of Sale** – The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issue warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of a financial advisor and Chief Financial Officer in the selection of the underwriter or direct purchaser.

D. **Disclosure** – Full disclosure of operating costs along with capital costs will be made to the bond rating agencies and other users of financial information. The City staff, with assistance of the financial advisor and bond counsel, will prepare the necessary materials for presentation to the rating agencies and will aid in the production of the Preliminary Official Statements. The City will take responsibility for the accuracy of all financial information released.

E. **Federal Requirements** – The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

F. **Debt Structuring** – The City will issue bonds with maturity not to exceed the useful life of the asset acquired. The structure should approximate overall level debt service and tax rate or revenue source stability unless operational matters dictate otherwise. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long-term debt instruments. The City will utilize the expertise of professional financial advisor(s) for all bond considerations.

G. **Debt Coverage Ratio** – Refers to the number of times the current combined debt service requirements or payments would be covered by the current operating revenues net of on-going operating expenses of the City's Utility. The City will maintain a minimum debt service coverage ratio of 1.0 times for these utilities as a whole.

H. **Reimbursement Resolutions** – The City may utilize reimbursement resolutions for debt financings as a tool to manage its debt issues, due to arbitrage requirements and project timing. In so doing, the City uses its capital reserve "cash" to delay bond issues until such time when issuance is favorable and beneficial to the City.

XI. FINANCIAL CONDITIONS, RESERVES, AND STABILITY RATIOS

The City of Hutto will maintain budgeted minimum reserves in the ending working capital/fund balances to provide a secure, healthy financial base for the City in the event of a natural disaster or other emergency, allow stability of City operations should revenues fall short of budgeted projections and provide available resources to implement budgeted expenditures without regard to actual timing of cash flows into the City.

A. **Operating Reserves** – In accordance with the Charter Section 8.04, the City is mandated to maintain a 10% reserve. The City will strive to maintain emergency reserves at 20% of net budgeted operating expenditures for both the General and Utility funds. Net budgeted operating expenditure is defined as total budgeted expenditures less interfund transfers and charges, general debt service (tax supported) and payments from third party grant funds.

Reserve requirements will be calculated as part of the annual budget process and any additional required funds to be added to the reserve balances will be appropriated within the budget. As outlined in the City Charter Section 8.04(d), reserves will be set aside and placed in separate accounts to safe guard the funding. Funds in excess of the minimum reserves may be expended for City purposes at the will of the City Council once it has been determined that use of the excess will not endanger reserve requirements in future years.

B. **Capital Project Funds** – Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested and income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally, with any unexpected excess to be transferred to the Debt Service fund to service project-related debt service.

C. **Debt Service Funds for Ad Valorem Tax Obligations** – This fund holds receipts from ad valorem property taxes levied to pay debt service on outstanding ad valorem tax obligations. Due to the nature of the source of funds, monies held within this fund are stable. Balances are maintained in this fund to ensure that debt service payments may be made in a timely manner and to comply with ordinances authorizing such outstanding debt obligations.

D. **Investment of Reserve Funds** – The reserve funds will be invested in accordance with the City's investment policy.

E. **Sales Tax Excess** – Due to the volatile nature of sales tax revenue, collections over and above the estimated sales tax revenue amount should be used to fund non-recurring expenses, such as (but not limited to) equipment purchases, capital improvement projects, or transfers to the capital replacement fund.

XII. OVERSPENDING OF APPROPRIATIONS PROHIBITED

Per City Charter Section 8.10, no payment shall be made or obligation incurred against any appropriation except in accordance with authorized appropriations and unless the City Manager or his designee first certifies that there are sufficient funds to cover the obligation when it becomes due and payable. Any authorization of payment or commitment of obligation in excess of appropriations is a violation of this policy. Violations of this policy shall be cause for removal of any officer who knowingly authorized or incurred such obligation. Such officer may also be liable to the City for any amount so paid/obligated.

City Council

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action on Resolution No. R-2020-031 consenting to the use of the power of
eminent domain by Williamson County within the jurisdiction of Hutto for the Southeast Loop construction project. (Samuel Ray)

Meeting: City Council - 04 Jun 2020

Department: Engineering

Staff Contact: Samuel Ray

BACKGROUND INFORMATION:

Williamson County is in the process of designing the Southeast Loop project from the intersection of CR 138 and SH 130 to the intersection of CR 3349 and US 79. The proposed alignment of the Southeast Loop crosses into City of Hutto jurisdiction in a few locations particularly parts of the existing Lakeside Estates residential subdivision as well as the proposed Covered Bridge and Riverwalk South developments. Consent from the City is required for the County to utilize the power of eminent domain within city limits if needed for the progress of the project. The City has been in coordination with the County for several years regarding this project. The City currently has this road project proposed, albeit with a somewhat different alignment, on the Long Range Planning map as controlled access roads A1 & E1. The City in April of 2019 requested that the County include the Southeast Loop in the Counties 2019 bond program. In addition to alleviating congestion on US 79 through the heart of Hutto, the Southeast Loop project is anticipated to open up economic opportunities providing a corridor for Industrial and Commercial growth within Hutto's city limits and extra territorial jurisdiction.

POLICY IMPLICATIONS:

The County requests the city to pass a resolution of support so the county may utilize the power of eminent domain if needed to progress the Southeast Loop Project.

RESOLUTION NO. R-2020-031

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUTTO, TEXAS CONSENTING TO THE USE OF THE POWER OF EMINENT DOMAIN BY WILLIAMSON COUNTY WITHIN THE JURISDICTION OF THE MUNICIPAITY FOR THE SOUTHEAST LOOP CONSTRUCTION PROJECT

WHEREAS, Williamson County ("County") is and has been in the process of designing the Southeast Loop from the current terminus of CR 138 at SH 130 to the intersection of FM 3349 and US 79, the approximate location and alignment being shown on Exhibit "A", attached hereto, (the "County Project"); and

WHEREAS, the City of Hutto ("City") desires to cooperate with the County to facilitate the construction of the County Project; and

WHEREAS, it is necessary to establish procedures, consent and approvals for completing acquisition of the public or private real property ("Property") required for construction of the County Project.

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

Section 1. Pursuant to the provisions of Tex. Transp. Code §251.101, the City Council hereby finds, determines and consents to the County exercising its power of eminent domain within the boundaries of the municipality to condemn and acquire real property, a right-of-way, or an easement in public or private real property that the County commissioners court determines is necessary or convenient to the County Project, or will form a connecting link in the County road system or in a state highway.

Section 2. It is the intent of the City Council that this resolution authorizes the condemnation of all property interests required to complete the construction and maintenance of the County Project and associated public purposes. If it is later determined that there are any errors in the descriptions contained herein, or if later surveys contain more accurate revised descriptions, the County is authorized to have such errors corrected or revisions made without the necessity of obtaining a new resolution of the City Council consenting to the use of the power of eminent domain by the County.

Section 3. The findings of fact, recitations of provisions set in the preamble of this Resolution are adopted and made a part of the body of this Resolution, as fully as if the same were set forth herein.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this _________ day of _______________________, 2020.

____
DOUG GAUL, Mayor
City of Hutto, Texas

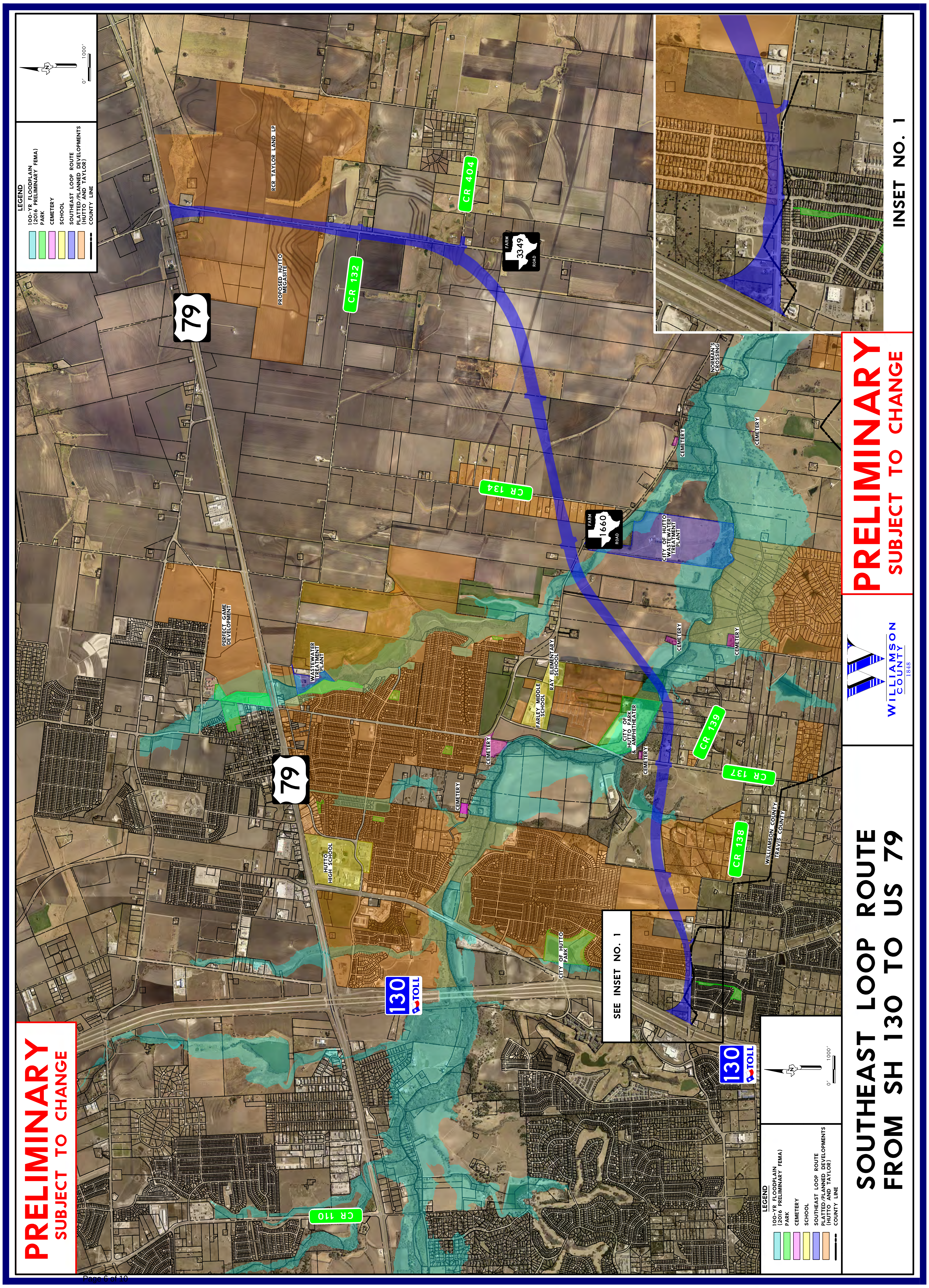
ATTEST:

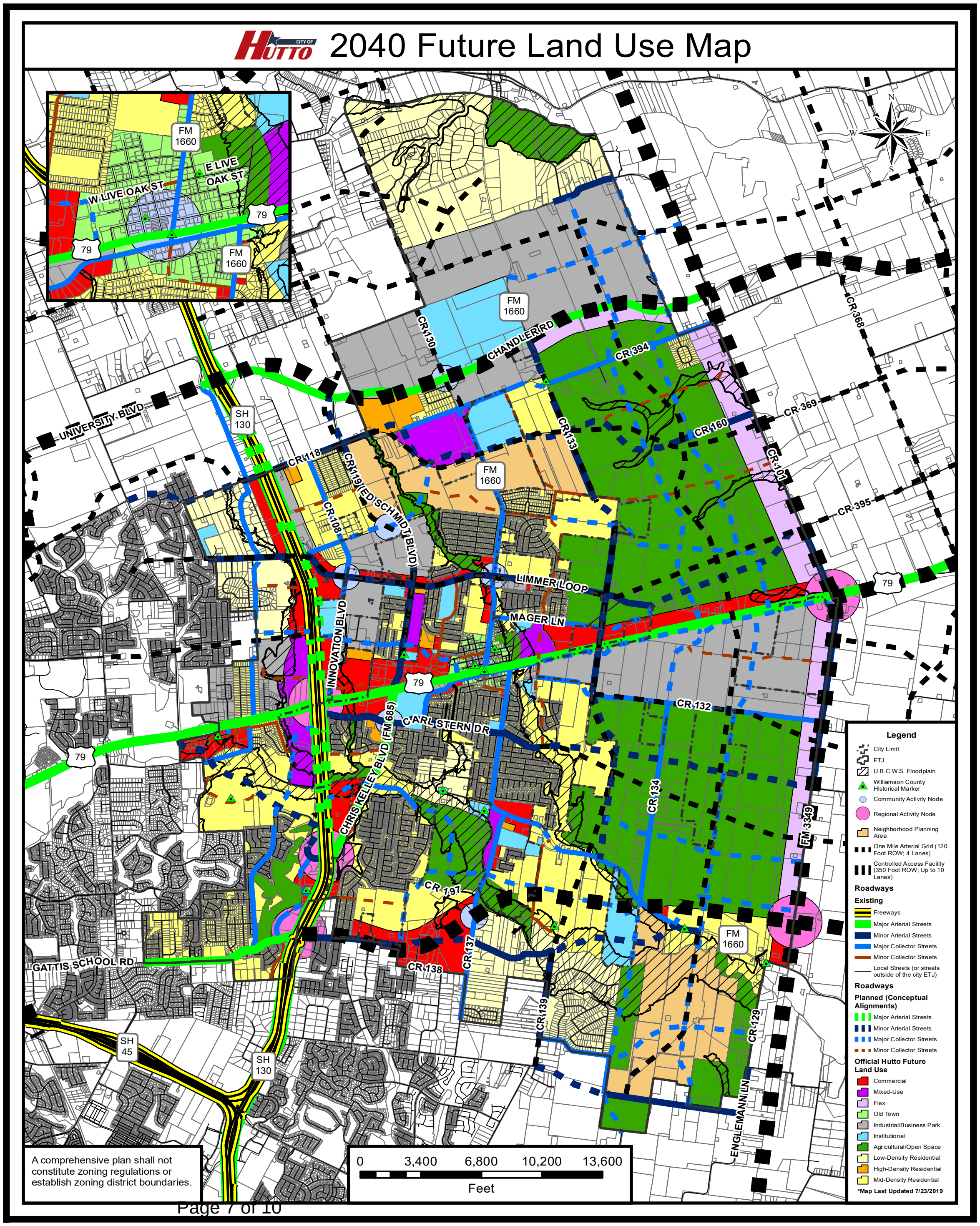
____

Holly Nagy, City Secretary

<u>EXHIBIT "A"</u>

County Project alignment exhibit follows this page


PRELIMINARY
SUBJECT TO CHANGE
SOUTHEAST LOOP ROUTE
FROM SH 130 TO US 79
INSET NO. 1
SEE INSET NO. 1
LEGEND
100-YR FLOODPLAIN (2016 PRELIMINARY FEMA)
PARK
CEMETERY
SCHOOL
SOUTHEAST LOOP ROUTE
PLATTED/PLANNED DEVELOPMENTS (HUTTO AND TAYLOR)
COUNTY LINE
WILLIAMSON COUNTY
1848
79
130 TOLL
CR 404
CR 132
CR 134
CR 139
CR 137
CR 138
CR 110
3349
1660
PROPOSED HUTTO MEGASITE
ECR TAYLOR LAND LP
HUTTO HIGH SCHOOL
FARLEY MIDDLE SCHOOL
RAY ELEMENTARY SCHOOL
CITY OF HUTTO PARK AMPHITHEATER
CITY OF HUTTO PARK
CITY OF HUTTO WASTEWATER TREATMENT PLANT
WASTEWATER TREATMENT PLANT
PERFECT GAME DEVELOPMENT
NORMAN'S CROSSING
CEMETERY
WILLIAMSON COUNTY
TRAVIS COUNTY


HUTTO
CITY OF
2040 Future Land Use Map
FM 1660
E LIVE OAK ST
W LIVE OAK ST
79
CR 130
CHANDLER RD
CR 394
CR 368
CR 369
CR 160
CR 133
CR 101
UNIVERSITY BLVD
SH 130
CR 118
CR 119 (ED SCHMIDT BLVD)
CR 108
CR 395
LIMMER LOOP
MAGER LN
INNOVATION BLVD
CARL STERN DR
CR 132
CHRIS KELLEY BLVD (FM 685)
CR 134
FM 3349
CR 197
CR 137
CR 138
GATTIS SCHOOL RD
CR 139
CR 129
ENGLEMANN LN
SH 45
A comprehensive plan shall not constitute zoning regulations or establish zoning district boundaries.
0
3,400
6,800
10,200
13,600
Feet
Legend
City Limit
ETJ
U.B.C.W.S. Floodplain
Williamson County Historical Marker
Community Activity Node
Regional Activity Node
Neighborhood Planning Area
One Mile Arterial Grid (120 Foot ROW; 4 Lanes)
Controlled Access Facility (350 Foot ROW; Up to 10 Lanes)
Roadways
Existing
Freeways
Major Arterial Streets
Minor Arterial Streets
Major Collector Streets
Minor Collector Streets
Local Streets (or streets outside of the city ETJ)
Roadways
Planned (Conceptual Alignments)
Major Arterial Streets
Minor Arterial Streets
Major Collector Streets
Minor Collector Streets
Official Hutto Future Land Use
Commercial
Mixed-Use
Flex
Old Town
Industrial/Business Park
Institutional
Agricultural/Open Space
Low-Density Residential
High-Density Residential
Mid-Density Residential
*Map Last Updated 7/23/2019
Page 7 of 10

Samuel Ray

From:	Bob Daigh <bdaigh@wilco.org>
Sent:	Tuesday, April 16, 2019 4:03 PM
To:	Christen Eschberger
Subject:	Fwd: Wilco 2019 Road Bond Project Application
Attachments:	ATT00001.txt

Get Outlook for iOS

From: MD Hossain <MD.Hossain@HuttoTX.gov>
Sent: Tuesday, April 16, 2019 2:16:59 PM
To: Bob Daigh
Cc: Edena Atmore; Ashley Lumpkin; Beth Gollaher
Subject: RE: Wilco 2019 Road Bond Project Application

Mr. Daigh,

The City of Hutto also like to submit another project for including in the Williamson County Proposed Bond Program. Please add the Corridor A1 and E1 in the project list. Let me know if you've any questions. Thanks much.

Sincerely,

MD Hossain, PE, CFM
Director
Engineering and Public Works Department

T: (512) 759-4038
E: MD.Hossain@Huttotx.gov
W: www.huttotx.gov

From: Bob Daigh [mailto:bdaigh@wilco.org]
Sent: Friday, April 12, 2019 3:30 PM
To: MD Hossain <MD.Hossain@HuttoTX.gov>
Subject: RE: Wilco 2019 Road Bond Project Application

Thanks, Bob

From: MD Hossain <MD.Hossain@HuttoTX.gov>
Sent: Friday, April 12, 2019 2:32 PM
To: Bob Daigh <bdaigh@wilco.org>
Cc: Christen Eschberger <ceschberger@HNTB.com>; Edena Atmore <Edena.Atmore@HuttoTX.gov>; Ashley Lumpkin <Ashley.Lumpkin@HuttoTX.gov>
Subject: Wilco 2019 Road Bond Project Application

EXTERNAL email: Exercise caution when opening.

Mr. Daigh,

I like to submit the application for projects to be included in the Williamson County Proposed Bond Program. Attached are files including the application form, cost estimates, and required project map.

Please let me know if you've any questions or need clarification. If you want, I'll go to your office to meet with you to explain the scope of the project and our plan and associated details. We'll appreciate your consideration and cooperation. Thanks much for your time.

Sincerely,

MD Hossain, PE, CFM
Director
Engineering and Public Works Department

T: (512) 759-4038
E: MD.Hossain@Huttotx.gov
W: www.huttotx.gov

From: Christen Eschberger [mailto:ceschberger@HNTB.com]
Sent: Friday, March 29, 2019 7:59 AM
To: Wesley Wright <Wesley.Wright@georgetown.org>; Gary Hudder <ghudder@roundrocktexas.gov>; Darwin Marchell <Darwin.Marchell@cedarparktx.us>; Wayne Watts <w.watts@leandertx.gov>; MD Hossain <MD.Hossain@HuttoTX.gov>; Jim Gray - City of Taylor, TX <jim.gray@taylortx.gov>
Subject: Wilco 2019 Road Bond Project Application

Since the email request regarding road bond projects went out to the Mayors and City Managers only, I wanted to make sure that each of you had a copy of the fillable form for your use. Please let me know if you have any questions about the form.

Christen Eschberger, AVP, PE
Williamson County Road Bond Program
Senior Project Manager

Tel (512) 527-6719 **Cell** (512) 563-1768 **Email** ceschberger@hntb.com

HNTB CORPORATION
101 East Old Settlers Blvd. Suite 100, Round Rock, TX 78664 | www.hntb.com

This email has been scanned for spam and viruses by Proofpoint Essentials. Click here to report this email as spam.

City Council

AGENDA ITEM REPORT

To:	City Council
Subject:	Update on Lakeside Estates lift station decommissioning project. (Samuel Ray)
Meeting:	City Council - 04 Jun 2020
Department:	Engineering
Staff Contact:	Samuel Ray

BACKGROUND INFORMATION:

AIR-20-244 - This item is presented as an update to City Council regarding the decommissioning of the Lakeside Estates lift station. Items of note are development of engineering construction plans, plans for funding of construction and negotiation with Pflugerville regarding timing of completion of project in relation to existing wastewater agreement and potential for renewal of agreement.

FINANCIAL IMPACT:

No expenditure of funds are related to this agenda item. Total cost of project including already approved engineering costs is approximately $1.8M. After completion of the project will provide approximately $200K in annual savings in wastewater costs.

POLICY IMPLICATIONS:

Aligns with strategic policy of fiscal responsibility

RECOMMENDATION:

This item is for informational purposes only.

City Council

AGENDA ITEM REPORT

To:

Subject: Consideration and possible action on amendments to the City Council Protocols.

Meeting: City Council - 04 Jun 2020

Department:

Staff Contact: Stacy Schmitt Interim City Secretary

City Council Protocol Policy
August 1, 2019

Table of Contents

1 Overview of Roles and Responsibilities

a) Role of the Mayor

The Mayor shall:

1) Act as the official head of the City for all ceremonial purposes
2) Chair Council meetings
3) Vote on propositions that come before the City Council but shall have no power to veto.
4) When authorized by the City Council, sign all official documents such as ordinances, resolutions, conveyances, grant agreements, official plats, contracts, and bonds.
5) Recognize comments from citizens at public meetings
6) Call for special meetings
7) Select substitute for City representation when Mayor cannot attend
8) Make judgment calls on proclamations, special presentations, etc.
9) Recommend subcommittees as appropriate for Council approval
10) Serve as the liaison between the Council and the City Manager and City Attorney in regard to official relations
11) Lead the Council into an effective, cohesive working team
12) Sign documents on behalf of the City
13) Work with City Manager to prepare Council agenda
14) Appoint Council Committees
15) Perform such other duties consistent with this Charter or as may be imposed upon him or her by the City Council.

b) Role of Mayor Pro-tem

The Mayor Pro-tem shall be chosen by the City Council at the first regular City Council meeting following each regular City election.

The Mayor Pro-tem shall:

1) Act as Mayor during the disability or absence of the Mayor, and in this capacity shall have the rights conferred upon the Mayor
2) Represent the City at ceremonial functions at the request of the Mayor

c) Role of a Council Member

All members of the City Council, including those serving as Mayor and Mayor Pro Tem, have equal votes. No Council member has more power than any other Council member, and all should be treated with equal respect.

All Council members shall:

1) Fully participate in City Council meetings and other public forums while demonstrating respect, kindness, consideration, and courtesy to others.
2) Prepare in advance of Council meetings and be familiar with issues on the agenda. Stay focused and act efficiently during public meetings.
3) Represent the City at ceremonial functions at the request of the Mayor.
4) Be respectful of other people's time. Serve as a model of leadership and civility to the community.
5) Inspire public confidence in Hutto government.
6) Provide contact information to the City Manager's Office in case an emergency or urgent situation arises while a Council member is out of town.
7) Demonstrate honesty and integrity in every action and statement
8) Participate in scheduled activities to increase team effectiveness and review Council procedures, such as this Council Protocol Policy.

d) <u>Meeting Chair's Responsibilities</u>

The Mayor will chair official meetings of the City Council, unless the Mayor Pro Tem or another Council member is designated as Chair of a specific meeting. This individual maintains order, decorum, and the fair and equitable treatment of all speakers and keeps discussion and questions focused on the specific agenda item under consideration.

e) <u>Council Protocol for Appointment to City Board or Commission or EDC Board of Directors</u>

The City Council is responsible for making appointments to all City Boards and Commissions and various City programs. To promote a process that is efficient, transparent, and that allows input from the entire City Council, the following process shall be used to make appointments to the City's Boards and Commissions:

1) The City Secretary shall advertise and collect applications.
2) After receipt of application, the City Secretary will verify that each applicant meets the qualifications for serving on the desired board or commission.
3) The list of applicants and vacancies will be sent to the entire City Council for consideration. (Applications will be available in drop box for review.)
4) Each City Council Member will have the opportunity to recommend applicants for appointment to each board or commission.
5) All board and commission appointments must be confirmed by a majority vote of the City Council.
6) With the exception of the Planning and Zoning Commission, the City Council will review all boards and commissions on an annual basis.
7) No person can be appointed to a City created Board or Commission and/or the EDC Board unless that person has filled out and submitted an appropriate application to the City Secretary before the meeting at which they are appointed by the City Council. Provided, however, an application does not need to be submitted for: 1. A person being re-appointed to a position; or 2.

A City Council Member being appointed to the EDC Board of Directors.

2 Meetings

a) Agenda Development and Posting

The agenda of each City Council meeting is prepared as a joint effort between the mayor, city manager, city secretary, and department directors. Two members of City Council may request placement of an item on the agenda to the City Manager or City Secretary no later than noon on the Tuesday of the week prior to the Thursday Council Meeting. The request should state the nature of the item, the desired action by city council and include any supporting material. Once all items are submitted they are reviewed and approved by the mayor and/or the City Manager. Once approved, the agenda and packet are finalized and placed into the City Council dropbox account on the Friday before the scheduled meeting date. The agenda is posted on the city hall bulletin board and on the city's website in accordance with the Texas Open Meetings Act.

b) Meeting Schedule

Regular meetings are held the first and third Thursdays of each month at 7:00 p.m., in the City Hall Council Chambers, 500 W. Live Oak Street, Hutto, Texas. Other meetings may arise on an as needed basis, such as budget work sessions. A schedule of regular meetings is determined in December for the upcoming year. At times, scheduling conflicts will arise and a regular meeting may be rescheduled to another day. This must be done by ordinance and approved by the City Council.

c) Work Sessions

Work Sessions have several purposes: I) to discuss pending items for the Council agenda; 2) to discuss items that staff needs to bring to Council's attention; 3) to receive progress reports on current projects and 4) to hear regular updates from members of appointed Boards, Commissions, or Task Forces. Overall, the purpose of the work session is for Council and staff to meet and discuss various items in an informal manner where questions may be asked of each other and in-depth discussion can take place. No official action on City business is taken in work sessions.

Work sessions are not held regularly and the location and times vary. All work session agendas are posted in compliance with the Texas Open Meetings Act and are always open to the public.

Work sessions are attended by all members of the City Council, the City Manager, Assistant City Manager, and City Secretary. Depending on the agenda items, the city attorney, department directors, other staff members, consultants, board members, etc. will be invited. The Mayor presides over the work sessions.

d) Emergency Meetings

Special rules allow for posting notice of emergency meetings and for supplementing a posted notice with emergency items. These rules affect the timing and content of the notice but not its physical location. Section 551.045, Texas Government Code, provides:

1) In an emergency or when there is an urgent public necessity, the notice of a meeting or the supplemental notice of a subject added as an item to the agenda for a meeting for which notice has been posted in accordance with this subchapter is sufficient if it is posted for at least two hours before the meeting is convened.
2) An emergency or urgent public necessity exists only if immediate action is required of a governmental body because of:
    a) An imminent threat to public health and safety; or
    b) A reasonably unforeseeable situation
3) The governmental body shall clearly identify the emergency or urgent public necessity in the notice or supplemental notice under this section.
4) A person who is designated or authorized to post notice of a meeting by a governmental body under this subchapter shall post the notice taking at face value the governmental body's stated reason for the emergency or urgent public necessity.
5) For purposes of Subsection (b)(2), the sudden relocation of a larger number of residents from the area of a declared disaster to a governmental body's jurisdiction is considered a reasonably unforeseen situation for a reasonable period immediately following the relocation. Notice of an emergency meeting or supplemental notice of an emergency item added to the agenda of a meeting to address a situation described by this subsection must be given to the members of the news media as provided by Section 551.047 not later than one hour before the meeting.

The public notice of an emergency meeting must be posted at least two hours before the meeting is scheduled to begin. A government body may decide to consider an emergency item during a previously scheduled meeting instead of calling a new emergency meeting. The governmental body must post notice of the subject added as an item to the agenda at least two hours before the meeting begins.

In addition to posting the public notice of an emergency meeting or supplementing a notice with an emergency item, the governmental body must give special notice of the emergency meeting or emergency item to the news media who have previously (1) filed a request with the governmental body, and (2) agreed to reimburse the governmental body for providing the special notice. The notice to members of the news media is to be given by telephone, facsimile transmission or electronic mail.

Because Section 551.045 provides for a two-hour notice only for emergency meetings or for adding emergency items to the agenda, a governmental body adding a nonemergency items to its meeting agenda must satisfy the general notice period of Section 551.043 or Section 551.044, as applicable, regarding the subject of that item.

The public notice of an emergency meeting or emergency item must “clearly identify” the emergency or urgent public necessity for calling the meeting or for adding the item to the agenda of a previously scheduled meeting. The Act defines “emergency for purposes of emergency meetings and emergency items.

A governmental body’s determination that an emergency exists is subject to judicial review. The existence of an emergency depends on the facts in a given case.

e) Public Comment

The City Council encourages and solicits public input on all matters both in and out of City Council meetings.

At each regular meeting, the Board will set aside at least 30 minutes at the beginning of a meeting to afford the public an opportunity to speak to the City Council regarding matters of concern or interest to the public regarding City affairs. Additional time may be permitted for public comment at other points during the meeting.

Each speaker is given three minutes to address the City Council. Each speaker who addresses the City Council through a translator is given six minutes. The City Secretary is the designated timekeeper. Any speakers time may be extended to answer questions from members of the City Council.

Each member of the public who desires to address the City Council regarding an item on an agenda for the meeting shall have the option to address the council at the beginning of the meeting or during the City Council's consideration of the item.

Comments on any subject, whether positive or negative, must be courteous and respectful. Accordingly, personal attacks upon or assertions of character regarding specific individuals, including any citizen, staff member, City Board or Commission member or City Council member shall not be raised in public forum; but should be addressed separately and privately with the City Manager or any member of the City Council. Any person who violates these rules will have their speaking time ended immediately. Any person, including persons in the audience, who acts in an inappropriate and disruptive manner may be asked to leave the City Council chambers.

No placards, banners, or signs will be permitted in the city council chamber or in any other room in which the city council is meeting. Exhibits, displays, and visual aids used in connection with presentations to the city council are permitted.

Once public comment has been received for thirty minutes, the City Council may proceed to other business and persons who have not yet spoken may be rescheduled to the latter part of the meeting.

The audience and the viewers are reminded that the comments of the speakers reflect their own positions or opinions.

Council member's responses to any comment made by a speaker during public comment are restricted by law. The Council and its members are prohibited from discussing or acting upon any matter that was not listed under the action item portion of the agenda and not included on the posted notice. Therefore, Council members may not discuss the comments of speakers. Please understand that a lack of a response from Council members does not indicate agreement or approval of the comments.

However, the City Manager, City Attorney and City staff are not prohibited by law or City policy from responding as is deemed appropriate to comments made in the public comment portion of this meeting.

The Mayor or person chairing the City Council meeting shall read this policy prior to the commencement of the Public Comment portion of the meeting.

f) Public Hearings

The staff member that is responsible for the public hearing will make a brief presentation on the item and the Mayor will open the hearing for public comment. Individuals may sign up to speak, by completing a public comment card and submitting to the City Secretary prior to the start of the meeting. Each speaker will have three minutes to speak. The Mayor will close the public hearing when public comment has concluded.

g) Video and Streaming of Meetings

City Council meetings held at 500 West Live Oak St., except for some work sessions and those meetings or portions of meetings conducted in Closed Session pursuant to the Texas Government Code, are web streamed live, made available on the local Community Access Channel and archived on the City's website. Videos and audio are archived on the City's website for up to five years for the sole purpose of being able to rebroadcast the meetings on the Community Access Channel and the web. Both forms of broadcasted meetings are for the convenient viewing by Hutto citizens, and are not the permanent record of City Council proceedings.

h) <u>Proclamations</u>

The Mayor issues proclamations as a way to give special recognition by the City to an individual, event, issue, etc. All requests for proclamations must go through the City Secretary's Office and be approved by the Mayor. Proclamations may be presented at a City Council meeting or prepared and mailed to the requester. If it is to be presented at a City Council meeting, there must be a representative at the meeting to receive the document.

i) <u>Executive Session</u>

Where possible, documents to be discussed in Executive Session will be made available to City Council members before the meeting at which the Executive Session is held.

j) <u>Open Meetings Act</u>

Every meeting of the City Council and Boards and Commissions must be conducted in accordance with Chapter 551 of the Government Code, commonly referred to as the Texas Open Meetings Act. The Act is based on the notion that public officials should discuss and vote on public business under public scrutiny, so that the public will have the opportunity to know what their public officials are doing. The Act contains criminal penalties for violations. To help educate government officials on the Act requirements, each elected or appointed member of a governing body must take at least one hour of training in the Open Meetings Act. The training must be completed no later than 90 days after the member takes the oath of office or assumes the responsibilities of the office.

The Attorney General's Office allows the requirement to be met in at least two ways:

1) A video is available to view online on the Attorney General's webpage concerning open government.
2) Certification of other entities such as the Texas Municipal League, to provide the training.

The training needs to be conducted in coordination with the City Secretary who is responsible for certifying that all elected and appointed officials are in compliance with the requirements under Government Code Chapter 551.

3 Financial Matters

a) Budget

The budget is the City's financial plan that presents the services to be provided to the community over the coming year and the funds necessary to perform these services. Hutto operates under a fiscal year that begins on October 1 and ends September 30. In early spring, staff begins the process of estimating anticipated revenues, identifying and evaluating potential expenditures and preparing a recommended budget. Special budget workshops will be scheduled with the Council throughout the summer, as needed, for the City Manager to present the recommended budget. Public Hearings are typically held on the budget in August, with the Council considering the budget at a September Council meeting. For more information, please reference the City of Hutto Fiscal and Budgetary Policy.

b) Training and Education

There are a number of training opportunities for council members that are offered by various organizations such as the Texas Municipal League and the National League of Cities. During the budget process, the City Council Members are asked to submit a training plan for the upcoming year. The City Manager's Office staff will assist any council member with registration, travel arrangements and forms that are required by the Finance Department.

c) Travel and Reimbursement

City Council members follow the City's Travel and Reimbursement Policy that is outlined in the City of Hutto Employee Manual.

d) Council Campaign Disclosures

Generally, candidates and officeholders are required to file reports of contributions and expenditures by January 15 and July 15 of each year. The reports filed on these dates are known as semiannual reports. These reports must be filed even if there is no activity to report for the period covered.

Appointment of a Campaign Treasurer must be filed with City Secretary before accepting contributions or making expenditures. It is recommended that this form be filed at the time the candidate application is filed. A candidate that does not intend to accept more than $500 in political contributions or make more than $500 in political expenditures should sign page 2 of the form declaring "Modified Reporting" thereby eliminating the election reporting requirements, January 15 and July 15.

More information regarding campaign financial disclosures can be found at www.ethics.state.tx.us

4 Ethics

a) Conflicts of Interest

1) No city official or appointee shall intentionally or knowingly disclose any confidential information gained by reason of said official's or appointee's position concerning the property, operations, policies or affairs of the city, or use such confidential information for the pecuniary gain of said official or appointee, or others.

2) No city official or appointee shall intentionally or knowingly use one's official position or city-owned facilities, equipment, or supplies for the pecuniary gain or advantage of said official or appointee, or use city-owned vehicles, printing facilities, postage facilities or long-distance telephone service for personal reasons, for pecuniary gain or advantage, or in any political campaign.

3) Except as otherwise specifically authorized by ordinance, no city official or appointee shall intentionally or knowingly appear before the body of which the official is a member while representing himself, or any other person, group, association, interest, or business entity.

4) No city official or appointee shall intentionally or knowingly represent directly or indirectly any private person, group, or interest other than himself or a family member before any department, agency, commission or board of the city for economic benefit or pecuniary gain.

5) No city official or appointee shall vote on or participate in any decision-making process if the official or appointee has a direct financial interest in the outcome of the matter under consideration. No city official or appointee shall vote on or participate in any decision-making process on any matter concerning real property or a business entity if the city official or appointee has a substantial interest in the business entity or real property.

6) None of the foregoing shall be construed to prohibit any city official or appointee from representing his interest in his owner-occupied homestead before the council, board, commission or any department except for the body of which the official or appointee is a member.

7) In any action or proceeding in the municipal court of the city which was instituted by a city official or appointee in the course of official duties, no city official shall

knowingly represent anyone other than himself or a family member. If a Council member elects to have a trial in municipal court, the city council, without the participation of the affected Council member, shall appoint a special judge to preside over the trial.

8) No city official or appointee shall act as a surety for any person or business entity that has any contract with the city, or on any bond required by the city for any city official or appointee.

b) Disclosure of Interest

1) If any city official or appointee has a substantial interest in any real property or business entity involved in any decision pending before the body of which the city official or appointee is a member, the city official or appointee shall not vote or otherwise participate in the consideration of the matter.

2) In the case of a city official or appointee, the city official or appointee shall publicly disclose, verbally or in writing, the nature and extent of such interest to the body on which the city official or appointee serves prior to any discussion or determination of the matter to be considered or immediately upon discovery of the conflict of interest. The statement of disclosure shall be included in the official minutes of the body.

c) Financial Disclosure

1) No later than April 30th of each year, each city official shall file a sworn financial disclosure statement with the city secretary reflecting the financial situation of the city official as of December 31st of the previous year. Notwithstanding any other term or provision of this article, as used in this section:
    a. The term “family member” shall include only the city official and the spouse and the minor children of the city official.
    b. The term “substantial interest” shall include only the interests of the city official and the spouse and minor children of the city official.

2) A newly appointed city official shall file a sworn financial disclosure statement with the city secretary within thirty (30) days from the date the position with the city is assumed. Said statement shall reflect the financial situation as of date of employment or appointment and for the previous twelve (12) months.

3) Each person required to file a financial disclosure statement shall do so on a form supplied by the city, which shall include the following information:
    a. The person’s name, residence address, business address and telephone number, and all names under which the person or family member does business.

b. Identification by street address, and legal description of all real property located within the city or its extraterritorial jurisdiction in which the person has a substantial interest.
c. Identification of each business entity owning property or doing business within the city or its extraterritorial jurisdiction in which the person has a substantial interest.
d. Identification of each source of income amounting to ten (10) percent or more of the person's or family member's gross annual income as defined by the United States Internal Revenue Code.
e. Identification of the donor of each gift of more than five hundred dollars ($500.00) in value received by the person or family member, including the value of the gift, where such donor has appeared before and requested action of the city council during the reporting period.

4) Identification of the donor of two or more gifts of an accumulated value of one thousand dollars ($1,000.00) or more received by the person or family member, where such donor has appeared before and requested action of the city council during the reporting period.

5) The city secretary shall maintain all financial disclosure statements required to be filed herein as public records and retain them for the period required by the Texas State Library Archives retention schedule GR1050-33, after which statements shall be destroyed.

6) Within thirty (30) days of being appointed to the planning and zoning commission or board of adjustment and on each anniversary of that date, each member of such commission shall file with the city secretary a sworn statement identifying by street address and legal description all real property located within the city or its extraterritorial jurisdiction in which the member has a substantial interest.

7) Any person who appears before the city council or commission who has had business dealings in the immediately preceding twelve-month period involving one or more transactions of five hundred dollars ($500.00) or more each, for a total of twenty-five hundred dollars ($2,500.00) or more, with a Council member, commissioner, or business entity in which a Council member or commissioner has a substantial interest, shall disclose such business dealings at the time of the appearance. Any person who shall intentionally or knowingly fail to make the aforesaid disclosure shall be guilty of a misdemeanor and shall be fined in accordance with section 1.01.009 of this code.

d) Gifts

No city official or appointee shall intentionally or knowingly solicit or accept any contribution, gift, or economic benefit with actual or constructive knowledge that same is:

1) Offered or given with intent to influence the judgment or discretion of such official; or
2) Given in consideration of the favorable exercise of such official's judgment or discretion in the past.

5 Communications

a) Correspondence To/From Council

The City Secretary receives and processes the City Council's incoming mail. All mail to the mayor and council members is reviewed and placed in the mailboxes located in the Council Executive Conference Room. All invitations are scanned and sent to the council members via email for action and the City Secretary will take care of confirming the members' attendance at an event and if necessary schedule the event on their calendar and post a potential quorum notice, in accordance with the Open Meetings Act.

All mail to the Mayor is opened and reviewed as to priority for response, copies needed for city staff and/or city council, notation of upcoming events, etc. All important letters addressed to the Mayor are copied to the Mayor and an original is kept in the official files in the City Secretary Office.

All needed responses to letters are coordinated between the Mayor, City Manager, and City Secretary.

b) Media Relations

The media frequently contacts council members for information and quotes. The Mayor is the designated representative of the Council to present and speak on the official city position. If the media contacts an individual council member, the council member should be clear about whether their comments represent the official City position or a personal viewpoint.

Below are three things to remember when dealing with the press.
1) Never go "off the record"
2) Choose words carefully and cautiously
3) Remember the media lives by tight deadlines

All official city statements that will be sent out as a press release will go through the City Manager's Office for distribution. The Public Information Officer maintains up-to-date contact information for all local media outlets. In order to ensure that all media outlets are treated fairly, all news releases should by submitted to the Public Information Officer for review and distribution.

c) Social Media

Individuals are encouraged to positively promote the City and share information on their own social media websites. However, councilmembers along with board and commission members should exercise caution when commenting or responding to other posts. Only factual information should be provided to city related topics as personal views may not reflect that of the entire Council or board or City. In addition, you should carefully check to ensure that no other council members or board or commission members have responded to the same topic in order to avoid a possible violation of the Open Meetings Act.

In general, responses should be referred to and handled by the City's Public Information Officer. In certain circumstances, the City Manager, PIO, and/or Mayor may determine that it is appropriate for someone else to respond directly.

d) Public Information Act

Texas Government Code, Chapter 552, known as the Texas Public Information Act, requires that most City records, including those in the possession of council members, be open to the public for inspection.

"Public Records" are broadly defined under the act to include "the portion of all documents, writings, letters, memoranda, or other written materials which contain public information." "Public information" includes "all information collected, assembled, or maintained by or for governmental bodies pursuant to law or ordinance or in connection with the transaction of official business."

Certain information is specifically excluded from the requirements of the Texas Public Information Act. While the list of exempt materials is too long to recite here, it includes such items as working papers being used to draft ordinances or resolutions, certain personnel records, information that would, if released, give an advantage to bidders, documents protected because of attorney-client relationships, and documents related to pending or ongoing litigation.

Despite the narrow exemptions established in the law, its effect is to require that most of the written material used or produced by council members be made available upon request, to the news media and other members of the public. If it is felt that certain records are exempt from the requirements of the law, and there has been no previous determination that particular types of records are exempt, the City Secretary's office will request an opinion from the Attorney General's Office, within the deadlines provided by the Texas Public Information Act.

If an Attorney General's opinion is requested, and the opinion subsequently holds that the information is public, and the City official persists in refusing to release it, Section 552.324(b) requires that a suit by a governmental body be brought no later than the 30th calendar day after the governmental body receives the decision it seeks to challenge.

The City of Hutto has designated the City Secretary as the Public Information Officer in regard to the Public Information Act and therefore all training requirements discussed under Chapter 552 of the Government Code are satisfied. Therefore all requests made under the Public Information Act shall be directed to the City Secretary.

For more information regarding the Public Information Act, please refer to the TML Handbook for mayors and council members.

e) Council Member Requests for Documents

Any council member can make a request for documents, but it is recommended that all requests are made in writing. Upon receipt of any request from a City Manager, the City Manager shall make a determination of whether the release of the document would be adverse to the interests of the City. Within three business days of receiving a request for documents from a council member, the City Manager shall send to all council members: 1. All requested document the City Manager is providing; and/or 2. A Statement identifying any documents he is not providing and the basis on which he has determined that the release of the document would be adverse to the interests of the City.

Any council member can appeal the City Manager's decision to the city council as a whole and it shall be taken up at a City Council meeting. In consideration of any appeal, the requested documents must be made available for review by all City Council members by before the meeting unless the City Manager identifies a legal basis on which information in the document is protected from disclosure in which case unprotected information shall be provided. The City Council can go into Executive Session to the extent allowed by the Texas Public Information Act.

6 General Policies and Documents

a) Technology and Equipment Use & Electronic Communications and Systems Access Use

Electronic Tablets and Smart Phones

The City implemented electronic distribution of agendas, reports, budget documents, etc. In order to access and use such documents, a City-issued electronic tablet and smart phone will be provided for each Council member. City-issued electronic tablets and smart phones are for official City business only; personal use is prohibited. The City understands that it is often inefficient to use both personal and City-issued hardware, such as electronic tablets.

Therefore, Council members have the option of using a personal electronic tablet and/or a smart phone. The City does not pay for any accessories for any of the electronic tablets, such as cases, styluses, screen covers, personal applications, etc.

When Council members complete their term of office, all City-issued equipment shall be returned to the City Manager.

E-mail account

Each Council member is assigned an individual City e-mail address with the huttotx.gov domain. E-mails to the Council as a whole can be sent to citycouncil@huttotx.gov. The City's e-mail system shall be used for the communication and exchange of information related to City business. City e-mail may not be used for personal or political purposes.

Council members can access their e-mail from their computer, phone, iPad, etc. through a web-based client; IT staff will assist with the set-up.

There should be no expectation of privacy when using City e-mail.

Please note, Council members are subject to the City's Technology and Equipment Use Policy that is outlined in the City of Hutto Employee Manual.

b) <u>Political Activity</u>

Council members have the right to endorse candidates for all Council seats or other elected offices. However, it is inappropriate to mention endorsements during Council meetings or at other official city meetings.

c) <u>City Charter</u>

The City of Hutto Charter is a written document that establishes the basic governmental structure, form of government, corporate boundaries, and municipal powers. In this respect, it is similar to a state or national constitution. As such, amendments to the City charter require an election and approval of the citizens of Hutto. The copy of the charter can be retrieved at www.huttotx.gov or in the City Secretary's Office.

d) <u>Code of Ordinances</u>

The City Code of Ordinances is the compilation of local laws that have been adopted and codified by the City Council. The City Code covers a wide range of areas, including taxes, court, environmental regulations, alcoholic beverages, business regulations, etc.

Amendments to the City Code must be adopted by the Council. A copy of the code of ordinances can be found at www.huttotx.gov or in the City Secretary's Office.

e) Strategic Guide 2035

In 2007, the Hutto City Council began the development of a strategic guide that would provide direction for the community as it develops during the next 20 years. The Council reviews the guide each year at their annual work session and, if necessary, revises and makes modifications to the document. The guide is made up of a series of policies that include:

- Leadership
- Quality of Life
- Organizational Development
- Service Delivery
- Fiscal and Budgetary
- Public Safety
- Mobility
- Education
- Growth Guidance
- Infrastructure
- Economic Development

A complete copy of the 2035 Strategic Guide can be found at www.huttotx.gov or in the City Secretary's Office.

f) Hutto 2040 Comprehensive Plan

The Comprehensive Plan is a tool used by cities to guide growth in order to protect the public health, safety and welfare of residents and the city. It outlines the overall vision for the city's future, and the steps needed to progress toward that vision. Hutto's Growth Guidance Plan, which was adopted in 2006, served as the city's Comprehensive Plan. However, Hutto's growth and evolution over the past decade warranted a more thorough evaluation of the community's vision and goals.

The Comprehensive Plan assists boards, commissions, City Council and staff in making recommendations and decisions related to Hutto's growth. It also aids property owners and potential developers in understanding the city's priorities and trajectory for the next 25 years. The Plan is updated approximately every 5 years.

Hutto's Comprehensive Plan, Hutto 2040, was built from a broad, diverse base of public input and review. Planning staff compiled responses from multiple outreach efforts, including the Sustainable Places Project, the 2013 Citizen Survey, and two successful public workshops. Several efforts included an online component and gathering input from residents who could not attend in meetings. The Comprehensive Plan outreach hit new levels of participation among residents, reaching those who do not typically attend public meetings on city business.

Staff developed the goals and objectives of Hutto 2040 based on the input received from residents. The goals and objectives are supported by available data and trends, with benchmarks providing a way to measure progress in the future.

g) Master Planning Documents

The City of Hutto recognizes the needs for long term planning for critical infrastructure and quality of life for its citizens. The City employs several master planning documents that are used and adjusted as goals are met and the City continues to grow. Currently, the City maintains the following master plans.

- Parks, Recreation, Open Space, and Trails Master Plan
- Water Master Plan
- Wastewater Master Plan
- Library Master Plan
- Mobility Master Plan – Coming 2017