HEWITT TEXAS

CITY COUNCIL REGULAR MEETING

May 5, 2025, at 7:00 PM
Hewitt City Hall, 200 Patriot Court, Hewitt, TX 76643

AGENDA

Steve Fortenberry, Mayor: Ward 3, – **Erica Bruce**, Mayor Pro Tem: Ward 3
Michael S. Bancale, Council Member: At-Large – **Johnny Stephens**, Council Member: Ward 1
Bob Potter, Council Member: Ward 2 – **Brad Turner,** Council Member: Ward 1
Vacant Seat, Council Member: Ward 2

The meeting will be streamed live on the city's website at www.cityofhewitt.com/790/Hewitt-TX-TV.

Under Texas Government Code Sec. 551.127, members may attend and participate in the meeting remotely by video conference on a regular, non-emergency basis. Should that occur, a quorum of the members will be physically present at the location noted above on this agenda.

REGULAR MEETING - 7:00 PM

DECLARATION OF A QUORUM AND CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

The City Council invites citizens to speak on any topic not already scheduled for a public hearing. The Texas Open Meetings Act prohibits the Council from discussing, responding to, or acting on any comments or items not posted on the agenda. (Note: Citizens who wish to speak must complete a "Public Comment Form" and present it to the City Secretary before the meeting.)

REGULAR AGENDA ITEMS

1. Approve minutes of the April 21, 2025, City Council Workshop/Regular Meeting.

2. Presentation of the report from City Engineer Miles Whitney, P.E.
   Update on pending utility projects.
   Update on pending street projects.
   Update on pending drainage projects.

3. Discussion and possible action on **Resolution No. 2025-02** authorizing the Police Chief to submit a grant application from the Motor Vehicle Crime Prevention Authority Grant Program - SB 224 Catalytic Converter Grant Program.

4. Briefing and discussion concerning proposed legislation as it relates to the budget.

5. Briefing and discussion concerning Council priorities for budget preparation and the FY 2025-2026 Budget Calendar.

ADJOURNMENT

I certify that the above notice of the meeting was posted on the Public Notice Board in front of City Hall on April 30, 2025, by 5:00 PM.

CITY OF HEWITT

Lydia Lopez
Lydia Lopez, TRMC/CMC
City Secretary

In compliance with the Americans with Disabilities Act, the City of Hewitt will provide reasonable accommodations for people attending and/or participating in City Council meetings. The facility is wheelchair-accessible, and accessible parking is available at the front of the building. Requests for sign interpreters or special services must be received forty-eight (48) hours before the meeting by calling the City Secretary at 254.296.5602 or by fax at 254.666.6014.

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COUNCIL AGENDA ITEM FORM

MEETING DATE: May 5, 2025

AGENDA ITEM #: 1.

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Approve minutes of the April 21, 2025, City Council Workshop/Regular Meeting.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a copy of the meeting minutes. Please review and let me know if any corrections are needed.

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

I move approval of the minutes as presented, but to allow for corrections.

ATTACHMENTS:

1. April 21, 2025, City Council Workshop-Regular Meeting minutes

CITY COUNCIL WORKSHOP/REGULAR MEETING

April 21, 2025, at 6:00 PM

Hewitt Public Safety Facility - Training Room, 100 Patriot Court, Hewitt, TX 76643

MINUTES

Steve Fortenberry, Mayor: Ward 3, – **Erica Bruce**, Mayor Pro Tem: Ward 3
Michael S. Bancale, Council Member: At-Large – **Johnny Stephens**, Council Member: Ward 1
Bob Potter, Council Member: Ward 2 – **Brad Turner,** Council Member: Ward 1
Vacant Seat, Council Member: Ward 2

WORKSHOP MEETING - 6:00 PM

WORKSHOP DECLARATION OF A QUORUM AND CALL TO ORDER

Mayor Steve Fortenberry called the Workshop Meeting to order at 6:00 p.m., announced all members were present, and declared a quorum.

WORKSHOP AGENDA

1. Briefing and discussion concerning an update to the City of Hewitt's Strategic Plan 2025-2030.
   Community Development, General Services, Human Resources, Library, City Secretary
   City Manager Bo Thomas introduced each department head, who presented updates on the department's strategic plan.
   Community Development - Presented by Community Development Director Tracy Lankford
   General Services - Presented by General Services Director Scott Coleman
   Human Resources - Presented by Human Resources/Civil Service Director Jessica Higgins
   Library - Presented by Library Director Matthew Glaser
   City Secretary - Presented by City Secretary Lydia Lopez

WORKSHOP ADJOURNMENT
MOTION: Mayor Pro Tem Erica Bruce to adjourn the Workshop at 7:04 p.m.
SECOND: Council Member Michael Bancale
AYES: Bancale, Potter, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

REGULAR MEETING - 7:00 PM

DECLARATION OF A QUORUM AND CALL TO ORDER

Mayor Steve Fortenberry called the Regular Meeting to order at 7:12 p.m., announced all members were present, and declared a quorum.

PLEDGE OF ALLEGIANCE

Mayor Steve Fortenberry led the Pledge of Allegiance.

PUBLIC COMMENTS

The City Council invites citizens to speak on any topic not already scheduled for a public hearing. The Texas Open Meetings Act prohibits the Council from discussing, responding to, or acting on any comments or items not posted on the agenda. (Note: Citizens who wish to speak must complete a "Public Comment Form" and present it to the City Secretary before the meeting.)

Mayor Fortenberry read the statement above and inquired if the City Secretary had received any public comment forms. The City Secretary did not receive any public comment forms.

REGULAR AGENDA ITEMS

2. Approve the minutes of the April 7, 2025, City Council Workshop/Regular Meeting.
   MOTION: Council Member Bob Potter moved to approve the minutes as presented, but to allow for corrections.
   SECOND: Mayor Pro Tem Erica Bruce
   AYES: Bancale, Potter, Stephens, Turner, Bruce, and Fortenberry
   NAYES: None
   ABSENT: None
   MOTION PASSED.

3. Briefing and discussion concerning Financial Statements ending March 31, 2025.
   City Manager Bo Thomas advised that Finance Director Lee Garcia had previously sent the March Financial Statements electronically on April 8, 2025, for review. The Council raised no questions or concerns.

4. Discussion and possible action on approval of the Quarterly Investment Report for the quarter ending March 31, 2025.
   City Manager Bo Thomas presented the Quarterly Investment Report prepared by Valley View Consulting, LLC.
   MOTION: Council Member Brad Turner moved approval of the Quarterly Investment Report ending March 31, 2025.
   SECOND: Mayor Pro Tem Erica Bruce
   AYES: Bancale, Potter, Stephens, Turner, Bruce, and Fortenberry
   NAYES: None
   ABSENT: None
   MOTION PASSED.

5. Discussion and possible action on reappointing members to the Board of Adjustment.
City Manager Bo Thomas presented members who were eligible for reappointment.
MOTION: Mayor Pro Tem Erica Bruce moved to approve Douglas Bergen, Royce W. Smith, and Drexel King's reappointment for another two-year term ending in April 2027.
SECOND: Council Member Bob Potter
AYES: Bancale, Potter, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

6. Briefing and discussion concerning the City of Hewitt's Strategic Plan 2025-2030 (continued discussion from Workshop, if needed).
City Manager Bo Thomas stated this item was on the agenda if the Council wished to continue the Workshop discussion.

ADJOURNMENT
MOTION: Mayor Pro Tem Erica Bruce moved to adjourn the meeting at 7:31 p.m.
SECOND: Council Member Brad Turner
AYES: Bancale, Potter, Stephens, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: None
MOTION PASSED.

Approved:__________________________

ATTEST:

__________________________ __________________________

Lydia Lopez, City Secretary   Steve Fortenberry, Mayor

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COUNCIL AGENDA ITEM FORM

MEETING DATE: May 5, 2025

AGENDA ITEM #: 2.

SUBMITTED BY: Miles Whitney, P. E.

ITEM DESCRIPTION:

Presentation of the report from City Engineer Miles Whitney, P.E.
- Update on pending utility projects.
- Update on pending street projects.
- Update on pending drainage projects.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City Engineer will present the report and answer any questions about it.

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

No action is required.

ATTACHMENTS:

1. Hewitt-PR-4.29.25

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CITY ENGINEER'S REPORT
April 29, 2025

Utility Projects

Commerce Park Plant Improvements

- Well

  The contractor has installed well head piping and will be installed the pump and motor at a later date.
- Plant
  - Pump cans are being poured, and site piping is being installed.

Lift Station No. 4

- To meet with TxDOT and discuss alignment and options to minimize lengths/conflicts along the project. Still awaiting information on potential pumps from some suppliers.

Street/Transportation Projects

E. Wall and Briarfield

Contract documents are executed, and the contractor is to be working on project phasing so it can be discussed with the residents at the public meeting.

Drainage Projects

N/A

By:

Miles W. Whitney, P.E.

Note: All dates are approximate and subject to change.

COUNCIL AGENDA ITEM FORM

MEETING DATE: May 5, 2025

AGENDA ITEM #: 3.

SUBMITTED BY: Heath Vanek, Assistant Police Chief

ITEM DESCRIPTION:

Discussion and possible action on **Resolution No. 2025-02** authorizing the Police Chief to submit a grant application from the Motor Vehicle Crime Prevention Authority Grant Program - SB 224 Catalytic Converter Grant Program.

STAFF RECOMMENDATION/ITEM SUMMARY:

At the April 7, 2025 Council Meeting, Council approved Resolution 2025-01 authorizing a grant application for the Motor Vehicle Crime Prevention Authority Taskforce Grant Program.

During the grant submission, we learned that the terminology used was incorrect. We are coming before you with the correct language needed: The Motor Vehicle Crime Prevention Authority (MVCPA)—SB 224 Catalytic Converter Grant Program is a state-funded program designed to support law enforcement agencies in providing financial assistance for economic motor vehicle theft, including catalytic converter theft. Funding covers equipment, training, and technology to enhance enforcement efforts.

This request seeks approval to apply for the Motor Vehicle Crime Prevention Authority (MVCPA) – SB 224 Catalytic Converter Grant Program, requesting a total of $78,750 in funding for a one-year cycle. If awarded, the city would be required to provide a 20% match ($15,750) and would receive quarterly reimbursements for the remaining amount. The grant funding would be used to purchase 19 Flock License Plate Reader cameras, strategically placed throughout the city to enhance crime prevention efforts.

FISCAL IMPACT:

Not Budgeted - $78,750.00
Line Item in Budget - Possible Grant Funding

SUGGESTED MOTION:

I move to approve **Resolution No. 2025-02,** authorizing the Police Chief to submit a grant application from the Motor Vehicle Crime Prevention Authority Grant Program - SB 224 Catalytic Converter Grant Program.

ATTACHMENTS:

1. 2025-02 Motor Vehicle Crime Prevention Authority (MVCPA) Catalytic Converter Grant

RESOLUTION NO. 2025-02

A RESOLUTION OF THE CITY OF HEWITT, TX, AUTHORIZING THE POLICE CHIEF TO SUBMIT A GRANT APPLICATION FROM THE MOTOR VEHICLE CRIME PREVENTION AUTHORITY GRANT PROGRAM – SB 224 CATALYTIC CONVERTER GRANT PROGRAM

WHEREAS, under the provisions of the Texas Transportation Code Chapter 1006 and Texas Administrative Code Title 43; Part 3; Chapter 57, entities are eligible to receive grants from the Motor Vehicle Crime Prevention Authority to provide financial support to law enforcement agencies for economic motor vehicle theft, including catalytic converter theft; and

WHEREAS, this grant program will assist this jurisdiction to combat catalytic converter theft; and

WHEREAS, the Hewitt City Council has agreed that in the event of loss or misuse of the grant funds, Hewitt City Council assures that the grant funds will be returned in full to the Motor Vehicle Crime Prevention Authority.

NOW THEREFORE, BE IT RESOLVED and ordered that the City Manager, Bo Thomas, or his designee, is designated as the Authorized Official to apply for, accept, decline, modify, or cancel the grant application for the Motor Vehicle Crime Prevention Authority Grant Program and all other necessary documents to accept said grant; and

BE IT FURTHER RESOLVED that Police Chief John McGrath is designated as the Program Director, and Finance Director Lee Garcia is designated as the Financial Officer for this grant.

PASSED AND APPROVED this 5th day of May 2025.

CITY OF HEWITT, TEXAS

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Steve Fortenberry, Mayor

ATTEST:

____

Lydia Lopez, City Secretary

APPROVED AS TO FORM & LEGALITY:

____

Michael W. Dixon, City Attorney

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COUNCIL AGENDA ITEM FORM

MEETING DATE: May 5, 2025

AGENDA ITEM #: 4.

SUBMITTED BY: Bo Thomas, City Manager

ITEM DESCRIPTION:

Briefing and discussion concerning proposed legislation as it relates to the budget.

STAFF RECOMMENDATION/ITEM SUMMARY:

During the April 21, 2025 City Council meeting, the Council requested copies of the proposed legislative updates for review.

FISCAL IMPACT:

Amount Budgeted - NA
Line Item in Budget - NA

SUGGESTED MOTION:

No action is required.

ATTACHMENTS:

1. Legislative Update 4.25.2025

89R15047 DNC-F

By: Bell of Montgomery H.B. No. 5267

A BILL TO BE ENTITLED

AN ACT

relating to municipal and county financial requirements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 140, Local Government Code, is amended by adding Sections 140.014 and 140.015 to read as follows:

Sec. 140.014. LIMIT ON ANNUAL EXPENDITURES. (a) In this section:

(1) "Board" means the Legislative Budget Board.

(2) "Consumer price index" means the average over a calendar year of the index the board considers to most accurately report changes in the purchasing power of the dollar for consumers in this state.

(3) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

(4) "Population growth rate" means the rate of growth of the state's population during the preceding calendar year,

expressed in decimal form rounded to the nearest thousandth, determined by the board in accordance with the most recent population estimates published by the United States Census Bureau.

(b) This section applies only to a political subdivision that is a municipality or county.

(c) Except as provided by Subsection (e), a political subdivision's total expenditures from all available sources of revenue in a fiscal year may not exceed the greater of:

(1) the political subdivision's total expenditures from all available sources of revenue in the preceding fiscal year; or

(2) an amount determined by multiplying:

(A) the political subdivision's total expenditures from all available sources of revenue in the preceding fiscal year; and

(B) the sum of one and the rate most recently published by the board under Subsection (d).

(d) Not later than January 31 of each year, the board shall publish a rate equal to the product of the population growth rate and the inflation rate.

(e) A political subdivision's total expenditures from all available sources of local revenue in a fiscal year may exceed the amount described by Subsection (c) if:

(1) the political subdivision's voters approve the

additional expenditures for that fiscal year at an election called for that purpose and held on a uniform election date; or

(2) the governor declares or renews a declaration of a state of disaster under Section 418.014, Government Code, in that fiscal year, and the governor's designation of the area threatened includes all or part of the geographic territory of the political subdivision.

(f) For purposes of this section, the following are not considered an available source of revenue:

(1) money received from the issuance of bonds approved by the voters; or

(2) a grant, donation, or gift.

Sec. 140.015. TAXPAYER'S BUDGET SUMMARY. (a) This section applies only to a political subdivision that is a municipality or county.

(b) A political subdivision shall not later than the 20th day after the date the governing body of the political subdivision adopts a budget for the fiscal year post on the political subdivision's Internet website, if the political subdivision maintains a website, a summary of the adopted budget that includes:

(1) the total amount of the budget adopted for that fiscal year; and

(2) the amount budgeted for the fiscal year in each of

the following categories:

(A) general government;

(B) public health;

(C) public safety;

(D) parks and recreation;

(E) business and economic development;

(F) transportation;

(G) debt service;

(H) capital improvements; and

(I) other expenditures.

(c) A political subdivision shall not later than the 20th day before the date the governing body of the political subdivision holds a public hearing on the adoption of a budget for the upcoming fiscal year post on the political subdivision's Internet website, if the political subdivision maintains a website, a summary of the proposed budget that includes for each category described by Subsection (b), in a manner that allows comparison of the amounts across categories:

(1) the budgeted amount for the preceding fiscal year; and

(2) the proposed amount for the upcoming fiscal year.

(d) A summary prepared under this section:

(1) must include a total budget amount that is equal to

the sum of the budget amounts provided for each category; and

(2) may not include an expenditure in more than one budget category.

SECTION 2. Sections 140.014 and 140.015, Local Government Code, as added by this Act, apply only to a fiscal year of a municipality or county that begins on or after December 1, 2025.

SECTION 3. This Act takes effect September 1, 2025.

By: Meyer H.B. No. 19

A BILL TO BE ENTITLED

AN ACT

relating to the issuance and repayment of debt by local governments, including the adoption of an ad valorem tax rate and the use of ad valorem tax revenue for the repayment of debt.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 44.004(c), Education Code, is amended to read as follows:

(c) The notice of public meeting to discuss and adopt the budget and the proposed tax rate may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. Subject to Subsection (d), the notice must:

(1) contain a statement in the following form:

"NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

"The (name of school district) will hold a public meeting at (time, date, year) in (name of room, building, physical location, city, state). The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited." The statement of the purpose of the meeting must be in bold type. In reduced type, the notice must state: "The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice." In addition, in reduced type, the notice must state: "Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.";

(2) contain a section entitled "Comparison of Proposed Budget with Last Year's Budget," which must show the difference, expressed as a percent increase or decrease, as applicable, in the amounts budgeted for the preceding fiscal year and the amount budgeted for the fiscal year that begins in the current tax year for each of the following:

(A) maintenance and operations;

(B) debt service; and

(C) total expenditures;

(3) contain a section entitled "Total Appraised Value

and Total Taxable Value," which must show the total appraised value and the total taxable value of all property and the total appraised value and the total taxable value of new property taxable by the district in the preceding tax year and the current tax year as calculated under Section 26.04, Tax Code;

(4) contain a statement of the total amount of the outstanding and unpaid bonded indebtedness of the school district;

(5) contain a section entitled "Comparison of Proposed Rates with Last Year's Rates," which must:

(A) show in rows the tax rates described by Subparagraphs (i)-(iii), expressed as amounts per $100 valuation of property, for columns entitled "Maintenance & Operations," "Interest & Sinking Fund," and "Total," which is the sum of "Maintenance & Operations" and "Interest & Sinking Fund":

(i) the school district's "Last Year's Rate";

(ii) the "Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service," which:

(a) in the case of "Maintenance & Operations," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 48, would provide the same amount of maintenance and operations taxes and state funds distributed under Chapter 48 per student in average daily attendance for the applicable school year that was available to the district in the preceding school year; and

(b) in the case of "Interest & Sinking Fund," is the tax rate that, when applied to the current taxable value for the district, as certified by the chief appraiser under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, and when multiplied by the district's anticipated collection rate, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapter 46 and any excess taxes collected to service the district's debt during the preceding tax year but not used for that purpose during that year, would provide the minimum dollar amount required to be paid to service the district's debt; and

(iii) the "Proposed Rate";

(B) contain fourth and fifth columns aligned with the columns required by Paragraph (A) that show, for each row required by Paragraph (A):

(i) the "Local Revenue per Student," which is computed by multiplying the district's total taxable value of property, as certified by the chief appraiser for the applicable school year under Section 26.01, Tax Code, and as adjusted to reflect changes made by the chief appraiser as of the time the notice is prepared, by the total tax rate, and dividing the product by the number of students in average daily attendance in the district for the applicable school year; and

(ii) the "State Revenue per Student," which is computed by determining the amount of state aid received or to be received by the district under Chapters 43, 46, and 48 and dividing that amount by the number of students in average daily attendance in the district for the applicable school year; and

(C) contain an asterisk after each calculation for "Interest & Sinking Fund" and a footnote to the section that, in reduced type, states "The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.";

(6) contain a section entitled "Comparison of Proposed Levy with Last Year's Levy on Average Residence," which must:

(A) show in rows the information described by Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns entitled "Last Year" and "This Year":

(i) "Average Market Value of Residences," determined using the same group of residences for each year;

(ii) "Average Taxable Value of Residences," determined after taking into account the limitation on the appraised value of residences under Section 23.23, Tax Code, and after subtracting all homestead exemptions applicable in each year, other than exemptions available only to disabled persons or persons 65 years of age or older or their surviving spouses, and using the same group of residences for each year;

(iii) "Last Year's Rate Versus Proposed Rate per $100 Value"; and

(iv) "Taxes Due on Average Residence," determined using the same group of residences for each year; and

(B) contain the following information: "Increase (Decrease) in Taxes" expressed in dollars and cents, which is computed by subtracting the "Taxes Due on Average Residence" for the preceding tax year from the "Taxes Due on Average Residence" for the current tax year;

(7) contain the following statement in bold print: "Under state law, the dollar amount of school taxes imposed on the residence of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65,

regardless of changes in tax rate or property value.";

(8) contain the following statement in bold print: "Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is (the school district voter-approval rate determined under Section 26.08, Tax Code). This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of (the school district voter-approval rate)."; and

(9) contain a section entitled "Fund Balances," which must include the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding debt obligation, less estimated funds necessary for the operation of the district before the receipt of the first payment under Chapter 48 in the succeeding school year.

SECTION 2. Subchapter A, Chapter 41, Election Code, is amended by adding Section 41.0051 to read as follows:

<u>Sec. 41.0051. ELECTION TO ISSUE BONDS OR INCREASE AD VALOREM TAX RATE. (a) An election to authorize the issuance of general obligation bonds or to approve an increase in an ad valorem tax rate shall be held on the November uniform election date.</u>

<u>(b) Notwithstanding Section 41.0011, an election described by</u>

Subsection (a) may not be held as an emergency election under that section.

(c) If a law outside this code requires an election described by Subsection (a) to be held on a date other than the November uniform election date, the authority administering the election shall set the election date to comply with this section.

SECTION 3. Subchapter A, Chapter 1201, Government Code, is amended by adding Section 1201.006 to read as follows:

Sec. 1201.006. LIMIT ON LOCAL GOVERNMENT DEBT. (a) Notwithstanding any other law, including a provision in a municipal charter, a political subdivision may not authorize additional debt if the resulting annual debt service exceeds the limitation imposed by this section. The maximum annual debt service in any fiscal year on debt payable from property taxes may not exceed 20 percent of an amount equal to the average of the amount of property tax collections for the three preceding fiscal years.

SECTION 4. Chapter 1253, Government Code, is amended by adding Section 1253.004 to read as follows:

Sec. 1253.004. ALLOCATION OF PROCEEDS. A political subdivision shall allocate the proceeds from the issuance of general obligation bonds authorized by the voters in the percentage or amount stated in the ballot proposition to authorize the issuance.

SECTION 5. Section 1431.001(2), Government Code, is amended to read as follows:

(2) "Eligible countywide district" means a flood control district [~~or a hospital district~~] the boundaries of which are substantially coterminous with the boundaries of a county with a population of three million or more [~~or a hospital district created in a county with a population of more than 1.2 million that was not included in the boundaries of a hospital district before September 1, 2003~~].

SECTION 6. Section 1431.002, Government Code, is amended by adding Subsection (d) to read as follows:

(d) Except as provided by this subsection, the governing body of an issuer may not authorize an anticipation note to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding five years and failed to be approved. The governing body of an issuer may authorize an anticipation note that the governing body is otherwise prohibited from authorizing under this subsection in a case described by Section 271.045(a)(1), Local Government Code.

SECTION 7. Section 1431.003(b), Government Code, is amended to read as follows:

(b) Notwithstanding anything in this chapter to the contrary

<u>and except as provided by Section 1431.002(d)</u>, the governing body may exercise the authority granted to the governing body of an issuer with regard to issuance of obligations under Chapter 1371, except that the prohibition in that chapter on the repayment of an obligation with ad valorem taxes does not apply to an issuer exercising the authority granted by this section.

SECTION 8. Sections 271.043(7) and (7-a), Local Government Code, are amended to read as follows:

(7) "Issuer" means a municipality <u>or</u>[~~,~~] county[~~, or hospital district established under Chapter 281, Health and Safety Code~~].

(7-a) "Public work" [~~for an issuer that is a municipality or county:~~

[~~(A)~~] means any of the following public improvements as authorized by law:

<u>(A)</u> [~~(i)~~] a street, road, highway, bridge, sidewalk, or parking structure;

<u>(B)</u> [~~(ii)~~] a landfill;

<u>(C)</u> [~~(iii)~~] an airport;

<u>(D)</u> [~~(iv)~~] a utility system, water supply project, water treatment plant, wastewater treatment plant, or water or wastewater conveyance facility;

<u>(E)</u> [~~(v)~~] a wharf or dock; <u>or</u>

(F) [~~(vi)~~] a flood control and drainage project[~~;~~

[~~(vii) a public safety facility, including a police station, fire station, emergency shelter, jail, or juvenile detention facility;~~

[~~(viii) a judicial facility;~~

[~~(ix) an administrative office building housing the governmental functions of the municipality or county;~~

[~~(x) an animal shelter;~~

[~~(xi) a library; or~~

[~~(xii) a park or recreation facility that is generally accessible to the public and is part of the municipal or county park system;~~

[~~(B) means the rehabilitation, expansion, reconstruction, or maintenance of an existing stadium, arena, civic center, convention center, or coliseum that is owned and operated by the municipality or county or by an entity created to act on behalf of the municipality or county; and~~

[~~(C) does not include:~~

[~~(i) a facility for which more than 50 percent of the average annual usage is or is intended to be for professional or semi-professional sports;~~

[~~(ii) a new stadium, arena, civic center, convention center, or coliseum that is or is intended to be leased~~

~~by a single for-profit tenant for more than 180 days in a single calendar year; or~~

[~~(iii) a hotel~~].

SECTION 9. Section 271.045, Local Government Code, is amended by amending Subsections (a) and (b) and adding Subsections (f) and (g) to read as follows:

(a) The governing body of an issuer may authorize certificates only as necessary to pay a contractual obligation:

(1) to be incurred for the construction, renovation, repair, or improvement of a public work that the governing body determines is necessary:

(A) to comply with a state or federal law or rule, but only if the issuer has been officially notified of noncompliance with the law or rule [~~(1) construction of any public work~~];

(B) to mitigate the impact of a public health emergency in the jurisdiction of the issuer that poses an imminent danger to the physical health or safety of the residents of the issuer;

(C) to finance the cleanup, mitigation, or remediation of a natural disaster in the jurisdiction of the issuer subject to a state of disaster declared by:

(i) the governor under Section 418.014,

Government Code, in the fiscal year that the certificates are authorized; or

(ii) the presiding officer of the governing body of the issuer under Section 418.108, Government Code, in the fiscal year that the certificates are authorized; or

(D) to comply with a court order [~~(2) purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way for authorized needs and purposes~~]; or

(2) for professional services necessary for a public work described by Subdivision (1) [~~(3) payment of contractual obligations for professional services, including services provided by tax appraisers, engineers, architects, attorneys, map makers, auditors, financial advisors, and fiscal agents~~].

(b) If necessary because of a change order for a contractual obligation incurred for the construction, renovation, repair, or improvement of a public work [~~orders~~], the governing body of an issuer may authorize the issuance of certificates [~~may be authorized~~] in an amount not to exceed 15 [~~25~~] percent of the [~~a~~] contractual obligation [~~incurred for the construction of public works~~], but certificates may be delivered only in the amount necessary to discharge the contractual obligation [~~obligations~~].

(f) The governing body of an issuer that authorizes the issuance of a certificate shall enter into a contract for the construction, renovation, repair, or improvement of the public work for which the issuance is authorized not later than the 180th day after the date the governing body authorizes the issuance.

(g) The governing body of an issuer that authorizes a certificate to pay a contractual obligation under Subsection (a)(1)(B) shall adopt a resolution describing the conditions and circumstances of the public health emergency and making a determination that the emergency exists.

SECTION 10. Section 271.0461, Local Government Code, is amended to read as follows:

Sec. 271.0461. ADDITIONAL PURPOSE FOR CERTIFICATES: DEMOLITION OF DANGEROUS STRUCTURES [~~OR RESTORATION OF HISTORIC STRUCTURES~~]. Certificates may be issued by any municipality for the payment of contractual obligations to be incurred in demolishing dangerous structures [~~or restoring historic structures~~] and may be sold for cash, subject to the restrictions and other conditions of Section 271.050.

SECTION 11. Sections 271.047(c) and (d), Local Government Code, are amended to read as follows:

(c) A certificate may not mature over a period greater than 30 [~~40~~] years from the date of the certificate and may not bear interest at a rate greater than that allowed by Chapter 1204, Government Code.

(d) Except as provided by this subsection, the governing body of an issuer may not authorize a certificate to pay a contractual obligation to be incurred if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding five [~~three~~] years and failed to be approved. A governing body may authorize a certificate that the governing body is otherwise prohibited from authorizing under this subsection[~~:~~

[~~(1)~~] in a case described by Section 271.045(a)(1) [~~Sections 271.056(1)-(3); and~~

[~~(2) to comply with a state or federal law, rule, or regulation if the political subdivision has been officially notified of noncompliance with the law, rule, or regulation~~].

SECTION 12. Sections 271.049(c) and (d), Local Government Code, are amended to read as follows:

(c) If before the date tentatively set for the authorization of the issuance of the certificates or if before the authorization, the municipal secretary or clerk if the issuer is a municipality, or the county clerk if the issuer is a county, receives a petition signed by at least two [~~five~~] percent of the registered [~~qualified~~] voters of the issuer protesting the issuance of the certificates, the issuer may not authorize the issuance of the certificates unless the issuance is approved at an election ordered, held, and conducted in the manner provided for bond elections under Chapter 1251, Government Code.

(d) This section does not apply to certificates issued for the purposes described by Section 271.045(a)(1) [~~Sections 271.056(1)-(4)~~].

SECTION 13. Section 271.0525(c), Local Government Code, is amended to read as follows:

(c) A petition to protest the issuance of refinancing certificates under this section must be signed by at least two percent of the registered [~~a number of qualified~~] voters of the county [~~, residing in the county, equal to at least five percent of the number of votes cast in that county for governor in the most recent general election at which that office was filled~~].

SECTION 14. Section 271.057(a), Local Government Code, is amended to read as follows:

(a) Except as provided by Subsection (b), a contract let under this subchapter for the construction, renovation, repair, or improvement of public works or the purchase of materials, equipment, supplies, or machinery and for which competitive bidding is required by this subchapter must be let to the lowest responsible bidder and, as the governing body determines, may be let on a lump-sum basis or unit price basis.

SECTION 15. Section 271.059, Local Government Code, is amended to read as follows:

Sec. 271.059. CONTRACTOR'S BONDS. If a contract is for the construction, renovation, repair, or improvement of public works and is required by this subchapter to be submitted to competitive bidding, the successful bidder must execute a good and sufficient payment bond and performance bond. The bonds must each be:

(1) in the full amount of the contract price; and

(2) executed, in accordance with Chapter 2253, Government Code, with a surety company authorized to do business in this state.

SECTION 16. Section 26.012(3), Tax Code, is amended to read as follows:

(3) "Current debt service" means the minimum dollar amount required to be expended for debt service for the current year.

SECTION 17. Section 26.04(e), Tax Code, is amended to read as follows:

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. The designated officer or employee shall post prominently on the home page of the taxing unit's Internet website in the form prescribed by the comptroller:

(1) the no-new-revenue tax rate, the voter-approval tax

rate, and an explanation of how they were calculated;

(2) the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation; and

(3) a schedule of the taxing unit's debt obligations showing:

(A) the minimum dollar amount of principal and interest required to [~~that will~~] be paid to service the taxing unit's debts in the next year from property tax revenue, including payments of lawfully incurred contractual obligations providing security for the payment of the principal of and interest on bonds and other evidences of indebtedness issued on behalf of the taxing unit by another political subdivision and, if the taxing unit is created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, payments on debts that the taxing unit anticipates to incur in the next calendar year;

(B) the amount by which taxes imposed for debt are to be increased because of the taxing unit's anticipated collection rate; and

(C) the total of the amounts listed in Paragraphs (A)-(B), less any amount collected in excess of the previous year's anticipated collections certified as provided in Subsection (b).

SECTION 18. Section 26.05, Tax Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) The governing body of a taxing unit may approve a rate described by Subsection (a)(1) that exceeds the rate for the taxing unit as determined under that subsection only if:

(1) the rate is proposed to be approved by a motion that:

(A) states the rate determined under Subsection (a)(1);

(B) states the proposed rate;

(C) states the difference between the proposed rate and the rate determined under Subsection (a)(1); and

(D) describes the purpose for which the excess revenue collected from the proposed rate will be used; and

(2) the motion is approved by at least 60 percent of the members of the governing body.

(a-2) If the governing body of a taxing unit approves a rate described by Subsection (a)(1) under Subsection (a-1) for a tax year, the rate approved under Subsection (a-1) is considered to be the current debt rate of the taxing unit for that tax year. The officer or employee designated by the governing body to calculate the voter-approval tax rate of the taxing unit under this chapter shall recalculate that rate to account for the new current debt rate, and that recalculated voter-approval tax rate is considered to be the voter-approval tax rate of the taxing unit for that tax year.

SECTION 19. Section 26.07, Tax Code, is amended by adding Subsection (h) to read as follows:

(h) Notwithstanding any other law, an increase in a taxing unit's maintenance and operations tax revenue derived from an election under this chapter may not be used or transferred to repay debt in installment payments or otherwise.

SECTION 20. The following provisions are repealed:

(1) Section 271.046, Local Government Code;

(2) Sections 26.012(7)(A)(ii)(d), (g), and (h), Tax Code; and

(3) Section 26.012(9), Tax Code.

SECTION 21. (a) This Act applies only to ad valorem taxes imposed for an ad valorem tax year that begins on or after the effective date of this Act.

(b) The changes in law made by this Act apply only to an anticipation note or certificate of obligation issued on or after the effective date of this Act. An anticipation note or certificate of obligation issued before the effective date of this Act is governed by the law in effect on the date the anticipation note or certificate was issued, and the former law is continued in effect for that purpose.

(c) The changes in law made by the Act apply only to an election ordered on or after the effective date of this Act. An election ordered before the effective date of this Act is governed by the law in effect on the date the election was ordered, and that law is continued in effect for that purpose.

SECTION 22. (a) Except as otherwise provided by this Act, this Act takes effect September 1, 2025.

(b) The following provisions take effect January 1, 2026:

(1) Section 44.004(c), Education Code, as amended by this Act;

(2) Section 41.0051, Election Code, as added by this Act;

(3) Section 1201.006, Government Code, as added by this Act;

(4) Section 26.012(3), Tax Code, as amended by this Act;

(5) Section 26.04(e), Tax Code, as amended by this Act; and

(6) Sections 26.05(a-1) and (a-2), Tax Code, as added by this Act.

TML LEGISLATIVE UPDATE

April 25, 2025
Number 16

City Debt Limitation Bill Amended

A committee substitute for H.B. 19 by Representative Meyer was released on Thursday. As filed, H.B. 19 imposed several limitations on the issuance of local debt, including limiting certificates of obligation (COs) and tax anticipation notes and moving all debt elections to the November uniform election date. For the most part these limitations remain in the committee substitute, though there have been some modifications. Some of the more significant provisions in the committee substitute are summarized below:

- H.B. 19 generally provides that a city may issue a CO for the following projects: (1) transportation infrastructure; (2) landfills; (3) water and wastewater infrastructure; (4) flood control and drainage projects; and (5) certain public safety facilities, including police stations and fire stations. The bill would expressly prohibit the use of a CO for many projects that are currently allowed, including: (1) parking structures; (2) airports; (3) judicial facilities; (4) administrative office buildings for a city; (5) animal shelters; (6) libraries; (7) parks; and (8) stadiums, arenas, convention centers, and civic centers.

  However, even though COs could technically be used to finance certain infrastructure and public safety facilities under the bill, a separate provision of the bill would prohibit a city from financing those improvements through the debt service component of its property tax rate. Section 12 of the bill modifies the definition of "debt" for purposes of the debt service property tax rate calculation to provide that non-voter approved debt may not be paid for out of the debt service tax rate. The deletion of the references in Section 12 to debt issued for designated infrastructure, debt issued for renovating buildings, and debt issued for vehicles or equipment would mean that non-voter approved debt, such as COs and tax anticipation notes, would have to be financed from a city's maintenance and operations property tax rate instead of the debt service tax rate. Given the statutory limitations placed on cities' maintenance and operations tax rates, this change would effectively prevent a city from issuing COs and tax anticipation notes for most authorized purposes.

- H.B. 19 would require an election to authorize general obligation bonds or approve an increase in the property tax rate to be held on the November uniform election date. Stated differently, a city could not hold an election for general obligation bonds or a property tax increase on the May uniform election date.

- H.B. 19 would prohibit a city from authorizing additional debt if the resulting annual debt service in any fiscal year on debt payable from property taxes issued on or after September 1, 2025 exceeds 20 percent of the amount equal to the average of the amount of property tax collections for the three preceding fiscal years. The language here is difficult to parse, but it would appear to exclude any property tax supported debt issued before September 1, 2025, from the 20 percent cap. Should H.B. 19 pass, cities would need to account for debt issued after September 1 separately from the currently outstanding debt for purposes of this section.

- H.B. 19 would prohibit a city from authorizing a tax anticipation note to pay a contractual obligation if: (1) a bond proposition to authorize the issuance of bonds for the same purpose was rejected by the voters at an election during the preceding five years; or (2) the amount of the tax anticipation note is greater than five percent of the city's total outstanding bonded indebtedness as of the date of the issuance. The bill would expressly allow a city to issue an otherwise prohibited tax anticipation note in certain emergency situations or when necessary to preserve or protect the public health of residents.

- H.B. 19 would make several other changes relating to the issuance of COs. Among them would be lowering the petition threshold to protest the issuance of a CO from five percent of the registered voters of a city to two percent of the registered voters of a city.

- H.B. 19 would provide that a city council may adopt a debt service tax rate that exceeds the minimum dollar amount required to be expended for debt service only if the higher debt service rate is approved by a specific motion that describes the purpose for which the excess revenue will be used and at least 60 percent of the members of the city council vote in favor of the motion.

The committee substitute for H.B. 19 will need approval from the House Ways and Means Committee before heading to the House Calendars committee to be set for House floor debate. City officials and employees with concerns about H.B. 19 are encouraged to reach out to their House members as soon as possible in advance of the bill reaching the House floor.

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: May 5, 2025

AGENDA ITEM #: 5.

SUBMITTED BY: Bo Thomas, City Manager

ITEM DESCRIPTION:

Briefing and discussion concerning Council priorities for budget preparation and the FY 2025-2026 Budget Calendar.

STAFF RECOMMENDATION/ITEM SUMMARY:

City Council has received updates to the Five-Year Strategic Plan. Staff will begin justifying, developing, and preparing the FY 2025-2026 Operating and Capital Budget. This is an opportunity for the Council to provide input on priorities for the proposed budget development.

Each year, during the budget planning phase, Finance Director Lee Garcia prepares a calendar to ensure deadlines are met, allowing time for department presentations and discussions. Attached is the FY 2025-2026 Budget Calendar.

FISCAL IMPACT:

Amount Budgeted - N/A
Line Item in Budget - N/A

SUGGESTED MOTION:

No action is required.

ATTACHMENTS:

1. FY 25 26 Budget Calendar

BUDGET CALENDAR
ANNUAL BUDGET FY 2025-2026

May

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

MONDAY, APRIL 7
MONDAY, APRIL 21

COUNCIL RECEIVES DEPARTMENTAL STRATEGIC PLANS
Department heads present their department's 5 year Strategic Plan to City Council in preparation for the new budget year. City Manager presents upcoming Capital Projects and financing.

TUESDAY, APRIL 29

BUDGET CREATION BEGINS
City Manager gives direction to department heads for the budget year. Department Heads prepare their departmental budgets. HR prepares Proposed Salary Schedules, Promotions & Pay Adjustments. Department heads also prepare Capital Outlay Requests and update Fees for the Master Fee Schedule. Finance Director budgets Revenue and Debt.

WEDNESDAY, APRIL 30

DEADLINE FOR PRELIMINARY TAX ROLL

MONDAY, MAY 5
MONDAY, MAY 19

COUNCIL BUDGET EXPECTATIONS
Council gives budget direction to City Manager for upcoming budget year.

FRIDAY, MAY 23

DEADLINE FOR BUDGET REQUESTS
In advance to compiling the Proposed Budget, City Manager reviews proposed Salary Schedules and any proposed changes to Titles, Promotions, & Pay Adjustments. City Manager reviews with Department Heads individually their proposed budgets. City Manger also reviews Revenue estimates. The department reviews include General Fund, Utility Fund and Drainage Fund.

WEDNESDAY, JUNE 4

DEADLINE FOR REVIEW WITH CITY MANAGER
After final review with department heads, the City Manager passes the Proposed Budget to Finance Director for compilation, printing and distribution to the City Council. Per City Charter, the Proposed Budget includes a Statement regarding the Financial Condition of the City, Tax Information, Debt Information, Reserves, Capital Expenditures with provisions for financing, if needed, and Personnel Information including Staffing by Fund and Department, PD & FD Step Charts, & a Salary Schedule.

MONDAY, JUNE 23

PROPOSED BUDGET ISSUED TO CITY COUNCIL

MONDAY, JULY 7
MONDAY, JULY 21

COUNCIL MEETINGS - PROPOSED BUDGET
City Manager presents Proposed Budget for discussion.

SATURDAY, JULY 19

BUDGET NOTICE PUBLISHED
* Publish "Notice of Public Hearing" in newspaper and City website.

FRIDAY, JULY 25

DEADLINE FOR CERTIFIED TAX VALUES
Deadline to receive Certified Tax Values from Appraisal District.

MONDAY, JULY 28

TAX ASSESSOR CALCULATES TAX RATES
Tax Assessor calculates Rates for No New Revenue (effective), Voter Approval (rollback), I&S (debt), No New Revenue M&O (operations) and De Minimus Rates.

MONDAY, AUGUST 4

COUNCIL MEETING - TAKE RECORD VOTE
* Council announces date and place for public hearing on the Proposed Budget.
* Council takes record vote on tax rate and announces date and place of two public hearings on the tax rate.
* Prepare the tax notice for the tax assessor.

FRIDAY, AUGUST 7

TAX ASSESSOR PUBLISHES REQUIRED TAX NOTICE
* Publish 'Notice of Public Hearing' in newspaper and City website.

MONDAY, AUGUST 11

COUNCIL MEETING - PUBLIC HEARING ON BUDGET & TAX RATE
* Public Hearing on the Budget.
* Public Hearing on Tax Rate.
* Announce date for Council to vote on Budget and Tax Rate.

MONDAY, AUGUST 18

COUNCIL MEETING - ADOPT TAX RATE & BUDGET
* Public Hearing on Tax Rate.
* Council approves ordinances.
* Council signs paperwork from Tax Assessor setting rates.

TUESDAY, AUGUST 19

PUBLISH ADOPTED BUDGET ON CITY WEBSITE

WEDNESDAY, OCTOBER 1

BUDGET BECOMES EFFECTIVE