CITY COUNCIL WORKSHOP/REGULAR MEETING

November 3, 2025, at 6:00 PM
Hewitt Public Safety Facility, 100 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.

WORKSHOP MEETING - 6:00 PM

WORKSHOP DECLARATION OF A QUORUM AND CALL TO ORDER

WORKSHOP AGENDA

1. Presentation and discussion regarding the code enforcement operations.

WORKSHOP ADJOURNMENT

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

2. Approve the minutes of the October 20, 2025, City Council Workshop/Regular Meeting.

3. Discussion and possible action to approve the purchase of a Kubota Tractor for use in the Drainage Department.

4. Discussion and possible action on **Resolution No. 2025-10,** establishing water and wastewater rates for Fiscal Year 2025-2026.

5. Discussion and possible action on **Resolution No. 2025-11,** adopting the McLennan County Hazard Mitigation Action Plan.

6. Discussion and possible action on **Resolution No. 2025-12,** adopting the City of Hewitt's Investment Policy.

7. Discussion and possible action on **Resolution No. 2025-13,** amending and adopting the City of Hewitt's Purchasing Policy.

8. Discussion and possible action on **Ordinance No. 2025-19,** amending and adopting Chapter 2, Administration, Article VI, Finance, Section 2-301, Purchase Procedure.

9. Discussion and possible action to authorize the City Manager to engage Willdan Financial Services ("WFS") to perform and provide a Water/Wastewater Rate Study update.

10. Discussion and possible action on rescheduling the City Council meetings for December 2025.

11. Requests for future workshops and/or agenda items.

ADJOURNMENT

I certify that the above notice of meeting was posted on the Public Notice Board in front of City Hall on October 28, 2025, by 5:00 p.m.

CITY OF HEWITT

Lydia Lopez
Lydia Lopez, TRMC/MMC
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.

HEWITT
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COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 2.

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Approve the minutes of the October 20, 2025, City Council Workshop/Regular Meeting.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a copy of the meeting minutes. Please review and advise 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 corretions.

ATTACHMENTS:

1. October 20, 2025 City Council Workshop-Regular Meeting minutes

CITY COUNCIL WORKSHOP/REGULAR MEETING

October 20, 2025, at 6:00 PM

Hewitt Public Safety - 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. and declared a quorum was present. Council Member Johnny Stephens was absent.

WORKSHOP AGENDA

1. Briefing and discussion on Fiscal Year 2025–2026 water and wastewater rates, including a possible update to the cost-of-service rate study.

   City Manager Bo Thomas reviewed portions of the Willdan Water and Wastewater Rate Study in support of the recommended rate adjustments included in the FY 2025–2026 Budget. He explained that this year marks the fifth and final year of the financial plan outlined in the study. Mr. Thomas provided an overview of the City's water and wastewater rate history and summarized the revenues generated through incremental rate increases over the past several years. He reviewed the Utility Fund balance sheet, reporting total unrestricted funds of approximately $5.5 million, with $3 million allocated for the lift station and force main project. Mr. Thomas concluded by asking the Council whether they would like to consider updating the cost-of-service rate study as part of future budgeting efforts to replenish the unrestricted funds and fund future capital improvement projects.

   The Council discussed the following: evaluating the tiers within the water-rate structure, the estimated cost for performing the rate update, the number of customer accounts falling into each tier (for example those using over 12,000 gallons), the cost of purchasing water from the City of Waco, comparisons of water rates in peer cities, projecting future capital improvement projects, and practices for the effective management of water resources.

WORKSHOP ADJOURNMENT
MOTION: Council Member Michael Bancale moved to adjourn the Workshop Meeting at 6:49 p.m.
SECOND: Council Member Bob Potter
AYES: Bancale, Potter, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: Stephens
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 7:00 p.m. and declared a quorum. Council Member Johnny Stephens was absent.

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 required public comment statement and asked if the City Secretary had received any public comment forms. The City Secretary reported receiving one form. Rebecca Eubank, a resident of China Spring, Texas, appeared before the Council to introduce herself as a candidate for District Clerk.

REGULAR AGENDA ITEMS

2. Approve minutes of the October 6, 2025, City Council Workshop/Regular Meeting.
   MOTION: Council Member Michael Bancale moved to approve the minutes as presented, but to allow for corrections.
   SECOND: Council Member Bob Potter
   AYES: Turner, Bruce, Bancale, Potter, and Fortenberry
   NAYES: None
   ABSENT: Stephens
   MOTION PASSED.

3. Presentation of the report by City Engineer Miles Whitney, P.E.
   Update on pending utility projects.
   Update on pending street projects.
   Update on pending drainage projects.
   City Engineer Miles Whitney, P.E., reviewed the listed projects and responded to Council's questions.

4. Briefing and discussion concerning the Financial Statements ending September 30, 2025.

   City Manager Bo Thomas advised that Finance Director Lee Garcia previously sent the September Financial Statements electronically on October 6, 2025, for review. The Council raised no questions or concerns.

5. Discussion and possible action on approval of the Quarterly Investment Report ending September 30, 2025.

   City Manager Bo Thomas presented the Quarterly Investment Report as prepared by Valley View Consulting, LLC.

   MOTION: Council Member Michael Bancale moved to approve the Quarterly Investment Report ending September 30, 2025.
   SECOND: Council Member Bob Potter
   AYES: Bruce, Bancale, Potter, Turner, and Fortenberry
   NAYES: None
   ABSENT: Stephens
   MOTION PASSED.

6. Discussion and possible action to approve the purchase of a 2025 Ford F-150 4x4 for use in the Community Development Department.

   City Manager BoThomas presented.

   MOTION: Council Member Bob Potter moved to approve the purchase of a 2025 Ford F-150 4X4 for $51,422.89.
   SECOND: Council Member Michael Bancale
   AYES: Bruce, Bancale, Potter, Turner, and Fortenberry
   NAYES: None
   ABSENT: Stephens
   MOTION PASSED.

   Agenda items #7 and #8 were reordered.

8. Discussion and possible action to approve the expenditure not to exceed $55,000 for the purchase and upfitting of a 2025 Ford Explorer Crime Scene Vehicle for the Police Department.

   City Manager Bo Thomas presented.

   MOTION: Mayor Pro Tem Erica Bruce moved to approve the expenditure not to exceed $55,000 for the purchase and unfitting of a 2025 Ford Explorer.
   SECOND: Council Member Brad Turner
   AYES: Potter, Bancale, Bruce, Turner, and Fortenberry
   NAYES: None
   ABSENT: Stephens
   MOTION PASSED.

7. Discussion and possible action to approve an expenditure not to exceed $194,796 for the purchase and upfitting of two marked Ford Police Interceptor Utility patrol vehicles for the Police Department.

   City Manager Bo Thomas presented.

   MOTION: Council Member Brad Turner moved to approve up to $194,796 for the purchase and upfitting of two Ford Police Interceptor Utility vehicles for the Police Department.

SECOND: Mayor Pro Tem Erica Bruce
AYES: Bancale, Potter, Turner, Bruce, and Fortenberry
NAYES: None
ABSENT: Stephens
MOTION PASSED.

9. Discussion and possible action to approve **Ordinance No. 2025-18,** amending the Code of Ordinances Chapter 30, creating Article XII - Unattended Donation/Collection Boxes: establishing permit requirements, location restrictions, maintenance standards, enforcement mechanisms; providing for penalties; providing for inclusion in the Code; providing a severability clause; providing a savings clause; and providing an effective date.

   City Manager Bo Thomas presented and read the caption of the ordinance into the record. Assistant City Manager Jim Devlin stated that the annual fee was increased from $25 to $100 and advised that, upon notification, individuals will have 90 days to comply with the requirements.

   Mayor Steve Fortenberry requested that staff provide a summary or status report on the donation/collection boxes. ACM Devlin responded that this information will be included in the departmental monthly report.

   MOTION: Mayor Pro Tem Erica Bruce moved approval of **Ordinance No. 2025-18**, amending the Code of Ordinances Chapter 30, creating Article XII — Unattended Donation/Collection Boxes: establishing permit requirements, location restrictions, maintenance standards, enforcement mechanisms, and providing penalties for violations of this Ordinance.
   SECOND: Council Member Brad Turner
   AYES: Turner, Potter, Bruce, Bancale, and Fortenberry
   NAYES: None
   ABSENT: Stephens
   MOTION PASSED.

10. Request for future workshops and/or agenda items.

   Mayor Pro Tem Erica Bruce asked whether Code Enforcement operations would be on the next Work Session agenda. City Manager Bo Thomas stated that was the current plan.

ADJOURNMENT
MOTION: Mayor Pro Tem Erica Bruce moved to adjourn the Regular Meeting at 7:36 p.m.
SECOND: Council Member Brad Turner
AYES: Bruce, Bancale, Potter, Turner, and Fortenberry
NAYES: None
ABSENT: Stephens
MOTION PASSED.

Approved:___________________________

ATTEST:

________________________________ ________________________________

Lydia Lopez, City Secretary Steve Fortenberry, Mayor

HEWITT
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COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 3.

SUBMITTED BY: Scott Coleman, Director of General Services

ITEM DESCRIPTION:

Discussion and possible action to approve the purchase of a Kubota Tractor for use in the Drainage Department.

STAFF RECOMMENDATION/ITEM SUMMARY:

This request, included in the FY25/26 budget, is for the purchase of a new Kubota M5-091HDC-1 tractor to replace Unit T-4 (a 2012 Kubota M8560F with 1472.8 hours). The new unit will be assigned to the Drainage Department and primarily used for mowing ditches, retention ponds, and rights-of-way. The old unit is to be used as a trade-in for the new unit.

Procurement & Financial Details:

- Contract: Buy Board GM-#706-23, CE-#685-22 via WC Tractor.
- Trade-in Value (Unit T-4): $8,750.00
- Total Out-of-Pocket Cost: $59,404.57

A sales quote with full specifications, cost breakdown, and additional information is attached.

FISCAL IMPACT:

Amount Budgeted -$55,000.00
Line Item -12-50615-12-00

SUGGESTED MOTION:

I move to approve the purchase of a Kubota M5-091HDC-1 Tractor from WC Tractor for $59,404.57

ATTACHMENTS:

1. MyKubotaQuote_M5-091HDC-1

Contract Numbers:
GM - #706-23
CE - #685-22

M5-091HDC-1 WEB QUOTE #2918207
Date: 10/17/2025 8:37:56 AM
-- Customer Information --
Bueno, Juan
City of Hewitt
jbueno@cityofhewitt.com
2547335247

Quote Provided By
WC TRACTOR - NAVASOTA
Thomas Box
10044 HWY. 6 SOUTH
NAVASOTA, TX 77868
email: thomas.box@wctractor.com
phone: 2547234922

-- Standard Features --

M Series

M5-091HDC-1
4WD, HYDRAULIC SHUTTLE TRANSMISSION & ROPS
* * * EQUIPMENT IN STANDARD MACHINE & SPECIFICATIONS * * *

DIESEL ENGINE
Kubota V3800 Direct Injection
3.8L (230 cu. In.) 4 Cyl
EPA Tier 4 Final Compliant
Common Rail Electronic Fuel Injection
Electronic Engine Management
Turbocharged
w/Wastegate and Intercooled
Fuel Tank Capacity: 27.7 Gal
60 Amp Alternator ROPS
80 Amp Alternator Cab
12V 900 CCA Battery
SAE Gross HP: 92.5
Engine Net HP: 85.5
Max . PTO HP: 76
Cab @ 2600 Engine RPM
ROPS @ 2400 Engine RPM

EXHAUST EMISSION CONTROL TYPE
DPF System (Diesel Particulate Filter)
SCR System

HYDRAULICS / HITCH / DRAWBAR
Open Center Gear Pump
Max. Flow @ Rated Engine Speed: ROPS: 2400 rpm
Cab: 2600 rpm
Power Steering:5.4 gpm
Impl. Flow ROPS: 15.9 gpm
Impl. Flow Cab: 17.0 gpm
Total Flow - ROPS: 21.3 gpm
Total Flow - Cab: 23.1 gpm

REMOTE VALVES
(1) SCD (Self Canceling Detent)
(1) FD (Float Detent) on -1 models (2 Total standard)

3 POINT HITCH & DRAWBAR
Cat II 3-point Hitch
8 Speed Models
@ Lift Points: 7055 lbs
(ASAE) @ 24" Behind: 5181 lbs
12/24 Speed Models
@ Lift Points: 8600 lbs
(ASAE) @ 24" Behind: 7275 lbs
2 External Lift Cylinders
Telescoping Lower Links
Stabilizers
Swinging Drawbar - Straight

POWER TAKE OFF (540)
Live-Independent Hyd. PTO
SAE 1 3/8" Six Spline
540 rpm @ 2205 Eng. rpm
540 rpm @ 2035 Eng. rpm 12/24 speed
540E* @ 1519 Eng. rpm
* if equipped 12/24 Standard

LIGHTING
2 Headlights - Tail lights
4 Hazard Flasher Lights w/ Turn Signals
2 Grille Mounted Worklights
2 Front Cab Halogen Worklights

TRANSMISSION
8F/8R Two Range, 4-Speed
12F/12R Two Range, 6-Speed
540/540E
24F/24R Two Range, 6-Speed Hi/Lo
540/540E
24 speed on M5-111 only
Auto 4WD Function
Electro-Hydraulic Shuttle Shift
Clutch - Multi Plate Wet
Planetary Final Drives
Hydraulic Wet Disc Brakes

FRONT AXLE
Hydrostatic Power Steering
2WD: Tubular Steel Beam Telescoping
4WD: Cast Iron, Bevel Gear 55 deg
Planetary Final Drives
Adj. (Rim) Tread Spacing

FLUID CAPACITY
Fuel Tank Capacity: 27.7 gal
DEF Tank Capacity: 3.2 gal
Cooling System: 11 qts
Crankcase: 11.3 qts
Hydraulics/Trans: 15.85 gal

INSTRUMENTS
LCD readout for MPH and PTO rpm
RPM Memory
Tachometer/Hour meter
Oil Pressure
Fuel Gauge
Coolant Temperature
Gear Speed Digital Light Indicator
Digital Light Indicator F/R Direction

ULTRA GRAND CAB II
4-post, ROPS Certified
RH & LH Doors
Tinted Glass Doors and Windows
In-roof window
Tilt Steering Wheel
Dual Level Air Conditioning & Heater
Front and Wiper/Washer
Front Sun Visor
Retractable Seat belt
LH & RH Side Mirrors
Radio Ready Cab
Steps, Left and Right Side
Interior Dome Light
12V – 30-Amp 2 Wire Coupler
12V – 3 Pin 30-Amp Coupler
12V - Outlet
Cup Holder
Instructor Seat Ready
Horn

SAFETY EQUIPMENT
Flip-Up PTO Shield
Electric Key Shut Off
Parking Brake
Turn Signals
SMV Sign
7-Pin Electrical Trailer Connector

-- Custom Options --

M5-091HDC-1 Base Price:	$76,271.16
Selected Kubota Attachments	
(1) 3RD PTN LEVER KIT/M5-091/M5-111 CAB PNF M9116-3RD PTN LEVER KIT/M5-091/M5-111 CAB PNF	$193.00
(1) SCD (SELF CANCELING DETENT) M7610-SCD (SELF CANCELING DETENT)	$908.00
(1) FRONT WEIGHT-BUMPER 10 WEIGHT MAX M8075-FRONT WEIGHT-BUMPER 10 WEIGHT MAX	$755.00
(1) BOLT KIT - BUMPER M8076-BOLT KIT - BUMPER	$78.00
(6) FRONT SUITCASE WEIGHT M8079-FRONT SUITCASE WEIGHT	$804.00
(1) FRONT WEIGHT-BUMPER 10 WEIGHT MAX M8075-FRONT WEIGHT-BUMPER 10 WEIGHT MAX	$755.00
(1) BOLT KIT - BUMPER M8076-BOLT KIT - BUMPER	$78.00
(1) BOLT BAR KIT FOR M8075 BRACKET M8073A-BOLT BAR KIT FOR M8075 BRACKET	$86.00
(1) M5 CAB BEACON LIGHT KIT M7572-M5 CAB BEACON LIGHT KIT	$601.00
Total Kubota Attachments:	$4,258.00
Total Attachments:	$4,258.00
Configured Price:	$80,529.16
BUY BOARD Discounts:	
Kubota Items:	($17,716.42)
Total Discount:	($17,716.42)
SUBTOTAL:	$62,812.74
2Yr M5-091HDC-1 Extended Warranty	$2,900.00
Factory Assembly:	$325.00
Kubota Item Fees:	
Dealer Assembly:	$309.83
Freight Cost:	$850.00
PDI:	$400.00
Radio	$550.00
Turn Wheels Out	$7.00
Trade-In M8560	($8,750.00)
Total Unit Price:	$59,404.57
Quantity Ordered:	1
Final Sales Price:	$59,404.57

Purchase Order Must Reflect the Final Sales Price

To order equipment – purchase orders must be made out and returned to:

Kubota Tractor Corporation
Attn: National Accounts
1000 Kubota Drive
Grapevine, TX 76051
or email NA.Support@kubota.com
or call 817-756-1171 or fax 844-582-1581

2 Rear Halogen Worklights

SELECTED TIRES
sub337
FRONT - 320/85R24 R1W GOODYEAR OPTRAC
REAR - 420/85R34 R1W ALLIANCE 385 RADIAL

***All equipment specifications are as complete as possible as of the date on the quote. Additional attachments, options, or accessories may be added (or deleted) at the discounted price.** All specifications and prices are subject to change. Taxes are not included. The PDI fees and freight for attachments and accessories quoted may have additional charges added by the delivering dealer. These charges will be billed separately. Prices for product quoted are good for 60 days from the date shown on the quote. All equipment as quoted is subject to availability.

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COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 4.

SUBMITTED BY: Bo Thomas, City Manager

ITEM DESCRIPTION:

Discussion and possible action on **Resolution No. 2025-10,** establishing water and wastewater rates for Fiscal Year 2025-2026.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City of Hewitt engaged Willdan Financial Services to prepare and present a Water and Wastewater Rate Study. Consultants Dan Jackson and Jason Gray recommended a multi-year plan to increase water and wastewater rates. On August 18, 2025, the Council approved the Master Fee Schedule, including the water and wastewater rate adjustment plan for FY 2025-2026. Also, at the October 20, 2025, City Council Workshop, the Council discussed the Utility Fund's financials, the recommended rate adjustment, and upcoming capital projects.

The attached resolution approves the FY 2025–2026 rates as recommended by Willdan. This is the fifth and final rate increase recommended in the study. As requested by the Council, this resolution ensures the Council will have the opportunity to review any subsequent rate adjustments annually. The effective date for the rate adjustments is December 1, 2025.

FISCAL IMPACT:

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

SUGGESTED MOTION:

I move approval of **Resolution No. 2025-10,** establishing water and wastewater rates for FY 2025-2026.

ATTACHMENTS:

1. 2025-10 Resolution establishing water and wastewater rates FY 2025-2026
2. FY 25 26 Utility Fee Schedule

RESOLUTION NO. 2025-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS APPROVING THE WATER AND WASTEWATER RATES FOR THE FISCAL YEAR 2025-2026

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS:

WHEREAS, the City of Hewitt engaged Willdan Financial Services to prepare and present a Water and Wastewater Rate Study; and

WHEREAS, the purpose of the Water and Wastewater Rate Study was to ensure that the utility rate structures are sufficient to support the cost of maintaining and improving the system; and

WHEREAS, the results of the Water and Wastewater Rate Study recommended a multi-year rate plan to increase water and wastewater rates to ensure that revenues meet the needs for all operating expenses, capital expenses, and debt service for the next five years; and

WHEREAS, the City Council has determined that it is in the best interest of the city to approve the recommended multi-year rate plan; however, subsequent rate adjustments will be reviewed on an annual basis; and

WHEREAS, the City Council approved the Master Fee Schedule to include the Water and Wastewater rate plan adjustment proposed for Fiscal Year 2025-2026 by **Resolution No. 2025-06** on August 18, 2025.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hewitt, Texas, hereby sets the water and wastewater rates as adopted in the Master Fee Schedule (pages 7-9) attached as Exhibit "A" hereto and imposes the fees set forth for the services described therein. These rates are effective December 1, 2025, and are subject to annual review and amendment as deemed necessary.

PASSED AND APPROVED this the 3rd day of November 2025.

CITY OF HEWITT, TEXAS

____
Steve Fortenberry, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

APPROVED AS TO FORM & LEGALITY:

____
Michael W. Dixon, City Attorney

WATER RATES   Effective 12/1/2025

Residential, Commercial & Builders – Base Rate	1st 3,000 Gal
5/8”	$35.25
1”	$73.75
1.5”	$220.75
2”	$220.75
3”	$441.00
4”	$441.00
6”	$661.50
Volume Rate	Per 1,000 Gal
3,001 – 7,000 Gal	$5.75
7,001 – 12,000 Gal	$6.40
12,001+ Gal	$6.85

Master Metered High-Density Multifamily

Multifamily Residential & Multifamily Builders –	Base Fees
1 ½”	$220.75
2”	$220.75
3”	$441.00
4”	$441.00
6”	$661.50
Consumption Rate	$6.85 Per 1,000 Gal. (100% consumption)

Irrigation Rates

Irrigation – Base Rate	
5/8”	$35.25
1”	$73.75
1.5”	$220.75
2”	$220.75
3”	$441.00
4”	$441.00
6”	$661.50
Consumption Rate	$6.85 Per 1,000 Gal. (100% consumption)

Bulk Water Rates

Deposit	$900
Set Fee & Move Fee	$100
Base Rate for 3” Meter	$415.50 per month + consumption
Consumption Rate	$7.55 per 1,000 gallons
Fire Hydrant All Usage	$7.55 per 1,000 gallons

All Bulk Water will be sold in 1,000 gallon increments.

WASTEWATER RATES - Effective 12/1/25

Option #1 – Standard Wastewater Rates

Residential Base Rate – 1st 5,000 Gal	$32.00
Residential Volume Rate (Per 1,000)	$ 5.45
Industrial Institution or Commercial Base Charge – 1st 10,000 Gallons	$68.25
Industrial Institution or Commercial Volume Rate (Per 1,000)	$ 5.45

Option #2 – Winter Average Rates

Single Family Residential Base Rate	$22.00 (no minimum gallons)
Single Family Residential Volume Rate (Per 1,000)	$3.35 (no maximum gallons)

Option #3 – Flat Rate

Single Family Residential Flat Rate	$43.75

High-Density Multifamily

High-Density Multifamily Base Charge	$68.25 (per building)
High-Density Multifamily Volume Rate (Per 1,000)	$5.45 (100% Volume)

DRAINAGE RATES

Residential	$4.35
Commercial	
1 – 10,000	$10.08
10,001 – 20,000	$29.65
20,001 – 40,000	$48.05
40,001 – 60,000	$94.55
60,001 – 100,000	$148.80
100,001 – 150,000	$228.63
150,001 +	$359.60

SOLID WASTE RATES-Effective 7/1/2025

Residential	
Collection	$21.93
Additional Polycart	$6.10
Administrative Fee – Per Unit	$1.50 per unit
Damage Fee-Polycart (damage due to misuse)	$75

**Commercial customers are billed directly by Republic Services.*

UTILITY FEES

Deposits – Residential Commercial	Credit based & previous account history $100 - $200
Deposits - Commercial	Quoted based on like accounts & previous account history Equal to minimum bill for (1 or 2) monthly bill of like account
Processing Fee	$50
Delinquent Fees	15% of balance
Collection Services	25% of final balance
After Hours Non-Emergency Service Call	$40 after 4pm
Meter Accuracy Check (Reread)	$25
Meters up to 1” – Meter Testing Deposit	$75
Meters greater than 1” up to 2” – Meter Testing Deposit	$250
Meters larger than 2” – Meter Testing Deposit	Base Fee – Quoted on per cost basis

Tampering Fees

Tampering with Meter without City Permission	$500 per event

Water Taps & Meter Set*

All Water Taps	$2,000 Base Fee – Quoted on per cost basis
5/8” x 3/4” meter set	$450 + cost of meter box if needed
3/4" x 3/4" meter set	$500 + cost of meter box if needed
1” or larger service or meter set	Base Fee – Quoted on per cost basis

****Prior to the connection of any water line onto a city water main, the party requesting such connection shall pay the city the water service installation and meter fees for labor and materials.***

Wastewater Taps & Service Connection Fees**

All Wastewater Taps	$1,000 Base Fee – Quoted on per cost basis
4” Tap	$2,000 Base Fee – Quoted on per cost basis
6” Tap	$2,000 Base Fee – Quoted on per cost basis
8” or Larger Lateral	$2,000 Base Fee – Quoted on per cost basis

*****In addition, service lines that require the cutting or boring of paved streets or alley will be subject to a minimum charge of $1,000 Base Fee – Quoted on per cost basis. The decision of a bore or utility cut will be made by Community Services.***

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 5.

SUBMITTED BY: Jonathan Christian, Fire Chief

ITEM DESCRIPTION:

Discussion and possible action on **Resolution No. 2025-11,** adopting the McLennan County Hazard Mitigation Action Plan.

STAFF RECOMMENDATION/ITEM SUMMARY:

The McLennan County Hazard Mitigation Plan Update addresses natural hazards affecting the area to minimize or eliminate long-term risk to human life and property from known hazards through effective mitigation.

A FEMA-approved hazard mitigation plan is required to maintain eligibility for FEMA's Hazard Mitigation Assistance (HMA) grant programs, including the Hazard Mitigation Grant Program (HMGP), Flood Mitigation Assistance (FMA), and High Hazard Potential Dams (HHPD) programs. Funds from these programs may be awarded directly to participating jurisdictions and districts to implement mitigation projects identified in the Plan Update.

The mitigation section identifies sustainable actions that participating jurisdictions or districts may consider implementing to reduce the impacts of natural hazards. Projects are based on community needs and interests, with implementation contingent on funding becoming available.

The county-wide hazard mitigation plan has been updated through collaboration with many area agencies and a third-party vendor (H2O Partners), with the goal of better preparing the county to handle disasters. Having a shared plan is vital to our ability to prepare for and recover from natural disasters, as well as to apply for some federal grants.

Hazard Mitigation Plan Public Copy

FISCAL IMPACT:

Amount Budgeted - NA
Line Item in Budget - NA

SUGGESTED MOTION:

I move approval of **Resolution No. 2025-11,** adopting the McLennan County Hazard Mitigation Action Plan.

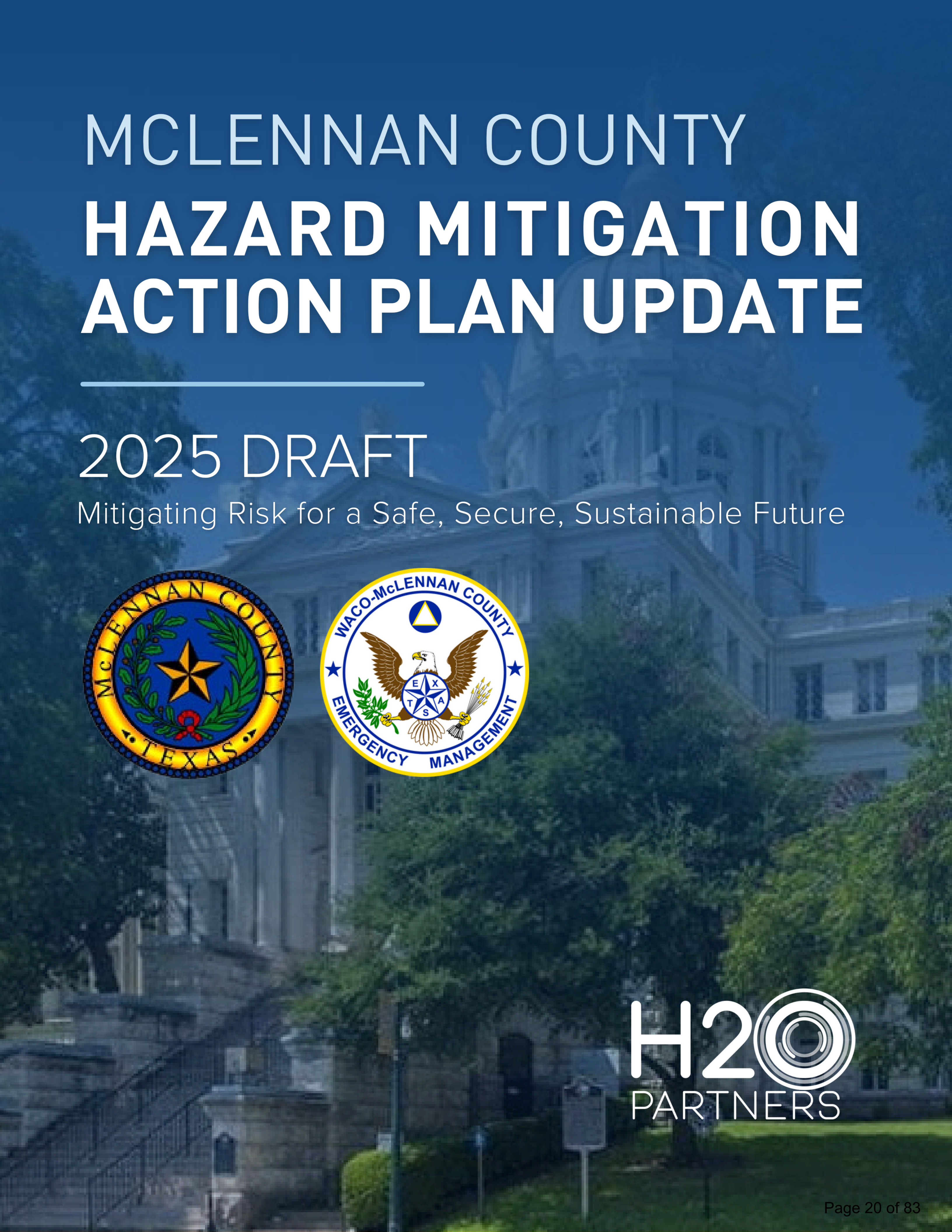
ATTACHMENTS:

1. McLennan County HMAP Introduction
2. Resolution No. 2025-11 Adopting the McLennan County Hazardous Mitigation Plan

MCLENNAN COUNTY
HAZARD MITIGATION ACTION PLAN UPDATE

2025 DRAFT

Mitigating Risk for a Safe, Secure, Sustainable Future



H2O PARTNERS

For more information, visit our website at:

https://www.mclennan.gov/

Written comments should be forwarded to:

H2O Partners, Inc.
P. O. Box 160130
Austin, Texas 78716
info@h2opartnersusa.com
www.h2opartnersusa.com

SECTION 1
INTRODUCTION

SECTION 1: INTRODUCTION

BACKGROUND

McLennan County is located in Central Texas. The largest city and county seat, Waco, is positioned approximately halfway between the Cities of Dallas and Austin. Hill County borders the northern portion of the county, Limestone County is adjacent to the east, Bell County borders the southern portion, Falls County is to the southeast, Coryell County is adjacent to the southwest and Bosque County is to the northwest.

Texas is prone to extremely heavy rains and flooding, with half of the world record rainfall rates (48 hours or less).[1] While flooding is a well-known risk, McLennan County is susceptible to a wide range of natural hazards, including but not limited to tornadoes, extreme heat, wildfire, and drought. These life-threatening hazards can destroy property, disrupt the economy, and lower the overall quality of life for individuals.

While it is impossible to prevent an event from occurring, the impacts to people and property can be minimized through effective mitigation. The Federal Emergency Management Agency (FEMA) defines mitigation as *sustained actions taken to reduce or eliminate long-term risk to people and property from hazards and their effects.*[2] Communities participate in hazard mitigation by developing hazard mitigation plans. The Texas Division of Emergency Management (TDEM) is required to review the plan, and FEMA has the authority to review and approve hazard mitigation plans through the Disaster Mitigation Act of 2000.

The Disaster Mitigation Act requires that hazard mitigation plans be reviewed and revised every five years to maintain eligibility for Hazard Mitigation Assistance (HMA) grant funding. In 2019, McLennan County developed their previous Hazard Mitigation Action Plan (HMAP) to be specific to McLennan County and sixteen participating cities.

FEMA approved the previous McLennan County Hazard Mitigation Plan in 2019, which was then set to expire in 2024. Therefore, the county began the process of developing a Hazard Mitigation Plan Update in order to regain eligibility for grant funding. The HMAP Update planning process provided an opportunity for McLennan County to evaluate successful mitigation actions and explore opportunities to avoid future disaster loss.

McLennan County selected H2O Partners, Inc. to write and develop the 2025 HMAP Update, hereinafter titled: “McLennan County Hazard Mitigation Action Plan Update 2025: Maintaining a Safe, Secure, and Sustainable Community” (Plan Update). This is a multi-jurisdictional plan; the participating jurisdictions include:

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[1] Source: http://www.floodsafety.com/texas/regional-info/san-antonio-flooding/
[2] Source: http://www.fema.gov/hazard-mitigation-planning-resources

- McLennan County
- City of Bellmead
- City of Beverly Hills
- City of Bruceville-Eddy*
- City of Crawford
- City of Gholson
- City of Hallsburg
- City of Hewitt
- City of Lacy Lakeview
- City of Leroy
- City of Lorena
- City of Mart
- City of McGregor
- City of Moody*
- City of Riesel*
- City of Robinson
- City of Ross
- City of Waco
- City of West
- City of Woodway
- Baylor University*
- McLennan Community College*

**Denotes new Plan participant*

Hazard mitigation activities are an investment in a community's safety and sustainability. It is widely accepted that the most effective hazard mitigation measures are implemented at the local government level, where decisions on the regulation and control of development are ultimately made. A comprehensive review of a hazard mitigation plan addresses vulnerabilities to hazards that exist today and in the foreseeable future. Therefore, it is essential that a plan identify projected patterns of how future development will increase or decrease a community's overall hazard vulnerability.

SCOPE

The focus of the Plan Update is to identify activities to mitigate hazards classified as "high" or "moderate" risk, as determined through a detailed hazard risk assessment conducted for McLennan County and the participating jurisdictions and educational institutions. The hazard classification enables the participating jurisdictions to prioritize mitigation actions based on hazards that can present the greatest risk to lives and property in the geographic scope.

PURPOSE

The Plan Update was prepared by McLennan County, participating jurisdictions and educational institutions, and H2O Partners, Inc. The purpose of the Plan Update is to protect people and structures and to minimize the costs of disaster response and recovery. The goal of the Plan Update is to minimize or eliminate long-term risks to human life, property, operations, and the environment from known hazards by identifying risks and implementing cost-effective hazard mitigation actions. The planning process is an opportunity for participating jurisdictions and educational institutions within McLennan County, stakeholders, and the general public to evaluate and develop successful hazard mitigation actions to reduce future risk of loss of life and damage to property resulting from a disaster in McLennan County.

The Mission Statement of the Plan Update is "*Maintaining a secure and sustainable future through the revision and development of targeted hazard mitigation actions to protect life and property."*

Participating jurisdictions and educational institutions within McLennan County and planning participants identified 12 natural hazards and 1 human-caused hazard to be addressed by the Plan Update. The specific goals of the Plan Update are to:

- Provide a comprehensive update to the 2019 HMAP;
- Minimize disruption to participating jurisdictions and educational institutions within McLennan County following a disaster;
- Streamline disaster recovery by articulating actions to be taken before a disaster strikes to reduce or eliminate future damage;
- Demonstrate a firm local commitment to hazard mitigation principles;
- Serve as a basis for future funding that may become available through grants and technical assistance programs offered by the State or Federal government. The Plan will enable participating jurisdictions and educational institutions within McLennan County to take advantage of rapidly developing mitigation grant opportunities as they arise; and
- Ensure that participating jurisdictions and educational institutions within McLennan County maintain eligibility for the full range of future Federal disaster relief.

AUTHORITY

The Plan is tailored specifically for participating jurisdictions and educational institutions within McLennan County and plan participants, including Planning Team members, stakeholders, and the general public who participated in the Plan Update development process. The Plan complies with all requirements promulgated by the Texas Division of Emergency Management (TDEM) and all applicable provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Section 104 of the Disaster Mitigation Act of 2000 (DMA 2000) (P.L. 106-390), and the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (P.L. 108–264), which amended the National Flood Insurance Act (NFIA) of 1968 (42 U.S.C. 4001, et al). Additionally, the Plan complies with the Interim Final Rules for the Hazard Mitigation Planning and Hazard Mitigation Grant Program (44 CFR, Part 201), which specify the criteria for approval of mitigation plans required in Section 322 of the DMA 2000 and standards found in FEMA's "Local Mitigation Planning Policy Guide" (April 2025), and the "Local Mitigation Planning Handbook" (June 2025).

SUMMARY OF SECTIONS

Sections 1 and 2 of the Plan Update outline the Plan's purpose and development, including how Planning Team members, stakeholders, and members of the general public were involved in the planning process. Section 3 profiles the planning area's population and economy.

Sections 4 through 17 present a hazard overview and information on individual natural and human-caused hazards in the planning area. For each hazard, the Plan Update presents a description of the hazard, a list of historical hazard events, and the results of the vulnerability and risk assessment process.

Section 18 presents hazard mitigation goals and objectives. Section 19 gives an analysis for the previous actions and Section 20 presents hazard mitigation actions for McLennan County and the participating jurisdictions and educational institutions. Section 21 identifies Plan maintenance mechanisms.

The list of Planning Team members and stakeholders is located in Appendix A. Public survey results are analyzed and presented in Appendix B. Appendix C contains a detailed list of critical facilities for the area. Appendix D contains information regarding dam locations within McLennan

County. Appendix E contains information regarding workshops and meeting documentation. Capability Assessment results for the Plan participants are in Appendix F. Appendix G includes State and Federal Funding Opportunities.[3]

[3] Information contained in some of these appendices is exempt from public release under the Freedom of Information Act (FOIA).

RESOLUTION NO. 2025-11

A RESOLUTION OF THE CITY OF HEWITT ADOPTING THE MCLENNAN COUNTY 2025 HAZARD MITIGATION ACTION PLAN.

WHEREAS, the City of Hewitt recognizes the threat that natural hazards pose to people and property within the City of Hewitt; and

WHEREAS, the County of McLennan has prepared a multi-hazard mitigation plan, hereby known as McLennan County 2025 Hazard Mitigation Action Plan, in accordance with the Disaster Mitigation Act of 2000; and

WHEREAS, the McLennan County 2025 Hazard Mitigation Action Plan, identifies mitigation goals and actions to reduce or eliminate long-term risk to people and property in the City of Hewitt from the impacts of future hazards and disasters; and

WHEREAS, adoption by the City Council demonstrates their commitment to hazard mitigation and achieving the goals outlined in the McLennan County 2025 Hazard Mitigation Action Plan.

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

The City Council adopts the McLennan County 2025 Hazard Mitigation Action Plan. This plan, approved by the community, may be edited or amended after submission for review, but will not require the community to re-adopt any further iterations. This only applies to this specific plan and does not absolve the community from updating the plan in 5 years.

ADOPTED by a vote of ____ in favor and ____ against, and ___ abstaining, this 3rd day of November, 2025.

CITY OF HEWITT, TEXAS

____
Steve Fortenberry, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

APPROVED AS TO FORM & LEGALITY:

____
Michael W. Dixon, City Attorney

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 6.

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Discussion and possible action on **Resolution No. 2025-12,** adopting the City of Hewitt's Investment Policy.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City's Investment policy shall be reviewed and adopted at least annually by resolution of the City Council. The City Council shall review and approve the policy and investment strategies, approving any changes or modifications, at a legally adopted meeting.

There are no changes to the proposed policy this year.

Staff recommends the adoption of the proposed Investment Policy.

FISCAL IMPACT:

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

SUGGESTED MOTION:

I move approval of **Resolution No. 2025-12,** adopting the City of Hewitt's Investment Policy.

ATTACHMENTS:

1. Investment Policy 2025 11 3 Hewitt Proposed
2. Resolution 2025-12 Investment Policy

INVESTMENT POLICY
CITY OF HEWITT
Approved by City Council
November 3, 2025

I. POLICY

It is the policy of the City of Hewitt (the "City") that after allowing for the anticipated cash flow requirements of the City and giving due consideration to the safety and risk of investment, all available funds shall be invested in conformance with these legal and administrative guidelines, seeking to achieve reasonable interest earnings based on market conditions.

Effective cash management is recognized as essential to good fiscal management. Investment interest is a source of revenue to City funds. The City's investment portfolio shall be designed and managed in a manner intended to maximize this revenue source, to be responsive to public trust, and to be in compliance with legal requirements and limitations.

Investments shall be made with the primary objectives of:

* **Safety** and preservation of principal
* Maintenance of sufficient **liquidity** to meet operating needs
* **Diversification** to minimize market risks
* **Public trust** from prudent investment activities
* Achievement of **reasonable interest earnings**

II. PURPOSE

The purpose of this Investment Policy is to establish guidelines and policies controlling the investment of the City's funds. The Policy is designed to comply with Chapter 2256 of the Texas Government Code, the Public Funds Investment Act, (the "Act"), which requires the City to adopt a written Investment Policy regarding the investment of its funds and funds under its control. This Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the City's funds. All investments shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

III. SCOPE

This Policy shall govern the investment of all financial assets of the City. All funds accounted for in the City's Annual Comprehensive Financial Report (ACFR) are to be governed by this Policy and include:

- General Fund
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Any new fund created by the City, unless specifically exempted from this Policy by law

This Policy shall apply to all transactions involving the financial assets and related activity for all the foregoing funds.

IV. INVESTMENT OBJECTIVES AND STRATEGIES

The City shall manage and invest its cash with five primary objectives, listed in order of priority: **safety, liquidity, diversification, public trust, and yield.** The safety of the principal invested will represent the primary objective.

The City shall maintain a comprehensive cash management program, which includes timely collection of account receivables, timely payments to vendors in accordance with invoice and available discount terms, and prudent investment of all assets.

Attention to cash management principles will ensure that cash is available when needed and all funds will be invested to obtain the best use of City assets to obtain a reasonable market rate of earnings.

The City shall maintain a "buy and hold" portfolio strategy. Maturity dates are to be matched with cash flow requirements and investments purchased with the intent to be held until maturity. Investments shall not be sold or redeemed prior to maturity with the following exceptions:

- An investment with declining credit may be sold or redeemed early to minimize loss of principal, or
- Liquidity needs of the portfolio require that the investment be sold or redeemed.

Safety [*PFIA 2256.005*(*b*)(*2*)]

Safety of principal is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital throughout the portfolio. Safety will be attained through mitigating credit and interest rate risk.

- Credit Risk – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by purchasing high credit quality securities and diversifying the investment portfolio by market sector and maturity so that potential losses on individual issuers will be minimized.

- Interest Rate Risk – The City will minimize the realized risk that the market value of investments in the portfolio will fall due to changes in general interest rates by analyzing cash flow and investing within the parameters of that cash flow and diversifying by market sector and maturity.

Liquidity [*PFIA 2256.005(b)(2)*]

The investment portfolio shall remain sufficiently liquid to meet all anticipated operating requirements by structuring the portfolio maturities with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, a portion of the portfolio will be invested in cash equivalent alternatives such as financial institution deposits, money market mutual funds, and local government investment pools that offer same-day liquidity.

Diversification

The portfolio will be diversified by investment types and maturity to avoid market risks and issuer default, as appropriate.

Public Trust

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment Officers shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

Yield (Optimization of Interest Earnings) [*PFIA 2256.005(b)(3)*]

The investment portfolio shall be designed with the objective of attaining a reasonable market yield at all times, taking into account the investment risk constraints and liquidity needs of the City. Return on investment is of lesser importance compared to the safety and liquidity objectives described above.

Investment Strategies by Fund Type:

1. **General, Enterprise, or Operating-type Funds**

Suitability – Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating-type funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 270 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

Liquidity – General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Financial institution deposit accounts, short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than ten basis points will define an efficient secondary market.

Diversification – Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.

Yield - Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio will be the minimum yield objective.

2. Capital Projects Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Capital Projects Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Projects Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule or three years.

Liquidity – Most capital projects programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Financial institution deposit accounts, short term investment pools and money market mutual funds will provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any expenditure request. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a particular security-type of less than ten basis points will define an efficient secondary market.

Diversification – Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, the City is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the cost of borrowing is the desired objective, within the limits of the Investment Policy's risk constraints. The yield of an equally weighted, rolling six-month Treasury-Bill portfolio will be the minimum yield objective for non-borrowed funds.

3. Debt Service Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Financial institution deposit accounts, short term investments pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury-Bill portfolio shall be the minimum yield objective.

4. **Debt Service Reserve Funds**

Suitability – Any investment eligible in the Investment Policy is suitable for Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment's market risk if the City's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or five years. Annual mark-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to the City's debt holders. The funds are "returned" to the City at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, the City is best served by locking in investment maturities and reducing liquidity. If the borrowing cost cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields.

Marketability – Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

V. RESPONSIBILITY AND CONTROL

Delegation of Authority [*PFIA 2256.005(f)*]

Investment Officer(s)

In accordance with the Act, the City Council designates the City Manager and the Finance Director as the City's Investment Officers. An Investment Officer is authorized to execute investment transactions and transfer funds between City accounts on behalf of the City. No person may engage in an investment transaction or the management of City funds except as provided under the terms of this Policy. The investment authority granted to an Investment Officer is effective until rescinded by the City Council.

The City Council shall provide periodic training in investments for the Investment Officer(s) through courses and seminars offered by professional organizations, associations, and other independent sources approved by Council. Training will be in accordance with the provisions of the Act and is to ensure the quality and capability of investment management in compliance with the Act. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

Investment Officer(s) shall attend ten (10) hours of investment training within twelve (12) months of attaining the position and shall receive eight (8) hours of investment training not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. The Government Finance Officers Association of Texas (GFOAT), Government Treasurers' Organization of Texas (GTOT), Texas Municipal League (TML), University of North Texas (UNT), Texas Association of Regional Councils, American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA) are approved independent training sources.

Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to protect the assets of the City from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, within the scope of the annual audit, the City shall establish a process for annual independent review by an external auditor to assure compliance with this Policy and supporting procedures. At a minimum, the internal controls shall address the following points:

- Avoidance of collusion.
- Separation of transactions authority from accounting and record keeping.
- Custodial safekeeping.
- Delegation of authority to subordinate staff members.
- Written reporting and confirmation for all investments and wire transfers.

Prudence (*PFIA 2256.006*)

The standard of care as defined by the Act and to be applied by the Investment Officer at all times shall be the "prudent person" rule. This rule states that:

> "*Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.*"

In determining whether an Investment Officer has exercised prudence in the performance of their duty, the determination shall be made taking into consideration:

- The investment of all funds, or funds under the City's control, over which the Officer had responsibility rather than a consideration as to the prudence of a single investment.
- Whether the investment decision was consistent with the written approved Investment Policy of the City.

The Investment Officer, if acting in accordance with written procedures and exercising due diligence, shall not be held personally liable for any specific investment's credit risk or market price changes, provided that these deviations are reported immediately and the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest [*PFIA 2256.005(i)*]

The Investment Officer(s), and employees involved in the investment process, shall refrain from any personal business activity that would conflict with the proper execution and management of the investment program, or that would impair their ability to make impartial decisions.

Investment Officer(s) shall disclose any personal or business relationship involving material interests in financial institutions with which the City conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officer(s) shall refrain from undertaking personal investment transactions with the same individual or firm with which business is conducted on behalf of the City.

Any Investment Officer(s) of the City who has a personal business relationship with an organization or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship, in accordance with the Act, with the Texas Ethics Commission and the City Council.

VI. SUITABLE AND AUTHORIZED INVESTMENTS

City funds may be invested only in the instruments described below, all of which are authorized and further defined by the Act. Investment of City funds in any instrument or security not authorized for investment under the Act is prohibited. The City will not be required to liquidate an investment that becomes unauthorized subsequent to its purchase. The City will create a competitive environment for all individual security purchases and sales, financial institution deposits, money market mutual funds, and local government investment pools, as appropriate.

1. Obligations, including letters of credit, of the United States of America, its agencies and instrumentalities, including the Federal Home Loan Banks, but excluding those prohibited by the PFIA.

2. Certificates of Deposit and other evidences of deposit at a financial institution that, i) has its main office or a branch office in Texas and is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or the National Credit Union Share Insurance Fund (NCUSIF) or its successor, ii) is secured by obligations in a manner and amount provided by law for deposits of the City, or iii) is placed in compliance with the requirements of the PFIA.

3. Fully collateralized repurchase agreements executed in compliance with the Act, under the terms of an executed Master Repurchase Agreement, and secured in accordance with this Policy.

4. AAA-rated, SEC registered no-load money market mutual funds which strive to maintain a net asset value of $1.0000 per share.

5. AAA-rated, Texas local government investment pools, which meet all the requirements of the Act. Participation in any pool must be authorized by resolution of the City Council.

Un-Authorized Investments [*PFIA 2256.009*(*b*)(*1-4*)]

Mortgage-backed securities including interest-only or principal-only collateralized mortgage obligations (CMO), inverse floating interest rate CMO or CMO with a maturity date of over 10 years are strictly prohibited for investment by the City.

Credit Rating and Effect of Loss of Required Rating [*PFIA 2256.021]*

No less than quarterly, the Investment Officer will obtain the current credit rating for each held investment from a reliable source to ensure that the investment has maintained the required minimum rating. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

VII. INVESTMENT PARAMETERS

Maximum Maturities and Maximum WAM [*PFIA 2256.005*(*b*)(*4*)(*B*)]

The longer the maturity of securities, the greater the price volatility and market risk. Therefore, it is the City's policy to concentrate its investment portfolio in shorter-term securities which match cash flow needs to limit risks caused by changes in interest rates.

The City shall attempt to match its investments with anticipated cash flow requirements. The City's fund-type investment strategies will determine appropriate maximum maturity and weighted average maturity. Certificates of deposit and repurchase agreements may be collateralized using longer dated investments in accordance with this Policy.

Dollar-weighted average maturity will be calculated using the stated final maturity dates of each security. [PFIA 2256.005(b)(4)(C)]

VIII. AUTHORIZED BANKS AND DEALERS

The process of obtaining and contracting with a primary depository to serve the banking service needs of the City will be governed by Chapter 105 of the Local Government Code: Depositories for Government Funds and Chapter 2257, the Public Funds Collateral Act, Texas Government Code.

At least every five (5) years a primary depository shall be selected for banking services through the City's procurement process, which shall include a formal request for application (RFA). The selection of a depository will be determined through a competitive process and evaluation of applications will include the following selection criteria:

- The ability to qualify as a depository for public funds in accordance with State law.
- The ability to provide required banking services.
- Creditworthiness and financial stability of the depository.
- The ability to provide cost effective services as defined by the City based on the lowest net banking service cost, consistent with the ability to provide the required levels of service.

The City may utilize other financial institutions as depositories for deposits and the purchase of certificates of deposit under the terms of a written depository/collateral agreement as defined by this Policy.

<u>Collateral Policy (*PFCA 2257.023*)</u>

<u>Collateral Pledged to the City by Depositories</u>
Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all financial institution deposits in a depository above the FDIC or NCUSIF insurance coverage. To anticipate and provide for market price fluctuations and provide a required level of security for all funds, with the exception of deposits secured with irrevocable letters of credit from a U.S. Government Agency at 100% of principal and accrued interest, the depository will provide and maintain collateral whose market value equals or exceeds 102% of the total value of principal and accrued interest on City deposits less an amount insured by the FDIC or NCUSIF.

Any financial institution designated as a depository by the City will provide collateral in accordance with this Policy and applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Financial institutions serving as a depository will be required to sign a Depository/Collateral Agreement with the City. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The agreement must be in writing;
- The agreement must be executed by the Depository and the City contemporaneously with the acquisition of the asset;
- The agreement must be approved by the Board of Directors or designated committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
- The agreement must be part of the Depository's "official record" continuously since its execution.

The written agreement will specify the acceptable collateral, require independent safekeeping of the collateral, require City approval before substitution or release of investment securities, provide for original safekeeping receipts, and complete monthly reporting of collateral including the valuation of securities.

A clearly marked evidence of pledge must be supplied to the City and retained by the Investment Officer(s). A monthly collateral report provided by the custodian shall be reviewed by the Investment Officer(s) to assure that the market value of the pledged securities is adequate.

Collateral may be held only by an independent institution including a Federal Reserve Bank, a Federal Home Loan Bank, or a third-party bank approved by the City.

A Repurchase Agreement, as authorized by the Act, has a defined termination date, is secured by a combination of cash and obligations as described by Section 2256.009(a)(1) and requires the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's account, and deposited at the time the investment is made with the City or with a third-party selected and approved by the City. Securities (termed as collateral) are bought (i.e. owned) under a Repurchase Agreement and will be maintained at a margin of 102% and settled delivery versus payment. The collateral terms and conditions will be controlled by a written repurchase agreement.

Authorized Collateral for Depositories and Repurchase Agreements

The City shall accept only the following types of collateral:

- Obligations of the United States or its agencies and instrumentalities, including mortgage-backed securities which pass the high-risk mortgage obligation test, and irrevocable letters of credit issued by the Federal Home Loan Bank.

- Direct obligations of any U.S. state or its subdivisions rated at least A by at least one nationally recognized rating agency.

All collateral shall be subject to inspection and audit by the Investment Officer(s) and the City's independent auditors.

Authorized Brokers/Dealers (*PFIA 2256.025*)

The City Council shall, at least annually, review, revise, and adopt a list of qualified broker/dealers (see Attachment A) authorized to engage in securities transactions with the City. To purchase securities, the City must have a list of no less than two broker/dealers.

Authorized brokerage firms may include primary dealers or regional broker/dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Delivery vs. Payment [*PFIA 2256.005*(*b*)(*4*)(*E*)]

Securities purchased by the City shall be settled into the City's account with the safekeeping agent on a **delivery versus payment** (DVP) basis. DVP assures that City funds will not be released until the purchased security has been received. Securities will be held by an independent third-party safekeeping agent as evidenced by safekeeping receipts.

PFIA Policy Certificates

All local government investment pools and discretionary investment management firms (business organizations) will be required to provide information regarding the business organization and the individual representative as required by the City. Each business organization will be required to sign a certification acknowledging that the business organization has received and reviewed the City's current Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the City's Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards, as required by the Act. When material changes are made to the Policy, re-certification is required.

IX. PERFORMANCE BENCHMARK

The City's investment portfolio will be managed in accordance with the parameters specified within this Policy including the objective of a reasonable market yield commensurate with the investment risk constraints and the cash flow requirements of the City.

The weighted average yield to maturity (the standard for calculating portfolio rate of return) on the total portfolio will be the City's performance measurement and will be calculated and reviewed on at least a quarterly basis. In accordance with the City's cash flow needs and based on the maximum weighted average maturity of the adopted Investment Strategy, the City's portfolio shall be designed with the objective of regularly meeting or exceeding the respective Strategy's average yield on the appropriate US Treasury-Bill for the same period. This benchmark is not just a measure of market performance but equally a measure of the risk in the portfolio.

X. REPORTING (*PFIA 2256.023*)

The Investment Officers shall prepare for the City Council an investment report on a quarterly basis that summarizes investment strategies employed in the most recent quarter and describes the portfolio in detail and summary information. This reporting shall be made in accordance with the Act.

The quarterly investment report shall include a summary statement of investment activity during the period. This summary will be prepared in a manner that will allow the City Council to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include the following at a minimum:

- A listing of individual investments held at the end of the reporting period.
- Unrealized gains or losses at the end of the period (the difference between current and prior market value).
- Average weighted yield to maturity of portfolio.
- Fully accrued interest for the reporting period and total earnings for the period.
- The percentage of the total portfolio by type of investment.
- Statement of compliance of the City's investment portfolio with State law and the investment strategy and Policy approved by the City Council.

Market values will be obtained from reputable and independent sources.

In conjunction with the annual audit, an independent auditor will perform a formal annual review of the quarterly reports with the results reported to the City Council by that auditor [*PFIA 2256.023*(*d*)].

XI. INVESTMENT POLICY ADOPTION [*PFIA 2256.005*(*e*)]

The City's Investment Policy shall be reviewed and adopted at least annually by resolution of the City Council. It is the City's intent to comply with State laws and regulations. The City's Investment Policy may be revised by Council consistent with changing laws, regulations, or the needs of the City. The City Council shall review and approve the Policy and investment strategies annually, approving any changes or modifications, at a legally scheduled meeting.

Adopted by Hewitt City Council: November 3, 2025

Attachment A

City of Hewitt, Texas
Authorized Broker/Dealer List

FHN Financial Capital Markets
Buddy Saragusa
920 Memorial City Way, 13th Floor
Houston, TX 77024
713-435-4375

SouthState|DuncanWilliams
Patrick Boyer
6750 Poplar Avenue
Suite 100
Memphis, TN 38138
901-604-6811

SAMCO Capital Markets, Inc.
Robert Phillips
1700 Pacific Avenue
Suite 2000
Dallas, TX 75201
214-765-1408

Wells Fargo Brokerage Services, L.L.C.
Chuck Landry
1445 Ross Avenue
Suite 210
Dallas, TX 75202
800-937-0998
214-777-4018

Note: The firm name is authorized. Contact data informational only.

RESOLUTION NO. 2025-12

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS, DECLARING THAT THE COUNCIL HAS COMPLETED ITS REVIEW OF THE INVESTMENT POLICY; NO CHANGES WERE MADE TO THE INVESTMENT POLICY; THE CITY OF HEWITT ADOPTS THE INVESTMENT POLICY FOR 2025 FOR THE INVESTMENT OF MUNICIPAL FUNDS; AND SETTING FORTH OTHER MATTERS RELATED

WHEREAS, the Hewitt City Council adopted an Investment Policy governing investment of City funds in compliance with the Public Funds Investment Act; and

WHEREAS, Chapter 2256 of the Texas Government Code requires the City Council to annually review its Investment Policy regarding investment of City funds and funds under its control; and

WHEREAS, the City Council of the City of Hewitt, Texas, desires to adopt its Investment Policy pursuant to Chapter 2256 of the Texas Government Code, Public Funds Investment Act; and

WHEREAS, pursuant to the Public Funds Investment Act, the governing body of the City shall adopt a resolution stating it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies;

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

SECTION 1. The facts and recitations contained in the above preamble of this Resolution are hereby incorporated for all purposes.

SECTION 2. The City Council of the City of Hewitt has completed its review of the investment policies and investment strategies. The City Council recommends no changes to the Investment Policy or its investment strategies. The City of Hewitt Investment Policy is attached as **Exhibit A** and is hereby adopted by the City of Hewitt to be effective immediately.

SECTION 3. It is hereby officially found and determined that the meeting at which this resolution is passed was noticed and has been open to the public as required by law.

PASSED AND APPROVED this 3rd day of November, 2025.

CITY OF HEWITT, TEXAS

____
Steve Fortenberry, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

APPROVED AS TO FORM & LEGALITY:

____
Michael W. Dixon, City Attorney

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 7.

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Discussion and possible action on **Resolution No. 2025-13,** amending and adopting the City of Hewitt's Purchasing Policy.

STAFF RECOMMENDATION/ITEM SUMMARY:

The City's Purchasing Policy has been reviewed and revised to reflect the updates in the amended City Charter, new legislation in the Local Government Code Chapter 252 regarding competitive bidding, and Ordinance No. 2021-09.

Staff recommends the adoption of the proposed Purchasing Policy.

FISCAL IMPACT:

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

SUGGESTED MOTION:

I move approval of **Resolution No. 2025-13,** amending and adopting the City of Hewitt's Purchasing Policy.

ATTACHMENTS:

1. PURCHASING POLICY ADOPTED March 4 2019
2. 2025 Proposed PURCHASING POLICY -Nov 3 2025
3. Resolution 2025-13 Purchasing Policy

HEWITT TEXAS

Purchasing Policy

This Purchasing Policy is intended for use as a guide to city employees involved in the purchasing process. This Policy is based on the State of Texas' Local Government Code, the City's Charter and Code of Ordinance, Best Practices and direction from the City Manager.

Section 1. Purchase Procedure

All purchases proposed to be made and contracts proposed to be executed by the City shall be reviewed by the City Manager and the Finance Director who shall determine that there is to the credit of such office, department or agency a sufficient unencumbered budgeted appropriation and allotment balance to pay for the supplies, materials, equipment, or contractual services for which the contract or order is to be issued. Exceptions to the requirement of prior review may be made under procedures established by the City Manager for purchases of less than $1,000. Any purchase exceeding $3000 requires that purchase orders be input by Department Heads into the (STW) PO software system as an encumbrance to their account that they wish to expense, to be reviewed by the Finance Director for sufficient unencumbered budgeted appropriation and allotment balance and forwarded for approval by the City Manager (or in his/her absence, the Finance Director).

Section 2-301 Purchase Procedure (b) Article VI Finance of the Hewitt Code of Ordinances.

Section 2. General Purchasing Procedures that apply to every purchase

All expenses are required to be supported by the following:

1. Invoice(s) indicating vendor, description, and cost of item(s) including total expense;
2. Receipt of the order indicated by approval on the invoice by the Department Head;
3. The account number(s) to be expensed.

Section 3. Responsibilities of Department Heads

Department Heads are responsible for knowledge of this Purchasing Policy and for following the procedures.

Section 4. Purchase Orders and Check Requests

Purchases exceeding $3000 must be supported by a Purchase Order or Check Request unless the purchase meets an exemption from Section 7.

Tangible Property: items you can touch like equipment and supplies require a Purchase Order.
Intangible Purchases: travel expenses, registration, things you can't touch and hold, require a Check Request.

It is permitted to do a Purchase Order for intangible items other than refunds and travel requests.

Section 5. Trade-Ins on POs

Purchase orders involving a trade-in must include pertinent information about the item that is to be traded (e.g. dollar value of trade-in, description, manufacture, model, seal, or VIN, etc.) on the Purchase Order.

Section 6. Procurement Cards – (PCards)

A Procurement Card (PCard) is a tool for payment the same as a City check. The use of a PCard does not change the guidelines of this Policy.

Section 7. Exemptions

Authority is hereby given for payment of all recurring bills or items without prior Council approval regardless of whether they exceed the purchase limit. Examples include debt service, utilities, postage, telephone and data services, software maintenance, or any other required payment that is recurring in nature and necessary to City operations, and any payment that has been effectively pre-approved by the City Councils' approval of an agreement calling for those payments. See also Competitive Bid Exemptions under Tier 4.

Section 2-301 Purchase Procedure (f) Article VI Finance of the Hewitt Code of Ordinances.

Section 8. State Contracts and Cooperative Purchasing Agreements.

Where quotes are required, if an item can be purchased thru a State Contract or a Cooperative Purchasing Agreement, then that item is exempt from the additional quote requirements. See Glossary for more information.

Section 9. Emergency Purchases

In circumstances where an emergency expenditure is necessary, the City Manager is authorized to make expenditures exceeding $3000 (budgeted or unbudgeted) without prior Council approval where funds are available in the budget to do so. The expenditure shall be brought before the Council for ratification at the next meeting at which it can be considered. Emergency expenditures are those necessary to protect City property, to prevent imminent disruption of City services, or that are required for the protection of public health or safety from an imminent threat.

Section 2-301 Purchase Procedure (e) Article VI Finance of the Hewitt Code of Ordinances.

Section 10. Purchasing Tiers

Tier 1 – Purchases less than $3,000
For purchases of less than $3,000 - Purchases in Tier 1 may be made by Department Heads or employees in that department who are designated by the Department Head. Purchases of less than $1,000 do not require a Purchase Order. General purchasing procedures, see Section 2, are required.

Tier 2 – Purchases between $3,001 and $10,000
All expenses are required to be supported by items required under Section 2 with the addition of a purchase order. Purchase orders shall be signed by the Department Head and the City Manager. Tier 3 purchases require **three (3) verbal quotes** to be attached or noted on the P.O. A no response or no quote is considered a quote. See also Exemptions in Section 7 and 8. Document HUB search.

HUBs - at least two historically underutilized businesses must be contacted on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section. See Exhibit A for HUB list.

Tier 3 – Purchases between $10,001 and $50,000
All expenses are required to be supported by items required under Section 2 with the addition of a purchase order. Purchase orders shall be signed by the Department Head and the City Manager. Tier 4 purchases require **three (3) written quotes** to be attached or noted on the PO. A no response or no quote is considered a quote. See also Exemptions in Section 7 & 8. Document HUB search.

HUBs - at least two historically underutilized businesses must be contacted on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section. See Exhibit A for HUB list.

Tier 4 – Purchases greater than $50,000 – Competitive Bids
All contracts for expenditures exceeding the statutory threshold of more than $50,000 for competitive bidding generally applicable to municipalities under Texas law must be competitively let in accordance with available procedures under Texas law unless they would be exempted from competitive acquisition under applicable law, including under state contracts and cooperative purchasing programs.

If an item is required by law to be competitively procured, the procedures in Chapter 252, or alternative procedures of Section 272.001, of the Texas Local Government Code apply. If the procurement falls under an exemption noted in the statues, that exemption may be taken. In addition, procurement under a cooperative purchasing program (Section 271.102, Texas Local Government Code) already complies with the bidding requirements and may be utilized in place of Chapter 252 or Section 272.001 of the Texas Local Government Code. In the area of construction projects, the alternative methods of project delivery provided by Chapter 2269 of the Texas Government Code apply.

Section 2-301 Purchase Procedure (a) and (c) Article VI Finance of the Hewitt Code of Ordinances.

Competitive Bids - Exemptions

Competitive purchasing is not necessary if the City Manager determines that: the item is available from only one source; because of the need for compatibility with existing equipment or systems the item that best meets the City's needs is available from only one source; the item is immediately necessary for public health, safety, or welfare or the prevention of the interruption of City services; the item is immediately necessary to protect City property; prior contractual obligations or proprietary restrictions require that a specific vendor be used; or obtaining quotations is impractical under the circumstances. See also Section 7 and 8.

Section 2-301 Purchase Procedure (d) Article VI Finance of the Hewitt Code of Ordinances.

Competitive Bids – General Use

If a department determines that a bid is needed for a piece of equipment expected to cost over $50,000; or a project that could possibly be more than $50,000 that does not need to go thru the City Engineer; or a service needing to be bid, a Request for Proposal is recommended.

Winning bids are required to be supported by items required under Section 2 with the addition of a purchase order and documentation of the winning bid. Purchase orders shall be signed by the originator of the purchase order, the Department Head and the City Manager.

Note: Capital Outlay purchases proposed during the Budget process need to have written quotes from three (3) vendors unless over $50,000 where an RFP would be required. An exemption to the requirement of three written quotes is allowed when the item can be purchased thru a state contract or a cooperative agreement. For budget purposes, the Capital Outlay request should be accompanied by the acquired quote(s), the Capital Outlay Request Form and a picture with details of the item being requested. See also Section 8.

Competitive Bids Process - City Engineer's process for infrastructure bids

An Invitation to Bid is used. A complete written set of specifications accompany the Bid. Specifications are written on a technical basis. Brand names are to be avoided to ensure a fair, competitive environment.

Competitive sealed bidding requirement applies to the contract. Notice of the time and place at which the bids will be publicly opened and read aloud must be published at least once (1) a week for two (2) consecutive weeks in a newspaper published in the City. The City Secretary publishes the notices. The date of the first publication must be before the fourteenth (14th) day preceding the date set to publicly open the bids and read them aloud. Sealed bids are received and tabulated by the City Engineer.

The lowest and best responsible bid or proposal will be recommended by the City Engineer to the City Manager. The City Engineer prepares the agenda item for approval by the City Council. In determining the best value for the City, the following items may be taken into consideration:

A. The purchase price;
B. The reputation of the bidder and of the bidder's goods or services;
C. The quality of the bidder's goods or services;
D. The extent to which the goods or services meet the City's needs;
E. The bidder's past relationship with the City;
F. The impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
G. The total long-term cost to the City to acquire the bidder's goods or services; and
H. Any relevant criteria specifically listed in the request for bids or proposals.

The Council will evaluate the recommended vendor and decide to approve or disapprove. If the recommended vendor is not approved the Council may award the bid to another vendor; bids may be rejected altogether. If the recommendation is approved and the Council awards the bid, the City Engineer submits an award letter to the vendor.

Glossary

BID ADVERTISEMENT - A public notice published by the City Secretary in a qualified newspaper containing an Invitation to Bid (IFB) or a Request for Proposal (RFP) or Quote (RFQ).

BIDDER LIST - A list of vendors who have expressed an interest in submitting bids for particular categories of goods and services.

CONTRACT or AGREEMENT - A formal written agreement, executed by the City and a vendor, containing the essential terms and conditions under which goods or services are to be furnished to the City. A contract or agreement, when properly signed by the authorized City representative, is a commitment of the City's funds. All contracts should be signed by the City Manager.

CO-OPERATIVE PURCHASING PROGRAMS – following is a list, not all inclusive, of co-ops that the city has used: BuyBoard, Dallas ILA (Dallas County Interlocal Agreement), HGAC (Houston-Galveston Area Council), TIPS (The Interlocal Purchasing System) , and TXSmartBuy (State).

HISTORICALLY UNDERUTILIZED BUSINESS - Is a for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, has its principal place of business in Texas, and is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service Disabled Veteran, who reside in Texas and actively participate in the control, operation, and management of the entity's affairs. Sec 252.0215. A municipality, in making an expenditure of more than $3,000 but less than $50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section. A list of active HUBs at the time of this policy is attached. Active Historically Underutilized Business listings can be found on the State Comptroller's website at https://comptroller.texas.gov/purchasing/vendor/hub/ . Please see Exhibit A.

INVITATION TO BID (ITB) – Useful when the party that is seeking the bid has a thorough understanding of the work that needs to be done and the process that is necessary to complete it. Used by the City Engineer. See also RFP.

LOCAL GOVERNMENT CODE – abbreviated as LGC with the extension of Sec. for Section.

LOWEST RESPONSIBLE BID - The lowest bid or offer meeting all requirements of the specifications, terms, and conditions of the invitation for the bid. It expressly is understood that the lowest responsible bid includes any related costs to the City in a total cost concept. The term 'responsible' refers to the financial and practical ability of the bidder to perform the contract.

PROFESSIONAL SERVICES - Any service which includes advanced skills, often accompanied by formal certification or licensing by a state agency, such as engineering, inspections, GIS, medicine, planning, law, financial and bond advisory services, and laboratory consulting services.

PURCHASE ORDER - A purchase order can be used as a purchase contract between the City and a vendor if details commodities, prices, terms, and conditions specifying each party's rights and obligations. A purchase order becomes a valid contract only after being properly completed, accepted, and approved by both parties.

REQUEST FOR INFORMATION (RFI) – Used when you think you know what you want but need more information from the vendors. Typically to be followed by an RFQ.

REQUEST FOR PROPOSALS (RFP) – An RFP describes the products and/or services needed, but can also ask vendors to propose a solution to a need. Generally used when other factors in addition to price is important in the procurement. The first section usually identifies the purpose of the RFP, the contact information and specific instructions for submitting proposals and a timetable. The Specification section determines the quality of the product or service, i.e. performance criteria, work to be completed, experience, qualification of offerors, scheduling, delivery, references, financial information, service contracts, and similar items. Evaluation criteria section can be used to explain how each criterion will be weighted.

REQUEST FOR QUOTE (RFQ) – Used to invite suppliers into a bidding process to bid on specific products or services. Usually used when simply looking for a price quote.

STATE CONTRACTS – The state has a list of contracts under the Texas Smart Buy program. http://www.txsmartbuy.com is the search site for these items.

HEWITT
TEXAS

Purchasing Policy

This Purchasing Policy is intended for use as a guide to City employees involved in the purchasing process. This Policy is based on Texas Local Government Code Chapter 252; City Charter, Article VII, Section 7.13, Purchase Procedure, and Code of Ordinance, Chapter 2, Article VI, Section 2-301, Purchase Procedure, and on direction from the City Manager.

The Council reaffirms its intention and election that Chapter 252 of the Texas Local Government Code supersedes any bidding requirements of the City Charter. [Sec. 2.301]

City Manager Authority
The Council may, by ordinance, confer upon the City Manager general authority to contract for expenditures without further approval of the Council for all budgeted items not exceeding the amount set by the Council in its ordinance. [Sec. 7.13]

The City Manager is authorized to make expenditures for budgeted items not exceeding $50,000 without further approval of the City Council. [Ordinance No. 2021-09]

Section 1. Purchase Procedure
All purchases proposed to be made and contracts executed by the City shall be reviewed by the City Manager, who shall determine that there is to the credit of such office, department, or agency, a sufficient unencumbered budgeted appropriation and allotment balance to pay for the supplies, materials, equipment, or contractual services for which the contract or order is to be issued. Any purchase exceeding $3,000 requires that a Purchase Order be input by Department Heads into the Purchase Order software system as an encumbrance to their account that they wish to expense, to be reviewed by the Finance Director for sufficient unencumbered budgeted appropriation and allotment balance, and forwarded for approval by the City Manager or the Assistant City Manager. [Sec. 2-301]

Section 2. General Purchasing Procedures that apply to every purchase

All expenses are required to be supported by the following:
1. Invoice(s) indicating vendor, description, and cost of item(s) including total expense;
2. Receipt of the order indicated by approval on the invoice by the Department Head;
3. The account number(s) to be expensed.

Section 3. Responsibilities of Department Heads

Department Heads are responsible for knowledge of this Purchasing Policy and for following the procedures.

Section 4. Purchase Orders and Check Requests for purchases over $3,000

Purchases exceeding $3,000 must be supported by a Purchase Order or Check Request unless the purchase meets an exemption from Section 7. **Tangible Property**: items you can touch, like equipment and supplies, require a Purchase Order. **Intangible Purchases:** travel expenses, registration, things you can't touch and hold, require a Check Request. A Purchase Order may be used for intangible items other than refunds and travel requests.

Section 5. Trade-Ins on POs

Purchase Orders involving a trade-in must include pertinent information about the item that is to be traded (e.g., dollar value of trade-in, description, manufacturer, model, seal, or VIN) on the Purchase Order.

Section 6. Purchase Cards

A Purchase Card (PCard) is a tool for payment, the same as a City check. The use of a PCard does not change the Policy's guidelines.

Section 7. Recurring Items/Approved Purchases

Authority is hereby given for payment of all recurring bills or items without prior Council approval, regardless of whether they exceed the purchase limit. Examples include debt service, utilities, postage, telephone and data services, software maintenance, or any other required payment that is recurring in nature and necessary to City operations, and any payment that has been effectively pre-approved by the City Council's approval of an agreement calling for those payments. [2.301]

Section 8. **State Contracts and Cooperative Purchasing Agreements.**

Where quotes are required, if an item can be purchased through a State Contract or a Cooperative Purchasing Agreement, then that item is exempt from the additional quote requirements. See Glossary-Co-Operative Purchasing Programs for more information.

Section 9. Emergency Purchases

Only when the expenditure is necessary to protect the City's property, prevent the imminent disruption of City services, or to protect the public health and safety from an imminent threat, the City Manager shall have authority to make an unbudgeted emergency expenditure or an emergency expenditure exceeding the City Manager's purchase amount limit imposed by ordinance without prior City Council approval where funds are available to do so, with the limitation that the City Manager cannot borrow money to cover the expenditure. [Sec. 7.13]

Historically Underutilized Businesses – Purchases between $3,000 and $100,000

For purchases between $3,000 and $100,000, at least two historically underutilized businesses must be contacted on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.

Section 10. Purchasing Tiers

Tier 1 – Purchases of $3,000 or less

For purchases of less than $3,000 - Purchases in Tier 1 may be made by Department Heads or employees in that department who are designated by the Department Head.

Tier 2 – Purchases between $3,001 and $10,000

Purchases between **$3,001 and $10,000** require three (3) **verbal** quotes to be attached or noted on the Purchase Order. A no response or a no quote is considered a quote.

All expenses are required to be supported by items required under Section 2, with the addition of a Purchase Order. The Department Head and the City Manager or Assistant City Manager shall approve Purchase Orders. [2.301]

Tier 3 – Purchases greater than $10,001 and $100,000

Purchases greater than **$10,001 and $100,000** require three (3) **written** quotes to be attached or noted on the Purchase Order. A no response or no quote is considered a quote.

All expenses are required to be supported by items required under Section 2, with the addition of a Purchase Order. Purchase Orders shall be signed by the Department Head and the City Manager or Assistant City Manager. [2.301]

Tier 4 – Purchases greater than $100,000 – Competitive Procurement

Purchases **greater than $100,000** or more require **formal competitive bids or two comparative prices from state contracts or cooperative purchasing agreements** (i.e., HGAC, Buyboard). For purposes of this section, a no response or no quote is considered a quote. [Sec. 2-301]

All contracts for expenditures exceeding the statutory threshold of more than $100,000 for competitive bidding, generally applicable to municipalities under Texas law, must be competitively let in accordance with available procedures under Texas law unless they would be exempted from competitive acquisition under applicable law, including under cooperative purchasing programs. [Sec. 2-301]

If an item is required by law to be competitively procured, the procedures in Chapter 252, or alternative procedures of Section 272.001, of the Texas Local Government Code apply. If the procurement falls under an exemption noted in the statutes, that exemption may be taken. In addition, procurement under a cooperative purchasing program (Section 271.102, Texas Local Government Code) already complies with the bidding requirements and may be utilized in place of Chapter 252 or Section 272.001 of the Texas Local Government Code. In the area ofconstruction projects, the alternative methods of project delivery provided by Chapter 2269 of the Texas Government Code apply. [Sec. 2-301]

Competitive Bids - Exemptions

Competitive purchasing is not necessary if the City Manager determines that: the item is available from only one source; because of the need for compatibility with existing equipment or systems the item that best meets the City's needs is available from only one source; the item is immediately necessary for public health, safety, or welfare or the prevention of the interruption of City services; the item is immediately necessary to protect City property; prior contractual obligations or proprietary restrictions require that a specific vendor be used; or obtaining quotations is impractical under the circumstances. [Sec. 2-301]

Glossary

BID ADVERTISEMENT - A public notice published by the City Secretary in a qualified newspaper containing an Invitation to Bid (ITB) or a Request for Proposal (RFP) or Quote (RFQ).

BIDDER LIST - A list of vendors who have expressed an interest in submitting bids for particular categories of goods and services.

CONTRACT or AGREEMENT - A formal written agreement, executed by the City and a Vendor, containing the essential terms and conditions under which goods or services are to be furnished to the City. A contract or agreement, when properly signed by the authorized City representative, is a commitment of the City's funds. The City Manager should sign all contracts.

CO-OPERATIVE PURCHASING PROGRAMS – following is a list, not all inclusive, of co-ops that the City has used: BuyBoard, Dallas ILA (Dallas County Interlocal Agreement), HGAC (Houston-Galveston Area Council), TIPS (The Interlocal Purchasing System), and TXSmartBuy (State).

HISTORICALLY UNDERUTILIZED BUSINESS - Is a for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, has its principal place of business in Texas, and is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service-Disabled Veteran, who reside in Texas and actively participate in the control, operation, and management of the entity's affairs. [Sec 252.0215.] A municipality, in making an expenditure of more than $3,000 but less than $100,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section. Active listings can be found on the State Comptroller's website at https://mycpa.cpa.state.tx.us/tpasscmblsearch/tpasscmblsearch.do.

INVITATION TO BID (ITB) – Useful when the party that is seeking the bid has a thorough understanding of the work that needs to be done and the process that is necessary to complete it. Used by the City Engineer. See also RFP.

LOCAL GOVERNMENT CODE – abbreviated as LGC with the extension of Sec. for Section.

LOWEST RESPONSIBLE BID - The lowest bid or offer meeting all requirements of the specifications, terms, and conditions of the invitation for the bid. It is expressly understood that the lowest responsible bid includes any related costs to the City, in a total-cost concept. The term 'responsible' refers to the financial and practical ability of the bidder to perform the contract.

PROFESSIONAL SERVICES - Any service which includes advanced skills, often accompanied by formal certification or licensing by a state agency, such as engineering, inspections, GIS, medicine, planning, law, financial and bond advisory services, and laboratory consulting services.

PURCHASE ORDER - A Purchase Order can be used as a Purchase Contract between the City and a Vendor. It details commodities, prices, terms, and conditions specifying each party's rights and obligations. A Purchase Order becomes a valid contract only after being properly completed, accepted, and approved by both parties.

REQUEST FOR INFORMATION (RFI) – Used when you think you know what you want but need more information from the vendors. Typically, it is followed by an RFQ.

REQUEST FOR PROPOSALS (RFP) – An RFP describes the products and/or services needed, but can also ask vendors to propose a solution to a need. Generally used when other factors, in addition to price, are important in the procurement. The first section usually identifies the purpose of the RFP, the contact information, specific instructions for submitting proposals, and a timetable. The Specification section determines the quality of the product or service, i.e., performance criteria, work to be completed, experience, qualifications of offerors, scheduling, delivery, references, financial information, service contracts, and similar items. The evaluation criteria section can be used to explain how each criterion will be weighted.

REQUEST FOR QUOTE (RFQ) – Used to invite suppliers into a bidding process to bid on specific products or services, and usually used when simply looking for a price quote.

STATE CONTRACTS – The state has a list of contracts under the Texas Smart Buy program. http://www.txsmartbuy.com is the search site for these items.

RESOLUTION NO. 2025-13

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS, ADOPTING THE "PURCHASING POLICY"; REPEALING ALL RESOLUTIONS IN CONFLICT; DECLARING AN EFFECTIVE DATE; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS:

SECTION 1. That the City of Hewitt Purchasing Policy is hereby adopted to revise prior policies related to purchasing city services, as shown on the attachment "A" and incorporated herein by reference.

SECTION 2. That should any section, clause, or provision of this resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this resolution or any other resolution of the City as a whole or any part thereof, other than the part so declared to be invalid.

SECTION 3. That this resolution shall become effective immediately upon passage, and be applied to all purchases on or after November 3, 2025.

SECTION 4. That it is hereby officially found and determined that the meeting at which the resolution is adopted was noticed and has been open to the public as required by law.

PASSED AND APPROVED this 3rd day of November, 2025.

CITY OF HEWITT, TEXAS

____
Steve Fortenberry, Mayor

ATTEST:

____
Lydia Lopez, City Secretary

APPROVED AS TO FORM & LEGALITY:

____
Michael W. Dixon, City Attorney

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 8.

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Discussion and possible action on **Ordinance No. 2025-19,** amending and adopting Chapter 2, Administration, Article VI, Finance, Section 2-301, Purchase Procedure.

STAFF RECOMMENDATION/ITEM SUMMARY:

This Ordinance will amend Section 2-301, Purchase Procedure, and bring us into compliance with changes in purchasing law as outlined by a recent legislative change to Local Government Code 252 and by existing guidance in the amended City Charter and Ordinance No. 2021-09.

Per TML, S.B. 1173, which took effect September 1, 2025, represents a positive change for cities by increasing the bidding threshold from $50,000 to $100,000. The legislature last increased the competitive bidding threshold nearly 20 years ago, in 2007, raising it from $25,000 to $50,000.

Under current law, most expenditures of public money of at least $50,000 require a city to engage in one of the competitive procurement procedures outlined in state law. Inflation and rising costs of goods and services have rendered this expenditure threshold outdated, resulting in an inefficient procurement process for small-scale purchases. Raising the threshold to $100,000 will streamline procurement processes, reduce administrative costs, and give cities greater flexibility in managing resources.

FISCAL IMPACT:

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

SUGGESTED MOTION:

I move approval of **Ordinance No. 2025-19,** amending and adopting Chapter 2, Administration, Article VI, Finance, Section 2-301, Purchase Procedure.

ATTACHMENTS:

1. 2025 in effect-Hewitt, TX Code of Ordinances 2.301
2. Ordinance 2025-19 Purchase Procedures- Sec. 2.301updates

Sec. 2-301 - Purchase procedure.

(a) *Re-adoption of Chapter 252 of the Texas Local Government Code.* As authorized by law the city council has previously adopted and elected that Chapter 252 of the Texas Local Government Code supersedes any bidding requirements of the City Charter. The council reaffirms its intention and election that Chapter 252 of the Texas Local Government Code supersedes any bidding requirements of the City Charter.

(b) *Purchases generally.* All purchases proposed to be made and contracts proposed to be executed by the city shall be reviewed by the city manager and the finance director who shall determine that there is to the credit of such office, department or agency a sufficient unencumbered budgeted appropriation and allotment balance to pay for the supplies, materials, equipment, or contractual services for which the contract or order is to be issued. Exceptions to the requirement of prior review may be made under procedures established by the city manager for purchases of less than $1,000.00. Any purchase exceeding $3,000.00 requires that purchase orders be input by department heads into the PO software system as an encumbrance to their account that they wish to expense, to be reviewed by the finance director for sufficient unencumbered budgeted appropriation and allotment balance and forwarded for approval by the city manager (or in his/her absence, the finance director).

(c) *Competitive procurement.* All contracts for expenditures exceeding the statutory threshold of more than $50,000.00 for competitive bidding generally applicable to municipalities under Texas law must be competitively let in accordance with available procedures under Texas law unless they would be exempted from competitive acquisition under applicable law, including under cooperative purchasing programs.

If an item is required by law to be competitively procured, the procedures in Chapter 252, or alternative procedures of Section 272.001, of the Texas Local Government Code apply. If the procurement falls under an exemption noted in the statutes, that exemption may be taken. In addition, procurement under a cooperative purchasing program (Section 271.102, Texas Local Government Code) already complies with the bidding requirements and may be utilized in place of Chapter 252 or Section 272.001 of the Texas Local Government Code. In the area of construction projects, the alternative methods of project delivery provided by Chapter 2269 of the Texas Government Code apply.

(d) *Quotations.* All purchases between $3,000.00 and $10,000.00 require three verbal quotes. Purchases between $10,001.00 and $50,000.00 require three written quotes. Purchases greater than $50,000.00 or more require formal competitive bids or two comparative prices from state contract or cooperative purchasing agreements (i.e. HGAC, Buyboard). For purposes of this section a no response or no quote is considered a quote.

ALL purchases greater than $3,000.00 require council approval.

Competitive purchasing is not necessary if the city manager determines that: the item is available from only one source; because of the need for compatibility with existing equipment or systems the item that best meets the city's needs is available from only one source; the item is immediately necessary for public health, safety, or welfare or the prevention of the interruption of city services; the item is immediately necessary to protect city property; prior contractual obligations or proprietary restrictions require that a specific vendor be used; or obtaining quotations is impractical under the circumstances.

(e) *City manager authority.* The archaic language of the City Charter does not suit the operational realities of running a modern city. However, until the Charter can be amended by election the city manager and all department heads must diligently plan purchases. Under the Charter the city manager has authority to make budgeted expenditures of up to $3,000.00. Expenditures exceeding $3,000.00 must be approved in advance by the city council. Significant advance planning for purchases exceeding $3,000.00 will need to be conducted by department heads, the finance director, and the city manager to assure that such an expenditure is placed on a city council agenda before the item or service is needed, including lead times. Unbudgeted expenditures require advance council approval.

In circumstances where an emergency expenditure is necessary, the city manager is authorized to make expenditures exceeding $3,000.00 (budgeted or unbudgeted) without prior council approval where funds are available in the budget to do so. The expenditure shall be brought before the council for ratification at the next meeting at which it can be considered. This authorization does not extend to the borrowing of money. Creating a current account balance to be paid out of budgeted funds shall not be deemed borrowing of money. Emergency expenditures are those necessary to protect city property, to prevent imminent disruption of city services, or that are required for the protection of public health or safety from an imminent threat.

(f)

Recurring items/approved purchases. Authority is hereby given for payment of all recurring bills or items without prior council approval regardless of whether they exceed the purchase limit. Examples include debt service, utilities, postage, telephone and data services, software maintenance, or any other required payment that is recurring in nature and necessary to city operations, and any payment that has been effectively pre-approved by the city councils' approval of an agreement calling for those payments.

(g) *Failure to budget for an item.* A department head's failure to budget for an item does not create the option of purchasing the item(s) anyway and ending up with a negative balance for the year in that category of expenditures. A department head must seek a budget change (movement of funds within the department budget or from another area of the existing municipal budget) or a budget amendment (appropriation of additional funds to the department which results in an increase to the overall budget) before purchasing an item that was not budgeted for in the department's budget; both of which require council approval. An amendment (as opposed to a budget change that does not increase the overall budget) requires notice and public hearing. Expenditures must be made in accordance with the adopted budget.

(h) *Moving funds within departmental budget.* When an expenditure category in a department's budget would be exhausted by a purchase; the department head may not move money from another cost category within his or her budget to make the purchase without prior approval of the city manager. The council hereby grants the city manager the authority to make such intra-departmental transfers that are in the best interest of the city.

(i) *Excess funds in other budget cost centers outside of department.* No department head may rely upon or use excess funds in a budgeted cost center outside of their department to make up for a department budget shortfall or to acquire items for their department. Only the city manager can make determinations as to transfers of excess funds. The council hereby grants the city manager the authority to make such inter-departmental transfers that are in the best interest of the city. Transfers shall be submitted for ratification at the next council meeting at which they can be considered. Ratification may only be withheld if the transfer was arbitrary and capricious.

(j) *Approved contractual obligations.* Where the council has approved expenditures exceeding $3,000.00 as part of the city's obligations under a contract, no further council approval is required. The entry into the contract being the council's knowing approval for payments to be made thereunder which may exceed $3,000.00.

(Ord. No. 11-01-99-2, § 1, 11-1-99; Ord. No. 2016-12-5-1, § 1, 12-5-16; Ord. No. 2019-05, § 1, 3-4-19)

ORDINANCE NO. 2025-19

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS: AMENDING CHAPTER 2 – ADMINISTRATION, ARTICLE VI.- FINANCE, SECTION 2-301 – PURCHASE PROCEDURE OF THE CODE OF ORDINANCES OF THE CITY OF HEWITT; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; PROVIDING AN EFFECTIVE DATE; AND FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS ADOPTEDWAS NOTICED AND OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, recent legislative changes to the Local Government Code Chapter 252 require that the City's purchase procedure be revised to comply with Senate Bill 1173, effective September 1, 2025; and

WHEREAS, S.B. 1173 represents a positive change for cities by increasing the competitive bidding threshold from $50,000 to $100,000 and;

WHEREAS, the City Council believes there is a need for such an ordinance to provide for more efficient government; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS THAT:

Section 1. That Chapter 2 – ADMINISTRATION, Article VI. – FINANCE, Section 2.301 –PURCHASE PROCEDURE, is hereby amended to read as follows:

Sec. 2-301 Purchase Procedure.

(a) *Re-adoption of Chapter 252 of the Texas Local Government Code.* As authorized by law, the City Council has previously adopted and elected that Chapter 252 of the Texas Local Government Code supersedes any bidding requirements of the City Charter. The Council reaffirms its intention and election that Chapter 252 of the Texas Local Government Code supersedes any bidding requirementsof the City Charter.

(b) *Purchases generally.* All purchases made and contracts executed by the City shall be reviewed by theCity Manager, who shall determine that there is, to the credit of such office, department, or agency, a sufficient unencumbered budgeted appropriation and allotment balance to pay for the supplies, materials, equipment, or contractual services for which the contract or order is to be issued. Any purchase exceeding $3,000 requires that a Purchase Order be input by Department Heads into the Purchase Order software system as an encumbrance to their account that they wish to expense, to be reviewed by the Finance Director for sufficient unencumbered budgeted appropriation and allotmentbalance, and forwarded for approval by the City Manager or the Assistant City Manager.

(c) *Competitive procurement.* All contracts for expenditures exceeding the statutory threshold of more than $100,000 for competitive bidding generally applicable to municipalities under Texas law must be competitively let in accordance with available procedures under Texas law, unless they would be exempted from competitive acquisition under applicable law, including under cooperative purchasingprograms.

If an item is required by law to be competitively procured, the procedures in Chapter 252, or alternative procedures of Section 272.001, of the Texas Local Government Code apply. If the procurement falls under an exemption noted in the statutes, that exemption may be taken. In addition,procurement under a cooperative purchasing program (Section 271.102, Texas Local Government Code) already complies with the bidding requirements and may be utilized in place of Chapter 252 orSection 272.001 of the Texas Local Government Code. In the area of construction projects, the alternative methods of project delivery provided by Chapter 2269 of the Texas Government Code apply.

(d) *Quotations.* All purchases between $3,001 and $10,000 require three verbal quotes. Purchases between $10,001 and $100,000 require three written quotes. Purchases greater than $100,000 require formal competitive bidding or two comparative prices from state contract or cooperative purchasing agreements (i.e., HGAC, BuyBoard). For purposes of this section, a no response or no quoteis considered a quote.

Competitive purchasing is not necessary if the City Manager determines that: the item is available from only one source; because of the need for compatibility with existing equipment or systems the item that best meets the City's needs is available from only one source; the item is immediately necessary for public health, safety, or welfare or the prevention of the interruption of City services; the item is immediately necessary to protect City property; prior contractual obligations or proprietary restrictions require that a specific vendor be used; or obtaining quotations is impractical under the circumstances.

(e) *City Manager authority.* The Council may, by ordinance, confer upon the City Manager general authority to contract for expenditures without further approval of the Council for all budgeted items not exceeding the amount set by the Council in its ordinance. Competitive bidding shall be required for purchases or contracts as provided by applicable state law. [Sec 7.13]

The City Manager is authorized to make expenditures for budgeted items not exceeding $50,000 without further approval of the City Council. [Ordinance 2021-09]

Only when the expenditure is necessary to protect the City's property, prevent the imminent disruptionof City services, or to protect the public health and safety from an imminent threat, the City Managershall have authority to make an unbudgeted emergency expenditure or an emergency expenditure exceeding the City Manager's purchase amount limit imposed by ordinance without prior City Council approval where funds are available to do so, with the limitation that the City Manager cannot borrowmoney to cover the expenditure. [Sec. 7.13]

(f) *Recurring items/approved purchases.* Authority is hereby given for payment of all recurring bills or items without prior Council approval, regardless of whether they exceed the purchase limit. Examples include debt service, utilities, postage, telephone and data services, software maintenance, or any other required payment that is recurring in nature and necessary to City operations, and any payment that has been effectively pre-approved by the City Council's approval of an agreement calling for those payments.

(g) *Failure to budget for an item.* A Department Head's failure to budget for an item does not create the option of purchasing the item(s) anyway and ending up with a negative balance in that category of expenditures for the year. A Department Head must seek a budget change (movement of funds within the department budget or from another area of the existing municipal budget) or a budget amendment (appropriation of additional funds to the department which results in an increase to the overall budget) before purchasing an item that was not budgeted for in the department's budget; both of which require Council approval. An amendment (as opposed to a budget change that does not increase the overall budget) requires notice and public hearing. Expenditures must be made in accordance with the adopted budget.

(h) *Moving funds within departmental budget.* When an expenditure category in a department's budget would be exhausted by a purchase, the Department Head may not move money from another cost category within his or her budget to make the purchase without prior approval of the City Manager.

The Council hereby grants the City Manager the authority to make such intra-departmental transfers that are in the best interest of the City.

(i) *Excess funds in other budget cost centers outside of the department.* No Department Head may rely upon or use excess funds in a budgeted cost center outside of their department to make up for a department budget shortfall or to acquire items for their department. Only the City Manager can make determinations as to transfers of excess funds. The Council hereby grants the City Manager the authority to make such inter-departmental transfers that are in the best interest of the City. Transfers shall be submitted for ratification at the next Council meeting at which they can be considered. Ratification may only be withheld if the transfer was arbitrary and capricious.

(j) *Approved contractual obligations.* Where the Council has approved expenditures exceeding $3,000.00 as part of the City's obligations under a contract, no further Council approval is required. The entry into the contract is the Council's knowing approval for payments to be made thereunder, which may exceed $3,000.00.

Section 2. That all provisions of the ordinances of the City of Hewitt in direct conflict with the provisions of this Ordinance be, and the same are hereby, repealed, and all other provisions of the ordinances of the City of Hewitt not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 3. Should any section, paragraph, sentence, clause, or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 4. It is found and declared that the City Council meeting at which this Ordinance has been adopted was open to the public and was noticed and held in accordance with Chapter 551 of the Government Code.

PASSED AND APPROVED this the 3rd day of November 2025, at a Regular Meeting of the City Council of the City of Hewitt, Texas.

CITY OF HEWITT, TEXAS

____
Steve Fortenberry, Mayor

Attest:

____
Lydia Lopez, City Secretary

APPROVED AS TO FORM AND LEGALITY:

____
Michael W. Dixon, City Attorney

HEWITT
TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 9.

SUBMITTED BY: Bo Thomas, City Manager

ITEM DESCRIPTION:

Discussion and possible action to authorize the City Manager to engage Willdan Financial Services ("WFS") to perform and provide a Water/Wastewater Rate Study update.

STAFF RECOMMENDATION/ITEM SUMMARY:

At the October 20, 2025 City Council meeting, Council asked to review the cost to update the Water/Wastewater Study with Willdan Financial Services. The update would include a rate comparison, analyze data, and prepare a rate model including alternative rate plans in the form of a rate study in the amount of $32,900.00.

FISCAL IMPACT:

Amount Budgeted - Not Budgeted.
Line Item in Budget -

SUGGESTED MOTION:

I move to authorize the City Manager to engage Willdan Financial to perform a rate study update in the amount of $32,900.00.

ATTACHMENTS:

1. 2025 1022 Willdan Financial Services-Hewitt Agreement V1

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into this ___ day of ____, by and between **WILLDAN FINANCIAL SERVICES ("WFS")**, a corporation, and **the CITY OF HEWITT, TEXAS**, hereinafter referred to as "Client."

WHEREAS, Client desires to employ WFS to furnish professional services in connection with Water and Wastewater Rate Study Services, hereinafter referred to as the "Project."

NOW, THEREFORE, in consideration of the mutual premises, covenants and conditions herein contained, the parties agree as follows:

SECTION I – BASIC SERVICES

WFS shall provide to the Client the basic services described in detail in "Exhibit A," Scope of Services, attached hereto and incorporated herein by this reference.

SECTION II – ADDITIONAL SERVICES

If authorized, WFS shall furnish additional services, which are in addition to the basic services. To the extent that the additional services have been identified in this Agreement, they are itemized in "Exhibit A" and will be paid for by Client as indicated in Section III hereof. As further additional services are requested by Client, this Agreement may be modified and subject to mutual consent by execution of an addendum by authorized representatives of both parties, setting forth the additional scope of services to be performed, the performance time schedule and the compensation for such services.

SECTION III – COMPENSATION

WFS shall be compensated for basic services rendered under Section I, as in accordance with the terms and conditions indicated in "Exhibit B," Fees for Services; and WFS will be compensated for any additional services rendered under Section II as more particularly described in a fully approved and executed addendum to this Agreement. If no addendum is executed, then WFS shall be compensated at its then-prevailing hourly rates for such additional services.

WFS may submit monthly statements for basic and additional services rendered. It is intended that Client will make payments to WFS within thirty (30) days of invoice. All invoices not paid within thirty (30) days shall bear interest at the rate of one and one-half (1½) percent per month or the then-legal rate allowed.

SECTION IV – INDEMNITY; INSURANCE REQUIRED

A. **Indemnity.** WFS shall indemnify and hold harmless Client, its officers, officials, directors, employees, designated agents, and appointed volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described herein, to the extent caused in whole or in part by the negligent acts, errors, or omissions of WFS, any subconsultant, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence or willful misconduct of Client or Client's officers, agents, or employees.

The parties shall cooperate with each other with respect to resolving any claim, liability or loss for which indemnification may be required hereunder, including by making, or causing the indemnified party to make, all commercially reasonable efforts to mitigate any such claim, liability or loss. Neither party shall have an obligation to indemnify the other party for any losses to the extent they are caused, contributed to or exacerbated by the actions or failure to act of the indemnified party, including without limitation, the failure to take actions to mitigate such losses.

B. **Insurance.** Without in any way limiting WFS' liability pursuant to the indemnification described above, WFS shall maintain, during the term of this contract, the following insurance:

Coverage	**Minimum Limits**
General Liability Comprehensive General Liability, including: Premises and Operations Contractual Liability Personal Injury Liability Independent Contractors Liability (if applicable)	**$1,000,000 Combined Single Limit, per occurrence and $2,000,000 general aggregate**
Automobile Liability Comprehensive Automobile Liability (including owned, non-owned and hired autos)	**$1,000,000 Combined Single Limit, per occurrence**

Coverage	Minimum Limits
Workers' Compensation and Employer's Liability Workers' Compensation Insurance Employer's Liability	**Statutory, $1,000,000**
Professional Liability Professional Liability Insurance	**$1,000,000 per claim and annual aggregate**

SECTION V – INDEPENDENT CONTRACTOR STATUS

WFS shall be an independent contractor and shall have responsibility for and control over the details and means of providing the services under this Agreement.

SECTION VI – OWNERSHIP AND MAINTENANCE OF DOCUMENTS

WFS may rely upon the accuracy of any documents provided to WFS by Client. All documents, including without limitation, reports, plans, specifications, field data, field notes, laboratory test data, calculations, estimates, schedules, spreadsheets, or other documents furnished by WFS pursuant to this Agreement, regardless of media (e.g., paper, electronic, magnetic, optical, Mylar, etc), are instruments of WFS' services in respect to this Project and not products. All such documents shall the property of WFS provided, however, that a copy of the final documents shall be made available to Client upon request. These documents are not intended, nor represented to be suitable for reuse by Client or any others on extensions of this Project or on any other project. Any modification or reuse without specific written verification and adoption by WFS for the specific purposes intended will be at user's sole risk. Client agrees to save, keep and hold harmless WFS from all damages, costs or expenses in law and equity including costs of suit and attorneys' fees resulting from such unauthorized reuse. Client further agrees to compensate WFS for any time spent or expenses incurred by WFS in defense of any such claim, in accordance with WFS' prevailing fee schedule.

Client acknowledges that its right to utilize the services and instruments of services of WFS will continue only so long as Client is not in default of the terms and conditions of this Agreement and Client has performed all obligations under this Agreement. Client further acknowledges that WFS has the unrestricted right to use the services provided pursuant to this Agreement, as well as to all instruments of service provided pursuant to this Agreement.

Client agrees not to use or permit any other person to use any instruments of service prepared by WFS, which are not final and which WFS does not sign. Client agrees to be liable for any such use of non-final instruments of service not signed, stamped or sealed by WFS and waives liability against WFS for their use.

WFS shall be entitled to rely upon, with no obligation to verify, the completeness and accuracy of all information, data, reports, studies, plans and specifications provided by Client or by Client's attorney(s), engineer(s), accountant(s), consultant(s) or employee(s) to Consultant. Client shall make no claim against WFS alleging that WFS should not have relied upon such information provided by Client to WFS.

WFS' records, documents, calculations, test information and all other instruments of service shall be kept on file in legible form for a period of not less than two (2) years after completion of the services covered in this Agreement.

SECTION VII – SUSPENSION OF SERVICES

Client may, at any time, by thirty (30) days' written notice, suspend further performance by WFS. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and WFS shall be paid for all services performed and reimbursable expenses incurred prior to the suspensions date.

SECTION VIII – TERMINATION

Either party may terminate this Agreement at any time by giving thirty (30) days' written notice to the other party of such termination. If this Agreement is terminated as provided herein, WFS will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of WFS covered by this Agreement, less payments of compensation previously made.

SECTION IX – COMPLIANCE WITH LAW

Each party hereto will use reasonable care to comply with applicable laws in effect at the time the services are performed hereunder, which to the best of their knowledge, information and belief apply to their respective obligations under this Agreement.

WFS shall receive reasonable adjustment for delays and costs incurred due to tariffs, or other similar acts of government.

SECTION X – SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of the parties; but either party, without written consent of the other party, shall not assign it.

SECTION XI – ATTORNEYS' FEES

In the event that any judgment is entered in any action upon this Agreement, the party hereto against whom such judgment is rendered agrees to pay the amount equal to the reasonable attorneys' fees of the prevailing party in such action and that such amount may be added to and made a part of such judgment.

SECTION XII – ALTERNATIVE DISPUTE RESOLUTION

If a dispute arises between the parties relating to this Agreement, the parties agree to use the following procedure prior to either party pursuing other available remedies:

A. A meeting shall be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

B. If, within thirty (30) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually-acceptable neutral person not affiliated with either of the parties (the "neutral"), seeking assistance in such regard if they have been unable to agree upon such appointment within forty (40) days from the initial meeting.

The parties shall share the fees of the neutral equally.

C. In consultation with the neutral, the parties will select or devise an alternative dispute resolution procedure ("ADR") by which they will attempt to resolve the dispute, and a time and place for the ADR to be held, with the neutral making the decision as to the procedure, and/or place and time (but unless circumstances require otherwise, not later than sixty (60) days after selection of the neutral) if the parties have been unable to agree on any of such matters within twenty (20) days after initial consultation with the neutral.

D. The parties agree to participate in good faith in the ADR to its conclusion, as designated by the neutral. If the parties are not successful in resolving the dispute through the ADR, then the parties may agree to submit the matter to binding arbitration or a private adjudicator, or either party may seek an adjudicated resolution through the appropriate court.

SECTION XIII – RECORDS

Records of WFS' direct labor costs, payroll costs, and reimbursable expenses pertaining to the Project covered by this Agreement will be kept on a generally recognized accounting basis and made available during normal business hours upon reasonable notice.

WFS' records will be available for examination and audit if and as required.

SECTION XIV – MISCELLANEOUS PROVISIONS

This Agreement is subject to the following special provisions:

A. The titles used in this Agreement are for general reference only and are not a part of the Agreement.

B. This Agreement shall be interpreted as though prepared by both parties.

C. Any provision of this Agreement held to violate any law shall be deemed void, and all remaining provisions shall continue in full force and effect.

D. This Agreement shall be interpreted under the laws of the State of Texas.

E. Jurisdiction

E. This Agreement comprises a final and complete repository of the understandings between the parties and supersedes all prior or contemporary communications, representations, or agreements, whether oral or written, relating to the subject matter of this Agreement.

F. Any notices given pursuant to this Agreement shall be effective on the third business day after posting by first class mail, postage prepaid, to the address appearing immediately after the signatures below.

G. WFS shall not be liable for damages resulting from the actions or inactions of governmental agencies, including, but not limited to: permit processing, environmental impact reports, dedications, General Plans, and amendments thereto; zoning matters, annexations, or consolidations; use or Conditional Use Permits; project or plan approvals; and building permits.

H. WFS' waiver of any term, condition, or covenant, or breach of any term, condition, or covenant, shall not constitute the waiver of any subsequent breach of any other term, condition, or covenant.

I. Client acknowledges that WFS is not responsible for the performance of services by third parties, provided that said WFS has not retained third parties.

SECTION XV – PROJECT DISCLAIMER

Client further represents, acknowledges, and agrees that:

A. Client uses, or may use, the services of one or more municipal advisors registered with the U.S. Securities and Exchange Commission ("SEC") to advise it in connection with municipal financial products and the issuance of municipal securities;

B. Client is not looking to WFS to provide, and Client shall not otherwise request or require WFS to provide, any advice or recommendations with respect to municipal financial products or the issuance of municipal securities (including any advice or recommendations with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues);

C. The provisions of the services to be provided hereunder as outlined in the scope of services are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted thereunder;

D. For the avoidance of doubt and without limiting the foregoing, in connection with any revenue projections, cash-flow analyses, feasibility studies and/or other analyses WFS may provide the Client with respect to financial, economic or other matters relating to a prospective, new or existing issuance of municipal securities of the Client,

a. any such projections, studies and analyses shall be based upon assumptions, opinions or views (including, without limitation, any assumptions related to revenue growth) established by the Client, in conjunction with such of its municipal, financial, legal and other advisers as it deems appropriate; and

b. under no circumstances shall WFS be asked to provide, nor shall it provide, any advice or recommendations or subjective assumptions, opinions or views with respect to the actual or proposed structure, terms, timing, pricing or other similar matters with respect to any municipal financial products or municipal securities issuances, including any revisions or amendments thereto; and

E. Notwithstanding all of the foregoing, the Client recognizes that interpretive guidance regarding municipal advisory activities is currently quite limited and is likely to evolve and develop during the term of the potential engagement and, to that end, the Client will work with WFS throughout the term of the potential Agreement to ensure that the Agreement and the services to be provided by WFS hereunder, is interpreted by the parties, and if necessary amended, in a manner intended to ensure that the Client is not asking WFS to provide, and WFS is not in fact providing or required to provide, any municipal advisory services.

IN WITNESS WHEREOF, the parties hereto have accepted, made and executed this Agreement upon the terms, conditions, and provisions above stated, as of the day and year first above written.

WILLDAN FINANCIAL SERVICES		**CITY OF HEWITT, TEXAS**	
By:	Jason Gray	By:	____________
	Jason Gray	Name:	____________
Title:	VICE PRESIDENT	Title:	____________
Address:	5500 Democracy Drive, Suite 130	Address:	200 Patriot Court
	Plano, Texas 75024		Hewitt, Texas 76643

EXHIBIT A

SCOPE OF SERVICES (FROM PROPOSAL DOCUMENT)

This section presents our approach to performing the major tasks required to successfully conduct a water and wastewater rate study and long-term financial plan engagement, in accordance with the City's RFP. Assuming timely responses to information/data requests by the City, we will endeavor to complete the rate study work plan in 18 weeks.

Task I: Project Kick-off, Data Acquisition and Assessment

The project team will meet with City staff at the outset of this project. The purpose of this meeting will be to discuss study goals and objectives, review requirements for completing each task, establish responsibilities and lines of communication, and refine the work plan and schedule.

Prior to this meeting we will provide a preliminary data request list to initiate data collection and organization. The initial data that will be required by the project team will include, but not be limited to, the following: current fiscal year utility budget; most recent audited financial statements; water and wastewater billing data/reports identified by customer class by month from January 2020 to present which, added to our existing billing data base for the City, will provide a significant history of the City's customer usage; cost and volumes of all water purchased and/or produced and wastewater treated by month for all months from the previous years; debt schedules for all outstanding water and wastewater related debt; copy of the most recent water and wastewater Capital Improvement Plans approved by the City; water and wastewater wholesale contracts; and current water and wastewater rate schedules.

Task II: Demographic Analysis

The project team will prepare a comprehensive demographic analysis of ratepayers as a pretext to the development of the water and wastewater rate plans. The project team will develop current data on number of households; median household income; average water and wastewater monthly bills, both in total and as a percentage of household income; and monthly water and wastewater rates and fees charged by other utilities in neighboring and similar communities to prepare a comparison survey.

Task III: Determine Revenue Requirements

In this task, the project team will analyze the City's existing water and wastewater fund financial condition and the planned infrastructure improvements. Based on this analysis the project team will determine overall revenue requirements for the current year and for a 10-year forecast period. The revenue requirements consist of the total cost to provide this service, including operation and maintenance (O&M) costs, such as levels of staffing and resources required, transfers to the General Fund, debt service payment and coverage requirements on existing and any proposed new debt, direct capital outlays financed by rates, and other financial needs. We will consider the levels of cash reserve funding required (typically 60 to 90 days) and replacement reserve fund policies for the water and wastewater systems operation in our determination of the revenue requirements.

The development of a reasonable set of assumptions concerning future operating and non-operating costs and capital spending for repairs and replacements, as well as system expansion, is one of the most critical elements of the revenue requirement.

The project team will discuss and analyze all components of these categories with City staff, including: the expected amount of CIP, the impact of peak demands on the cost of providing service, inflation estimates, anticipated changes to operating costs, various funding alternatives, expected reserve requirements, and debt coverage requirements. The underlying assumptions used to project the water and wastewater financials will be clearly stated in all rate study presentations and the rate study report.

Finally, the revenue requirements will be calculated based on the Cash Basis for the City's retail customers. If the City is currently serving or plans to serve customers outside of the City limits and does or intends to charge a different rate for outside City customers, we may recommend that the City perform an additional Utility Basis cost calculation for these customers. In the event that the City requests a Utility Basis cost calculation, Willdan will perform this element of the study for an additional amount as negotiated by the City and Willdan at that time.

Task IV: Determine User Characteristics and Customer Classes

A fundamental principle of cost-of-service ratemaking for water and wastewater utilities is for costs to be allocated to user groups based on the peak demands each group places on the system. In the case of water service, demands typically are measured in terms of base and peak demands that are critical to the sizing and operation of system facilities.

For sewer service, demands usually are measured in terms of customer flows and sewage strength characteristics that determine sewer treatment plant influent loadings. These demands are collectively referred to as "user characteristics."

This task involves determining the appropriate groupings of customers so that customers with similar user characteristics populate the same customer class. For cost-allocation purposes, customers are grouped into different classes based on differences in their user characteristics. The development of information for grouping customers and allocating costs to specific customer groups is an essential step in the ratemaking process, to ensure that costs will be recovered from these groups in direct proportion to their use of the system.

As with all our studies, AWWA Manual M1 will provide the framework for our allocation methodology.

The determination of customer user characteristics as noted above will include a careful review of the City's sales volume histories and forecasts. The volume data must be considered as a whole and separately for each defined customer class. Methodologies for projecting water and sewer revenues will be assessed to confirm appropriate accounting for expected growth, water losses, inflow and infiltration, and normal weather conditions. The project team will analyze historical demand and consumption characteristics.

Historical water sales data used for forecasting purposes will be reconciled against water supply/production records; historical sewer flow and loadings data will be used to determine flows and loadings for the system and individual customer classes.

The utility system accounts and respective usage will be forecast for a 10-year planning period. Using the City customer billing database we will develop projections by considering historical growth trends, peak demands, climatological patterns, local economic conditions, the potential for adding/losing major utility customers, changes in customer class usage patterns over time, and experienced judgment. The forecast usage projections will be based on the projected number of utility accounts and a usage per account analysis to differentiate the historical effects of account growth and increased (decreased) average usage by customer class. The project team will finalize 10-year projections of sales volumes that will then be used to calculate projected revenues under current rates for the 10-year rate forecast period.

Task V: Cost Functionalization, Classification and Allocation

In this task the project team will calculate the cost of water transmission/distribution, water supply and treatment, and wastewater collection and treatment, based on the information gathered in previous tasks. As discussed in Task III, these costs include such categories as O&M (personnel, chemicals, engineering, administrative, equipment maintenance, vehicles, customer service, materials, etc.), reserves, debt service, and capital outlays funded by rates (assuming that the Cash Basis is utilized). These costs will then be assigned to individual customer classes through a three-step apportionment process designed to prevent deviation from cost-of-service principles and enhance fairness and equity.

These steps are referred to as "functionalization," "classification," and "allocation." **Functionalization** involves the categorization of utility costs according to the utility functions these costs are incurred to perform. Typical water utility functions include treatment, pumping, storage, distribution, and customer billing; wastewater functions include treatment, collection, disposal, and customer billing. **Classification** is the apportionment of functionalized utility costs according to the types (or classes) of demands served by the utility. For water utilities, AWWA M-1 ratemaking methodologies prescribe classification of costs according to base, maximum-day, maximum-hour, and customer demands.

Water Environment Federation (WEF) and U.S. Environmental Protection Agency (EPA) methods classify sewer costs according to flow, biochemical oxygen demand (BOD) loadings, and total suspended solids (TSS) loadings. **Allocation** is the assignment of classified utility costs to individual customer classes. Costs are allocated proportionately to customer classes based on their contributions to total utility system demands.

Under typical circumstances, standard industry ratemaking principles and practices as outlined in AWWA and WEF ratemaking manuals and guidelines serve as the foundation for cost allocations to customer classes. These industry manuals and guidelines are not prescriptive and recognize the need to afford utility decision makers the flexibility to reflect local circumstances.

Task VI: Alternative Rate Designs for Current Year and Five-year Forecast

After allocating costs to customer classes, a plan will be developed to evaluate rate design options that will recover allocated costs, including O&M, debt service, and reserve requirements. Because several rate alternatives will be examined in this report, the project team proposes that for ease of evaluation the rate design process be segregated into a two-step process.

In this task, the current year and forecast rate design alternatives will be presented separately. This will enable City staff to evaluate both its immediate short-term needs and its longer-term needs under each alternative.

The rate model spreadsheet will be developed in a dynamic manner such that Willdan and City staff will be able to analyze various "What If" scenarios detailing the financial impacts under each scenario. The rate structure alternatives will be developed to recover the projected revenues needed to fund utility operations, recognizing equitable cost recovery by customer class, establishing reasonable recovery of costs from existing and new utility customers, and complying with applicable regulations and policies.

We intend to consult closely with City officials to develop a consensus on the most appropriate alternative rate designs for each of the alternatives. In this task we also intend to accomplish the following objectives:

- Determine whether any rate classes are subsidizing the others, and the degree to which any subsidy is equitable;
- Estimate the impact of the proposed rate structures on conservation efforts;
- Provide a detailed delineation of the advantages and disadvantages of each alternative;
- Calculate the impact of any proposed "transition period" into the new rates;

- Compare the recommended rates to the City's current rate structure; and
- Prepare the cost of water and utility service per household based on the new rate design (also known as a "bill impact analysis" which is commonly performed in our rate studies). If so desired we will moderate an internal review/discussion with management regarding such topics as operational objectives, long term objectives, rate impacts on users, alternative rate designs, rate elasticity and use of rate studies in implementing rate changes.

Attention will be given to the sensitivity of system revenues to possible changes in customer usage prompted by a more aggressive conservation rate structure. Rate designs will be subjected to revenue generation tests and reviewed for administrative efficiency and ease of explanation to the customers and other lay persons.

In instances where cost-of-service-based changes in revenue responsibility will result in significant rate increases for any one customer class, the merits of implementing rate changes over a multiyear period will be discussed with City staff. If appropriate, multiyear rate transition plans will be developed that meet, to the extent possible, expressed criteria for rate change acceptance. The project team will meet with City officials prior to unveiling any recommendations to the City Council or the public to go over the initial alternatives and to make any revisions as deemed appropriate by City staff.

Task VII: Prepare and Present Draft and Final Reports

The project team will prepare concise draft and final rate study reports/memoranda. The report will provide detailed information on the determination of revenue requirements, document allocations of revenue requirements to functional parameters and customer classes, and alternative rate recommendations for the water and wastewater utilities. Information on the impact of recommended rate changes to customers' typical monthly bills will be provided. The steps in the rate calculations will be described clearly so that there is a full understanding of the technical steps and assumptions contained in the determination of the rates.

The draft and final reports will include an executive summary that succinctly documents the rate study's findings and recommendations. Bound copies of the study with final recommendations will be presented to the City.

The final deliverable will include development of a rate model that Willdan can readily updated as the City may require in the future. The model will be designed to integrate the revenue produced by rates with the water and wastewater fund financial plan. This model will have specific input areas for updates to consumption patterns and meter classifications, O&M, debt service and capital (CIP) costs and other financial data needed to develop an updated rate and financial plan forecast. Most importantly, the City's rate model will include an interactive executive dashboard. This will be a comprehensive financial tool to allow planning and evaluation of variable inputs and assumptions. This dashboard includes pre-defined graphical presentation of consumption, revenue and expense data as well as other vital financial indicators to determine the utility's ability to maintain financially integrity as input assumption change.

Task VIII: City Council and Public Meetings

With the approval of staff, we will be prepared to conduct the following formal meetings with the City: an initial staff meeting to review project goals and data requirements (with additional meetings with staff as necessary during the analysis segment of this project), a formal meeting with senior management to present and review preliminary findings and recommendations and to make adjustments as necessary based on staff input, a workshop with the City Council to present and review initial findings and recommendations, and a final meeting and public hearing with City Council to approve the selected rate plan.

Task IX: Project Management and Quality Control

At Willdan, we utilize a Project Management Process/Approach that ensures projects are completed on time, within budget and most importantly yield results that match the expectations of our clients. We will document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and model. Following key stakeholder discussions, we will schedule a call to summarize findings and direction with City staff, to make certain that we are in agreement with stated objectives, and that feedback is incorporated as appropriate.

EXHIBIT B

FEES FOR SERVICES (FROM PROPOSAL DOCUMENT)

The project will be completed for a fixed price of **thirty-two thousand, nine hundred dollars (<u>$32,900.00</u>)**. The table below details the estimated effort and cost structure of the Project tasks and expenses to complete the Project. This is shown for illustrative purposes only. The fixed fee includes all professional services and expenses for WFS to deliver the Project in accordance with the Scope of Services.

CITY OF HEWITT, TEXAS | Water & Wastewater Rate Study

PROJECT COST SUMMARY	Project Director		Senior Project Advisor		Project Manager		Project Analyst		Total Hours by Task	Total Cost by Task	% of Total
	Jason Gray	%	Dan Jackson	%	Dennis Goral	%	Alex Hulevich	%			
Hourly Billing Rates	$ 300		$ 300		$ 210		$ 120				
	Est. Effort		Est. Effort		Est. Effort		Est. Effort		Est. Effort		
Task 1: PROJECT KICKOFF/DATA ACQUISITION	0.6	10%	0.6	10%	1.8	30%	3.0	50%	6.0	1,098	4%
Task 2: DEMOGRAPHIC ANALYSIS	0.8	10%	0.8	10%	2.4	30%	4.0	50%	8.0	1,464	5%
Task 3: DETERMINE REVENUE REQUIREMENTS	2.4	10%	2.4	10%	7.2	30%	12.0	50%	24.0	4,392	14%
Task 4: USER CHARACTERISTICS & CUSTOMER CLASSES	1.0	10%	1.0	10%	3.0	30%	5.0	50%	10.0	1,830	6%
Task 5: COST FUNCTIONALIZATION, CLASSIFICATION, AND ALLOCATION	1.6	10%	1.6	10%	4.8	30%	8.0	50%	16.0	2,928	9%
Task 6: ALTERNATIVE RATE DESIGNS	9.6	30%	3.2	10%	9.6	30%	9.6	30%	32.0	7,008	23%
Task 7: PREPARE AND PRESENT DRAFT AND FINAL REPORTS AND RATE MODELS	12.8	40%	3.2	10%	6.4	20%	9.6	30%	32.0	7,296	24%
Task 8: GOVERNING BODY MEETINGS	4.0	50%	0.8	10%	1.6	20%	1.6	20%	8.0	1,968	6%
PM/QA PROJECT MANAGEMENT & QUALITY CONTROL	5.8	50%	1.2	10%	4.6	40%	0.0	0%	11.6	3,052	10%
Total Professional Services Hours	38.6		14.8		41.4		52.8		147.6	$ 31,036	100%
Budget by Personnel	$11,574		$4,427		$8,699		$6,336				94%
Percent of Professional Fees	37%		14%		28%		20%				
Travel Expenses	$ 891		$ 223		$ 223		$ 223			$ 1,560	5%
Other Expenses										$ 310	1%
									Total Estimated Cost		**$32,905**

Fixed Price Proposal	**$32,900**

In the event the Client requests WFS to provide Additional Services as defined in this Agreement, those Additional Services will be governed by the terms and conditions of this Agreement. If agreed by the Client, WFS will perform Additional Services at our hourly rates for professional services as shown below, plus actual expenses with no overhead expenses markup.

Rate Schedule WFS 2025	Name	Rate
Vice President/Managing Principal	Jason Gray	$300.00
Vice President	Dan Jackson	$300.00
Senior Project Manager	Dan Lanning	$250.00
Project Manager	Dennis Goral	$210.00
Analyst II	Alex Hulevich	$135.00
Analyst I	Akash Patel	$110.00

HEWITT TEXAS

COUNCIL AGENDA ITEM FORM

MEETING DATE: November 3, 2025

AGENDA ITEM #: 10.

SUBMITTED BY: Bo Thomas, City Manager

ITEM DESCRIPTION:

Discussion and possible action on rescheduling the City Council meetings for December 2025.

STAFF RECOMMENDATION/ITEM SUMMARY:

We have traditionally scheduled only one meeting in December. Would the Council prefer December 1st or December 8th? Due to the amount of time between December 1st and January 5th (over 30 days), December 8th may be a preferred option.

FISCAL IMPACT:

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

SUGGESTED MOTION:

I move to approve the rescheduling of the City Council meetings in December so that only one meeting will be held on December __, 2025:

ATTACHMENTS:

None