



**AGENDA
CITY COUNCIL REGULAR MEETING
CITY COUNCIL CHAMBERS
5803 THUNDERBIRD
LAGO VISTA, TX
JANUARY 6, 2026 AT 3:00 PM**

REGULAR SESSION WILL RECONVENE AT 4:00PM

JOIN MEETING VIA VIDEO CONFERENCE

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/242387805>

You can also dial in using your phone.

Access Code: 242-387-805

United States: +1 (646) 749-3122

I. CALL TO ORDER, CALL OF ROLL

Shane Saum, Mayor

Amanda Chavarria, Council Member

Jess Hall, Council Member

Adam Benefield, Council Member

Norma Owen, Council Member

Karen Van Ness, Council Member

Paul Prince, Council Member

II. EXECUTIVE SESSION

Convene into a closed Executive Session pursuant to;

1. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed) pursuant to Texas Government Code Section 551.071.
2. Consultation with Legal Counsel regarding update on Cause No. D-1-GN-23-001164, Caelum Capital, LLC v. City of Lago Vista (Texas Gov't Code Sec. 551.071).

III. ACTION ON EXECUTIVE SESSION ITEMS (action and/or vote may be taken on the following agenda items):

Reconvene from Executive Session into open session to act as deemed appropriate in City Council's discretion regarding:

1. Consultation with Legal Counsel concerning all regular meeting agenda items

requiring confidential, attorney/client advice (as needed) pursuant to Texas Government Code Section 551.071.

2. Consultation with Legal Counsel regarding update on Cause No. D-1-GN-23-001164, Caelum Capital, LLC v. City of Lago Vista (Texas Gov't Code Sec. 551.071).

IV. INVOCATION

V. PLEDGE OF ALLEGIANCE, PLEDGE TO TEXAS FLAG

VI. CITIZEN COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting or discussing (other than factual responses to specific questions) any items not on the agenda.

To participate in the citizen comments portion of the meeting, you must submit a completed form. If you are attending the meeting in the City Council Chambers you must complete the form available at that location and provide it to the Mayor prior to the start of the meeting. If you will be participating using the online videoconferencing tool, you must complete the form and submit it by email in accordance with the instructions included within the form. It is found on the City's website at the link below. The Council will reconvene from executive session at or around 3:00 p.m.

[Citizen Participation Registration Form](#)

VII. ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Code Section 551.0415, the City Council may report on any of the following items:

- a. Expression of thanks, gratitude, and condolences.
- b. Information regarding holiday schedules.
- c. Recognition of individuals, i.e. Proclamations.
- d. Reminders regarding City Council events.
- e. Reminders regarding community events.
- f. Health and safety announcements.

VIII. PRESENTATIONS & PROCLAMATIONS

1. Presentation outlining the financial considerations and rationale for a potential refinance of bonds.

Action item XI. (1)

IX. CONSENT AGENDA

All matters listed under Consent Agenda, are to be considered routine by the City Council and will be enacted by one motion. There will not be separate discussion on these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

1. Consider approval of Resolution No. 26-2188; A Resolution by the City Council of Lago Vista, Texas declaring various property and/or equipment to be surplus property and authorizing the City Manager to dispose of such property in a manner which is beneficial to the City of Lago Vista.

2. Action regarding the December 4, 2025, Regular City Council Meeting Minutes.

X. WORK SESSION (Discussion only)

1. Discussion and workshop regarding updating, changing or possibly amending the Rules of Procedure that are utilized by the City Council and all other Boards and Commissions for the City of Lago Vista.
2. Discussion regarding a rewrite or amendment of the City Ethics Policy.
3. Discussion regarding repeal or amendment of the City Social Media Policy.
4. Discuss Franchise Agreement with (PEC) Pedernales Electric Cooperative.
5. Discussion and workshop regarding the City's Fiscal and Budget Policy.
6. Discussion and workshop regarding the City's Purchasing and Procurement Policy.
7. Discussion of a proposed resolution requesting Travis County funding under SB 3 for emergency siren funding.
8. Discussion and update on Cedar Breaks and allegations from TCEQ.

XI. ACTION ITEMS

1. Consideration and possible action to approve Ordinance No. 26-01-06-02; Ordinance authorizing the issuance of City of Lago Vista, Texas general obligation refunding bonds in an amount not to exceed \$14,080,000 in one or more series; approving an official statement, a paying agent/registrar agreement, a bond purchase agreement, and an escrow agreement, as needed for the sale of bonds; establishing the procedures for selling and delivering one or more series of the bonds; providing for the approval of this ordinance on one reading only as authorized by state law; and authorizing other matters relating to the bonds.
2. Consideration and possible action regarding Resolution No. 26-2189 resolution by the City Council of the City of Lago Vista, Texas appointing individuals to serve on the Planning & Zoning Commission.
3. Consideration and possible action regarding Resolution No. 26-2190; resolution by the City Council of the City of Lago Vista, Texas appointing individuals to serve as members on the Board of Adjustments Commission.
4. Consideration and Possible action regarding Resolution No. 26-2191; resolution of the City Council of the City of Lago Vista, Texas appointing individual to serve as Council liaison to the Building & Standards Commission for the 2026 calendar year.
5. Consideration, and possible action regarding Ordinance No. 26-01-06-01; an ordinance of the City Council of the City of Lago Vista, Texas Pursuant to the Texas Local Government Code Chapter 102, Sections 102.007(b) and 102.010, Providing for Amendments to Ordinance No. 24-09-19-01, Municipal Budget for the Fiscal Year Beginning October 1, 2024 and Ending September 30, 2025; Providing for Severability, and Effective Date.

XII. STAFF AND COUNCIL LIAISON REPORTS

A. Routine Reports from City Staff.

B. Routine Reports from City Council Board/Commission/Committee Liaisons.

XIII. ADJOURNMENT

IT IS HEREBY CERTIFIED that the above Notice was posted on the Bulletin Board in accordance with Government Code section 551.041 located at all times in City Hall in said City by 5:00 pm on the 18th day of December 2025.

Robin Smith , City Secretary

THIS MEETING SHALL BE CONDUCTED PURSUANT TO THE TEXAS GOVERNMENT CODE SECTION 551.001 ET SEQ. AT ANY TIME DURING THE MEETING THE COUNCIL RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION ON ANY OF THE ABOVE POSTED AGENDA ITEMS IN ACCORDANCE WITH THE SECTIONS 551.071, 551.072, 551.073, 551.074, 551.075 OR 551.076.

THE CITY OF LAGO VISTA IS COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE MODIFICATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST.

AT THIS MEETING AT THE STATED LOCATION, A QUORUM OF THE CITY COUNCIL WILL BE PHYSICALLY PRESENT, AND THIS NOTICE SPECIFIES THE INTENT TO HAVE A QUORUM PRESENT THERE, AND THE MEMBER OF THE CITY COUNCIL PRESIDING OVER THE MEETING WILL BE PHYSICALLY PRESENT AT THAT LOCATION. ONE OR MORE MEMBERS OF THE CITY COUNCIL MAY PARTICIPATE IN THIS MEETING REMOTELY, AND IF SO, VIDEOCONFERENCE EQUIPMENT PROVIDING TWO-WAY AUDIO AND VIDEO DISPLAY AND COMMUNICATION WITH EACH MEMBER WHO IS PARTICIPATING BY VIDEOCONFERENCE CALL WILL BE MADE AVAILABLE.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Charles West, City Manager

SUBJECT: Presentation outlining the financial considerations and rationale for a potential refinance of bonds.
Action item XI. (1)

RECOMMENDATION: Consideration on refinancing bonds.

ATTACHMENTS:
[Lago Vista Refunding POF 2025.12.16.pptx](#)
[Lago Vista Refunding POF 2025.12.16.pdf](#)



City of Lago Vista

Plan of Finance

General Obligation Refunding Bonds, Series 2026

January 6, 2026

Outstanding Debt Summary

Existing I&S Debt

I&S Debt				
Series Name	Amount Outstanding	Outstanding Interest Rates	Call Date	Final Maturity
Comb. Tax & Ltd. Revenue Certificates of Obligation, Series 2024	\$23,365,000	4.000%-5.000%	2/15/2034	2/15/2049
Comb. Tax & Ltd. Pledge Revenue Certificates of Obligation, Series 2017	\$5,895,000	3.000%-4.000%	2/15/2027	2/15/2047
General Obligation Refunding Bonds, Series 2016A	\$1,340,000	3.000%-4.000%	2/15/2026	2/15/2037
General Obligation Refunding Bonds, Taxable Series 2016B	\$2,995,000	2.940%-3.739%	2/15/2026	2/15/2037
General Obligation Refunding Bonds, Series 2015	\$5,635,000	4.000%	Current	2/15/2035
Comb. Tax & Ltd. Pledge Revenue Certificates of Obligation, Series 2014	\$7,205,000	4.000%-4.500%	Current	2/15/2035
Comb. Tax & Ltd. Pledge Revenue Certificates of Obligation, Series 2008	\$402,000	3.870%	Current	2/15/2028
Comb. Tax & Ltd. Pledge Revenue Certificates of Obligation, Series 2006	\$930,000	4.130%	Current	2/15/2027

Savings Summary

General Obligation Refunding Bonds, Series 2026



Based on the current market rates and conditions, our preliminary analysis shows that the City could realize annual debt service savings, an average of \$52,226 per year, by refunding its Series 2014, Series 2015 and Series 2016A.

General Obligation Refunding Candidates

Series	Principal Amount to be Refunded	Maturities Refunded	Outstanding Interest Rates	Call Date
Combination Tax & Ltd. Pledge Revenue Certificates of Obligation, Series 2014	\$ 6,970,000	2028-2035	4.000%-4.500%	Current
General Obligation Refunding Bonds, Series 2015	4,665,000	2028-2035	4.000%	Current
General Obligation Refunding Bonds, Series 2016A	1,140,000	2028-2037	4.000%	2/15/2026

Projected Annual Savings - Current Market Rates					
Fiscal Year Ending 09/30	Prior Debt Service	Accrued Interest Contribution	Refunding Debt Service	Gross Savings	Net Present Value Savings
2026	\$ 258,013	\$ 57,336	\$ 228,472	\$ (27,796)	\$ (28,128)
2027	516,025	-	587,500	(71,475)	(69,148)
2028	1,726,325	-	1,655,125	71,200	67,846
2029	1,868,025	-	1,795,375	72,650	67,185
2030	1,864,725	-	1,794,000	70,725	63,484
2031	1,854,325	-	1,779,625	74,700	65,054
2032	1,851,725	-	1,777,125	74,600	63,042
2033	1,846,725	-	1,776,000	70,725	57,994
2034	1,854,025	-	1,780,875	73,150	58,185
2035	1,855,813	-	1,781,500	74,313	57,363
2036	159,200	-	86,250	72,950	54,708
2037	158,100	-	87,125	70,975	51,711
Total	\$ 15,813,025	\$ 57,336	\$ 15,128,972	\$ 626,717	\$ 509,296

Key Assumptions

Delivery Date:	3/25/2026
Analysis Date:	12/16/2025
Rates:	Current Market Rates
True Interest Cost (Estimated):	3.04%

Projected Savings Summary

Refunded Par Amount:	\$ 12,775,000
Refunding Par Amount:	\$ 11,750,000
Refunded Coupons:	4.000% - 4.500%
NPV Savings (\$):	\$ 511,561
NPV Savings (%):	4.00%
Average Annual Savings:	\$ 52,226

Timetable

General Obligation Refunding Bonds, Series 2026



Date	Action																																																	
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 Important Working Group Dates

 Federal Holiday

 FOMC Meetings

*Preliminary, subject to change.

Working Group

General Obligation Refunding Bonds, Series 2026



Issuer	City of Lago Vista
Financial Advisor	Tijerina Financial Consulting LLC
Bond Counsel	McCall, Parkhurst, Horton LLP
Underwriter	FHN Financial Capital Markets
Underwriter's Counsel	Winstead PC
Paying/Escrow Agent	U.S. Bank
Bond Rating	S&P Global Ratings
Verification Agent	The Arbitrage Group

Our Team

Contact Information



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Olivia Tijerina
Associate

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E: otijerina@tfcma.com

Disclaimer: Although the information contained herein has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. All assumptions are subject to change, and any change in one or more assumptions may have a material effect on projected results.

TFC is registered as a municipal advisor with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). The website of the MSRB is www.msrb.org where you may obtain the MSRB's municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority.

TFC is not aware of any conflicts of interest that it or any of its associated persons may have with any existing or potential municipal entity clients, except for its industry-standard contingent fees, the timing and amount of which are subject to the closing and size of a financing.



City of Lago Vista

Plan of Finance

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Key Assumptions

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 Important Working Group Dates

 Federal Holiday

 FOMC Meetings

*Preliminary, subject to change.

Working Group

General Obligation Refunding Bonds, Series 2026



Issuer	City of Lago Vista
Financial Advisor	Tijerina Financial Consulting LLC
Bond Counsel	McCall, Parkhurst, Horton LLP
Underwriter	FHN Financial Capital Markets
Underwriter's Counsel	Winstead PC
Paying/Escrow Agent	U.S. Bank
Bond Rating	S&P Global Ratings
Verification Agent	The Arbitrage Group

Our Team

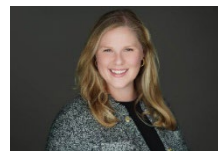
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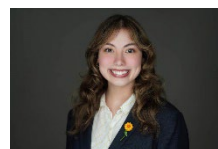
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Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Eric DeLaCruz, Finance

SUBJECT: Consider approval of Resolution No. 26-2188; A Resolution by the City Council of Lago Vista, Texas declaring various property and/or equipment to be surplus property and authorizing the City Manager to dispose of such property in a manner which is beneficial to the City of Lago Vista.

BACKGROUND: The City owns equipment (John Deere Mower) in the Parks and Recreation department which have been deemed obsolete, inoperable, unrepairable and is not currently used by the City.

FINDINGS: The Parks and Recreation Director has evaluated the value to the City for the equipment on Exhibit A and are recommending auction of the item.

FINANCIAL IMPACT: Revenue will be generated from the sale of equipment via online auction.

ATTACHMENTS:
[Resolution_26-2188_Surplus_Property_Jan 6, 2026.docx](#)

CITY OF LAGO VISTA, TEXAS

RESOLUTION NO. 26-2188

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS DECLARING VARIOUS PROPERTY AND/OR EQUIPMENT TO BE SURPLUS PROPERTY AND AUTHORIZING THE CITY MANAGER TO AUCTION/DISPOSE OF SUCH PROPERTY IN A MANNER WHICH IS BENEFICIAL TO THE CITY OF LAGO VISTA.

WHEREAS, the City of Lago Vista, Texas, owns several pieces of City property and/or equipment which have been replaced, are obsolete or are not currently used by the City, and

WHEREAS, such property and/or equipment have no or limited value to the City, and

WHEREAS, storage space for such property and/or equipment is extremely limited, and

WHEREAS, appropriate City staff members have evaluated the need for and the value to the City of each piece of property and/or equipment and have recommended disposal/auction of the items,

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

THAT, the City Council of the City of Lago Vista, Texas declares the following items, as listed in "Exhibit A" attached to this Resolution, to be surplus property and authorizes the City Manager to auction/dispose of the property in a manner which is beneficial to the City of Lago Vista.

AND, IT IS SO RESOLVED. PASSED AND APPROVED this 6th day of January 2026.

ATTEST:

Shane Saum, Mayor

Robin Smith, City Secretary

On a motion by Councilor _____, seconded by Councilor _____, the above and foregoing instrument was passed and approved.

Exhibit A

Lago Vista, TX Surplus List

Department	Description	Category	VIN/Serial	Condition
Golf Course	John Deere 2500B	Trim & Surrounds Mower	1TC2653TEFT090053	Not running unrepairable



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Robin Smith, City Secretary

SUBJECT: Action regarding the December 4, 2025, Regular City Council Meeting Minutes.

RECOMMENDATION: Approval of the December 4, 2025, Regular City Council Meeting Minutes.

ATTACHMENTS:
[25-12-04-regular City Council draft minutes.pdf](#)



**CITY COUNCIL CITY COUNCIL
REGULAR MEETING MINUTES
THURSDAY, DECEMBER 4, 2025
3:00 PM
CITY COUNCIL CHAMBERS
5803 THUNDERBIRD
LAGO VISTA, TX**

Mayor Saum, Mayor
Adam Benefield, Member
Norma Owen, Member
Paul Prince, Member
Amanda Chavarria,
Member
Councilor Van Ness,
Member
Jess Hall, Member

Present: Mayor Saum, Adam Benefield, Norma Owen, Paul Prince, Amanda Chavarria, Councilor Van Ness, Jess Hall

REGULAR SESSION WILL RECONVENE AT 4:00PM

I. CALL TO ORDER, CALL OF ROLL

Shane Saum, Mayor
Amanda Chavarria, Council Member
Jess Hall, Council Member
Adam Benefield, Council Member

Norma Owen, Mayor Pro-Tem
Karen Van Ness, Council Member
Paul Prince, Council Member

Mayor Saum calls the meeting to order at 3:00 pm.

II. EXECUTIVE SESSION

Convene into a closed Executive Session pursuant to;

Council convenes into Executive Session at 3:01 pm.

III. ACTION ON EXECUTIVE SESSION ITEMS (action and/or vote may be taken on the following agenda items):

Reconvene into open session at 4:02 pm

1. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed) pursuant to Texas Government Code Section 551.071.
No Action – City Attorney, Brad Bullock states during executive session discussion on rules of procedure were discussed.
2. Consultation with Legal Counsel concerning Claim # LB114381; Dave Stewart Vs City of Lago Vista pursuant to Texas Government Code Section 551.070 (1).
No Action

IV. INVOCATION

Invocation lead by Council Member Jess Hall.

V. PLEDGE OF ALLEGIANCE, PLEDGE TO TEXAS FLAG

VI. CITIZEN COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting or discussing (other than factual responses to specific questions) any items not on the agenda.

Nan Nesmith addressed the Committee regarding the process for adopting dogs that are in the City's possession and expressed concerns related to animal control procedures.

Lynda Aird thanked City staff, specifically Amanda Harkins and Ernesto Rios for keeping residents informed and updated on City matters.

VII. ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Code Section 551.0415, the City Council may report on any of the following items:

- a. Expression of thanks, gratitude, and condolences.
- b. Information regarding holiday schedules.
- c. Recognition of individuals, i.e. Proclamations.
- d. Reminders regarding City Council events.
- e. Reminders regarding community events.
- f. Health and safety announcements.

Mayor Saum gives the following updates:

The Green Center will be open Saturday, December 6, from 10:00 AM to 4:00 PM at 21155 FM 1431.

Beginning in January 2026, hours change to the first Saturday of each month, 7:00 AM to 1:00 PM.

*Movies on the Green will be held Friday, December 12, at the Lago Vista Golf Course featuring **ELF**. Seating opens at 5:30 PM; the movie begins between 6:00–6:15 PM. Admission is free. Concessions provided by the North Lake Travis Chamber of Commerce, with specials available from The Bunker Bar & Grille.*

City offices will be closed December 24–26 for the Christmas holiday and January 1 for New Year’s Day.

VIII. CONSENT AGENDA

All matters listed under Consent Agenda, are to be considered routine by the City Council and will be enacted by one motion. There will not be separate discussion on these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

1. Action regarding the November 13, 2025, Called City Council Meeting

Minutes. Moved by Norma Owen; seconded by Paul Prince to Approve.

Motion Passed: 7- 0

Voting For: Mayor Saum, Adam Benefield, Norma Owen, Paul Prince, Amanda Chavarria, Councilor Van Ness, Jess Hall

Voting Against: None

2. Action regarding the November 20, 2025, Regular City Council Meeting Minutes.
Remove item 2 – to discuss Resolution 25-2177;

Moved by Norma Owen; seconded by Paul Prince to Approve

Councilor Prince did comment that Resolution 25-2177 in the minutes was on the December 4th agenda to be replaced by Ordinance No. 25-12-04-02.

Motion Passed: 7- 0

Voting For: Mayor Saum, Adam Benefield, Norma Owen, Paul Prince, Amanda Chavarria, Councilor Van Ness, Jess Hall

Voting Against: None

IX. WORK SESSION

1. Discussion and workshop on preparing the City of Lago Vista Strategic Work Plan for Fiscal Year 2025-2026.
Mayor and Council Members discuss ideas and expectations for staff.
2. Discussion regarding City Council’s preferred approach to policing and provision of general direction to the City Manager and Interim Chief of Police consistent with Council consensus.
Council Member Benefield leads conversation on this item.

3. Discussion regarding City Council's preferred approach to Code Compliance and provision of general direction to the City Manager consistent with Council consensus. *Council Member Benefield leads discussion on this item. Director of Development Services, Jordyn Strohmeier speaks to Council regarding Code enforcement.*
4. Discussion and possible action on a proposal from Hines (Tessera) to trade approximately 2 acres of land from Lot 1 Block A Teserra on Lake Travis to the City of Lago Vista in exchange for .53 acres of land from the City of Lago Vista located on FM 1431 and part of 323.39 acres legal description ABS 2541 SUR 97 FAUBION F F ABS 2291 SUR 201 T & M C R R CO ACR 313.860 & ABS 286 SUR 152 FEHRANKAMP C D ACR 9.5302 (PT OF TRT B8.1) (TOTAL 323.3902AC) *Jordyn Strohmeier, Director of Development Services and Ernesto Rios Director of Public Works speak to City Council and answer questions.*

Moved by Norma Owen; seconded by Jess Hall to

Table. Motion: 6 - 1

Voting For: Mayor Saum, Paul Prince, Amanda Chavarria, Councilor Van Ness

Voting Against: Adam Benefield

5. Discussion, consideration, and possible action regarding Ordinance No. 25-12-04-01; an ordinance of the City Council of the City of Lago Vista, Texas Pursuant to the Texas Local Government Code Chapter 102, Sections 102.007(b) and 102.010, Providing for Amendments to Ordinance No. 24-09-19-01, Municipal Budget for the Fiscal Year Beginning October 1, 2024 and Ending September 30, 2025; Providing for Severability, and Effective Date. *Nichole Navarro, Finance Director, speaks to City Council on this item. City Attorney, Brad Bullock answers questions to City Council. Item tabled to re-write ordinance and bring back to City Council.*

Moved by Paul Prince; seconded by Norma Owen to

Table. Motion: 7 - 0

Voting For: Mayor Saum, Adam Benefield, Amanda Chavarria, Councilor Van Ness, Jess Hall

Voting Against: None

X. ACTION ITEMS

1. Consideration and possible action regarding Resolution No. 25-2179 through 25-2186; resolutions by the City Council of the City of Lago Vista, Texas appointing individuals to serve as members on various Boards, Commissions and Committees.

Resolution No. 25-2179 appointed members to serve on the Airport Advisory Board. James Awalt, Glenn Chiappe, Nicholas Hargrove, and James Peck.

Moved by Shane Saum, seconded by Norma Owen to approve: 6-0-1

Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Abstain: Adam Benefield

Resolution No. 25-2180 appointed members to serve on the Board of Adjustment. James Peck, Jennifer Grunewald, Enrique Lopez, and Nelson Minyard.

Moved by: Norma Owen, seconded by Shane Saum to approve 6-0-1

Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Abstain: Adam Benefield

Resolution No. 25-281 appointed members to serve on the Building & Standard Commission.

Jeff Koble, Clifton McCullough, Frank Robbins, and Dave Snyder. James Lee also appointed to replace Craig Sandifer who resigned.

Moved by: Paul Prince, seconded by Amanda Chavarria to approve 7-0

Voting for: Jess Hall, Adam Benefield, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Resolution No. 25-2182 appointed members to serve on the Economic Development Advisory Committee.

Justin Loucks, Corey Wright, Russell Murphy, Don Johndrow, and David VonOhlerking.

Moved by: Norma Owen, seconded by Karen Van Ness to approve 6-0.

Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Voting against: Adam Benefield

Resolution No. 25-2183 appointed members to serve on the Golf Course Advisory Committee.

Jack Desjardins, Gage Hunt, Michael McDonald, and Susan Mumford

Moved by: Jess Hall, seconded by Paul Prince to approve 6-0-1.

Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Abstain: Adam Benefield

Resolution No. 25-2184 appointed members to serve on the Library Advisory Board. Mary Fear, Don Johndrow, Dale Mitchell, and Joe Dahlstrom.

Moved by: Amanda Chavarria, seconded by Paul Prince to approve 7-0.

Voting for: Jess Hall, Adam Benefield, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince

Resolution No. 25-2185 appointed members to serve on the Parks & Recreation Advisory Committee.

Moved by: Karen Van Ness, seconded by Norma Owen to approve 6-0-1.
Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince
Abstain: Adam Benefield

Resolution No.25-2186 appointed members to serve on the Planning & Zoning Commission.

Moved by Paul Prince, seconded by Karen Van Ness to table 6-0-1.
Voting for: Jess Hall, Amanda Chavarria, Norma Owen, Shane Saum, Karen Van Ness, Paul Prince
Abstain: Adam Benefield

2. Consideration and possible action regarding Resolution No. 25-2187 resolution of the City Council of the City of Lago Vista, Texas, appointing an individual to serve as Council Liaison to the Charter Review Committee for the 2026 calendar year.
Councilor Hall selected to serve as liaison.

Moved by: Amanda Chavarria; seconded by Adam Benefield

Motion to approve: 7- 0

Voting For: Mayor Saum, Adam Benefield, Norma Owen, Paul Prince, Amanda Chavarria, Councilor Van Ness, Jess Hall

Voting Against: None

3. Consideration and possible action to authorize the City Manager to execute a service agreement between the City of Lago Vista & LJB Engineering for Phase 3 of the City's GIS Refresh- Quadrant 3 with Lidar in the amount of \$217,690.

Director of Public Works, Ernesto Rios - provides information to City Council along with a presentation.

Director of Development Service, Jordyn Strohmeier speaks to City Council.

Moved by Paul Prince; seconded by Amanda Chavarria to recommend for approval.

Motion to approve: 7- 0

Voting For: Mayor Saum, Adam Benefield, Norma Owen, Paul Prince, Amanda Chavarria, Councilor Van Ness, Jess Hall

Voting Against: None

4. Consideration and possible action regarding the reconsideration of Resolution No. 25-2174, designating Councilor Benefield as the Council Liaison to the Planning & Zoning Commission, and possible action to appoint an alternative Councilor to serve as Council Liaison to the Planning & Zoning Commission.

Motion to remove Councilor Benefield as Planning & Zoning Commission liaison.

Moved by Jess Hall; seconded by Norma Owen

Motion: 5 - 2

Voting For: Jess Hall, Norma Owen, Shane Saum, Norma Owen, Paul Prince

Voting Against: Amanda Chavarria, Adam Benefield

Motion to Appoint Paul Prince liaison to Planning & Zoning

Moved by Amanda Chavarria, seconded by Karen Van Ness

Approve Motion: 5 – 1 - 1

Voting For: Amanda Chavarria, Mayor Saum, Norma Owen, Karen Van Ness, Paul Prince

Voting Against: Jess Hall

Abstain: Adam Benefield

5. Consideration and possible action to replace Resolution No. 25-2177 with Ordinance per the advice of legal counsel.

Attorney, Brad Bullock discusses ordinance language with City Council.

Moved by Adam Benefield; seconded by Amanda Chavarria to Approve as Amended.

Motion Passed: 4- 3

Voting For: Norma Owen, Jess Hall, Adam Benefield, Amanda Chavarria

Voting Against: Mayor Saum, Paul Prince, Karen Van Ness

6. Consideration and possible action regarding liaisons for informal City Committees and other Community Committees.

City Council discusses roles as informal liaisons for KLVV (Keep Lago Vista Beautiful), LVISD (Lago Vista Independent School District), and POA (Property Owners Association).

7. Discussion and possible action pertaining to City Council's role in the confirmation process for Chief of Police of LVPD.

Council Member, Karen Van Ness leads conversation on this item.

City Manager, Charles West discusses process for hiring Police Chief.

No Action.

XI. STAFF AND COUNCIL LIAISON REPORTS

A. Routine Reports from City Staff.

B. Routine Reports from City Council Board/Commission/Committee Liaisons.

City Manager, Charles West advised City Council that staff are diligently working on the 2026 Strategic Plan and that he is in the process of updating the requirements for posting the Police Chief position.

Mayor Pro-Tem, Owen provided an update on the Economic Development Corporation (EDC).

Mayor. Shane Saum provided updates regarding the Airport Advisory Board (AAB), governmental affairs, and TDEAM.

Councilor Prince provided an update on the Irrigation Committee.

XII. ADJOURNMENT

Mayor Saum adjourned the meeting at: 8:20 pm.

CITY OF LAGO VISTA:

Shane Saum, Mayor

ATTEST:

Robin Smith, City Secretary

On a motion by Councilmember _____, seconded by Councilmember _____, the above and foregoing instrument was passed and approved.

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Discussion and workshop regarding updating, changing or possibly amending the Rules of Procedure that are utilized by the City Council and all other Boards and Commissions for the City of Lago Vista.

BACKGROUND: The City Charter requires the Council to adopt its own procedures for conducting meetings, and recent review by Council members and legal counsel has identified several areas within the current Rules of Procedure where revisions are appropriate. Some provisions duplicate state law, others go beyond what the Charter requires, and certain sections create unnecessary rigidity in how meetings are structured or presided over.

This new Council should determine the procedures it believe best support transparent, efficient, and well-run meetings while staying aligned with the Charter and the Texas Open Meetings Act. Updating the Rules of Procedure will allow the Council to remove outdated or overly restrictive language, simplify compliance with legal requirements, and ensure the presiding officer and Council have clear and flexible guidance moving forward.

FINDINGS: A review of the current Rules of Procedure shows that several updates would strengthen clarity, flexibility, and legal compliance. Certain sections duplicate requirements already set out in the Texas Open Meetings Act, some provisions impose detailed scripts for how the presiding officer must conduct each agenda item, and other parts mandate specific agenda categories that are not required by the Charter or state law.

The Council may wish to simplify or remove these areas, allow greater flexibility in the choice of parliamentary authority, clarify the limits of disciplinary authority during meetings, and streamline portions that are overly prescriptive or procedural in nature. These examples illustrate opportunities to modernize the Rules of Procedure and ensure they continue to serve the needs of the Council and the public effectively.

RECOMMENDATION:

Review and make suggestions for items to be changed and updated to align with current state statutes regarding the open meetings act that now requires all agendas be posted a minimum of 3 business days, excluding holidays, prior to the meeting date of the posted meeting.

ATTACHMENTS:

[Rules of Procedure.pdf](#)

RULES OF PROCEDURE

FOR THE CITY COUNCIL, COMMISSIONS, BOARDS, AND ADVISORY COMMITTEES OF THE CITY OF LAGO VISTA, TEXAS



Adopted: 2021
Amended April 2024

Sources Include: Robert's Rules of Order, Rosenberg's Rules of Order, National Association of Parliamentarians, and the Texas Cities of Bellaire, Huntsville, Kerrville, Killeen, Murphy, West University Place, and Weatherford.

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ARTICLE 1. AUTHORITY, APPLICABILITY, AMENDMENT, AND ANNUAL REVIEW

1.1 Authority.

Article III, Section 13 of the City Charter of the City of Lago Vista, Texas grants the City Council the right to determine its own rules of procedure; the following rules are enumerated under and by authority of said provision.

1.2 Applicability.

The rules of procedure adopted by the City Council are applicable not only to the City Council, but also to the commissions, boards, and Commissions of the City of Lago Vista, in accordance with the Charter. Whenever these Rules use the term “Commissions” that term shall mean “committees, boards, and commissions” unless otherwise indicated.

Open meeting requirements of the City Council do not apply to city Commissions without rulemaking or independent regulatory authority, nor to quasi-judicial or ad hoc Commissions except as required under state law.

Processes for disciplinary action will be similar for the City Council and the regulatory Commissions but will vary for the nonregulatory Commissions.

Any reference to Mayor also applies to the presiding officer of a Commission of the City of Lago Vista. Any reference to City Council also applies to any Commission.

Decisions made by state-mandated Commissions, like those of City Council, may require a super-majority vote. Detailed, unique information about Commissions can be found in Article 7 of this document.

1.3 Annual Review.

Following the municipal elections each year, Council may review these Rules of Procedure, make changes as appropriate, and adopt their own rules of procedure in accordance with the Charter. In the event no annual review occurs, the standing Rules of Procedure continue in effect. This does not limit the Council's right and ability to amend the rules at any other time during the year, in accordance with the Charter.

ARTICLE 2. GENERAL RULES OF PROCEDURE AND POLICIES

2.1 Construction of Authority.

The construction of authority in all matters associated with the meetings and activities of the City Council, including the agenda, shall be: (1) the U.S. Constitution and laws of the United States of America; (2) the Texas Constitution and statutes of the State of Texas; (3) the City Charter; (4) the Code of Ordinances of the City of Lago Vista, Texas; (5) these Rules; and, (6) Rosenberg's Rules of Order as amended and set forth herein.

2.2 Meetings Shall Be Public.

All meetings of the City Council shall be public, and notices thereof shall be posted as provided under the Texas Government Code, Chapter 551, Open Meetings Act. Except in the case of an

emergency meeting, notice of all meetings shall be given 72 hours before the time set for any meeting.

The Lago Vista City Hall is wheelchair accessible and special parking is available on the east side of the building. If special accommodations are required, please contact the city secretary a minimum of 24 hours in advance at (512) 267-1155.

All meetings of the City Council or Commissions with rulemaking or independent regulatory authority will be video recorded and posted to the city website. Meetings should be conducted in such a way that recordings are possible. Currently, that translates to conducting the meeting in Council chambers or a location approved by the Council Liaison.

Commissions without rulemaking or independent regulatory authority may be video recorded and posted to the city website when possible. All regulatory Commissions are mandated to conduct their meetings in the Council Chambers, where video recording software is made available.

2.3 Conduct of Meetings.

Meetings of the City Council shall be conducted according to the rules adopted by the City Council, as well as the terms and provisions of Rosenberg's Rules of Order as amended herein and when not inconsistent with these rules.

2.4 Regular Meetings.

Regular meetings of the City Council shall be on the first and third Thursday of each month at 5:30 p.m. in Council chambers. The regular session of the City Council shall begin at 6:30, but work sessions and executive sessions will be held before the regular session and may continue after the regular session. The City Council may, by majority vote at a regular meeting, change the days or times of meetings as circumstances may necessitate. Please refer to Section 1.331 of the Code of Ordinances for more information on meeting specifications.

2.5 Special/Town Hall Meetings.

Special meetings of the City Council may be called upon request of the mayor, or two members of the City Council then seated. A request for a special meeting shall be filed with the city secretary or the city manager in written/electronic format unless made at a regular meeting at which a quorum of council members is present. The city manager and all Council members shall be notified of all special meetings.

2.6 Emergency Meetings.

In case of an emergency or urgent public necessity, which shall be expressed in the meeting notice, it shall be sufficient if members receive, and notice is posted one (1) hour before the meeting is convened. Notice shall be provided also to the media in accordance with the Texas Government Code, Section 551.047.

2.7 Work Sessions.

Work sessions are special meetings called for the purpose of conducting a detailed and thorough exploration of matters that may properly come before the City Council.

2.8 Executive Sessions.

Executive sessions are sessions closed to the public. They are only permitted for the purpose of discussing matters enumerated in Chapter 551, Open Meetings Act of the Texas Government Code. Disclosure of topics to be discussed shall be made to the public in accordance with the requirements of the Open Meetings Act.

The City Council can convene into an executive session as stated on a posted agenda during a regular or special meeting. However, before said session begins, the presiding officer shall announce that the executive session is commencing and identify the section or sections of the Open Meetings Act under which the closed meeting is held. The order in which an executive session may appear on the agenda is subject to the discretion of the City Council. A certified agenda of the meeting will be created by the presiding officer or his or her designee, sealed and permanently kept in accordance with state law, subject to opening by court order. No voting or action shall be taken by the City Council during an executive session. No other subject other than that posted on the agenda is to be considered. Adjournment of the executive session and any vote needed shall be made during the open public meeting.

Legal advice discussed in executive session shall remain confidential unless the City Council votes to waive the attorney-client privilege. Except for action taken in open session, no Council Member, staff member, or legal counsel may disclose the deliberations in executive session on matters discussed under other lawful exceptions under the Open Meetings Act

2.9 Recessed Meetings.

No meeting shall be recessed for a longer period of time than allowed by state law.

2.10 Quorum.

The number of members of the City Council that shall constitute a quorum for the conduct of business shall be in accordance with the City Charter.

2.11 Conflict of Interest.

Rules governing a City Council member's ability to vote when a conflict of interest exists shall be governed by the City Charter.

2.12 Presiding Officer.

Rules governing the presiding officer are defined in the City Charter.

The Presiding Officer shall serve as the chair of all meetings and shall make final rulings on all questions pertaining to these rules. All decisions of the presiding officer are final unless overruled by the City Council through a motion to appeal as described in Article 3.9 – Courtesy, Decorum and Order of these rules.

The presiding officer is entitled to participate in the discussion and debate and is entitled to vote on all business before the City Council. Because the presiding officer conducts the meeting, it is common courtesy for the chair to take a less active role than other members of the City Council in debates and discussions. This practice in no way precludes the presiding officer from participating

in the meeting fully and freely; however the presiding officer shall not make a motion unless the remainder of the Commission or council members fail to make a motion.

The presiding officer of Commissions shall be the person selected according to the rules defined in the appropriate enabling ordinance and powers vested in that presiding officer will also be defined in that same ordinance.

2.13 Minutes of Meetings.

The city secretary shall keep an account of all proceedings of the City Council, and they shall be open to public inspection in accordance with the laws of the State of Texas.

2.14 Suspension of Rules.

Any provisions of these rules not governed by federal, state law or the City Charter may be temporarily suspended by a super majority vote (see Article 3.7 of these rules) of the City Council.

2.15 Amendment of Rules.

These rules may be amended, or new rules adopted, by a super majority vote of the members of the city council present.

ARTICLE 3. PARLIAMENTARY PROCEDURE

3.1 Purpose.

The purpose of these rules of parliamentary procedure is to establish orderly conduct of the meetings. The ultimate purpose of these rules of parliamentary procedure is to encourage and facilitate decision- making by the City Council. These rules enable the majority to express their opinion and fashion a result.

3.2 Model Format for an Agenda Item Discussion.

The following nine (9) steps may be used as a model or guidebook by the presiding officer. The meeting is governed by the agenda and the agenda constitutes the only items to be discussed. Each agenda item can be handled by the presiding officer (Mayor) in the following basic format:

- 1. *Announce the Item.*** The mayor should announce the agenda item number and should clearly state the subject matter of the agenda item by reading the caption for the item being considered.
- 2. *Receive a Report.*** The mayor should invite the appropriate people to report on the item, including any recommendation they might have.
- 3. *Council Discussion.*** The mayor should ask the council members if they have any technical questions for clarification. At this point, members of the City Council may ask clarifying questions to the people who reported on the item, and they should be given time to respond. Council discussion on an item may continue after citizen comments are given.
- 4. *Seek Citizen Input.*** The mayor should invite citizen comments – or if a public hearing, open the public hearing. Upon conclusion, the mayor should announce that public input is closed, or if a public hearing, close the public hearing.

5. **Motion First.** The mayor should invite a motion from the City Council before debate is given on the merits of the item. The mayor should announce the name of the member who makes the motion.
6. **Motion Second.** The mayor should determine if any member of the City Council wishes to second the motion. The mayor should announce the name of the member who seconds the motion. If no member of the City Council wishes to second the motion, then the motion fails, and should be so stated by the mayor.
7. **Discuss the Motion.** The mayor will announce that there is a motion and a second, and will restate the motion, and will invite the members of the City Council to discuss the motion. If there is no desired discussion, the mayor may call for a vote. If there has been no discussion or a brief discussion, then there is no need to repeat the motion before taking a vote. If the discussion has been lengthy, it is a good idea to repeat the motion before calling for the vote.
8. **Vote.** The mayor calls for the vote. A simple majority vote determines whether the motion passes or fails unless a super-majority is required for passage. All Council members, including the mayor, shall vote upon every question, ordinance, or resolution, unless recused because of a conflict of interest as defined in the City Charter. Unless so excused, any Council Member refusing to vote shall be recorded in the minutes as voting with the majority. Action items require a vote.
9. **Announce the Outcome.** The mayor announces the results of the vote and should also state what action (if any) the Council has taken.

3.3 The Basic Motions.

The basic motion is the one that puts forward a decision for consideration. A basic motion might be: "I move approval of the ordinance as submitted," or "I make a motion that we deny the resolution."

3.4 The Motion to Amend.

If a member wants to change a basic motion, the member will have to move to amend the original or previously amended motion. A motion to amend might be: "I move that we amend the motion to include the changes we discussed to the ordinance." A motion to amend seeks to retain the basic motion on the floor (a motion made and seconded), but to modify it in some way. A motion to amend requires the agreement of the person making the original motion. If the basic motion has already been seconded, the motion to amend must be acknowledged and accepted by the member who seconded the basic motion.

3.5 Discussion and Debate.

The basic rule of motions is that they are subject to discussion and debate. Accordingly, the basic motion and the motion to amend are all eligible, each in their turn for full discussion by and before the City Council. Discussion and debate can continue as long as the members wish to discuss it, or until a motion is made to limit debate (call the question or move the question) which requires a super majority. At that time, the mayor shall call for a vote on the motion.

3.6 Other Motions.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the Council to move on. The following motions are NOT debatable, and the mayor must immediately call a vote on the motion, if seconded by another Council Member.

- **Motion to Adjourn.** This motion, if passed, requires the Council to immediately adjourn to its next regularly scheduled meeting. This motion requires a simple majority vote.
- **Motion to Recess.** This motion, if passed, requires the Council to immediately take a recess. Normally the Mayor will determine the length of the recess which could last for a few minutes to several hours. It requires a simple majority vote.
- **Motion to Fix the Time to Adjourn.** This motion, if passed, requires the Council to adjourn the meeting at the specific time set in the motion. For example, "I move we adjourn this meeting at Midnight." It requires a simple majority vote.
- **Motion to Table.** This motion, if passed, requires discussion of the agenda item to be halted immediately, and the agenda item to be placed on hold. The motion may contain a specific time to bring the item up again, or it may not specify a time. If no time is specified, the item shall be placed on the agenda at the very next regular Council meeting.
- **Motion to Remove from Table.** This motion, if passed, allows the Council to remove an item previously placed on hold. A vote in favor of removing an item from the table must be made before the Council can take action on an item that was tabled.

3.7 Motions Requiring a Three-Fourths or Supermajority Vote to Pass.

Normally a super majority vote consists of six votes (four to pass as a simple majority, plus two more). For the purposes of these rules and as defined in the Charter, a three-fourths vote shall be referenced as a Supermajority vote. In exceptional circumstances where the number of council members is diminished due to vacancy, the following shall constitute a three-fourths or super majority vote:

NUMBER OF COUNCIL MEMBERS PRESENT	NUMBER OF VOTES FOR SUPER MAJORITY
6	5 or more
5	4
4	3
3	3

- **Motion to Limit Debate.** This motion is sometimes referred to as, "moving the question" or, "calling the question." When a member of the Council makes such a motion, the member is saying, "I have had enough discussion, let's vote on the issue." When such a motion is made, the mayor should ask for a second, stop the discussion and vote on the motion to limit debate. The motion requires a super majority vote to pass.

- ***Motion to Object to the Consideration of an Item.*** This motion, if passed, precludes the City Council from even considering the item on the agenda. It does not preclude the item from appearing on a future agenda. The motion requires a super majority vote to pass. (Normally, this motion is unnecessary because the objectionable item can be defeated outright or tabled.)
- ***Motion to Suspend the Rules.*** This motion is debatable but requires a super majority vote to pass. This motion allows the Council to suspend its own rules for a particular purpose. For example, the Council may desire to give a particular speaker more time than normally allowed. A “motion to suspend the rules and give the speaker ten additional minutes,” accomplishes this desire.
- ***Motion to Hire/Fire the City Manager.*** The city manager shall be appointed or removed by a vote of at least 5 members, provided that his or her salary may be set by a simple majority vote. (Charter Art. IV Section 4.01 – City Manager.)

3.8 Motion to Reconsider.

There is a special motion that requires a bit of explanation all by itself: the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure on the issue. As such, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to reconsider is made.

A motion to reconsider requires a simple majority vote to pass, but there are two special rules that apply only to the motion to reconsider.

The first rule involves timing. A motion to reconsider must be made at the meeting where the item was first voted upon or at the very next regular meeting (if properly noticed and on the posted agenda). A motion to reconsider made at a later time is considered untimely and it may not be considered unless the Council suspends the rules to consider it.

Second, the motion to reconsider can only be made by a member of the Council who voted in the majority on the original motion. The motion to reconsider may be seconded by any member of the City Council regardless of how they voted on the original motion. If a member of the Council who voted in the minority on the original motion seeks to make a motion to reconsider, it must be ruled out of order by the mayor. The purpose of this rule is finality. If a member of the minority could make a motion to reconsider, then the item could be brought back again and again, which would defeat the purpose of finality.

If a motion to reconsider passes, then the original matter is back before the Council, and a new original motion is in order. The matter may be discussed as if it were on the floor for the first time.

3.9 Courtesy, Decorum and Order.

These rules of order are meant to promote an atmosphere of courtesy and decorum appropriate for the efficient discussion of business. It is the responsibility of the mayor (and the members of the City Council) to maintain that atmosphere of courtesy and decorum. The mayor should always ensure that debate and discussion focus on the item and the policy in question, not on the personalities of the participants in the discussion. Debate on policy is healthy; debate on

personalities is not. In order to assist in the creation and maintenance of that atmosphere, the following rules shall govern all meetings:

1. ***Request to Speak.*** Before a council member, staff member or an audience member may speak, they must first be recognized by the mayor. Upon recognition the person requesting to speak shall hold the floor and shall make their point clearly and succinctly. Public comments must be kept relevant to the subject before the Council. The mayor shall rule on the relevance of comments. Persons making irrelevant, personal, impertinent, overly redundant, or slanderous remarks may be barred by the mayor from further comment before the Council during the meeting. Audience members who wish to speak during an agenda must first complete a 'request to speak card' and submit it to the city secretary. The mayor has the right to cut a speaker off if the discussion becomes too personal, too loud, too crude, irrelevant, impertinent, redundant, or slanderous.
2. ***Order.*** If a person fails to request to speak before speaking, the mayor shall rule them 'out of order' and remind them that they do not have the floor. While the City Council is in session, all council members must preserve order and decorum. A person shall neither, by conversation or otherwise, delay or interrupt the proceedings or the peace of the meeting, nor disturb any other person while speaking or refuse to obey the orders of the mayor.
3. ***Improper References Prohibited.*** Every person desiring to speak shall address the entire Council and shall not single out a member of the Council, the audience, or a staff member. Speakers shall confine themselves to the question under debate, avoiding all personal attacks and indecorous language.
4. ***Interruptions.*** A council member, once recognized, shall not be interrupted when speaking unless it is to call him or her to order, or other such interruption expressed below. If the council member, while speaking, is called to order, he or she shall cease speaking until the question of order is determined, and if the council member is found to be in order, he or she shall be permitted to proceed speaking. Allowable interruptions or points of order available to council, city manager, city secretary, or city attorney are as follows:
 - a. ***Point of Privilege.*** The proper interruption would be: "Point of Privilege." The mayor would then ask the interrupter to, "state your point." Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room might be too hot or too cold or a fan motor might interfere with a council member's ability to hear.
 - b. ***Point of Order.*** The proper interruption would be: "Point of Order." The mayor would then ask the interrupter to, "state your point." Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the mayor called for a vote on a motion that permits debate without allowing any discussion.
 - c. ***Motion to Appeal.*** If the Mayor makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the mayor by stating, "motion to appeal." If the motion is seconded and after debate if it passes by a simple majority vote, the ruling of the mayor is reversed.
 - d. ***Call for orders of the day.*** This is simply another way of saying, "let's return to the agenda." if a council member believes the discussion has strayed from the agenda. The

motion does not require a vote. If the Mayor discovers that the discussion has strayed from the agenda, he or she simply returns to the business of the day.

e. *Withdraw a Motion.* During the debate and discussion of a motion, the original maker of the motion on the floor, at any time, may interrupt the speaker to withdraw his or her motion. The motion is immediately deemed withdrawn and discussion on the motion shall cease. Council members are free to make the same motion or another motion.

3.10 Enforcement of Rules and Procedures.

The following provisions may be used to enforce the good order and decorum of the meeting. The action may be taken by the mayor under his or her own action, or upon a motion to enforce by any council member. Reference to sergeant at arms only refers to city council meetings and at Commission, meetings as requested by the council liaison and approved by the city manager.

1. ***Warning.*** The mayor may order any person (council member, staff member or audience member) in violation of these rules to be silent.
2. ***Removal.*** If, after receiving a warning from the mayor, the person continues to disturb the meeting or breach the peace and good order of the meeting, the mayor may order the person to leave the meeting. If the person does not leave the room, the mayor may order the sergeant-at-arms to remove the person.
3. ***Sergeant-at-Arms.*** The sergeant-at-arms shall be the highest-ranking police officer in attendance at the council meeting, or such other officer designated by the chief of police for that purpose.

Upon instruction of the mayor, it shall be the duty of the sergeant-at-arms to remove from the meeting any person who intentionally disturbs the proceedings of the City Council. A violation of these rules may be deemed an attempt to disrupt, obstruct, and/or interfere with a lawful meeting and subject the violator to prosecution under state law for disrupting a lawful meeting. (Section 42.05, Texas Penal Code).

4. ***Resisting Removal.*** Any person who resists removal by the sergeant-at-arms may be charged with violating Section 42.05 of the Texas Penal Code.
5. ***Motion to Enforce.*** Any council member may move to require the mayor to enforce these rules and the affirmative vote of a simple majority of the Council shall require the mayor to do so. A motion to enforce is an allowable interruption and is not debatable.

3.11 Council May Discipline its Own Members.

In the event a council member violates the Charter, these Rules or any other ordinance of the City or acts in a manner that causes embarrassment or disgrace to the City of Lago Vista, the City Council on supermajority vote may discipline the offending member. This process will be in force for the City council and the three commissions with regulatory authority. Discipline of advisory Commissions is addressed in Section 7.8 of this document. The issue shall be raised within 30 days of the offense, or it is no longer actionable.

Such action may only take place after an executive session is held to discuss the offense. The offending member shall be present at the executive session to answer any questions asked by members of the

City Council or make other statements as he or she may desire to make in his or her defense. If the offending member refuses to attend the executive session, the remaining members of the City Council may proceed in his or her absence.

The outcome of the executive session may be as follows and shall be made publicly in open session in accordance with the Texas Open Meetings Act:

1. **No Action.** The City Council chooses to take no action.
2. **Private Censure.** The City Council may choose to privately censure the offending member, leaving their comments to the offending member in the confines of the executive session.
3. **Public Censure.** The City Council may choose to publicly censure the offending member through a resolution passed by supermajority vote and entered into the public record. For purposes of calculating a supermajority vote under this section, the City Council shall include the total number of those members of the City Council present and voting in favor of such censure, divided by the total number of members of the City Council less any vacancies, and less the member who is the subject of the vote.

If one of the regulatory Commissions holds a disciplinary session and cannot come to a resolution about one of the above options, the council liaison will bring the matter to the council for resolution.

ARTICLE 4. MEETING AGENDAS

The mayor and the city manager or an appropriate designee, shall prepare an agenda and cause the same to be posted a minimum of 72 hours prior to the meeting. Agendas shall be delivered to the City Council, in the format requested by each council member, by days end of the day of posting, or within such other times as established by the City Council from time to time. In the event of an emergency meeting of the City Council, this provision shall be suspended when not inconsistent with the provisions of federal or state law or the City Charter.

To facilitate the agenda process, the mayor, two council members, or the city manager may place an item on the upcoming City Council agenda. Staff assistance, if required, should be requested through the city manager. Agenda items must be provided to the city manager's office at city hall by 12:00 noon on the eighth (8) calendar day preceding the date of the regular meeting.

If the agenda topic does not allow sufficient time for staff to adequately prepare the necessary reports, information, or materials for City Council's consideration, the mayor, city manager, and requesting council members shall discuss the matter and decide whether to move the item to a future Council agenda. Likewise if including the requested item(s) on the current Council agenda will result in an excessively long meeting, they shall discuss whether to move the item(s) to a future agenda meeting to balance out the City Council and staff workload. If no agreement can be reached on delaying the requested item, the requesting members shall prevail.

4.1 Call to Order & Announcement of a Quorum

The mayor shall call the meeting to order. The mayor shall announce that a quorum of the City Council is present and shall state for the record the names of all members of the City Council who are absent.

4.2 Executive Session Items.

This section is only used when it is necessary for the Council to convene in executive session. Executive sessions are sessions closed to the public. They are only permitted for the purpose of discussing matters enumerated in Chapter 551, Open Meetings Act of the Texas Government Code. Disclosure of topics to be discussed shall be made to the public in accordance with the requirements of the Open Meetings Act.

If the subject of the executive session warrants, the executive session may be held prior to the regular session and after the regular session, as necessary.

4.3 Action on Executive Session Items.

This section is only used if Council conducts an executive session. Action on executive session items must be taken during public/open session of the Council. Action may include the taking of no action at all.

4.4 Pledge of Allegiance to the United States Flag and Texas Flag and Invocation

The Council shall recite the Pledge of Allegiance to the United States Flag and pledge to the Texas Flag. In addition, an Invocation may be made at this time. Commissions can independently determine if they would like to recite the pledges and conduct an invocation.

4.5 Citizen Comments on Non-Agenda Items.

All persons desiring to speak to the City Council on a non-agenda item must submit a 'request to speak card' to the city secretary at least five (5) minutes before meeting starts.

4.6 Items of Community Interest.

The mayor, council members, and citizens will have an opportunity to speak about items of community interest.

4.7 Presentations & Proclamations.

The mayor shall make any presentation or deliver any proclamation as may be required from time to time. Outside entities and organizations granted permission to make a presentation shall be placed in this section.

4.8 Public Hearings.

This section is only used when a statutorily required public hearing is part of the order of business. The mayor shall first request staff comments. The mayor shall open the public hearing and receive citizen input. While the public hearing is open, City Council may ask questions of the speakers, but may not deliberate or argue with the public on the matter at hand. Those speaking at a public hearing are required to follow the rules established herein for citizen comments. Upon conclusion of citizen comments, the mayor shall close the public hearing. Council may deliberate or take action on the matter at hand upon the closing of the public hearing.

4.9 Regular Agenda Items.

Items for individual consideration shall be considered by the City Council individually and approved by either a simple majority vote or a super majority vote as may be required.

4.10 Citizen Comments on Agenda Items.

All persons desiring to speak to the City Council on an agenda item must submit a “request to speak card” (or its digital/remote equivalent) to the City Secretary at least five (5) minutes before meeting starts.

4.11 Approval of the Minutes.

The Council shall consider the minutes of any meeting presented for their review since the last regular meeting. This heading will only be used when there are no other items listed on a consent agenda.

4.12 Consent Agenda Items.

There is hereby established, as a part of every agenda for regular and/or special called meetings of the City Council, a portion of said agenda that shall be labeled “consent agenda.” Said consent agenda may consist of any and all business regularly coming before the City Council (except required public hearings and items requiring a supermajority vote) including approval of the minutes of previous meetings.

All items set out in the consent agenda shall be deemed passed upon passage of an affirmative motion, by a vote of the majority of the members of the City Council then seated, that the consent agenda be adopted. No further action shall be deemed necessary, and all such items appearing on the consent agenda, upon passage of such motion, shall be deemed adopted as if voted upon separately and as if the caption and/or body of any ordinance therein set out shall have been read in full.

Any member of the City Council may request that any item be removed from the consent agenda and considered separately. Such a request shall be honored as if it had been passed by majority vote.

If any item was removed from the consent agenda, it will be considered immediately following approval of the remainder of the consent agenda.

4.13 Discussion Items.

Discussion items for individual consideration shall be considered and discussed by the City Council individually.

4.14 Staff and Council Liaison Reports.

This section is used for routine reports provided by staff regarding their respective departments to the Council and discussion of staff reports previously distributed to council. Council Liaisons may report on activity taking place within their assigned Commissions. Council Liaisons may also bring forward items from their assigned Commissions for City Council consideration for future discussion and action if needed. No discussion or action may be taken on an item without the specific item first being listed on the agenda and noticed to the public. See Rules and Procedures Section 7.8(4)(d).

ARTICLE 5. WORK SESSION POLICIES AND PROCEDURES

5.1 Purpose.

City Council may call and hold work sessions for the purpose of conducting a detailed and thorough exploration of matters that may properly come before the City Council. The following rules shall prevail for the call and conduct of work session meetings.

5.2 Agenda.

Only a limited number of matters shall be considered by the City Council during a work session, and sufficient time for consideration of such matters shall be provided. An abbreviated agenda order shall be used for all work session agendas.

5.3 Documents and Exhibits to be Presented.

Staff shall make available to the City Council all documents, exhibits, maps, plats, architectural drawings, specifications, or other similar documents at the same time the agenda is posted. When necessary, the mayor and city manager can introduce new material after the agenda has been posted when the new information is vital to an agenda item.

5.4 Technical Questions.

All questions of a technical nature, which require a detailed explanation for understanding, may be considered in a work session. Council may, through the city manager, request the attendance of such staff members or outside experts as may be required to answer such questions.

5.5 Prohibitions Against Formal Actions.

No formal actions may be taken at a work session. Council may provide staff direction on the matter being considered and ask that the item be placed on a regular or special called meeting agenda for formal action.

5.6 Audience Comments or Questions.

Audience comments or questions will be considered at a work session subject to legal time constraints.

ARTICLE 6. RULES GOVERNING CITIZEN COMMENTS

6.1 Purpose.

It is the desire of the City Council to hear from the citizens of Lago Vista and to stimulate discussion and offer a forum for a cordial and meaningful public debate on matters that are properly a concern of the City Council. The following rules shall control and govern audience comments and may be included in the agenda as a reminder.

6.2 Rules Governing Citizen Comments.

1. A maximum of 30 minutes will be devoted to receiving comments from the public on non-agenda items unless the council, by simple majority vote suspends this rule.

2. Each speaker is limited to one presentation per agenda item and a maximum timed limit of three minutes on any item unless the council, by simple majority, vote to suspend this rule.
3. Notwithstanding the foregoing, one speaker may donate their allotted three minutes to another speaker to allow the donee a total of up to six minutes to present.
4. No individual may address City Council without submitting a speaker card at least five (5) minutes prior to the beginning of the meeting. The card must clearly state the subject or issue on which the citizen wishes to speak. If the subject matter does not pertain to city business, the mayor shall advise the individual and/or make recommendations as to how they may get the issue addressed. The mayor can consider comments from citizens that did not submit a request as time permits.
5. Citizens speaking on agenda items shall restrict their comments to the subject matter listed.
6. Citizens speaking on non-agenda items shall only speak on matters pertaining to city business or issues which the Council would have the authority to act upon if brought forth as an agenda item.
7. Council may not act upon or discuss any issue brought forth as a non-agenda item; except to:
 - a. Make a statement of specific factual information given in response to the inquiry, or
 - b. A recitation of existing policy in response to the inquiry.
 - c. Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.
8. No placards, banners or signs may be displayed in the council chambers or city hall. Exhibits relating to a presentation are acceptable.
9. Arguing, intimidation or other disruptive behavior is prohibited. Discussion and/or debate are acceptable only on items specifically listed on the agenda.
10. Unauthorized remarks from the audience, stomping of feet, applauding, whistles, yells, or any type of disruptive behavior is prohibited. Applause of appreciation may be acceptable when recognizing a significant event or achievement.
11. Proper respect, decorum, and conduct shall prevail at all times. Impertinent, slanderous, or personal attacks are strictly prohibited, and violators may be removed from the council chambers.

6.3 Preservation of Order.

Immediately preceding the opening of a public hearing, the mayor may read or may direct the city secretary to read the rules governing citizen comments. Council meetings are the workplace to carry out the business of the City of Lago Vista; therefore, any conduct that could constitute harassment in the workplace is prohibited. The mayor shall preserve order and decorum and, if necessary, shall cause to be silenced or removed from the council chambers any person speaking out of order or disrupting the order of the meeting. In all cases, the mayor shall preside over the Council meeting and ensure that proper conduct and decorum is adhered to.

ARTICLE 7. COMMISSIONS

7.1 General.

All standing Commissions are described under Article VII, Commissions and Boards, of the City of Lago Vista City Charter. Ad hoc Commissions may be temporarily appointed and terminate upon completion of a specific task or special purpose for which they are created, or when abolished by a majority vote of the City Council. Ad hoc Commissions shall have no powers other than advisory to

the City Council and all Rules of Procedure apply to them, provided that such ad hoc Commissions shall not be required to follow any open meetings rules that are not applicable to such Commission under state law.

7.2 Meeting Times and Agenda Order.

All regulatory Commissions shall be subject to these rules. Each Commission shall set their own agenda.

7.3 Commissions with Rulemaking, Independent Regulatory, or Quasi-Judicial Authority.

In no specific order: Planning and Zoning Commission, Building and Standards Commission, and Board of Adjustment. These may be referred to herein as “Regulatory Commissions”.

7.4 Commissions without Regulatory Authority.

In no specific order: Lago Vista Parks and Recreation Advisory Commission, Lago Vista Airport Advisory Board, Lago Vista Economic Development Advisory Commission, Lago Vista Library Advisory Board, Lago Vista Golf Course Advisory Commission, Lago Vista Youth Advisory Commission, and any additional non-regulatory city Commissions that are created.

7.5 Appointments.

City Council Members shall review applications of all eligible applicants for vacant positions on the City’s Commissions. Each Council Member assigned as Liaison to a Commission shall nominate appointees to the specific Commission. City Council shall vote to approve or deny nominations, by majority vote, until such time as all vacancies have been filled on the specific Commission.

7.6 Commission Members’ Service.

Members appointed to Regulatory Commissions shall serve 2-year terms in accordance with the City Charter. Members appointed to Commissions that *do not have* rulemaking, independent regulatory, or quasi-judicial authority shall also serve 2-year terms, serve at the will of the Council, and may be removed, replaced, or not reappointed at the discretion of City Council by majority vote, with or without cause. When conducting the business of the City, appointed members of all Commissions shall follow the Rules of Procedure set forth for the City Council. Members of Commissions are selected in order of best qualified in accordance with the criteria adopted by ordinance for the specific body, but secondarily by lack of membership on any other Commission so as to encourage a broad base of citizen participation.

7.7 Open Government Training.

Upon initial appointment, within 90 days of taking the oath of office or assuming duties, all Commission members shall be required to watch the Texas Public Information Act and the Texas Open Meetings Act training videos as provided by the Office of the Attorney General. At the conclusion of the training video, the appointee will be given an opportunity to print from the Attorney General’s website a Certificate of Completion. The certificate should be filed with the city secretary, as proof of Open Government training.

7.8 Council Liaisons and Commissions.

1. Definition of Liaison

Liaison: a person who establishes and maintains communication for mutual understanding and cooperation (Merriam-Webster Dictionary).

2. Council Liaison

With City Council approval, a Council member may serve for a calendar year as the City Council's Liaison (i.e., representative) to an organization, and may be reappointed for subsequent years. A Liaison is responsible for facilitating communication, collaboration, and coordination with the designated organization, and with regular reporting and accountability to the City Council. There are typically Council Liaisons to four types of organizations:

- a. a county-wide or regional policy or governing body or inter-governmental organization, such as Travis County Tax Appraisal District, Emergency Service Districts, Property Owners Associations, etc.; and
- b. A community organization, such as arts, business, or social service organizations; and
- c. A governing or inter-agency Commission, such as the Planning and Zoning Commission, Building and Standards Commission, or Board of Adjustment; and
- d. A citizen advisory Commission of the city, whether or not the City Charter calls for an ex-officio Council member, such as the Airport Advisory Board, the Library Advisory Board, Economic Development Advisory Committee, Parks and Recreation Advisory Committee, and the Golf Course Advisory Committee.

3. Council Liaison Procedures

Individual members of the City Council may be assigned as liaisons whose duties involve staying current with a group or activity by attending meetings or conferring with members and keeping the City Council informed. Liaisons may advocate City Council actions on behalf of their assigned group or activity. Liaisons' functions and duties may be further defined and/or directed by the mayor or mayor pro tem, in the absence of the mayor, with concurrence of the City Council.

4. Duties and Expectations of a Council Liaison

- a. A Council member acting as a Liaison to a Commission is not a member of the Commission. Rather, the Councilmember is a positive resource to support the Commission in the completion of its work, subject to the rules stated below.
- b. Council members, including the council liaison, shall act at all times in accordance with the City Ethics Policy's admonition to avoid the appearance of impropriety, and shall not intentionally or knowingly attempt to influence a Commission's recommendations or decisions with their own opinions, except as provided in the limited examples included as follows:
 - i To provide factual information to help support the discussions and deliberations of Commissions;
 - ii To answer Commission member questions;
 - iii To listen attentively and seek clarification regarding actions and recommendations of the Commission as needed so as to be able to be the primary two-way communication channel between the Commission and City Council; and

- iv To suggest issues for the Commission to consider as it deliberates an agenda item; or to pose questions for the Commission to address when it votes on an item on the agenda, if it appears that the Commission is unaware of such considerations.
- c. The Council liaison shall work to ensure that the Commission is only taking actions or doing work that is within the scope of the Commission as determined or approved by the City Council. The liaison can do this, for example, by reminding the Commission of the scope of work that the City Council set for the Commission.
- d. The Council liaison shall report on items and issues from their assigned Commission meetings, and shall bring to the Council, via an agenda item or during routine reports of the council liaisons, any requests from the Commission, such as the following:
 - i Questions raised by a Commission about the Commission's scope of work; and
 - ii Requests from the Commission to change the Commission's scope of work; and
 - iii Requests for expenditures of the city resources to further the Commission's work (money, staff time, or other resources); and
 - iv Requests from the Commission to place an item on a Council meeting agenda; and
 - v Items that are liaison or staff-initiated topics that need City Council input or need feedback to the Commission.

5. Selecting, replacing, and training of Commission members

- a. The council liaison takes the lead in filling vacancies, reviewing applications with the chair, and interviewing candidates for the Commission. No candidate can be nominated to a Commission without an application on file. The city council shall call for applications to be submitted by applicants in the October/November time frame and then makes appointments in the December timeframe. Vacancies that occur at other times will be filled by applicants that submitted applications during the typical October/November timeframe or subsequently. Should the list of candidates be exhausted, the City Council can make the decision to publicize the acceptance of additional applications outside the normal October – December timeframe.
- b. The council liaison is responsible for resolving any issues with a Commission member in consultation with the Commission chair and city attorney as appropriate. If the issue is with the Commission chair, the council liaison will resolve the issue in consultation with the mayor and city attorney as appropriate. If the issue is judged to be of a nature that requires the full council to review and adjudicate, then the issue will be brought to the council for action within a timely manner. If a council member becomes aware of a situation with a Commission member that is not being handled by the associated council liaison, the council member will discuss the issue with the council liaison. If the council liaison continues to not address the situation, the other council member shall bring the issue to the mayor and city attorney for evaluation.
- c. Possible actions of the Council include:
 - i. **No Action.** The City Council chooses to take no action.

- ii. ***Private Censure.*** The City Council may choose to privately censure the offending member.
 - iii. ***Public Censure.*** The City Council may choose to publicly censure the offending member through a resolution passed by supermajority vote and entered into the public record.
 - iv. ***Removal.*** If the violation is severe enough in nature, the council; may make the decision to remove the member from the Commission.
- d. Removal of a chairperson is brought to council for resolution by the liaison, working with the mayor. Any actions to remove a Commission member must conform with rules covered in the city charter, ordinances, and state law.
 - e. The council liaison and staff liaison are responsible for securing any training requirements for new or replaced Commission members. This includes appropriate legal and/or specific subject- matter content training. This may require expenditure of funds for registration and/or travel that would need to be included in the City’s budget.

6. Selecting and replacing council liaisons

- a. After elections each November, the city council members will discuss each Commission, current liaison assignments, proposed changes, and make liaison assignments for the upcoming year.
- b. When a problem exists with a council liaison, the Commission chair will approach the mayor to discuss issues and resolutions related to the council liaison. The mayor will bring suggested resolutions to the full council for possible action.

7. Selecting Commission officers

Each January, each Commission is required to elect a chair, vice-chair, and secretary from among its members.

8. Planning and reporting of the annual work plan of the Commission

- a. At the beginning of each calendar year, each Commission other than the Board of Adjustment will conduct a workshop to lay out objectives for the year that tie to the Comprehensive Master Plan and create an annual work plan. The Planning and Zoning and Building and Standards Commissions generally have their work brought to them but shall develop work plans to update ordinances when necessary.
- b. The Commission and related department head will review the Commission’s annual work plan once a year.
- c. Every June or July, the Commission chair will report to the city council the progress on the Commission’s annual work plan. Objectives and priorities will be adjusted as required.

9. Preparing and publishing the agendas

- a. The Commission chair will have the ultimate responsibility for creating the agenda for each meeting of non-regulatory Commissions. City staff will have the ultimate responsibility for bringing forward to the Commission chair the relevant development applications for inclusion in the agenda for each meeting of Regulatory Commissions.

- i. The Commission chair is responsible for accumulating desired agenda items from the other Commission members, and city staff.
 - ii. If council liaison would like an item included on a Commission's agenda, he/she will bring that item before city council for discussion, consideration and possible action followed by the council liaison reporting back to city council the actions of the Commission on said item.
 - iii. If an item is presented by the council liaison acting on behalf of the City Council, the Commission chair cannot withhold the item from the agenda.
 - iv. If a department head or Council liaison brings forward an item that is a development application or other matter with mandatory timelines, the Commission chair cannot withhold the item from the agenda.
 - v. The Commission chair has the authority to interact with the council liaison and the department head related to the Commission for the purpose of gathering appropriate information that should accompany agenda items. Should the Commission chair feel he/she needs access to other city staff, he/she will do so through city manager.
 - vi. The agenda should be emailed to the department head related to the Commission a minimum of seven (7) days prior to the scheduled meeting, copying the city secretary and the council liaison. The department head will provide any feedback about necessary alterations, which the chairperson will be responsible for making and then forwarding to the appropriate city staff for legal posting.
- b. When deemed appropriate by the council liaison (i.e., agenda items that involve acquisition or divestiture of city assets, the expenditure of city funds, etc.), the Commission chair and council liaison will be jointly responsible for:
 - i. determining what supporting material should be provided in a packet to the Commission prior to the meeting.
 - ii. accumulating the appropriate material with support of city staff; and
 - iii. determining which city staff will be required to support the successful conduct of each item on the agenda and making the appropriate arrangements with city staff to attend the meeting.
- c. Staff shall confirm that any application for consideration by a Commission or council is complete and shall prepare and publish the associated staff report before posting or publishing any required notices.
- d. If a staff report or recommendation includes reference to an ordinance, statute, or other regulation, then staff shall include a copy of the relevant and pertinent provisions of the current version of such ordinance, statute, or regulation in the packet of materials provided to the applicable Commission, or council.
- e. If a staff report or recommendation includes reference to a property, a map or maps are required to be added to the agenda item.
- f. The Commission secretary (whether Commission member or city staff depending on whether it is a state mandated Commission), chairperson, or related department head is responsible for the distribution of final agenda and packet items to Commission members and council liaison.

10. Roles in Commission meetings

- a. Appropriate city staff and council liaison are permitted in executive sessions for their designated Commissions as appropriate for the items to be discussed.
- b. The secretary is required to take notes or audio recordings and prepare the minutes of the meeting (except for state mandated Commissions where city designated staff will record and prepare the minutes).
- c. A council liaison plays a limited role in the operation of a Commission meeting.
- d. The council liaison has no voting rights in such meetings.
- e. Council members, including the council liaison, shall act at all times in accordance with the City Ethics Policy's admonition to avoid the appearance of impropriety, and shall not intentionally or knowingly attempt to influence a Commission's recommendations or decisions with their own opinions, except as provided in the limited examples included as follows:
 - i. To provide factual information to help support the discussions and deliberations of Commissions;
 - ii. To answer Commission member questions;
 - iii. To listen attentively and seek clarification regarding actions and recommendations of the Commission as needed so as to be able to be the primary two-way communication channel between the Commission and City Council;
 - iv. To suggest issues for the Commission to consider as it deliberates an agenda item; or to pose questions for the Commission to address when it votes on an item on the agenda, if it appears that the Commission is unaware of such considerations; and
 - v. To act as Parliamentarian for the Commission.
- f. All the above apply equally to open and executive session segments of a Commission meeting.
- g. A council liaison attends all meetings of his or her assigned Commissions, and if the council liaison cannot attend a meeting in person, he or she should attend such meeting by video conference call or arrange a replacement council member.
- h. The Council liaison shall work to ensure that the Commission is only taking actions or doing work that is within the scope of the Commission as determined or approved by the City Council. The liaison can do this, for example, by reminding the Commission of the scope of work that the City Council set for the Commission.

11. Subcommittees

- a. Commissions may make use of subcommittees (a non-quorum subset of the Commission) to analyze issues and bring back recommendations to the full entity.
- b. To appropriately create a subcommittee, an item must be placed on the Commission's official agenda to discuss and possibly take action on the issue at hand and the use of a subcommittee to help study and derive recommendations on the issue. The full body can discuss the issue and vote to create a subcommittee to review the issue and report back information and recommendations to the full body. When creating a subcommittee, the full body in its motion should specify:
 - i. The issue the subcommittee will review;

- ii. The members of the subcommittee (no more than 1 less than a quorum of the full body); and
- iii. The time frame within which the sub-committee will operate.

TABLE OF MOTIONS AND POINTS OF ORDER

MOTION/ORDER	REQUIRES SECOND	DEBATABLE	AMENDABLE	VOTE TYPE
Basic Motion	Yes	Yes	Yes	Simple
Motion to Amend	*	No	Yes	N/A
Motion to Adjourn	Yes	No	No	Simple
Motion to Recess	Yes	No	Yes	Simple
Motion to Fix the Time to Adjourn	Yes	No	No	Simple
Motion to Table	Yes	No	No	Simple
Motion to Limit Debate	Yes	No	No	Super
Motion to Object to the Consideration of an Item	Yes	No	No	Super
Motion to Suspend Rules	Yes	No	No	Super
Motion to Reconsider	Yes	Yes	Yes	Simple
Point of Privilege	No	No	No	N/A
Point of Order	No	No	No	N/A
Motion to Appeal	Yes	Yes	No	Simple
Call for Orders of the Day	No	No	No	N/A
Withdraw a Motion	No	No	No	N/A
Motion to Enforce	Yes	No	No	Simple
Motion to Hire/Fire the City Manager	Yes	Yes	Yes	At least 5 votes

- For the purposes of these rules, amendments are not debatable and only require the approval of the member who made the original motion and any member who seconded the motion. An amendment to an amendment, requires first the approval of the member who made the original amendment and secondly the approval of the members who made the original motion and seconded the motion.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Discussion regarding a rewrite or amendment of the City Ethics Policy.

BACKGROUND: The City of Lago Vista currently operates under an ethics policy originally adopted in 2009 and amended in 2023. Over the past several years, multiple city attorneys have raised concerns that significant portions of the policy are ambiguous, internally inconsistent, overly broad, or procedurally unclear. These concerns have come up repeatedly during council discussions, advisory opinions, and complaint procedures. At the same time, we now have a newly seated council. With new leadership comes an appropriate opportunity for the council to determine the standards, processes, and procedures that will govern how we operate moving forward. A clear and legally consistent ethics policy is foundational to good governance.

Texas law already provides detailed and comprehensive rules for local government ethics. Specifically, Chapter 171 and Chapter 176 of the Texas Local Government Code create the statewide framework for conflicts of interest, disclosures, business relationships, and penalties for violations. Our current ethics policy acknowledges this directly in Section 1.1801(d), which states that the City intends to rely primarily on state law in order to avoid unnecessary duplication of rules and unnecessary administrative cost.

Despite that stated intent, the current policy contains significant additions beyond state law that are difficult to apply consistently. Several sections have proven susceptible to subjective interpretation. These policy additions have also created opportunities for political misuse or threats of misuse, including claims about what a council member can or cannot say or do. This raises potential First Amendment concerns and due process concerns regarding vague standards and unclear complaint procedures.

Given these issues, this agenda item proposes that the council begin the process of rewriting the ethics policy so that it remains strong, enforceable, legally defensible, and aligned

with state law.

FINDINGS:

Multiple city attorneys have raised concerns regarding ambiguity.

Several provisions regarding political activity, gifts, complaint procedures, and standards of conduct have been flagged as confusing, duplicative, or inconsistent with state law or case law. This creates uncertainty for council members, board members, and staff.

The current policy conflicts with or expands beyond state law in ways that create risk.

State law already defines what constitutes a conflict of interest, who must file affidavits, when abstention is required, and what penalties apply. The City's decision to create additional local restrictions introduces potential legal conflicts, unclear enforcement standards, and potential claims of violating due process.

Sections of the policy can be weaponized or misused.

Because several requirements are subjective, aspirational, or undefined, they have been used at times to accuse or threaten elected officials over routine speech or conduct. This undermines the purpose of an ethics policy, which is to define clear, enforceable rules rather than create opportunities for political leverage.

The policy itself says the City should rely primarily on state law. Section 1.1801(d) states that the City intends to rely on Chapters 171 and 176, along with other state laws, in order to avoid duplication and unnecessary administrative burdens. That language supports simplifying the policy so that it aligns with the statutory framework.

Adopting an ethics policy that mirrors Texas law, while only adding provisions that are clear, objective, and enforceable, will make it easier for the public to understand and easier for officials to follow. It will also greatly reduce the risk of inconsistent or selective enforcement.

RECOMMENDATION:

That the City Council direct the City Attorney to prepare a revised ethics policy that:

- Aligns primarily with Chapters 171 and 176 of the Texas Local Government Code and other applicable state ethics laws.
 - Eliminates unnecessary, duplicative, or ambiguous provisions.
 - Ensures that disciplinary and complaint procedures comply with state law and constitutional due process.
 - Preserves only those local standards that are clear, objective, and legally defensible.
 - Returns to Council with drafts for discussion and adoption.
- Revising the ethics policy at this time will strengthen public

confidence, provide clearer rules for officials and staff, and support the long term health of our governance.

ATTACHMENTS:

[2-ethics Chapter 171 Local Government Code.pdf](#)

[3-ethics chapter 176 local government code.pdf](#)

[4-ethics ChatGPT Review of Ethics Policy.docx](#)

LOCAL GOVERNMENT CODE

TITLE 5. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES

SUBTITLE C. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES OF MORE THAN
ONE TYPE OF LOCAL GOVERNMENTCHAPTER 171. REGULATION OF CONFLICTS OF INTEREST OF OFFICERS OF
MUNICIPALITIES, COUNTIES, AND CERTAIN OTHER LOCAL GOVERNMENTS

Sec. 171.001. DEFINITIONS. In this chapter:

(1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.

(2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 171.002. SUBSTANTIAL INTEREST IN BUSINESS ENTITY. (a) For purposes of this chapter, a person has a substantial interest in a business entity if:

(1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or

(2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.

(b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

(c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989; Acts 1991, 72nd

Leg., ch. 561, Sec. 37, eff. Aug. 26, 1991; Acts 1995, 74th Leg., ch. 76, Sec. 5.95(27), eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 849, Sec. 1, eff. Sept. 1, 1997.

Sec. 171.0025. APPLICATION OF CHAPTER TO MEMBER OF HIGHER EDUCATION AUTHORITY. This chapter does not apply to a board member of a higher education authority created under Chapter 53, Education Code, unless a vote, act, or other participation by the board member in the affairs of the higher education authority would provide a financial benefit to a financial institution, school, college, or university that is:

- (1) a source of income to the board member; or
- (2) a business entity in which the board member has an interest distinguishable from a financial benefit available to any other similar financial institution or other school, college, or university whose students are eligible for a student loan available under Chapter 53, Education Code.

Added by Acts 1989, 71st Leg., ch. 1, Sec. 41(a), eff. Aug. 28, 1989.

Sec. 171.003. PROHIBITED ACTS; PENALTY. (a) A local public official commits an offense if the official knowingly:

- (1) violates Section 171.004;
 - (2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or
 - (3) acts as surety on any official bond required of an officer of the governmental entity.
- (b) An offense under this section is a Class A misdemeanor.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989.

Sec. 171.004. AFFIDAVIT AND ABSTENTION FROM VOTING REQUIRED. (a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:

- (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or

(2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) The affidavit must be filed with the official record keeper of the governmental entity.

(c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989.

Sec. 171.005. VOTING ON BUDGET. (a) The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest.

(b) Except as provided by Section 171.004(c), the affected member may not participate in that separate vote. The member may vote on a final budget if:

- (1) the member has complied with this chapter; and
- (2) the matter in which the member is concerned has been resolved.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Renumbered from Sec. 171.006 and amended by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989.

Sec. 171.006. EFFECT OF VIOLATION OF CHAPTER. The finding by a court of a violation under this chapter does not render an action of the governing body voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed the governing body without the vote of the person who violated the chapter.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Renumbered from Sec. 171.008 by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989.

Sec. 171.007. COMMON LAW PREEMPTED; CUMULATIVE OF MUNICIPAL PROVISIONS. (a) This chapter preempts the common law of conflict of interests as applied to local public officials.

(b) This chapter is cumulative of municipal charter provisions and municipal ordinances defining and prohibiting conflicts of interests.

Amended by Acts 1989, 71st Leg., ch. 1, Sec. 40(a), eff. Aug. 28, 1989.

Sec. 171.009. SERVICE ON BOARD OF CORPORATION FOR NO COMPENSATION. It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity.

Added by Acts 1989, 71st Leg., ch. 475, Sec. 2, eff. Aug. 28, 1989.

Sec. 171.010. PRACTICE OF LAW. (a) For purposes of this chapter, a county judge or county commissioner engaged in the private practice of law has a substantial interest in a business entity if the official has entered a court appearance or signed court pleadings in a matter relating to that business entity.

(b) A county judge or county commissioner that has a substantial interest in a business entity as described by Subsection (a) must comply with this chapter.

(c) A judge of a constitutional county court may not enter a court appearance or sign court pleadings as an attorney in any matter before:

- (1) the court over which the judge presides; or
- (2) any court in this state over which the judge's court exercises appellate jurisdiction.

(d) Upon compliance with this chapter, a county judge or commissioner may practice law in the courts located in the county where the county judge or commissioner serves.

Added by Acts 2003, 78th Leg., ch. 227, Sec. 21, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1206, Sec. 3, eff. June 20, 2003.

LOCAL GOVERNMENT CODE

TITLE 5. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES

SUBTITLE C. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES OF MORE THAN
ONE TYPE OF LOCAL GOVERNMENTCHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL GOVERNMENT
OFFICERS; PROVIDING PUBLIC ACCESS TO CERTAIN INFORMATION

Sec. 176.001. DEFINITIONS. In this chapter:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(1-a) "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;

(B) a transaction conducted at a price and subject to terms available to the public; or

(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

(1-b) "Charter school" means an open-enrollment charter school operating under Subchapter D, Chapter 12, Education Code.

(1-c) "Commission" means the Texas Ethics Commission.

(1-d) "Contract" means a written agreement for the sale or purchase of real property, goods, or services.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code.

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a

personal, professional, or business relationship independent of the official status of the recipient.

(2-c) "Goods" means personal property.

(2-d) "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter 49, Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or

(C) an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor.

(5) "Records administrator" means the director, county clerk, municipal secretary, superintendent, or other person responsible for maintaining the records of the local governmental entity or another person designated by the local governmental entity to maintain statements and questionnaires filed under this chapter and perform related functions.

(6) "Services" means skilled or unskilled labor or professional services, as defined by Section 2254.002, Government Code.

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes an agent of a

vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 1, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 1, eff. September 1, 2015.

Sec. 176.002. APPLICABILITY TO VENDORS AND OTHER PERSONS. (a) This chapter applies to a person who is:

(1) a vendor; or

(2) a local government officer of a local governmental entity.

(b) A person is not subject to the disclosure requirements of this chapter if the person is:

(1) a state, a political subdivision of a state, the federal government, or a foreign government; or

(2) an employee or agent of an entity described by Subdivision (1), acting in the employee's or agent's official capacity.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 2, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 2, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 3, eff. September 1, 2015.

Sec. 176.003. CONFLICTS DISCLOSURE STATEMENT REQUIRED. (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(1) the vendor enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor; and

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer.

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

(1) a political contribution as defined by Title 15, Election Code; or

(2) food accepted as a guest.

(a-2) A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section 791.013, Government Code.

(b) A local government officer shall file the conflicts disclosure statement with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement under Subsection (a).

(c) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(d) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(1), eff. September 1, 2015.

(e) The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts

disclosure statement must include:

(1) a requirement that each local government officer disclose:

(A) an employment or other business relationship described by Subsection (a)(2)(A), including the nature and extent of the relationship; and

(B) gifts accepted by the local government officer and any family member of the officer from a vendor during the 12-month period described by Subsection (a)(2)(B) if the aggregate value of the gifts accepted by the officer or a family member from that vendor exceeds \$100;

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a)(2)(B); and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 3, eff. May 25, 2007.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 4, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 5, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 9(1), eff. September 1, 2015.

Sec. 176.006. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER PERSONS; QUESTIONNAIRE. (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

(b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's business and family relationships with a local governmental entity.

(c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor filing the questionnaire:

(1) describe each employment or business and family relationship the vendor has with each local government officer of the local governmental entity;

(2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor;

(3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor receives, or is likely to receive, taxable income, other than investment income, that:

(A) is received from, or at the direction of, a local government officer of the local governmental entity; and

(B) is not received from the local governmental entity; and

(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local

government officer of the local governmental entity:

(A) serves as an officer or director; or

(B) holds an ownership interest of one percent or more.

(d) A vendor shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A person who is both a local government officer and a vendor of a local governmental entity is required to file the questionnaire required by Subsection (a)(1) only if the person:

(1) enters or seeks to enter into a contract with the local governmental entity; or

(2) is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

(f) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(g) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(h) Repealed by Acts 2015, 84th Leg., R.S., Ch. 989 , Sec. 9(3), eff. September 1, 2015.

(i) The validity of a contract between a vendor and a local governmental entity is not affected solely because the vendor fails to comply with this section.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 6, eff. May 25, 2007.

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 9, eff. May 25, 2007.

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. 1969), Sec. 15.005, eff. September 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 6, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 9(3), eff. September 1, 2015.

Sec. 176.0065. MAINTENANCE OF RECORDS. A records administrator shall:

(1) maintain a list of local government officers of the local governmental entity and shall make that list available to the public and any vendor who may be required to file a conflict of interest questionnaire under Section 176.006; and

(2) maintain the statements and questionnaires that are required to be filed under this chapter in accordance with the local governmental entity's records retention schedule.

Added by Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 8, eff. May 25, 2007.

Redesignated and amended from Local Government Code, Section 176.011 by Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 7, eff. September 1, 2015.

Sec. 176.008. ELECTRONIC FILING. The requirements of this chapter, including signature requirements, may be satisfied by electronic filing in a form approved by the commission.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Sec. 176.009. POSTING ON INTERNET. (a) A local governmental entity that maintains an Internet website shall provide access to the statements and to questionnaires required to be filed under this chapter on that website. This subsection does not require a local governmental entity to maintain an Internet website.

(b) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 847, Sec. 3(b), eff. January 1, 2014.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 7, eff. May 25, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. 2702), Sec. 76, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 847 (H.B. 195), Sec. 3(b), eff. January 1, 2014.

Sec. 176.010. REQUIREMENTS CUMULATIVE. The requirements of this chapter are in addition to any other disclosure required by law.

Added by Acts 2005, 79th Leg., Ch. 1014 (H.B. 914), Sec. 1, eff. June 18, 2005.

Sec. 176.012. APPLICATION OF PUBLIC INFORMATION LAW. This chapter does not require a local governmental entity to disclose any information that is excepted from disclosure by Chapter 552, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 226 (H.B. 1491), Sec. 8, eff. May 25, 2007.

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

(1) is required to file a conflicts disclosure statement under Section 176.003; and

(2) knowingly fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this chapter if the vendor:

(1) is required to file a conflict of interest questionnaire under Section 176.006; and

(2) either:

(A) knowingly fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or

(B) knowingly fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

(1) a Class C misdemeanor if the contract amount is less than \$1 million or if there is no contract amount for the contract;

(2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or

(3) a Class A misdemeanor if the contract amount is at least \$5 million.

(d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a

requirement adopted under this chapter.

(e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a vendor failed to file a conflict of interest questionnaire required by Section 176.006.

(f) It is an exception to the application of Subsection (a) that the local government officer filed the required conflicts disclosure statement not later than the seventh business day after the date the officer received notice from the local governmental entity of the alleged violation.

(g) It is an exception to the application of Subsection (b) that the vendor filed the required questionnaire not later than the seventh business day after the date the vendor received notice from the local governmental entity of the alleged violation.

Added by Acts 2015, 84th Leg., R.S., Ch. 989 (H.B. 23), Sec. 8, eff. September 1, 2015.

Below is a **clear, detailed, section by section legal analysis** of where your current Lago Vista Ethics Policy:

- **Repeats state law unnecessarily**
- **Conflicts with state law**
- **Deviates from state law in a problematic way**
- **Creates due process or First Amendment problems**
- **Introduces ambiguity that can be weaponized**

I cite the city ethics policy and the state statutes per instructions.

I. OVERVIEW

After comparing your ethics ordinance (Ordinance 09 05 21 01, amended 03 16 23) with:

- **Texas Local Government Code Chapter 171** (conflicts of interest)

Chapter 171 Local Government Co...

- **Texas Local Government Code Chapter 176** (vendor disclosure)

chapter 176 local government co...

and reviewing the structure of your local policy, several major problem areas emerge.

The most concerning are **Sections 1.1809 and 1.1810**, which create an ethics complaint process **not authorized by state law**, and which grant enormous discretionary power without procedural safeguards. These sections deviate from state norms and expose the city to legal and political risk.

Below is the full breakdown.

II. SECTIONS THAT SHOULD BE REMOVED OR SUBSTANTIALLY REWRITTEN

A. Section 1.1809 — Duty to Report Ethical Violations

1. State law does not impose any such duty

Neither **Chapter 171** nor **Chapter 176** contains any duty for city employees or officials to report violations committed by other officials.

There is no statutory obligation for whistleblowing of ethics concerns, nor any criminal penalty for failing to report.

This entire duty is created by the city ordinance, and that means:

- It is enforceable only through your ordinance
- It creates legal risk
- It creates potential workplace retaliation issues
- It is vague and overbroad

2. Unconstitutionally vague standard

Section 1.1809 requires reporting only when a violation "raises a substantial question" about honesty or fitness. That is a subjective moral standard, not a legal standard.

This invites constitutional vagueness challenges.

3. Creates compelled speech concerns

Requiring someone to **report speech or conduct of an elected official** intrudes on First Amendment rights, especially since some alleged "violations" involve political activity or speech.

4. Creates a tool for political weaponization

Because "substantial question" is undefined, individuals can weaponize the reporting obligation by threatening:

"You have a duty to report this or *you* are violating ethics."

This is already happening in your city.

Conclusion

This section should be removed. It is not supported by state law and increases liability without providing benefit.

B. Section 1.1810 — Jurisdiction and Hearing of Complaints

This is the **most problematic section** in your entire ordinance.

1. State law provides no authority for this type of ethics tribunal

Chapters **171** and **176** outline:

- Disclosure rules
- When an official must abstain
- When affidavits must be filed
- Criminal penalties limited to specific conduct

State law **does not** authorize municipalities to create full quasi judicial tribunals with:

- Preliminary hearings
- Final hearings
- Subpoena like requests
- Oath requirements
- Cross examination limitations
- Sanctions like censure, reprimand, or letters of admonition

Your local ordinance effectively creates a **local ethics court** with rules nowhere found in state law.

2. No due process protections

The ordinance lacks:

- Clear rules of evidence
- Right to discovery
- Right to cross examine witnesses
- Standards for admissibility
- Neutral fact finder
- Timelines that have legal meaning
- Appeal rights

The United States Constitution requires basic due process before government imposes sanctions that affect:

- Reputation
- Elected office functions
- Public standing

Your ordinance denies even the basics.

3. Burden of proof “clear and convincing” conflicts with state misdemeanor standard

State law criminal penalties require **beyond the reasonable doubt**, while your ordinance sets:

- Preliminary hearing standard: “reasonable grounds”
- Final hearing standard: “clear and convincing evidence”

These hybrid standards do not match any state requirement.

4. Allows Council Members to act as accuser, witness, judge, and jury

This violates basic fairness and common law principles.

Section 1.1810(6) even requires council members to avoid communication, except the mayor may coordinate with the City Attorney. Yet the same council members are the tribunal.

This structure is inherently biased.

5. Creates inconsistent penalties not authorized by state law

Section 1.1810(9) lists:

- Letters of admonition
- Letters of reprimand
- Letters of censure
- Suspension recommendations
- Removal recommendations

There is no state statutory authority for:

- Censure
- Reprimand
- Admonition
- Publication in newspaper

Chapter 171 allows **only** for:

- Class A misdemeanor prosecution
- Voiding a contract if the conflict was determinative (Sec. 171.006)

Chapter 171 Local Government Co...

Nothing more.

Conclusion

Section 1.1810 must be rewritten entirely or removed. It is not grounded in state law and is procedurally dangerous.

III. SECTIONS THAT DUPLICATE STATE LAW AND SHOULD BE REMOVED

These duplicates create risk because:

- If state law changes, your ordinance becomes incorrect.
- Duplicating state law invites the city to enforce a state statute inconsistently.
- It invites lawsuits that challenge the ordinance as conflicting with state law.

The following parts of your policy duplicate state rules:

A. Conflict of Interest Definitions and Requirements (1.1803(b))

This section largely repeats **Chapter 171** regarding:

- Substantial interest definitions
- Requirement to abstain
- Requirement to file affidavit

Chapter 171 already controls these matters.

Duplicating them creates risk of conflict if language is not identical.

B. Disclosure Requirements for Vendors (1.1806, 1.1808)

These simply restate **Chapter 176**.

Chapter 176 clearly governs:

- The vendor conflict of interest questionnaire
- When it must be filed
- Penalties

Your ordinance adds no value here.

C. Penalties in Section 1.1813(b)

Your ordinance states offenses carry a penalty of up to 500 dollars per day.
This is duplicative and potentially inconsistent with:

- Chapter 171 misdemeanor penalty structure
- Chapter 176 civil and criminal penalties

Because state law already prescribes penalties, your ordinance invites conflict.

IV. SECTIONS WHERE THE CITY DEVIATES FROM STATE LAW IN A PROBLEMATIC WAY

A. Gift policy (1.1803(a)(1 4))

State law has **no gift prohibitions** for municipal officials except where gifts create:

- A business relationship
- Contract influence
- Vendor disclosure obligations

Your ordinance creates an arbitrary:

- Fifty dollar limit
- Two hundred dollar per year aggregate
- Multiple qualitative factors
- Prohibited list

Because these standards are not defined in state law, they:

- Create local traps for the unwary
 - Are vague and subjective
 - Allow political weaponization
 - Risk conflicts with the First Amendment (expressive gifts, ceremonial gifts)
-

B. Political activity restrictions (1.1803(f)(2))

These restrictions go far beyond state law.

State law:

- Does not restrict city council members from campaigning for others
- Does not prohibit employees from participating in political life off duty (except federal Hatch Act for certain positions)

Your ordinance restricts:

- Campaign management
- Campaign contributions
- Placement of signs on certain vehicles
- Attendance at events in uniform

Some of these restrictions may violate the First Amendment as recognized in cases like *Pickering* and *Garcetti*.

C. Board member restrictions on communication (1.1803(e)(4))

“No private discussions with any applicant.”

This goes beyond state law and beyond any standard required for quasi judicial boards. It is also vague:

- What is an “issue to be considered”?
- What counts as a discussion?
- What about a passing conversation at HEB?

This is ripe for weaponization.

V. SUMMARY OF WHAT SHOULD BE REMOVED OR REWRITTEN

Must Remove Entirely

1. **Section 1.1809** Duty to Report
2. **Section 1.1810** Complaint and Hearing Tribunal
3. **Most of Section 1.1813** Penalties
4. **Political activity restrictions not required by law**
5. **Gift restrictions beyond state law**

Should Remove Because Duplicates State Law

1. Conflict of interest definitions and procedures (parts of 1.1803(b))
2. Vendor disclosure requirements (1.1806, 1.1808)
3. Penalties that overlap with 171 and 176

Should Rewrite for Clarity, Not Elimination

1. Confidential information definition
2. Use of city property
3. Outside employment limitations

What could be opposition to your analysis on these sections and what is your response to that opposition?

ChatGPT said:

Below is a **full strategic analysis** of what *opposition* there could be about the ethics ordinance, followed by **clear, legally grounded rebuttals**.

I present each argument in a balanced way. Nothing uses em dashes.

I. Opposition Argument: “The Ethics Process Protects Accountability”

Opposition Claim:

Sections 1.1809 and 1.1810 are necessary because they ensure that ethics violations are taken seriously and create a clear mechanism for accountability. Without these sections, elected officials would be left to “police themselves,” and serious misconduct could go unaddressed.

Response:

State law already provides a complete and mandatory accountability structure.

- Chapter 171 mandates affidavits and abstention from voting.
- Violations are prosecuted as Class A misdemeanors.
- Chapter 176 mandates vendor disclosures and penalties for noncompliance.

These statutes already ensure accountability through neutral courts and prosecutors, not through city council members acting as investigators, judges, and juries.

Local tribunals are not required to enforce state ethics law and in fact create legal risks. The city does not have authority to replace the state enforcement mechanism.

If Lago Vista wants to maintain additional local standards, they must be objective, narrow, and enforceable in a fair manner. Current procedures do not provide due process and invite selective or political application.

II. Opposition Argument: “The City Has Home Rule Authority to Create Stronger Ethics Rules”

Opposition Claim:

Even though Lago Vista is a general law city, cities still have authority to adopt internal

governance rules. The ethics ordinance is simply a set of local expectations that supplement state law and encourage higher standards of conduct.

Response:

General law cities have limited powers. They cannot adopt ordinances inconsistent with state law.

A local ordinance cannot:

- Conflict with Chapters 171 or 176
- Duplicate state criminal penalties
- Create new criminal offenses
- Create mandatory reporting obligations not found in state law
- Insert procedural rules that conflict with statutory frameworks

The Attorney General has repeatedly stated that general law cities may not expand ethics restrictions beyond the scope of Chapters 171 and 176 unless the additions are purely administrative.

Sections 1.1809 and 1.1810 do not simply create “higher standards.”

They impose:

- Mandatory reporting
- Hearings
- Investigations
- Sanctions
- Publication of findings
- Legal consequences

These go beyond “internal governance” and regulate rights protected by state law and the Constitution.

III. Opposition Argument: “The Hearing Process is Necessary to Resolve Disputes Within the Council”

Opposition Claim:

Ethics disputes must be resolved somehow, and council hearings are an efficient local tool. The city manager and city council should have authority to investigate and decide ethics cases so internal issues do not need to be referred to county prosecutors.

Response:

No other area of law allows individuals who are:

- the accusers
- the witnesses
- the subjects of political competition

to also serve as the judge and jury.

This structure is inherently unfair and violates basic due process principles recognized by courts when public bodies adjudicate disputes.

State law provides the correct process:

- Neutral prosecutors
- Judicial review
- Standard criminal procedure protections

If a case involves a crime, the city must refer it to the proper authorities.

If it does not involve a crime, the city should not create a quasi court that has no legal foundation.

IV. Opposition Argument: “The Duty to Report Encourages Ethical Behavior”

Opposition Claim:

Section 1.1809 promotes integrity by ensuring that employees and officials cannot ignore unethical conduct. It fosters a culture of responsibility and prevents people from looking the other way.

Response:

The intent is admirable, but the mechanism is flawed.

The duty to report in 1.1809 requires employees to report any conduct that “raises a substantial question” about honesty or fitness. This is:

- Vague
- Subjective
- Impossible to enforce consistently
- Easily weaponized
- A potential violation of First Amendment rights

There is also no state authority for requiring employees to report alleged violations by elected officials. This opens the city to liability for compelled speech and potential whistleblower claims.

A policy that encourages reporting best achieves compliance, but a policy that threatens punishment for not reporting creates fear and retaliation risk.

V. Opposition Argument: “Local Gift Rules Help Prevent Corruption”

Opposition Claim:

The city must restrict gifts more tightly than the state in order to prevent corruption and maintain public confidence. A 50 dollar limit prevents undue influence.

Response:

Gift restrictions are fine if they are:

- Clear
- Objective
- Legally grounded

However, the current rules create:

- A complicated multi factor test
- Broad subjectivity
- The risk of selective enforcement
- Conflict with common ceremonial practices that are legally protected
- Confusion with state rules for vendor disclosures

State law uses an objective standard.

Local law must not contradict or undermine the clarity provided by state law.

A rewritten ordinance can have simple, objective rules that avoid these problems.

VI. Opposition Argument: “We Need These Rules Because Our Community Expects High Ethical Standards”

Opposition Claim:

Lago Vista residents want officials held to high standards. Removing sections makes it look like council wants to weaken ethics protections.

Response:

The goal is not to weaken ethics protections.

The goal is to create a policy that is:

- Clear
- Enforceable
- In line with state law
- Fair to everyone
- Impossible to abuse

Keeping vague rules does not create higher standards. It creates dangerous tools that bad actors can misuse.

Strengthening ethics means:

- Relying on state law
- Removing ambiguity
- Avoiding duplication
- Creating a process that protects both the public and the accused

This raises the ethical baseline, not lowers it.

VII. Opposition Argument: “No One Has Been Harmed Yet, So It Is Not a Problem”

Opposition Claim:

The ordinance has been in place for years. There has not been a major legal issue or lawsuit, so it must be fine.

Response:

The absence of a lawsuit does not mean the ordinance is legal.

Many cities rewrite their ethics ordinances for this very reason. Lago Vista’s ordinance has already been used in ways that:

- Threaten elected officials
- Create confusion
- Interfere with free speech
- Lead to accusations based on interpretation, not law

It is better to correct a flawed ordinance before it produces litigation.

The standard should not be “we have not been sued yet.”

The standard should be “we should not knowingly keep an ordinance that is flawed, vague, or contrary to state law.”

VIII. Opposition Argument: “The Ethics Process Helps Public Confidence”

Opposition Claim:

Strong ethics rules reassure the public that misconduct will be dealt with locally and transparently.

Response:

Public confidence comes from:

- Clear rules
- Fair procedures
- Consistent enforcement
- Respect for state law
- Protecting constitutional rights

The current ordinance undermines confidence because it:

- Is too long
- Is too inconsistent
- Uses procedures that resemble a court without legal safeguards
- Has been used as a political weapon

A streamlined, state law aligned policy increases trust by making the rules easy to understand and fair to everyone.

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Discussion regarding repeal or amendment of the City Social Media Policy.

BACKGROUND: The City of Lago Vista adopted its Social Media Policy, most recently amended on September 5, 2024. Since that time, the City has received legal guidance from current and past city attorneys expressing concerns that the policy may not align with federal constitutional standards or Texas law. The policy attempts to regulate personal social media use by elected officials, board members, and employees, including guidance on political expression, personal accounts, account structure, and participation in online discussions.

Since the policy was adopted, the United States Supreme Court has issued significant rulings on the First Amendment rights of elected officials using personal social media accounts. These rulings, along with long-standing Texas and federal case law protecting political speech, indicate that several provisions of the current policy may not withstand legal scrutiny and may place the City at risk if enforced.

Because this new council should determine how it intends to operate, and because the City can safely regulate official City accounts without attempting to govern personal accounts, it is appropriate to review the policy and consider repealing it in full.

FINDINGS: The policy contains provisions that regulate the political speech of elected officials.

Courts recognize political speech by elected officials as fully protected speech under the First Amendment. Provisions that discourage posting about City matters, that recommend avoiding discussions where other members may be present, or that require separating personal and political accounts conflict with these constitutional protections.

Recent Supreme Court rulings limit the ability of government to regulate personal accounts.

The 2024 decisions in *Lindke v. Freed* and *O'Connor-Ratcliff v. Garnier* clarify that personal accounts cannot be regulated by the government unless an official is exercising actual governmental authority. The current policy is inconsistent with these standards.

The policy creates risks under Texas law.

The policy incorporates interpretations of the Texas Open Meetings Act and Public Information Act that overstate the City's authority to restrict how officials communicate. This may create compliance problems, expose the City to claims of improper restraint, and conflict with established Attorney General guidance.

The policy may result in unconstitutional content-based censorship.

The policy identifies categories of public comments that may be removed from City accounts, including political comments on candidates or ballot measures. Government may not remove comments based on viewpoint, and doing so creates a significant litigation risk.

Repealing the policy does not remove the City's ability to manage official accounts.

The City may continue to regulate official City-operated social media sites, including access control, tone, records retention, and compliance with the Public Information Act, without regulating the personal or political speech of elected officials.

A simpler policy is the safest legal path forward.

Repealing the current policy and directing staff and the City Attorney to provide a narrow, legally appropriate replacement focused only on City-operated accounts will reduce risk and bring the City in line with current constitutional standards.

RECOMMENDATION:

That the City Council repeal the current Social Media Policy in full and direct the City Manager and City Attorney to return with a revised policy limited to the administration and operation of official City social media accounts, Public Information Act compliance, security, and records retention.

ATTACHMENTS:

[ChatGPT Analysis of Social Media Policy.docx](#)

Below is a **full legal analysis** of your current Social Media Policy, whether your concerns are legally substantiated, and whether the best recommendation is to repeal it entirely rather than attempt to “fix” it.

I cite the policy where needed:

Social Media Policy Amended 09-...

I also reference the major controlling cases and Texas Open Meetings Act (TOMA) interpretations.

Nothing contains em dashes.

I. Summary of Findings

Your concerns are absolutely valid.

There are **multiple constitutional defects, state law conflicts, and problematic restrictions on elected officials’ speech** in the current policy.

This policy exposes the City of Lago Vista to **serious litigation risk**, especially after major Supreme Court rulings in 2024. Because of the complexity of First Amendment law and the city’s limited power over elected officials, the **most defensible, lowest risk solution is to repeal the entire policy** and instead adopt very narrow guidance limited only to:

- City operated accounts
- Public Information Act obligations
- Records retention
- Security and access control

Anything regulating personal accounts, political speech, or communication of an elected official in their personal capacity is **unconstitutional and unenforceable**.

This is identical to the legal advice almost all Texas cities have received since 2024.

II. Major Legal Developments That Affect Your Policy

1. 2024 Supreme Court: Lindke v. Freed and O'Connor-Ratcliff v. Garnier

These two cases are the most important rulings ever issued on elected officials' personal social media.

The Court held:

- Personal accounts cannot be restricted or regulated by government unless the official is exercising actual governmental authority through the account.
- Government cannot compel elected officials to maintain separate personal and political accounts.
- Government cannot punish elected officials for posting city related content on personal accounts unless the official is using delegated authority.
- Government cannot force elected officials to include disclaimers.

Your policy directly contradicts these rulings in multiple places.

Examples:

- Section III strongly “recommends” personal accounts be kept strictly personal and warns against posting city business.
This is unconstitutional compelled speech and unconstitutional government restraint on political speech.
- Section X tells council members to remove titles from personal accounts, create separate accounts, and avoid commenting on local issues.
This violates the First Amendment and directly contradicts Lindke.

2. First Amendment Protection for Elected Officials' Speech

Decades of Supreme Court cases hold that:

Government cannot regulate the political speech of elected officials.

Key cases:

- Bond v. Floyd (1966)
- Republican Party of Minnesota v. White (2002)
- Rangra v. Brown (Fifth Circuit, 2009)
- Houston Community College v. Wilson (2022)

Elected officials have “the highest level of First Amendment protection” because political speech is core speech.

Your social media policy repeatedly restricts or discourages political speech by council members, including:

- “Avoid making posts referencing your official capacity.”
- “Redirect dialogue away from your personal account.”
- “Avoid commenting where other council members are participating.”
- “Do not use your personal account for city business.”

These are unconstitutional prior restraints.

3. Texas Open Meetings Act Does Not Prohibit Personal Political Speech

Your policy incorrectly states that council members should avoid political discussions on social media where other members are present because a quorum may violate TOMA.

This is legally incorrect.

TOMA only applies if:

- A quorum has a contemporaneous communication about public business
- AND the communication reaches deliberation level

Posting comments on social media is not a meeting under Texas AG interpretations unless:

- A quorum intentionally engages in back and forth deliberation
- In a way that resembles a real time meeting

TOMA absolutely does not authorize the city to prohibit members from speaking online.

Your policy appears to misstate the law and creates unconstitutional chilling of speech.

III. Specific Legal Concerns With Your Current Policy

Below are the most problematic provisions.

A. Restrictions on What Council Members Can Post (Sections X and III)

Example prohibitions:

- “Avoid making posts related to your official capacity.”
- “Avoid commenting on local issues where other council members are also participating.”
- “Redirect dialogue to other channels.”
- “Do not use personal accounts for city business.”

These are unconstitutional.

Government cannot regulate the content of an elected official’s political speech unless the official is speaking under delegated authority.

B. Forced disclaimers and forced account separation

Examples:

- “Include an introductory statement defining your account’s purpose.”
- “Maintain separate personal and political accounts.”
- “Remove elected titles from profiles.”

The Supreme Court bars compelled speech and bars government from requiring elected officials to structure their political speech in a certain format.

C. Overbroad rules prohibiting political comments by the public (Section V(C)(13))

The policy prohibits:

- Comments supporting or opposing political candidates
- Comments supporting or opposing ballot measures

This is viewpoint based censorship.

Government cannot delete political speech in a public forum. Period.

This exposes the city to civil rights lawsuits under 42 U.S.C. 1983.

D. Overreaching into personal First Amendment activity

Section IX repeats threats about discipline for deleting personal posts or responding to personal attacks.

This has no grounding in law and is legally unenforceable against elected officials.

E. Misstatements of First Amendment law

Section VIII(B) warns officials to “not block users” and to redirect dialogue to other channels.

This misunderstands the Lindke ruling and incorrectly limits the rights of elected officials.

It also creates potential liability because if the city teaches an incorrect standard and a member follows it, the city may be responsible.

IV. Recommendation

Because:

- The policy is deeply unconstitutional
- It violates multiple Supreme Court rulings
- It overstates the city’s authority
- It imposes regulations the city cannot enforce
- It exposes the city to very high litigation risk
- It chills core political speech
- It contains incorrect interpretations of TOMA and First Amendment law
- It contradicts Lindke
- It regulates the political speech of elected officials, which is forbidden

The only legally safe recommendation is to repeal the Social Media Policy in full.

You can replace it with a short, minimal document that contains only:

1. Rules for administration of City operated accounts

Who posts. Who has login credentials. What tone to use.

2. Required compliance with Public Information Act

This is legitimate and required.

3. Records retention

This is required and appropriate.

4. Security procedures

Password security. Access control.

5. A clear statement that the city does not and cannot regulate personal or political social media accounts of elected officials.

V. If you want, I can now prepare:

- A repeal cover letter for December 4 (parallel to your Ethics Policy rewrite)
- A replacement one page policy
- Talking points for the meeting
- A side by side comparison showing unconstitutional provisions
- A public explanation in your mayoral tone

Just tell me which you want next.

Sources

You said:

What could someone opposing your opinions above argue and what is ChatGPT's rebuttal to that opposition.

ChatGPT said:

Below is a **full strategic “opposition vs rebuttal” analysis**, written in a way that anticipates what a colleague, attorney, or council member might say *in defense of the existing Social Media Policy*, followed by strong, legally grounded rebuttals that avoid em dashes.

Each opposition argument is realistic and mirrors the type of reasoning you will hear from people who want to keep or tighten the policy.

I cite the policy where necessary.

Social Media Policy Amended 09-...

I. Opposition Claim: “The policy protects the City from liability.”

Opposition Argument:

The City needs a social media policy because unrestrained online activity by council members or employees could expose the City to lawsuits. The policy helps control the content being shared and ensures communication stays professional and accurate.

Rebuttal:

This is a misunderstanding of where liability actually comes from.

Liability is created when:

- The City restricts constitutionally protected speech
- The City regulates personal accounts
- The City censors political viewpoints
- The City issues unconstitutional directives
- The City gives erroneous legal guidance to elected officials

The strongest way to protect the City is by **not regulating personal accounts** and by ensuring the City only controls **City-owned platforms**.

The current policy creates risk because it controls too much, not too little.

II. Opposition Claim: “We are just giving best practices, not restricting speech.”

Opposition Argument:

Sections that tell council members to avoid certain posts or avoid participating in discussions are simply best practices or guidelines. They are not legally binding and therefore do not violate the First Amendment.

Rebuttal:

Courts do not treat government-imposed guidelines on speech as harmless.

If the City:

- Publishes guidance
- Encourages certain speech
- Discourages other speech
- Imposes recommended restrictions

- Links them to consequences
- Embeds them in an official policy

Then it is government regulation.

In *Bond v. Floyd* and *Houston Community College v. Wilson*, the Supreme Court held that even “soft” restrictions or discouragement of political speech can violate the First Amendment if they suggest officials will face consequences or reputational harm.

Your policy states:

- “Avoid making posts regarding City business.”
- “Avoid commenting on issues where other council members are participating.”
- “Redirect dialogue away from your personal account.”
- “Remove elected titles from profiles.”

These are not neutral suggestions. They directly target political speech and official speech, which is the most protected category.

Even non-binding policies are unconstitutional if they chill speech.

III. Opposition Claim: “Other cities have similar policies.”

Opposition Argument:

Many cities regulate social media use. Lago Vista is not doing anything unusual. Repealing this policy would put us out of line with common municipal practice.

Rebuttal:

Before 2024, many cities had policies like this.

After *Lindke v. Freed* and *O’Connor-Ratcliff v. Garnier*, most have repealed or rewritten them entirely.

Cities that are keeping old policies are doing so at significant legal risk.

Legal advisories from:

- Texas Municipal League
- International Municipal Lawyers Association
- National League of Cities
- City attorneys across Texas

all recommend removing or drastically reducing social media regulations for elected officials.

It is no longer best practice to regulate personal or political accounts at all.

If Lago Vista repeals the policy now, it will be following modern legal guidance, not falling behind.

IV. Opposition Claim: “This policy helps avoid Open Meetings Act violations.”

Opposition Argument:

The policy protects the City from TOMA violations by discouraging online deliberation between council members. Sections telling members to avoid discussing issues where a quorum may be present help prevent inadvertent violations.

Rebuttal:

The policy misstates Texas law.

Posting opinions on Facebook or commenting under someone else’s post does not violate TOMA unless it crosses three thresholds:

- A quorum participates
- In a contemporaneous exchange
- That resembles deliberation

TOMA does not allow the City to prohibit political speech based on fear that “someone else might comment.”

The AG has stated repeatedly that TOMA does not prohibit:

- Posting personal opinions online
- Liking or commenting on posts
- Participating in asynchronous discussions

The solution to possible TOMA problems is training, not speech restrictions.

V. Opposition Claim: “The policy ensures professionalism.”

Opposition Argument:

The City has legitimate interests in ensuring that elected officials present themselves professionally. The policy sets expectations for tone, decorum, and respectful communication.

Rebuttal:

The Supreme Court has repeatedly held that government has no authority to regulate the *tone* of political speech by elected officials.

Political speech is often sharp, critical, confrontational, or passionate.

That is protected speech.

Professionalism is admirable, but it cannot be mandated by government in the context of political expression.

Even if the City prefers a more restrained style, it cannot require elected officials to speak in a certain manner.

VI. Opposition Claim: “The policy helps distinguish personal and official accounts.”

Opposition Argument:

The policy is necessary so that the public knows which account is official and which is personal. Without guidance, citizens may be misled.

Rebuttal:

The Lindke ruling addressed this directly.

The Supreme Court said that:

- Elected officials decide how to use their accounts
- The government does not have the authority to dictate how accounts are structured
- Citizens are capable of distinguishing whether an account is personal or official based on context
- Government cannot compel disclaimers or force account separation

Requiring disclaimers or mandating separate accounts is compelled speech, which violates the First Amendment.

VII. Opposition Claim: “If we repeal the policy, there will be no rules.”

Opposition Argument:

Without this policy, council members could say anything online without standards. The City would have no way to maintain control over messaging or professionalism.

Rebuttal:

There is a clear distinction between:

- **City-owned official pages** (which the City may regulate)
- **Personal or political accounts** (which the City cannot regulate at all)

The City can and should have rules for:

- Access to official accounts
- Security
- Archiving
- Professional staff conduct

These are valid.

What the City cannot control is:

- Political speech
- Personal posts
- Reposting
- Commenting
- Tone
- Format
- Participation in public debate
- Where and how elected officials communicate with citizens

Repealing the policy does not eliminate control.

It restores the City to constitutional boundaries.

VIII. Opposition Claim: “This policy protects the City from being sued for

blocking comments or deleting comments.”

Opposition Argument:

Cities get sued when they improperly delete comments or block users. This policy helps ensure consistency and compliance with constitutional standards.

Rebuttal:

It does the opposite.

The policy includes unconstitutional content-based restrictions on what the City may delete, including:

- Political comments
 - Comments supporting or opposing candidates
 - Comments supporting or opposing ballot measures
- (Section V(C)(13))

Deleting political speech is clearly unconstitutional under *Garnier* and *Lindke* and is the single most common reason cities get sued.

By keeping the policy, the City increases the chances that staff or council members will delete content they are not legally permitted to remove.

Repeal actually reduces the risk of unconstitutional censorship.

IX. Conclusion

The City cannot regulate elected officials’ political speech.

The City cannot regulate personal accounts.

The City cannot compel disclaimers or account separation.

The City cannot delete political comments on City pages.

The City cannot require officials to avoid public discussions.

Every major legal doctrine in this area points toward repeal.

Repealing the Social Media Policy is the:

- Safest legal option
- Most constitutional option

- Least risky option
- Best practice after the 2024 Supreme Court decisions



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Charles West, City Manager

SUBJECT: Discuss Franchise Agreement with (PEC) Pedernales Electric Cooperative.

BACKGROUND: Discussion, I have attached conversations copied from the discussion board and an email from Victor to add to this conversation.

ATTACHMENTS:

[Franchise Agreement 2025-06-12 FINAL\[29\].docx](#)
[RE_ PEC Franchise Agreement - Charles West - Outlook.pdf](#)
[PEC Discussion Board.pdf](#)

CITY OF LAGO VISTA, TEXAS

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS, GRANTING A TRANSMISSION AND DISTRIBUTION ELECTRIC UTILITY FRANCHISE TO PEDERNALES ELECTRIC COOPERATIVE, INC. FOR A TEN (10) YEAR TERM COMMENCING ON THE EFFECTIVE DATE; CONTAINING VARIOUS TERMS AND CONDITIONS WITH REGARD TO THE GRANT OF SUCH FRANCHISE; PROVIDING FOR THE SUPERSEDING OF ANY AND ALL KINDS OF ORDINANCES, REGULATIONS, RULES, OR POLICIES THAT ARE IN CONFLICT WITH THIS ORDINANCE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS, that:

Section 1. Grant. The City of **LAGO VISTA**, Texas (“City”), pursuant to this ordinance (“Ordinance”) does hereby grant unto Pedernales Electric Cooperative, Inc. and to any of the cooperative’s affiliates, successors and permitted assigns (“Cooperative”) (collectively “Parties”), the right, privilege, and franchise to erect, construct, maintain, operate, use, extend, remove, replace, reconstruct, and repair in, under, upon, over, and across, and along any and all of the present and future streets, lanes, alleys, hereafter owned or controlled by the City, and public utility easements owned by the City, and under, upon, over, and across any squares, parks, streams, or bridges, now or hereafter owned or controlled by the City (collectively, “Public Right-of-Way”), except and unless the City’s right to said property is exclusively vested in the City without right to allow access to another entity, a system of poles, transmission and distribution lines, wires, guys, anchors, conduits, conductor, transformers, enclosures, concrete pads, ground rods, cable risers, fiber optic cables and other desirable instrumentalities and appurtenances necessary or proper for the purpose of transmitting, distributing, carrying, conducting, conveying, supplying, furnishing and selling to the City and the inhabitants of the City or other person or persons, firms or corporations, whether within or without the City, electricity, energy, power, light, heat, energy services, and for any other purpose for which electricity or energy services may be now or hereafter used; and for communication signals or the capability and capacity for transport of communication signals of whatever kind and character; to carry and transport communication signals by means of said poles, transmission and distribution lines, wires, guys, conduits, conductor or other instrumentalities to sell and distribute same to the City, the inhabitants of said City, and any other persons, firms or corporations whether within or without the City.

Section 2. City Property; Annexation. It is expressly understood and agreed that this Ordinance grants the Cooperative the rights and privileges contained in Section 1 above only as to property located within the corporate limits of the City presently in the Cooperative’s service area and to property hereinafter annexed by the City which is located within the Cooperative’s service area. The City shall notify Cooperative in writing of the effective date of any annexation of property into the City limits that would require Cooperative to include such properties for purposes of calculations of any amounts due under this Ordinance. Cooperative shall not be liable for any

late payments, penalties or interest on the portion of a quarterly payment that does not include gross revenues for Cooperative customers within a newly annexed area until ninety (90) days after written notice from the City to the Cooperative of any such annexation. Thereafter the Cooperative shall assure that any and all customers located within such annexed territory be included and shown on its accounting system as being within the City. After such ninety (90) day written notice from the City to the Cooperative, all customers' accounts located within such annexed territory shall begin accrual for purposes of the payment provisions specified in this Ordinance.

Section 3. Operations and Maintenance.

- 3.1 The design, construction and maintenance of the Cooperative facilities shall be in accordance with Cooperative standards. Structures, lines, guys, and other installations shall be erected consistent with the National Electrical Safety Code (NESC) and any other applicable state and national standards.
- 3.2 The Cooperative may take such actions, including, but not limited to open-cutting streets, curbs and sidewalks, and boring, or utilizing any other methods it deems reasonably necessary to construct, operate and maintain the Cooperative facilities within the City, and remove obstructions to the Cooperative's facilities that endanger or interfere with the efficiency of the Cooperative's facilities.
- 3.3 The surface of any street, alley, or public way or place disturbed by the Cooperative shall be restored to substantially the same condition existing prior to the work by the Cooperative within a reasonable time after the completion of the work. No street, alley, or public way or place shall be encumbered by the Cooperative for a longer period than shall be reasonably necessary to execute the work.
- 3.4 Notwithstanding any City ordinance with respect to trees or vegetation near or around electric facilities, the Cooperative shall have the authority to trim, treat or remove trees and vegetation upon or overhanging its facilities that may endanger or interfere with the facilities and their operation, and to prevent the vegetation and the branches of such trees from coming in contact with the system or to the extent that safety standards of NESC or Cooperative standards require vegetation maintenance or removal given their proximity to electric facilities. The Cooperative's vegetation management practices shall be consistent with the safety requirements for pruning, repairing, maintaining, and removing vegetation in accordance with NESC Section 218 or other applicable law. The Cooperative shall be exempt from any permitting process or fees associated with the removal or maintenance of vegetation which poses risk to proper operation and safety of Cooperative facilities.

Section 4. Construction and Expansion of Electric Facilities.

- 4.1 The Cooperative and City shall take all reasonable efforts to coordinate their planning and construction activities including accommodations for easements for Cooperative facilities, notwithstanding any exclusive municipal easements. The City will make reasonable efforts in connection with the review and approval of new subdivision developments to accommodate Cooperative electric facilities and Cooperative standards. The City will also

make reasonable efforts during right-of-way acquisition and the planning of new roadway construction to acquire a public utility easement in private property adjoining or adjacent to the Public Right-of-Way to accommodate the Cooperative facilities. City will provide to Cooperative its capital improvements plans and schedules on a regular basis, and as updated.

- 4.2 While the Cooperative's standard delivery system facilities consist of overhead or underground distribution facilities necessary to provide electric service, underground electric service to serve any customer may, by agreement with the Cooperative, be provided subject to the terms of its Tariff and Business Rules.
- 4.3 Notwithstanding any City ordinance with respect to placement of underground utilities, the City acknowledges that certain new and existing electric distribution facilities and infrastructure relating to electric delivery or system reliability and redundancy may be placed or remain overhead, including, but not limited to, distribution line improvements for substations and riser poles (that transition overhead lines into underground facilities), and system upgrades or relocations of existing overhead facilities. To the extent that safety standards of NESC or Cooperative standards require facilities to be placed overhead or remain overhead, such lines will remain or be placed overhead. To the extent any gateway corridor overlay or similar classification exists within the City, this Section 4.3 governs overhead placement of facilities.
- 4.4 The Cooperative shall, when planning improvements to existing distribution facilities in the Public Right-of-Way, give reasonable consideration to installing the upgraded distribution facilities underground; provided that if the City requires the upgraded facilities to be placed underground, it must pay the Cooperative in advance the differential cost between overhead and underground construction and facilities. In addition to ensure safe and reliable service, the Cooperative must approve any improvements to be placed by the City over, on, or across any underground Cooperative facilities, including without limitation, sidewalks, roadways, trails or landscaping. To the extent that the City places improvements upon Cooperative's underground facilities, the City at its expense will repair damage to any portion of the Public Right-of-Way caused by the Cooperative's maintenance or repair of its underground facilities.

To the extent the City selects underground construction of facilities in such case, in the event any additional future road widening or relocation project then is required by the City, the City shall pay the differential cost between overhead and underground for the facilities to remain underground.

Section 5. Relocation of Electric Facilities.

- 5.1. If the City, in order for the accommodation or new construction of its sewers, water lines, streets or other infrastructure project or public works including any beautification project, shall require any structures, lines, guys, or other installations of the Cooperative located in Public Right-of-Way to be shifted or relocated to a new position in other available Public Right-of-Way, such structures, lines, guys, or other installations shall be so shifted or

relocated by the Cooperative at the Cooperative's expense; provided, however, the City shall work with the Cooperative to determine the most cost effective method of relocation or shifting of the Cooperative's facilities. City shall give the Cooperative reasonable prior written notice of its projects requiring relocation of the Cooperative's facilities, and shall provide an alternate easement for relocation. For the avoidance of doubt, the City may not require the Cooperative to relocate its facilities underground in a public easement, and a location underground in a public easement will not constitute an "alternate easement" for purposes of this Section unless the City pays in advance the differential cost between overhead and underground for the facilities to be placed underground.

- 5.1.1. If City determines to abandon or vacate any Public Right-of-Way in which the Cooperative has facilities, such abandonment shall be conditioned on the City acquiring rights for the Cooperative to operate or continue to operate within such Public Right-of-Way.
- 5.2. In the event that Cooperative is required by the City to remove or relocate its facilities under this Section and City is eligible under federal, state county, local or other programs for reimbursement of costs and expense incurred by Cooperative as a result of such removal or relocation, and such reimbursement is required to be handled through the City, Cooperative costs and expenses shall be included in any application by City for reimbursement. City shall provide reasonable notice to Cooperative of the deadline for Cooperative to submit documentation of the costs and expense of such relocation to City. If reimbursement is available for relocation, the Cooperative shall receive its portion of reimbursement payments attributable to its facilities.
- 5.3. If a third-party desires or the City requires Cooperative to adapt or conform any of Cooperative's facilities, or in any way alter, relocate or change Cooperative's property to enable any third party (whether public or private), other than the City, to use the rights-of-way, Cooperative shall have the right to reimbursement of all costs, as a condition of any such alteration, change or relocation. If the third party does not agree to reimburse the Cooperative for its costs, the Cooperative will not be obligated to alter, relocate or change its facilities. The City shall, as part of any franchise agreement with any third party entered into after the date of this Ordinance, make all reasonable efforts to include language requiring the third party to reimburse Cooperative for any and all loss, cost or expense occasioned by the third party's request to alter, change or relocate Cooperative facilities.

Section 6. City Zoning Requirements.

- 6.1. If Cooperative is required to install facilities in which there is insufficient space outside the Public Right-of-Way for the Cooperative to locate its facilities, the City may designate a distinct area within the Public Right-of-Way as a public utility easement, and to the extent the Cooperative's design and safety standards allow, the Cooperative shall locate such facilities in the area designated by the City. However, to the extent the Cooperative's design and safety standards require certain electric equipment to be located outside of the area designated by the City, the City shall reasonably cooperate with the Cooperative to allow its facilities to be located in an area where safety standards can be met.

- 6.1.1. If Cooperative's facilities are located as described in this Section 6.1 and the City directs removal or relocation of such facilities under the provisions of Section 5.1, such removal or relocation of Cooperative's facilities shall be at City's expense.
- 6.1.2. If, pursuant to this Section 6.1, the Cooperative's facilities are located in an area within the Public Right-of-Way not designated by the City as a public utility easement, and the City directs removal or relocation of such facilities under the provisions of Section 5.1, such removal or relocation of Cooperative's facilities shall be at the Cooperative's expense.

Section 7. Pole Attachments. To the extent reasonable and feasible, the Cooperative shall permit private or public entities desiring to provide communication services to the City and its inhabitants to attach necessary equipment to existing Cooperative poles, provided that such attachment and use is feasible, does not interfere with Cooperative's ability to utilize its facilities for its purposes, and is not in conflict with the National Electric Safety Code, other safety procedures or requirements of Cooperative. Any entity desiring to attach equipment to the Cooperative's facilities must separately obtain any necessary right-of-way or easement or permits or licenses for its use. Such use shall be subject to the entity's execution of Cooperative's form of contract for pole attachment, acknowledgment and compliance of installation and construction standards for pole attachments, and payment of the Cooperative's applicable fees.

Section 8. Indemnification. **THE COOPERATIVE WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE CITY, ITS OFFICERS, AGENTS, SERVANTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL SUITS, LEGAL ACTIONS, LEGAL PROCEEDINGS, CLAIMS, DEMANDS, DAMAGES, COSTS, EXPENSES, AND ATTORNEYS' FEES INCIDENT TO ANY WORK DONE IN THE PERFORMANCE OF THIS ORDINANCE ARISING OUT OF A WILLFUL OR GROSSLY NEGLIGENT ACT OR OMISSION OF THE COOPERATIVE, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES, PROVIDED, HOWEVER, THAT THE COOPERATIVE SHALL NOT BE LIABLE FOR ANY SUIT, ACTIONS, LEGAL PROCEEDINGS, CLAIMS, DEMANDS, DAMAGES, COSTS, EXPENSES, AND ATTORNEYS' FEES ARISING OUT OF A WILLFUL ACT OR GROSSLY NEGLIGENT ACT OR OMISSION OF THE CITY, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES.**

Section 9. Term. This Ordinance shall be in force and effect for a period of **ten (10) years** from and after the Effective Date (as defined in Section 17) provided that, unless written notice is given by either party to the other not less than sixty (60) days before the expiration of this Ordinance, it shall be automatically renewed for an additional period of six (6) months from such expiration date and shall be automatically renewed thereafter for like periods until canceled by written notice or by the adoption of a new franchise ordinance as agreed to by the Parties. The fee provided for in Section 10 of this Ordinance shall be effective for the Cooperative's gross revenues from its sale of energy and power sold within the City commencing on the first day of the month following the thirty (30) day notice period that the Cooperative provides to the Cooperative's customers.

Section 10. Franchise Fee. In consideration of the rights granted to the Cooperative herein, the Cooperative, during the term of this Ordinance shall pay a fee of two percent (2%) of the gross revenues received by the Cooperative from the Cooperative's sale of energy and power sold to customers within the city limits of the City during such previous year or previous quarter. It is agreed that such payment is in addition to any ad valorem tax now or hereafter to be assessed and collected under the authority of the City's charter or under the laws of the State of Texas. Other than with respect to such ad valorem taxes, the payment so provided for in this Section is in lieu of all other fees or charges of any nature, and the City shall not impose or collect, nor attempt to impose or collect, any other charge or fee in connection with the construction, operation, and maintenance of the Cooperative facilities within the City. The term "gross revenues" shall not include (1) local, state, or federal taxes collected by Cooperative that have been billed to its customers and separately stated on customers' bills, (2) the franchise fee paid under this Ordinance, (3) revenue uncollectible from customers (i.e., bad debts) with billing addresses in the City that may have previously been included in gross revenues, or (4) revenue from the Cooperative's pole attachment agreements. Cooperative shall be entitled to list the franchise fee as a separate line item on monthly bills of Cooperative members who have meters within the City limits. The payment provided for in this Section 10 will reflect the Cooperative's gross revenues on a quarterly basis and will be due to the City within forty-five (45) days after the close of each quarter in the Cooperative's fiscal year.

Section 11. Reports. Upon City's request, at reasonable intervals not to exceed once per fiscal year, the Cooperative will provide to City reports relating to energy and power sold by reason of the operation of the Cooperative within the City as provided in this Ordinance.

Section 12. Assignment. This Ordinance may be assigned by the Cooperative to any entity with the consent of the City, which consent shall not be unreasonably withheld. For the avoidance of doubt, a transfer of this Ordinance by virtue of a sale by the Cooperative of all or substantially all of its assets in the City shall not require consent of the City, but Cooperative shall provide City written notice within thirty (30) days of such transfer.

Section 13. Superseding Effect. This Ordinance supersedes for all purposes any other written agreements with respect to the franchise prior to the acceptance of this Ordinance. This Ordinance shall supersede and take precedence over inconsistent ordinances, resolutions, or regulations hereafter or previously passed by the City.

Section 14. Severability. The provisions of this Ordinance are severable, and if any court of competent jurisdiction enters a final order which holds that any section, subsection, sentence, clause, phrase, or other portion of this Ordinance is invalid, illegal, or otherwise unenforceable, then any such portion shall be deemed a separate, distinct and independent provision, and any such ruling shall not affect any other provision of this Ordinance which are not specifically designated as being illegal, invalid or unenforceable.

Section 15. Notices. Notice to the Parties under this Ordinance shall be in writing and shall be sent by registered or certified mail, return receipt requested, or by express overnight mail service addressed as follows. Courtesy notice may additionally be sent by regular mail, however, such

service shall not excuse proper notice as set forth above. Parties may change their address by notifying the other party pursuant to this Section.

To the City:

City of _____, Texas

To the Cooperative:

Pedernales Electric Cooperative, Inc.
Attn: Commercial, Industrial and Municipal Relations
PO Box 1
Johnson City, Texas 78636-0001

With a copy to:
Pedernales Electric Cooperative, Inc.
Attn: Legal Services
PO Box 1
Johnson City, Texas 78636-0001

Notice shall be effective upon the earlier to occur of actual receipt or the expiration of three (3) business days from the date of deposit in an official depository of the United States Postal Service or from the date of deposit with an express service provider.

Section 16. Confidential Information. To the extent allowed by law, including the Texas Public Information Act (the "TPIA"), the City agrees to hold in strict confidence any non-public information, information marked proprietary or confidential that it receives from the Cooperative. The City will make reasonable efforts to (a) give the Cooperative prior written notice of a request for public information in a reasonably practicable time period to allow the Cooperative to seek a protective order, Texas Attorney General ruling, or other appropriate remedy, and (b) disclose only such information as is required under applicable law. Notwithstanding anything contained within this Ordinance to the contrary, if the release of information received from the Cooperative is required by the TPIA and applicable Texas Attorney General rulings and case law, then such release shall not be considered a violation of this Ordinance.

Section 17. Effective Date. This Ordinance shall take effect on the date on which the City passes and adopts it in the form authorized by the Cooperative and in accordance with the applicable provisions of Chapter 52 of the Texas Local Government Code (the "Effective Date"); provided, however, the payment of the franchise fee will be as described in Section 10.

Section 18. Open Meetings. It is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

Section 19. Termination - Remedies. The franchise granted herein may be terminated only upon an uncured event of default of the terms of this Ordinance. City shall notify Cooperative in writing at least thirty (30) business days in advance of the City Council meeting at which the questions of termination shall be considered, and Cooperative shall have the right to appear before the City Council and raise any objections or defenses Cooperative may have that are relevant to the proposed forfeiture or termination. Any final decision of the City Council may be appealed by the Cooperative to District Court. Upon timely appeal by Cooperative of the City Council's decision terminating the franchise granted herein, the effective date of such termination shall be either when such appeal is withdrawn or a court order upholding the termination becomes final and unappealable. If no appeal is filed, the effective date of such termination shall be the one-hundred eightieth (180th) day following the date of the final termination decision of the City Council. Until the termination becomes effective the provisions of the franchise granted herein shall remain in effect for all purposes. Notwithstanding the foregoing, each party reserves its rights at law and in equity.

Section 20. Waiver of Claims. The Parties agree to waive any and all claims, asserted or unasserted, arising out of all prior franchise agreements between the Parties.

[Remainder of page intentionally left blank]

PASSED AND ADOPTED THIS THE ____DAY OF _____, 202__.

CITY OF _____

Mayor

ATTEST:

City Secretary

ACKNOWLEDGED, ACCEPTED, AND AGREED TO:

PEDERNALES ELECTRIC COOPERATIVE, INC.

BY: _____

NAME: _____

DATE: _____

RE: PEC Franchise Agreement

From Victor Manzano <Victor.Manzano@lagovistatexas.gov>

Date Wed 2025-12-10 5:33 PM

To Ernesto Rios <Ernesto.Rios@lagovistatexas.gov>

Cc Charles West <Charles.West@lagovistatexas.gov>; Shane Saum <Shane.Saum@lagovistatexas.gov>; Jordan Strohmeyer <Jordan.Strohmeyer@lagovistatexas.gov>

Everyone,

I know this is a long email but a lot needs to be said about this agreement. While I am no expert on franchise agreements, these are issues that I believe need to be addressed.

Overall this agreement really needs some work as it shift a lot of financial risk to the city, reduces city authority over its own ROW, provides PEC with broad discretion while limiting City oversight, creates long term cost exposure for relocations, undergrounding, and ROW maintenance, and limits City flexibility in future ordinances, third-party negotiations, and infrastructure planning.

Section 3

- Design, construction and maintenance shall comply with City construction, excavation, and restoration standards when installing, repairing, or upgrading underground electric facilities within the Public Right-of-Way. Pavement cuts, trench backfill, boring methods, and surface restoration shall meet City requirements.
 - Hopefully stating City Requirements allows us to require them to bore any roads that have been overlayed within the last 5 years
- Any installation to be done within the ROW by the cooperative or its subcontractors needs to be permitted and approved by the city prior to installation.
 - Not sure if we need to add final inspections by the city in this part as it might fit better somewhere else.
- Places disturbed by the cooperative and its subcontractors shall be restored not only to existing condition but city standards.
- How I read 3.4 is they are allowed to trim and cut down trees without city permission, during oak wilt season, and during the golden cheek warbler nesting season. This allows for them to install a pole or structures next to a tree and then after its installed cut the tree down if they deem necessary without notifying or paying tree mitigations. (but I could be wrong that is just how I read it)
 - I think they should be required to permit tree trimming as there are no fees but city needs to be notified when and where they are working and who is responsible for the work.

Section 4

- Are we able to shift the coordination for new subdivisions so the responsibility is on the developers.
- While I don't have a problem with 4.3 due to the terrain I do want to note that have the ability to do both underground and above ground even in new subdivisions as they deem necessary.
 - Do we want to limit this to older parts of Lago and not new subdivision unless approved by the city?

- 4.4 the wording of “reasonable consideration” needs to be more defined to require them to provide underground feasibility assessment which includes cost, constructability, access, and long-term maintenance considerations. If the city is being required to pay the difference in cost we should reserve the opportunity to audit and justify the cost before payment is required. Also I would limit the advanced payment to 50% and the remaining to be invoiced during the duration of the project.
 - I would also like to see if they are choosing to install overhead and trees need to be cleared for maintenance access that they will be responsible for paying tree mitigation to the city
 - The “City improvements” language is concerning. This should only apply to PEC facilities within a designated PUE.
 - BTW our construction details (PV-2 & PV-3) require telecommunication and electrical to be located outside of the ROW and within the PUE.

Section 5

- If I am understanding both 4.4 and 5.1 PEC will only pay for relocating overhead, and only has to consider doing underground but never has to unless the city pays for it. This parts of the agreement gives PEC a lot of control on City projects and puts the cost heavily on the city along with that the city is also liable for future disturbances.
- 5.2 So they are willing to relocate overhead at their cost but if the city gets funds from the government on a project they are to be reimbursed for their portion of the cost. The verbiage of their portion needs to be more defined and state in what cases. As this could also apply when the City selects undergrounding, meaning the City would pay the full cost difference between overhead and underground construction while PEC could still seek reimbursement from the funding sources. It needs to say any reimbursement paid to PEC shall be limited to overhead to overhead relocation costs and limited to the same percentage of eligible electrical utility relocation costs.
 - I am not sure if I am understanding this but say we get a 50% funding grant for the Lohman Expansion project and they pay 100K for relocation overhead to overhead. Would their “portion” be 100K or 50K?
- It is normal within these contracts between the city and a cooperative to dictate how the cooperative does business with future 3rd parties? I find it very uncomfortable that their 3rd party reimbursement rights are included in the agreement with the city.

Section 6

- The responsibilities outlined in Section 6.1 appear to conflict with how PEC allocates risk and cost elsewhere in the agreement. Under other provisions, if City improvements are placed over PEC infrastructure, PEC expects the City to bear the financial burden for future disturbances. However, Section 6.1 allows PEC to place facilities within the Public Right-of-Way when space outside the ROW if space is insufficient, and if those facilities are placed in a City designated public utility easement, any future relocation is at the City's expense. PUE's should not be located in the ROW unless the ROW width exceeds City standards, and when the City does allow PEC facilities within the ROW, relocation should remain PEC's responsibility if their placement contributes to future conflicts. The current language may give PEC additional leverage and financial protection that is inconsistent with typical ROW management practices.

Section 7

- This verbiage gives PEC full control over 3rd party pole attachments without providing any protections for the City's broadband or communication goals. While third parties must obtain City ROW approval, the City has no ability to ensure PEC does not impose unreasonable conditions, delays, or fees that could hinder providers from serving residents. Given PEC's broad rights elsewhere in the agreement, this section should clarify that PEC may not unreasonably deny or restrict attachments when safety and reliability standards are met, so that City communication objectives are not limited by PEC's contractual discretion.

Section 8

- Gross negligence needs to be revised to ordinary negligence.

Section 9

- I think 10 years is fine but it shouldn't automatically renew as along change in that time and would like to give future staff the ability to dictate terms as we are doing now.

Section 10

- 2% is low but maybe we can request PEC revenue data to ensure fair value and needs to be evaluated quarterly. The city should collect fee in regards to ROW permits, tree mitigation fees, street cut fees, and actual damage caused by construction. Revenues from Cooperative pole should not be excluded. I don't understand why they would need to list this fee on customer bills as the fee is to pay for their infrastructure that is located within easements on customer property or within the ROW. This just makes it look like they are passing the fee directly towards customers and the city is to blame. We should add that the city reserves the right to audit PEC revenue calculations, late payment fees, and clear reporting requirement. I think the 45days should be 30days but that is the least of the problems.

Section 11

- The city shouldn't be limited to requesting report once per year but once per quarter. If no request have been made by the city in a one year time period then PEC should be required to send the city a report each year.

Section 12

- No comment

This memo below is not to single out PEC but both power and communication companies and what Public Work faces when dealing with these companies.

Power and communication companies and their contractors continue to create avoidable problems when doing maintenance or construction in infill areas of Lago Vista. These issues range from damaging City infrastructure (road, utilities, & drainage) to creating safety hazards. When I first work at the city there were was no such thing as a ROW permit and not only were power and communication companies doing whatever they please but also 3rd party contractor working on water and sewer extension. Since then we have created ROW permits requirement which cover reviewing and approving design expansions and location for pole installations, preconstruction meeting, and final inspections. However this hasn't completely solved a lot of the issue Public Work faces and I believe now is the time to fix these issue with this franchise agreement.

- Shallow or improperly installed lines that conflict with other utilities and drainage. (Requiring them to follow our construction specs will fix in some cases)
- Unapproved road cuts no only across road ways but around driveways and into the road to avoid driveway cuts, which leads to long-term pavement failure.
 - This issue does not occur during installation of mainline infrastructure, as those activities are regulated through our ROW permit process. The problem arises when individual builders request power and communication service for new homes in older parts of Lago. At this time, I don't believe there is a process requiring builders to identify which pedestal they intend to connect to, nor is there any inspection step to verify proper routing, placement, or depth of secondary service. As a result, pedestals may be located across the street from the home without the City's knowledge, creating unmarked secondary lines and avoidable safety and infrastructure conflicts.
- Pedestals installed on the opposite side of the street or extending across adjacent properties, forcing unnecessary road crossings and subcontractors installing line without conduits.
 - Secondary electric lines are line that run from the pedestal to the house, when locates are called only primary lines are marked. When pedestals are placed across the street, the secondary service lateral is unmarked and becomes a major hazard.
 - Personally while working with utilities on a water main extension we encountered a secondary service by hitting it with a rock saw trencher, causing sparks and posing a

real risk to the crew. This type of incident is preventable with proper routing.

- No enforcement mechanism allowing the City to require power and communications to correct mistakes or relocate improperly installed equipment.

Thanks,

Victor Manzano

CIP Manager

City of Lago Vista

Victor.Manzano@lagovistatexas.gov

512-267-1155 Ext. 305



From: Ernesto Rios <Ernesto.Rios@lagovistatexas.gov>

Sent: Monday, December 8, 2025 7:56 AM

To: Victor Manzano <Victor.Manzano@lagovistatexas.gov>

Subject: FW: PEC Franchise Agreement

Victor,

Any thoughts.

Thank you

Ernesto Rios

Director of Public Works

From: Charles West <Charles.West@lagovistatexas.gov>

Sent: Thursday, December 4, 2025 8:12 AM

To: Jordan Strohmeier <Jordan.Strohmeier@lagovistatexas.gov>; Ernesto Rios <Ernesto.Rios@lagovistatexas.gov>

Cc: Shane Saum <Shane.Saum@lagovistatexas.gov>

Subject: PEC Franchise Agreement

Staff,

I need any construction requirements you would like added to this agreement so we can get a final draft sent to Council and PEC for approval. My only concern with the construction portion is if they do any open cuts to our streets, which I am not a fan of, the repair needs to include the use of flowable fill placed in the cut to assist with the preventions of settlement in the street where the cut is made.

Please get this information back to me no later than January 15, 2026.

Thanks,

Charles



Charles West**City Manager**

P.O. Box 4727

Lago Vista, TX 78645

Office: (512) 267-1155 ext. 100

Mobile: (737) 291-8800

charles.west@lagovistatexas.gov

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[Book time to meet with me](#)

Colleagues,

I reviewed the proposed 10-year franchise agreement with Pedernales Electric Cooperative (PEC) and used ChatGPT to assist in my analysis. Below are my key concerns coupled with related questions for Council discussion:

1.	Relocation	Cost	Burden
Concern: The ordinance places the cost of relocating or undergrounding PEC facilities on the City when such work is tied to public projects or beautification efforts.			
Question: Does this match the cost-sharing structure in our previous PEC franchise, or are we assuming greater fiscal responsibility now?			

2.	Franchise	Fee	Level
Concern: The 2% franchise fee may be below the rate collected by comparable cities.			
Question: Can staff confirm whether 2% aligns with PEC's agreements in nearby jurisdictions such as Jonestown or Marble Falls, and whether a higher rate could be justified?			

3.	Automatic	Renewal	Clause
Concern: Section 9 provides for automatic six-month renewals unless canceled, which may limit Council's ability to revisit or renegotiate terms after the 10-year term.			
Question: Should we request language requiring Council reauthorization at the end of the initial term rather than indefinite auto-renewal?			

4.	Vegetation	Management	Exemption
Concern: PEC is exempt from city tree-trimming permits or fees, which could conflict with tree preservation or parkland maintenance standards.			
Question: Should PEC be required to notify City staff before large-scale trimming or vegetation removal within city-maintained areas?			

5.	City	Coordination	Obligations
Concern: The City is required to provide PEC with updated capital improvement plans and schedules.			
Question: Do Public Works and Engineering currently have procedures to meet this requirement, or would new coordination processes be needed?			

6.	Indemnification	Scope
Concern: PEC indemnifies the City only for willful or gross negligence, excluding ordinary negligence.		
Question: Would PEC consider expanding indemnification to include ordinary negligence, which is a more typical municipal standard?		

7.	Waiver	of	Prior	Claims
Concern: The City waives any claims arising from prior franchise agreements.				
Question: Has staff verified that there are no outstanding billing discrepancies or disputes with PEC before this waiver is accepted?				

Summary:

The proposed ordinance appears generally standard and functional, but a few sections warrant clarification before approval. These questions aim to ensure the City fully understands its financial and operational obligations under the new 10-year term.

Thank you, Councilman, for getting the PEC franchise agreement discussion moving forward. I appreciate the work that's already gone into this and wanted to share some ideas for consideration as we refine our approach. I think we have a great opportunity to modernize this agreement in a way that benefits our citizens, supports reliability, and strengthens our partnership with PEC.

- I do not think there should be an auto-renew.
- If we go down to the 2%, we should push for some in-kind services that could help us reduce other city costs that we may have used that additional revenue for.
- We should require coordination on vegetation management so we can maximize it for better wildfire prevention and citizen transparency of work being done.

Here are my asks:

1. **Infrastructure Modernization**

- a. I support including a joint trenching or "dig once" policy to ensure PEC coordinates underground work with city projects and other utilities. This can save taxpayer dollars and minimize repeated road cuts.
- b. I'd also like to explore the idea of allowing city conduit or fiber to be installed in PEC trenches during new construction. Is there a need or benefit for Lago Vista to do this as part of our long-term infrastructure planning?

2. **Grid Resilience and Emergency Coordination**

- a. I strongly believe our water plants and critical facilities should be on PEC's priority restoration list after storm events. This should be formalized in the agreement as part of our resilience planning.
- b. I also recommend that PEC designate a liaison to our Emergency Operations Center during major weather events or declared disasters. Having that direct communication line will help with coordination and public safety.

3. **Data and Transparency**

- a. I'd like to see a reliability reporting requirement that includes feeder-level outage data shared with the City on a quarterly basis.
- b. PEC should provide GIS data and coordination on right-of-way locations, planned upgrades, and easements to improve planning for city projects.
- c. We could also include a public performance dashboard so citizens can easily track streetlight repairs, outage trends, and vegetation trimming schedules.

4. **Sustainability and Community Development**

- a. I recommend adding a clause allowing a portion of the franchise fee or PEC contribution to fund energy efficiency programs for residents and city facilities. This could also help offset costs related to maintaining dark-sky compliance, which is important to our community.
- b. PEC could partner with the City to install a few public EV charging stations at city facilities or parks. Usage data from those chargers could help us plan for future growth.
- c. I also support including a workforce and education partnership with LVISD or local

schools to promote lineworker training, safety education, and STEM-related opportunities.

5. **Aesthetics, Environmental, and Safety**
 - a. I'd like to see a vegetation partnership formalized in the agreement. That could include wildfire mitigation coordination, a shared trimming schedule, and better public notice for upcoming work.
 - b. As part of this, PEC could complete streetlight upgrades to full LED and dark-sky compliant fixtures with an online tracker for repairs.
6. **Financial and Administrative Innovation**
 - a. I recommend adding a shared grant pursuit clause so PEC and the City can partner on state or federal grant opportunities, including with other nearby cities or Travis County, especially those focused on grid reliability, wildfire mitigation, or renewable energy.
7. **Governance and Accountability**
 - a. We should include an annual joint work plan with PEC that outlines shared priorities for the year and progress updates.
 - b. I also support adding a formal mid-term review, ideally at the five-year mark, to evaluate performance, community benefit, and opportunities for new collaboration.
8. **Citizen Engagement**
 - a. I'd like to propose annual public safety coordination days where PEC and the City host community education events on topics like power-line safety, wildfire prevention, and storm readiness.

Thank you, Shane, for laying out a thoughtful and forward-looking set of priorities. I support the direction you've outlined and appreciate the focus on reliability, wildfire mitigation, improved transparency, and long-term infrastructure planning. Since my term concludes this week, I simply want to contribute context and contract-ready considerations based on our current franchise, how similar agreements are structured in other cities, and the items previously raised during Council discussion. The new Council may use, modify, or disregard the following as it sees fit.

Core Position Points from Prior Council Discussion

1. **No automatic renewal.** At the end of the 10-year term, the agreement should expire unless affirmatively renewed by Council after public review.
2. **Maintain the 4% franchise fee.** Our current agreement is 4%. We should retain 4%. If PEC pushes to reduce the fee to 2%, then any consideration of that reduction should be paired with meaningful in-kind value and programmatic commitments that directly reduce City costs or improve resilience.

Negotiation Objectives (Clause Concepts + Questions)

Infrastructure Modernization

- **Joint Trenching / “Dig Once.”** Require coordination of underground work with the City and other utilities to reduce repeated road cuts and integrate with City capital project schedules.
- **City Conduit / Fiber Placement.** Allow City-owned spare conduit or fiber to be placed in PEC trenches during construction, subject to safety and standards.

Questions: – Will PEC agree to a joint trenching clause tied to the City’s CIP and subdivision approvals? – Under what standards can City conduit/fiber be placed in PEC trenches and what cost-sharing is appropriate?

Grid Resilience & Emergency Coordination

- **Priority Restoration.** Designate City critical facilities (water plants, wells, lift stations, EOC, PD/FD) on PEC’s priority restoration list with an annually updated exhibit.
- **EOC Liaison.** PEC designates a liaison to the City’s Emergency Operations Center during major events.

Questions: – Can PEC formalize an annually updated critical-facilities exhibit and communication protocol? – Will PEC staff a named EOC liaison during storm events and participate in post-incident reviews?

Data, Planning & Transparency

- **Reliability Reporting.** Quarterly feeder-level outage and reliability metrics with cause codes.
- **GIS Coordination.** Provide ROW/easement GIS layers and planned upgrade schedules under an MOU.
- **Public Dashboard.** Online visibility into outage trends, streetlight repair status, and upcoming vegetation work.

Questions: – What feeder-level reliability detail is feasible under security constraints? – Can PEC share GIS data under confidentiality protections? – Is PEC willing to participate in a shared public performance dashboard?

Vegetation, Aesthetics, Environmental, and Safety

- **Vegetation Partnership.** Joint wildfire-mitigation planning, shared trimming schedule, advance notice in parks/trails/gateway corridors.

- **Streetlight Program.** Conversion of City-served streetlights to LED, dark-sky compliant fixtures with repair tracking.

Questions: – Can PEC provide advance notice and post-work reporting for high-impact trimming areas? – Will PEC commit to dark-sky compliant replacements and a time-bound conversion schedule?

Sustainability & Community Development

- **Energy Efficiency Funding.** An annual contribution (or portion of franchise fee value) for resident and City facility efficiency improvements.
- **EV Charging Pilots.** 2–4 public chargers with usage data to inform policy.
- **Workforce & Education Partnerships.** LVISD lineworker and STEM support opportunities.

Questions: – What funding level for efficiency programs is realistic? – Is PEC open to EV pilot installs with shared data? – Can PEC formalize an LVISD partnership with annual reporting?

Financial & Administrative Innovation

- **Shared Grant Applications.** Partner on grants related to grid reliability, wildfire planning, or multi-jurisdiction resilience.

Question: – Will PEC co-sponsor or provide match contributions when feasible?

Governance & Accountability

- **Annual Joint Work Plan.** Shared annual priorities, timelines, and progress tracking.
- **Mid-Term Review at Year Five.** Evaluate performance, community benefits, and opportunities for adjustments.

Questions: – Can PEC agree to annually adopt a shared work plan? – Will PEC support a formal mid-term performance review with amendment pathways?

Relocation, Undergrounding & Cost Allocation

- Retain the standard rule: PEC pays for relocations associated with City public works in ROW; third parties reimburse PEC for third-party driven relocations. City pays overhead-to-underground differential only when undergrounding is a City-requested

aesthetic or policy choice beyond safety/reliability needs.

Fallback In-Kind Value (If PEC Insists on 2%)

- Annual energy-efficiency fund benefiting residents and City operations.
- Time-bound LED/dark-sky streetlight conversion at PEC cost.
- EV charging pilot sites with usage reporting.
- Joint trenching guarantee with City conduit rights.
- Quarterly reliability data + public performance dashboard.
- EOC liaison participation and annual emergency drills.

Closing Note

I share this to support continuity and to provide negotiation structure and historical context as the new Council steps into this work. I have full confidence in the incoming Council and appreciate the opportunity to contribute during transition. I look forward to supporting the City's continued progress from the outside.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE:	January 6, 2026
SUBMITTED BY:	Councilor Saum, City Council
SUBJECT:	Discussion and workshop regarding the City’s Fiscal and Budget Policy.
BACKGROUND:	The City of Lago Vista maintains a Fiscal and Budgetary Policy to provide guidance on financial stewardship, budget preparation, revenue management, expenditures, and internal controls. This policy is intended to operate within the framework of state law, the City Charter, and adopted purchasing and procurement policies, while also reflecting the policy priorities and risk tolerance of the sitting City Council. The Fiscal and Budgetary Policy expressly states that it is to be reviewed and updated annually as part of the budget preparation process and adopted by the City Council through resolution. A regular review allows the Council to confirm that the policy continues to reflect current Council priorities, complies with governing documents, and aligns with how the City actually budgets, spends, and authorizes funds. As the City enters a new budget cycle and a new calendar year, it is appropriate for the Council to review the existing Fiscal and Budgetary Policy, assess whether it remains current, and determine whether clarifications, updates, or amendments are warranted to improve consistency, transparency, and alignment with other governing policies and the City Charter.
FINDINGS:	The following areas appear most likely to merit Council review or refinement: Annual review language -The policy requires annual review, but does not specify a formal process or timing tied to Council workshops or budget hearings. Contingency and Manager discretionary spending - The Fiscal and Budgetary Policy allows for a Manager’s contingency account, while the Purchasing Policy establishes clear approval thresholds. These sections could be cross referenced more explicitly to avoid mixed interpretations.

Budget transfers versus purchasing authority - The distinction between budget amendments, intra department transfers, and actual purchasing authority could be clarified so Council intent is unmistakable.

Emergency expenditures - Emergency authority is addressed in both the Fiscal Policy and Purchasing Policy. Aligning language and approval expectations would reduce ambiguity during time sensitive situations.

ATTACHMENTS:

[TXST_Finance.pdf](#)

[City of Lago Vista 2025 Financial Transparency and Budget Modernization Report.pdf](#)

[COA Finance Budget.pdf](#)

[INCODE_10.pdf](#)

[INCODE_ERP.pdf](#)

[FY_2024-2025_Fiscal_and_Budgetary_Policy_FINAL.pdf](#)

Lago Vista - Comprehensive Chart of Accounts

Recommendations for further changes are presented in the 2025 Financial Transparency & Budget Modernization report

Description	Details
Purpose	This workbook contains the full municipal Chart of Accounts for Lago Vista, covering Balance Sheet, Revenue, and Expense accounts.
Structure	Accounts are grouped by major categories with bold headers for subgroup totals.

Fund Codes	Descriptions	Fund Type
100–109	General	Governmental
110–129	Special Revenue	Governmental
130–139	Capital Projects	Governmental
140–149	Debt Service	Governmental
150–159	Permanent Funds	Governmental
160–169	Enterprise Funds	Proprietary
170–179	Internal Service	Proprietary
180–189	Trust Funds	Fiduciary
190–199	Agency/Other	Fiduciary

Activity Codes	Descriptions
200–299	General Government
300–399	Public Safety
400–499	Public Works
500–599	Culture and Recreation
600–699	Utilities
700–799	<i>(Reserve for future)</i>
800–899	Other Activity
900–999	Fund Transfers

Object Codes	Descriptions
1000–1999	Assets (current, restricted, capital assets, and related contra accounts)
2000–2999	Liabilities (current, long-term, deferred inflows/outflows)
3000–3999	Fund Balance / Net Position
4000–4999	Revenues
5000–9999	Expenditures / Expenses

Formatting Legend

Bold	Indicates a major category or subgroup header (e.g., 1100 Current Assets)
Regular	Indicates a detailed account under its subgroup

Fund Code Name	Notes
100 - 109 General Funds	
101 General Fund	
103 Street Fund	<i>(Reserve for future)</i>
105 Drainage Fund	<i>(Reserve for future)</i>
110 - 129 Special Revenue Funds	
111 Hotel Fund	
113 Parkland Fee Fund	
115 Tree Fund	
117 Court Security/Technology Fund	
121 Water Impact Fee Fund	
123 Wastewater Impact Fee Fund	
125 Street Impact Fee Fund	
130-139 Capital Projects Funds	
131 Capital Improvement Fund	
140-149 Debt Service Funds	
141 Debt Service Fund	
150-159 Permanent Funds	<i>(Reserve for future)</i>
160-169 Enterprise Funds	
161 Utilities Fund	
163 Aviation Fund	
165 Golf Course Fund	
170-179 Internal Service Funds	<i>(Reserve for future)</i>
180-189 Trust Funds Funds	<i>(Reserve for future)</i>
190-199 Agency/Other Funds	<i>(Reserve for future)</i>

Code Name	Notes
200–299 General Government	
200 General Administration	
205 Development Services	
210 Finance	
215 Human Resources	
220 City Secretary	
225 Economic Development	
230 Council	
235 Legal	
240 Information Technology	
300–399 Public Safety	
300 Police Department	
310 Police Dispatch	
320 Code Enforcement	
330 Municipal Court	
400–499 Public Works	
400 Public Works Admin	
410 Solid Waste	
420 Building Maintenance	
430 Street Impact	
500–599 Culture and Recreation	
500 Aviation Department	
505 Parks & Recreation	
510 Aquatics	
515 LVGC Pro Shop	
520 HLGC Pro Shop	
525 Library	
530 LVGC Maintenance	
535 Community Events	
600–699 Utilities	
600 Utilities Admin	
602 Water Services	
604 Water Impact	60x = Revenue
606 WasteWaterwater Services	
608 Waste Water Impact	
610 Water Services Operations	
612 Water Plant One	61x = Water
614 Water Plant Three	
630 Waste Water Services Operations	
632 Waste Water Plant	63x = Waste Water
634 Effluent Disposal	
650 Booster Pump Stations	
670 Lift Station	
700–799 (RESERVED)	
800–899 Other Activity	
800 Capital Improvement	

805 Debt Service

810 Depreciation

815 Hotel Fund

900–999 Fund Transfers

900 General Fund Transfer

905 Utility Fund Transfer

910 Golf Fund Transfer

915 Airport Fund Transfer

920 Debt Fund Transfer

925 Capital Fund Fund Transfer

Object Code	Name	Long Description
1000-1999	ASSETS	Category header for all asset accounts; not a revenue-collecting account itself.
1100	Current Assets	Category header for current assets; resources expected to be used or converted to cash within one year.
1101	Cash on Hand	Currency and coins maintained for immediate operational use by the City.
1102	Cash in Bank - Operating	Funds held in demand deposit accounts for general operations.
1103	Cash in Bank - Payroll	Funds held in accounts dedicated to payroll disbursements.
1104	Petty Cash	Small cash funds maintained for incidental purchases.
1110	Investments - Short Term	Short-term investments with maturities of less than one year.
1120	Taxes Receivable	Amounts owed to the City for taxes levied but not yet collected.
1121	Allowance for Doubtful Taxes	Contra account to reduce taxes receivable to estimated collectible amount.
1130	Accounts Receivable	Amounts owed to the City for goods or services provided.
1131	Allowance for Doubtful Accounts	Contra account to reduce accounts receivable to estimated collectible amount.
1140	Grants Receivable	Amounts due from grantor agencies for eligible expenditures incurred.
1150	Intergovernmental Receivable	Amounts due from other governments for shared revenues or reimbursements.
1160	Prepaid Expenses	Payments made in advance for goods or services to be received in future periods.
1170	Inventory	Cost of materials and supplies held for consumption.
1200	Restricted Assets	Category header for assets restricted for specific purposes.
1201	Restricted Cash	Cash restricted by law, contract, or other external requirements.
1202	Restricted Investments	Investments restricted for specific purposes.
1203	Bond Proceeds Held	Bond proceeds restricted for approved capital projects or debt service.
1300	Capital Assets	Category header for tangible and intangible assets used in operations.
1301	Land	Parcels of land owned by the City, recorded at historical cost.
1302	Buildings	Structures owned by the City, recorded at historical cost.
1303	Improvements Other Than Buildings	Permanent improvements to land such as parks, parking lots, and landscaping.
1304	Infrastructure	Long-lived public assets such as roads, bridges, and water systems.
1305	Machinery and Equipment	Moveable tangible assets used in operations.
1306	Vehicles	Motorized equipment owned and operated by the City.
1307	Construction in Progress	Costs incurred for capital projects not yet completed.
1390	Accumulated Depreciation - Buildings	Contra account tracking total depreciation of City buildings.
1391	Accumulated Depreciation - Improvements	Contra account tracking total depreciation of improvements other than buildings.
1392	Accumulated Depreciation - Infrastructure	Contra account tracking total depreciation of infrastructure.
1393	Accumulated Depreciation - Equipment	Contra account tracking total depreciation of machinery and equipment.
1394	Accumulated Depreciation - Vehicles	Contra account tracking total depreciation of vehicles.
2000-2599	LIABILITIES	Category header for all liability accounts.
2100	Current Liabilities	Category header for obligations due within one year.
2101	Accounts Payable	Amounts owed to vendors for goods and services received.
2102	Accrued Liabilities	Expenses incurred but not yet paid at period-end.
2103	Wages Payable	Salaries and wages earned by employees but unpaid.
2104	Accrued Interest Payable	Interest on debt accrued but not yet paid.
2110	Customer Deposits Payable	Refundable deposits collected for services or use of facilities.
2120	Unearned Revenue	Revenue received in advance for services not yet performed.
2200	Long-Term Liabilities	Category header for obligations due in more than one year.
2201	Bonds Payable	Principal amount of bonds issued and outstanding.
2202	Unamortized Bond Premium	Excess of bond proceeds over face value, amortized over life of bonds.
2203	Unamortized Bond Discount	Excess of face value over bond proceeds, amortized over life of bonds.
2210	Notes Payable	Principal amount of notes issued and outstanding.
2220	Capital Lease Obligations	Present value of future lease payments under capital lease agreements.
2230	Compensated Absences Payable	Amounts owed to employees for unused leave.
2240	Pension Liabilities	Net pension liability per actuarial valuations.
2250	OPEB Liabilities	Net other postemployment benefit liability per actuarial valuations.
2600-2799	Deferred Inflows and Deferred Outflows	Category header for all deferred inflow/outflow accounts
2600	Deferred Inflows of Resources	Category header for deferred inflows of resources.
2601	Deferred Property Tax Revenue	Property taxes levied for future periods.
2602	Deferred Grant Revenue	Grant revenues received but not yet earned.
2603	Deferred Pension Inflows	Actuarially determined pension inflows not yet recognized.
2700	Deferred Outflows of Resources	Category header for deferred outflows of resources.
2701	Deferred Pension Outflows	Actuarially determined pension outflows not yet recognized.
2702	Deferred OPEB Outflows	Actuarially determined OPEB outflows not yet recognized.
3000-3999	FUND BALANCE / NET POSITION	Category header for governmental fund balances and proprietary net position.
3100	Fund Balance - Governmental Funds	Category header for governmental fund balance classifications.
3101	Nonspendable Fund Balance	Amounts that cannot be spent because they are not in spendable form or legally required to remain intact.
3102	Restricted Fund Balance	Amounts constrained to specific purposes by external parties or law.
3103	Committed Fund Balance	Amounts constrained to specific purposes by formal action of the governing body.
3104	Assigned Fund Balance	Amounts intended for specific purposes but not restricted or committed.
3105	Unassigned Fund Balance	Residual classification for the General Fund.
3200	Net Position - Proprietary Funds	Category header for net position classifications in proprietary funds.
3201	Net Investment in Capital Assets	Capital assets, net of related debt and accumulated depreciation.
3202	Restricted Net Position	Net position subject to externally imposed restrictions.
3203	Unrestricted Net Position	Net position not subject to restrictions or invested in capital assets.

Object Code	Name	Major Categories	Long Description
4000-4999	REVENUE		
4000	TAXES	TAXES	Revenue from taxes collected by the City, categorized by tax type (property, sales, franchise, mixed beverage).
4010	Taxes - Property	TAXES	Revenue from taxes collected by the City, categorized by tax type (property, sales, franchise, mixed beverage).
4011	Ad Valorem Taxes	TAXES	Ad valorem property tax revenue based on assessed real property values and paid by statutory due dates.
4012	Ad Valorem Penalties & Interes	TAXES	Penalties and/or interest assessed on ad valorem property taxes paid after the due date.
4020	TAXES - SALES	TAXES	Revenue from taxes collected by the City, categorized by tax type (property, sales, franchise, mixed beverage).
4021	Sales Taxes	TAXES	Proceeds of local sales tax collections from retail sales within the City limits.
4030	TAXES - MIXED BEVERAGE	TAXES	Revenue from taxes collected by the City, categorized by tax type (property, sales, franchise, mixed beverage).
4031	Mixed Beverage Tax	TAXES	City share of state-collected mixed beverage taxes on alcoholic beverage sales; typically remitted quarterly.
4040	TAXES - MISC	TAXES	Revenue collected by the City for this category or service, based on account title.
4041	School Officer Funding	TAXES	Revenue collected by the City for this category or service, based on account title.
4042	Crossing Guard Tax	TAXES	Revenue collected by the City for this category or service, based on account title.
4100	SALES REVENUE	SALES REVENUE	Category header for charges for services revenue accounts; not a revenue-collecting account itself.
4101	Cart Rental	SALES REVENUE	Revenue collected from golf cart rentals at the city-operated golf course.
4102	Driving Range Revenue	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4103	Other Drinks - Taxable	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4104	Greens Fees	SALES REVENUE	Fees charged to play rounds of golf at the City's golf course.
4105	Pro Shop Sales	SALES REVENUE	Revenue from merchandise sales at the City golf course pro shop (subject to sales tax where applicable).
4106	Tournament Fees - Taxable	SALES REVENUE	Fees collected by the City for services, programs, or regulatory activities.
4107	Tournament Fees - Non-Taxable	SALES REVENUE	Fees collected by the City for services, programs, or regulatory activities.
4108	Hole Sponsorship	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4109	Green Center Revenue	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4110	Pool Snacks Revenue	SALES REVENUE	Revenue generated from the sale of snacks at city-operated pool facilities.
4111	Pool Access Revenue	SALES REVENUE	Revenue generated from the cost of entry at city-operated pool facilities.
4112	Engineer Review Reimbursements	SALES REVENUE	Reimbursements received for City expenditures incurred in the current or prior fiscal years.
4113	Professional Service Reimb.	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4114	Airport Poa Awos Contribution	SALES REVENUE	Contributions from other public entities to reimburse City expenditures.
4115	Lago Vista Farmers Market	SALES REVENUE	Revenue collected by the City for this category or service, based on account title.
4116	Rental/Lease Revenue	SALES REVENUE	Revenue from rental of City-owned property, equipment, or other assets.
4200	PERMITS	PERMITS	Revenue collected by the City for this category or service, based on account title.
4201	Sign Permits	PERMITS	Revenue collected by the City for this category or service, based on account title.
4202	Development Agreement	PERMITS	Revenue collected by the City for this category or service, based on account title.
4203	Wrecker Permits	PERMITS	Revenue collected by the City for this category or service, based on account title.
4204	Animal License	PERMITS	Revenue collected by the City for this category or service, based on account title.
4205	Animal Impoundment	PERMITS	Revenue collected by the City for this category or service, based on account title.
4206	Pid Application Fee	PERMITS	Fees collected for processing applications submitted to the City.
4207	Pid Inspections	PERMITS	Revenue collected by the City for this category or service, based on account title.
4208	Private Alarm Permit/Fees	PERMITS	Permit fees for private alarm systems at residences and businesses.
4209	Replats & Release Easement	PERMITS	Revenue collected by the City for this category or service, based on account title.
4210	Site Development Reviews	PERMITS	Revenue collected by the City for this category or service, based on account title.
4211	Digital Sign Application	PERMITS	Revenue collected by the City for this category or service, based on account title.
4212	Travis County Filing Fees	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4213	Building Permits	PERMITS	Fees for building permits associated with residential and commercial construction (incl. trade permits).
4214	Bldg Permit-Street Repair	PERMITS	Revenue collected by the City for this category or service, based on account title.
4215	Misc. Permits	PERMITS	Revenue from various sources not accounted for in a specific line item due to immaterial amounts.
4216	Zoning Application Fees	PERMITS	Fees collected for processing applications submitted to the City.
4217	Annexation Fees	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4218	Reinspection Fees	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4219	Ttf Agreements	PERMITS	Revenue collected by the City for this category or service, based on account title.
4220	Monthly Tie Downs	PERMITS	Revenue collected by the City for this category or service, based on account title.
4221	Site Dev Plan Inspections/Test	PERMITS	Revenue collected by the City for this category or service, based on account title.
4222	Vehicle Parking	PERMITS	Revenue collected by the City for this category or service, based on account title.
4223	Raapoa Access Fee	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4224	Overnight Tie Down	PERMITS	Revenue collected by the City for this category or service, based on account title.
4225	Tie Down Lease Agreement	PERMITS	Revenue collected by the City for this category or service, based on account title.
4226	Miscellaneous Airport Revenue	PERMITS	Revenue from various sources not accounted for in a specific line item due to immaterial amounts.
4227	Mechanical Permits	PERMITS	Revenue collected by the City for this category or service, based on account title.
4228	Plumbing Permits	PERMITS	Revenue collected by the City for this category or service, based on account title.
4229	Electrical Permits	PERMITS	Revenue collected by the City for this category or service, based on account title.
4230	Preliminary & Final Plat Fee	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4231	Construction Plan Appl. Fee	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4232	Tree Replacement Fee	PERMITS	Fees collected by the City for services, programs, or regulatory activities.
4233	Building Plan Review	PERMITS	Fees charged to recover staff or third party costs for reviewing development plans.
4300	OTHER REVENUE	OTHER REVENUE	Revenue from various sources not accounted for in a specific line item due to immaterial amounts.
4301	Town Center Development	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4302	Solid Waste Franchise Fees	OTHER REVENUE	Charges for City-provided solid waste collection services, including residential and commercial.
4303	Sale Of Copies, Etc.	OTHER REVENUE	Charges for reproductions and miscellaneous services, including copies, reports, and electronic media.
4304	Sale Of Assets	OTHER REVENUE	Proceeds from the sale of City-owned goods, assets, or materials.
4305	Other Revenue	OTHER REVENUE	Category header for other revenue accounts; not a revenue-collecting account itself.
4306	Long And Short	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4307	Other Resources	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4308	Credit Card Service Fee	OTHER REVENUE	Fees collected by the City for services, programs, or regulatory activities.
4309	Capital Metro Contributions	OTHER REVENUE	Contributions from other public entities to reimburse City expenditures.
4310	Gc Credit Card Fees	OTHER REVENUE	Fees collected by the City for services, programs, or regulatory activities.
4311	Klwb - Donations	OTHER REVENUE	Donations received by the City for various programs and purposes.
4312	Donations To Library	OTHER REVENUE	Donations received by the City for various programs and purposes.
4313	Interfund Transfer	OTHER REVENUE	Budgeted transfers of resources into this fund from other City funds.
4314	Capital Contributions - Audit	OTHER REVENUE	Contributions from other public entities to reimburse City expenditures.
4315	Buy Down From Debt	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4316	Bond Funding Revenue	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4317	Bond Proceeds	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4318	Premium/Discount Bond Issue	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4319	Loan Proceeds	OTHER REVENUE	Revenue collected by the City for this category or service, based on account title.
4320	Veterans Memorial Donations	OTHER REVENUE	Donations received by the City for various programs and purposes.
4400	INTEREST	INTEREST	Revenue collected by the City for this category or service, based on account title.
4401	Investment Interest	INTEREST	Interest earned on investments held by the City.
4500	OTHER FEES	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4501	Street/Roadway Impact Fees	OTHER FEES	Impact fees collected from development to fund roadway improvements identified in the impact fee program.
4502	Water Impact Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4503	Utility Extensions Request Fee	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4504	Interfund Reimbursement	OTHER FEES	Reimbursements received for City expenditures incurred in the current or prior fiscal years.
4505	Trans From Bonds - Labor/Equip	OTHER FEES	Revenue collected by the City for this category or service, based on account title.
4506	Water Service Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4507	Drought Emergency Fee	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4508	Water Tap Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4509	Sewer Tap Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4510	Water Extensions	OTHER FEES	Revenue collected by the City for this category or service, based on account title.
4511	Fire Hydrant	OTHER FEES	Revenue collected by the City for this category or service, based on account title.
4512	Reconnect Fee Revenue	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4513	Penalties-Service Accts	OTHER FEES	Category header for fines and penalties revenue accounts; not a revenue-collecting account itself.
4514	Water Facility Pen/Int	OTHER FEES	Revenue collected by the City for this category or service, based on account title.
4515	Engineering/Meter Set Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4516	Rebate Utility Service Line	OTHER FEES	Payments received from utility companies for services or rights-of-way use.

4517 Health Dept Inspection Fees	OTHER FEES	Fees collected by the City for services, programs, or regulatory activities.
4600 FESTIVALS/EVENTS	FESTIVALS/EVENTS	Revenue collected by the City for this category or service, based on account title.
4601 Lago Fest Sponsors/Donations	FESTIVALS/EVENTS	Donations received by the City for various programs and purposes.
4602 Lago Fest Parking	FESTIVALS/EVENTS	Revenue collected by the City for this category or service, based on account title.
4603 Lago Fest Artist Booths	FESTIVALS/EVENTS	Revenue collected by the City for this category or service, based on account title.
4604 Lago Fest Food Vendors	FESTIVALS/EVENTS	Revenue collected by the City for this category or service, based on account title.
4605 Lago Fest Vip Tickets	FESTIVALS/EVENTS	Revenue collected by the City for this category or service, based on account title.
4606 Lago Fest Merchandise	FESTIVALS/EVENTS	Revenue from sales of merchandise at City-operated facilities; taxable status varies by item type.
4700 GRANTS	GRANTS	Revenue received from grant funding awarded to the City.
4701 Airport Grant Revenue	GRANTS	Revenue received from grant funding awarded to the City.
4702 Grants	GRANTS	Revenue received from grant funding awarded to the City.
4703 Bccp - Mitigation Reimbursemen	GRANTS	Revenue collected by the City for this category or service, based on account title.
4704 Txdot Matching Fund Project	GRANTS	Revenue collected by the City for this category or service, based on account title.
4705 Capco	GRANTS	Revenue collected by the City for this category or service, based on account title.
4706 Bulletproof Vest Program	GRANTS	Revenue collected by the City for this category or service, based on account title.
4707 Leose	GRANTS	Revenue collected by the City for this category or service, based on account title.
4708 Grants - Not Capital	GRANTS	Revenue received from grant funding awarded to the City.
4800 FRANCHISE FEES	FRANCHISE FEES	Revenue from payments of electric utilities, telephone service providers, cable television providers, and natural gas providers
4801 Electric Franchise Fee	FRANCHISE FEES	Payments from electric utilities for the use of City rights of way (streets and easements).
4802 Telephone Franchise Fee	FRANCHISE FEES	Payments from telephone and data service providers for the use of City rights of way (streets and easements).
4803 Cable Tv Franchise Fee	FRANCHISE FEES	Payments from cable television providers for the use of City rights of way (streets and easements).
4804 Gas Franchise Fees	FRANCHISE FEES	Payments from natural gas providers for the use of City rights of way (streets and easements).
4900 COURTS/FINES	COURTS/FINES	Revenue collected by the City from court fines and fees assessed through municipal court proceedings.
4901 Court fines	COURTS/FINES	Revenue collected by the City from court fines assessed through municipal court proceedings.
4902 Court fees	COURTS/FINES	Revenue collected by the City from court fees assessed through municipal court proceedings.

Object Code	Name	Long Description	Major Category
5000-9999	EXPENSES		
5100-5299	PERSONNEL & BENEFITS		PERSONNEL & BENEFITS
5101	Salaries	All regular positions' salary costs – part-time and full-time regular as well as seasonal.	PERSONNEL & BENEFITS
5102	Temporary Help	All temporary employees employed by the City on a short-term basis that do not occupy a regular position authorized by City Council.	PERSONNEL & BENEFITS
5103	Overtime	Salary cost for overtime paid by the City including FLSA overtime for firefighters.	PERSONNEL & BENEFITS
5104	Step Overtime Grant	Salary cost of overtime paid by the City used for Step Grants.	PERSONNEL & BENEFITS
5105	Reimbursable Overtime	Salary cost for overtime which the City will receive reimbursement from an outside entity.	PERSONNEL & BENEFITS
5106	Step-Up Pay	Additional pay for the temporary reassignment to the duties of a higher position of responsibility and approved by the department head.	PERSONNEL & BENEFITS
5107	Longevity	Additional pay based on years of service (other than step pay plan longevity).	PERSONNEL & BENEFITS
5108	Certification & Specialty Pay	Additional pay for special skills or training including certification, specialty, assignment pay, on call and mentor pay.	PERSONNEL & BENEFITS
5109	Car Allowance	Payment to employee for use of personal vehicle.	PERSONNEL & BENEFITS
5110	Other Compensation and Benefit	All other compensation that is subject to withholding and FICA, i.e. golf lessons, or personal training.	PERSONNEL & BENEFITS
5120	Insurance	Employer's contribution for life insurance, medical and hospitalization, dental and vision insurance premiums.	PERSONNEL & BENEFITS
5121	Preventive Health	Employee immunizations and other preventive health measures.	PERSONNEL & BENEFITS
5122	Medical/Dental/Vision Claims	Costs related to employee health, dental, and vision insurance claims and benefits paid by the City.	PERSONNEL & BENEFITS
5123	Administrative Expense	Costs incurred for general administrative activities and support services necessary for City operations.	PERSONNEL & BENEFITS
5124	FICA/Medicare Tax	Employer's share of Social Security and Medicare.	PERSONNEL & BENEFITS
5125	Retirement	The City's contribution to the Texas Municipal Retirement System for employees.	PERSONNEL & BENEFITS
5126	Pre-Employment Physical	Charges for physicals performed by qualified physicians and testing materials on candidates selected for employment.	PERSONNEL & BENEFITS
5127	Workers Compensation	Amounts paid by the City to provide worker's compensation insurance.	PERSONNEL & BENEFITS
5128	Uniforms	Rental, cleaning and purchase of uniforms.	PERSONNEL & BENEFITS
5129	Drug Testing	All drug testing for employees and applicants.	PERSONNEL & BENEFITS
5130	Tuition Reimbursement	Reimbursement to employees for qualified education programs.	PERSONNEL & BENEFITS
5131	Group Term Life	Costs related to premiums and benefits for the City's group term life insurance coverage for employees.	PERSONNEL & BENEFITS
5140	Professional Development	Includes registration fees, transportation, meals, lodging, mileage, and other approved expenses incurred while participating in training events and seminars.	PERSONNEL & BENEFITS
5141	Travel and Reimbursement	Includes travel that is paid by the City or reimbursed to the employee as well as reimbursements paid to employees for use of their personal vehicle for City business (other than car allow	PERSONNEL & BENEFITS
5142	Employee Recognition and Honor	Expenditures for items purchased in conjunction with employee recognition programs.	PERSONNEL & BENEFITS
5300-5499	SERVICES		SERVICES
5301	Fiscal Agent Service	Services associated with the issuance of debt or other fiscal agent services.	SERVICES
5302	Banking Services	Fees paid to financial institutions (banks and savings and loans) for services. Includes depository bank fees and credit card processing fees.	SERVICES
5303	Interest	Expenses for interest payments on City-issued debt and other borrowed funds.	SERVICES
5310	Licensed Professional Services	Costs for services provided by licensed professionals.	SERVICES
5311	Audit Services	Charges for the annual financial audit performed by an outside auditing firm.	SERVICES
5312	Tax Services	Includes services for billing, collection and appraisals.	SERVICES
5313	Environmental Services	Includes water testing services, environmental waste disposal service, asbestos testing services, soil testing services, etc.	SERVICES
5314	Legal Services	All costs for outside legal services.	SERVICES
5315	Landscape Services	Expenditures for lawn and grounds upkeep, landscaping and nursery service and tree care not provided by City personnel.	SERVICES
5316	Radio Services	Includes service charges from radio system provider, including maintenance and repair of radios.	SERVICES
5317	Automotive Maintenance and Repair	Includes all material and services in the maintenance and repair of all automobiles, trucks, trailers, and attachments. Includes tire repair. (Does not include the purchase of replacement	SERVICES
5318	Other Equip Maintenance and Repair	Includes all material and services to maintain all heavy equipment, small tools and equipment such as crawlers, moving machines, battery chargers, compressors, welders, cutters, drills, gr	SERVICES
5319	Learning & Development	Used only for HR related Learning & Development programming.	SERVICES
5320	Advertising	Expenditures for announcements in professional publications, newspapers or broadcasts, for recruitment, legal ads, used equipment, sale of property and other advertising requirement	SERVICES
5321	Billing Services	Includes fees to agencies for billing and collecting current accounts. (EMS, Police-Alarm Permits).	SERVICES
5322	Printing Services	Includes payments to outside printing and copier service providers. Does not include the cost of leased copiers used in City facilities.	SERVICES
5323	Cemetery Management	Contracted services for operation and maintenance of cemetery.	SERVICES
5324	Other Purchased Services	Used for expenses related to purchased services other than those described with other codes.	SERVICES
5325	Facilities Maintenance & Improvement	Includes all expenditures for City facilities, including parks (playground equipment, swimming pool improvements, fountain improvements, etc.) that are less than \$5,000 each.	SERVICES
5326	Fleet Fund Allocation	Charges allocated for the use, maintenance, and operation of City-owned vehicles and equipment.	SERVICES
5327	Jury Duty Costs	Expenses related to payments made to jurors summoned for jury service.	SERVICES
5328	Medical and Healthcare Payments	Costs for medical and healthcare services provided to employees or as part of City-sponsored programs.	SERVICES
5500-5599	OPERATION & MAINTENANCE		OPERATION & MAINTENANCE
5501	Telecommunication and Data	Includes land line telephone, cellular phones, and internet, cable, and security service, but not radios.	OPERATION & MAINTENANCE
5502	Utility Services (Electric, Water, Waste)	Utility expenses including electricity, water and wastewater, garbage collection and recycling.	OPERATION & MAINTENANCE
5503	Gas Utilities Service	Utility expenses paid to a gas utility service provider.	OPERATION & MAINTENANCE
5504	Street Lighting/Signals Utilities	Costs for electric service to streetlights and signals.	OPERATION & MAINTENANCE
5505	Refuse Disposal	Landfill fees.	OPERATION & MAINTENANCE
5506	Paved Surfaces Repair	Contracted services for streets, drainage, runways, and taxiways repair (such as pothole repair).	OPERATION & MAINTENANCE
5507	Striping	Includes all materials related to striping services.	OPERATION & MAINTENANCE
5508	Sidewalk Repair	expenses related to repair of city sidewalks.	OPERATION & MAINTENANCE
5509	Drainage Repair	expenses related to contracted drainage repair services.	OPERATION & MAINTENANCE
5510	Paved Surfaces Materials	Includes gravel and other material used to repair streets and other paved surfaces as well as paint and brads for street and other paved surfaces marking.	OPERATION & MAINTENANCE
5600-5799	SUPPLIES		SUPPLIES
5601	Office Supplies	Includes supplies necessary for the operation of an office, including paper, writing instruments, individually purchased toner, books, staples, copier toner and supplies, etc.	SUPPLIES
5602	Postage	Includes all postage-related costs including express delivery.	SUPPLIES
5603	Operating Supplies	Includes books except for Library, grease, ice, cups, nuts and bolts, photographic equipment such as film, batteries and film developing costs, first aid supplies, recreational and gym suppl	SUPPLIES
5604	Tools, Parts and Equipment	Articles costing less than \$5,000. Hand tools, small equipment, office equipment, plumbing and welding supplies and equipment, building supplies, etc.	SUPPLIES
5605	Janitorial Supplies	Soaps, detergents, cleaning agents, cloths, solvents, and other cleaning items relating to the custodial functions.	SUPPLIES
5606	Emergency Medical Supplies	Includes bandages, medicine, chlorine, and other medical supplies necessary to perform ambulatory duties.	SUPPLIES
5607	Chemical and Agricultural Supplies	Includes bulbs, seeds, plants, fertilizer, chemicals, etc., used for parks and public grounds.	SUPPLIES
5608	Street Lighting & Signals Supplies	Includes meters and lights for streets as well as traffic signal parts.	SUPPLIES
5609	Drainage Supplies	Expenses for parts and materials required for drainage structure repairs.	SUPPLIES
5610	Fuel and Oil	Gasoline, diesel, and other fuel as well as oil for equipment and vehicles such as mowers, light vehicles, trucks, heavy equipment, etc.	SUPPLIES
5611	Vehicle & Machinery Parts Supplies	Automotive and machinery parts and supplies purchased for work to be performed by City employees on City vehicles and larger machinery and equipment, includes all tires.	SUPPLIES
5612	Signs	Expenditures for signs made for the City. Includes street signs.	SUPPLIES
5613	Refuse Containers	Expenditures for refuse and recycling containers used in City facilities.	SUPPLIES
5614	Library Books	For library use only. For books and periodical purchases for use in the Library.	SUPPLIES
5615	Ammunition	Expenditures for all types of ammunition.	SUPPLIES
5616	Election Supplies	Expenditures for all supplies and materials needed for elections, including ballots.	SUPPLIES
5617	Safety Equipment	Includes warning signs, flashing lights, and protective clothing that are less than \$5,000 each.	SUPPLIES
5618	Computer, Telecomm Hardware	Includes desktop computers, laptop computers, printers, land line telephones, other peripherals, and off-the- shelf software.	SUPPLIES
5619	Computer Supplies	Includes replacement parts as well as consumables for computers, i.e., printer cartridges and toner.	SUPPLIES
5620	Party Supplies	Costs for decorations, food items, and materials used for City-sponsored events, celebrations, or employee functions.	SUPPLIES
5621	Furniture	Office furniture (less than \$5000 each piece) i.e., desks, chairs, tables, bookcases, etc.	SUPPLIES
5622	Food for Resale	Purchase of food and beverages for resale. Includes sodas, chips, candy, etc.	SUPPLIES
5623	Food	All costs of meals, food items not-for-resale, and other expenses incurred on behalf of Council, advisory boards, special commissions, and employees of the City. Also includes City- spon	SUPPLIES
5800-5899	COST OF GOODS SOLD		COST OF GOODS SOLD
5801	Merchandise	Items purchased for resale purposes. Includes shirts, balls, caps, gloves, clubs, patches, etc.	COST OF GOODS SOLD
5802	Fuel and Oil for Resale	Airport fuel purchased for resale purposes including oil.	COST OF GOODS SOLD
5900-5999	FIXED ASSETS		FIXED ASSETS
5901	Land	Includes all costs of acquiring land such as purchase price, commission, abstracts, court costs, filing fees, appraisals, attorney's fees, etc.	FIXED ASSETS
5902	Buildings	Expenditures for constructing new buildings, renovations to existing buildings and/or acquiring existing buildings.	FIXED ASSETS
5903	Paved Surface Improvements	Construction of streets (all or portions), street paving, runways, taxiways, sidewalks, curbs, gutters, culverts, bridges, etc.	FIXED ASSETS
5904	Other Improvements	Includes fences, parks improvements, building maintenance and other improvements not specified in other account codes described here.	FIXED ASSETS
5905	Professional Services	Includes contracted labor if the services provided are professional in nature such as architects, engineers, or attorneys.	FIXED ASSETS
5906	Capital Expenditure	To be used as either a debit or credit when a fund purchases capital assets.	FIXED ASSETS
5907	Office Equipment and Computers	Costs for the purchase of office equipment, computers, and related accessories.	FIXED ASSETS
5908	Heavy Machinery and Equipment	Includes the purchase price of all tractors, ditching machines, dozers, booms, power mowers, sweepers, and other heavy construction equipment as well as refuse collection vehicles.	FIXED ASSETS
5909	Other Equipment	Includes furniture, office equipment, shop equipment, cameras, window air conditioning, fire hoses, recreational equipment, drinking fountains, heaters, radios, radar units, riot equipm	FIXED ASSETS
5910	Vehicles	Includes the purchase price and transportation of all automobiles, trucks, trailers, attachments, and appendages to the vehicle. All major items purchased to equip the vehicle for service	FIXED ASSETS
5911	Intangible Assets	Costs related to the acquisition and capitalization of non-physical assets such as software, patents, and licenses.	FIXED ASSETS
6000	AUDITOR ADJ		AUDITOR ADJ

2025

FINANCIAL TRANSPARENCY & BUDGET MODERNIZATION

CITY OF LAGO VISTA

Prepared for
City of Lago Vista, Texas

Prepared by
The Institute for Government
Innovation at Texas State
University



Acknowledgements

About the Institute

The Institute for Government Innovation (IGI) is a unique consultancy housed in the Department of Geography and Environmental Studies at Texas State University. IGI leverages university resources to solve our client’s problems and help students successfully transition to careers. We combine student enthusiasm and faculty expertise to develop innovative solutions to real-world challenges. Our mission is to improve today’s decisions and tomorrow’s decision makers. For more information, visit <http://igi.txstate.edu>.

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Delivered on

October 31, 2025



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Background

The Institute for Government Innovation (IGI) at Texas State University partnered with the City of Lago Vista to advance its financial budgeting process and promote transparency for residents and stakeholders. The collaboration was shaped by a set of targeted tasks designed in coordination with City leadership, including:

- Providing budget data for resident-friendly presentations
- Analyzing fiscal year budget information to clarify audiences and presentation needs
- Developing recommendations and reviewing optimal presentation tools
- Presenting formatted budget data and delivering staff training
- Researching and recommending new budget software
- Assessing the chart of accounts to improve compatibility with future technologies

A key direction from the City, emphasized in council and project meetings, was a detailed analysis of the chart of accounts. IGI focused on making actionable recommendations to facilitate future integration with software and reporting applications, reflecting the City's commitment to foundational, sustainable improvements.

Due to timing and data availability, the FY 2025-26 budget data were not accessible until the project's conclusion. As a result, FY

2024-25 financial data served as the basis for most analysis. However, the adopted FY 2025-26 budget was evaluated as a policy and communication document, and IGI applied best practice criteria developed from the Government Finance Officers Association's Distinguished Budget Criteria to assess its effectiveness and offer recommendations for improvement.

Throughout the project, IGI focused on adapting to the City's evolving needs, ensuring that all deliverables reflect Lago Vista's priorities and vision for its municipal budgeting framework, and producing deliverables that serve as actionable playbooks providing valuable guidance for Lago Vista going forward.

The resulting report is organized into three major evaluation sections:

- Software Evaluation
- Budget Evaluation
- Chart of Accounts Evaluation

These sections reflect both the original project scope and the adjustments made to maximize impact within the constraints encountered, ensuring that Lago Vista receives practical, prioritized guidance for making its budget process more transparent, effective, and sustainable.

Software Evaluation

Introduction

The City engaged our team to evaluate its budgeting software as part of a broader review of its financial systems, including the chart of accounts and public budget presentation. This assessment examines the current platform, Tyler Technologies' InCode 9, and potential upgrades or alternatives to improve efficiency, flexibility, and transparency.

Methods

Our evaluation included vendor interviews and demonstrations, document reviews, and follow-up discussions with City staff. We assessed the City's current use of InCode 9 to identify functional requirements and pain points, then compared it with OpenGov, from which the City had already purchased modules. Both options would minimize migration disruption due to existing integrations. We held meetings with Tyler Technologies (InCode) and OpenGov to review system capabilities and suitability to meet the current and anticipated future needs of the City of Lago Vista.

Results

Both InCode 10 and OpenGov demonstrated strong capabilities aligned with the City's needs. Each system offers:

- Migration support, including assistance with crosswalking the chart of accounts
- Flexible chart of accounts structure compatible with future improvements
- Robust financial reporting and budget presentation features
- Optional public transparency portals
- Comprehensive training resources and support
- Access to additional paid consulting services

Because elements of these systems are proprietary, the City was provided with vendor contacts to clarify pricing and implementation options.

Conclusion

Our assessment found that both InCode 10 and OpenGov could meet the City's budgeting and financial management needs, offering migration support and tools to enhance transparency and reporting. After internal review, the City chose to upgrade to InCode 10, establishing a strong foundation for future improvements to the chart of accounts and public budget presentation.

Budget Evaluation

Introduction

This section provides a comprehensive evaluation of the City of Lago Vista's adopted budget, focusing on strengths and areas for improvement. The purpose is to offer practical recommendations that can enhance the budget's clarity, utility, and effectiveness as a communication, planning, operational, and policy tool for both officials and residents.

Methods

To benchmark Lago Vista's budget, we analyzed the budgets from Texas cities recognized for Special Recognition and Outstanding Category by the Government Finance Officers Association (GFOA) from 2023 to 2025. The GFOA awards highlight exemplary practices in municipal budgeting, promoting transparency and effective public reporting. We selected budgets from Texas cities most comparable to Lago Vista in terms of size and context, ensuring relevant and actionable comparisons. We also prioritized variety, avoiding reliance on any single example. For two categories, there were no Texas examples and out-of-state examples were chosen based on proximity (Texarkana, AR) and population (Show Low, AZ). The complete GFOA criteria are included in Appendix A.

Lago Vista Reference Documents

The evaluation focuses on the Adopted FY 2025-26 Budget for Lago Vista, available at: [Lago Vista FY 2025-26 Adopted Budget PDF](#).

Lago Vista's Fiscal and Budgetary Policy, adopted in 2022 and revised in 2023, was also referenced to better understand the City's budget, policies, and processes. It is available at: <https://www.lagovistatexas.gov/DocumentCenter/View/2313/FY-2023-2024-Fiscal-and-Budgetary-Policy-PDF?bidId=>.

Similarly, the City's Comprehensive Plan was used as a reference and is available at: <https://www.lagovistatexas.gov/DocumentCenter/View/1077/2030-Comprehensive-Plan-PDF>

Areas of Evaluation

This report organizes the analysis and recommendations according to four key categories, each representing a distinct lens for evaluating the budget's role and effectiveness:

- Communication
- Financial Plan
- Operations Guide
- Policy Document

For each area, the following format is used:

- **Observation:** Review of the Lago Vista Adopted Budget
- **Recommendation:** Actionable steps for improvement
- **Example Budget:** A GFOA award-winning budget
- **Reference page image(s):** An excerpt from each example budget is included to illustrate successful practices and guide readers directly to the relevant sections in the source document.

Communication

TABLE OF CONTENTS

Observation: The Lago Vista budget does not include a Table of Contents. This limits navigation of the document and reduces the usefulness of the budget as a reference tool. Foundational to the development of a Table of Contents is ensuring every page is numbered.

Recommendation: At a minimum, include page numbers on every page and include a Table of Contents to facilitate navigation. Ideally, make each table entry clickable so readers can jump straight to that section in the digital version. The example distinguished budget award winner has a very detailed table of contents, but even a simple table would improve the usefulness of the budget.

Example budget: [City of Sanger, TX, pages 5-8](#)

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BUDGET OVERVIEW

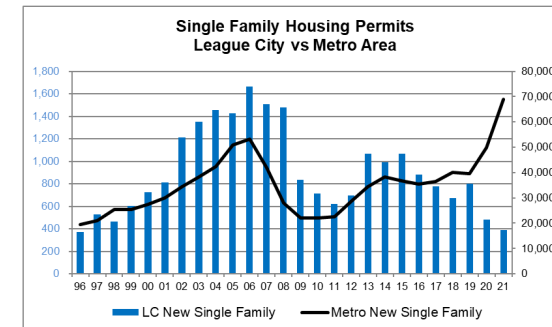
Observation: While the Lago Vista budget provides a general overview of the budget, summary information and significant trends are mostly displayed in dense tables rather than in an easy -to-consume format. There is limited use of charts, graphs, or high-level summaries to facilitate quick insights into key changes.

Recommendation: Include a specific “Budget Overview” section and supplement it with clear graphics (such as trend charts for revenues and expenditures) and bulleted highlights of major changes and trends. This will help readers quickly understand critical budgetary items without scanning dense tables. Additionally, it would be beneficial to include summary information on budgetary trends and on any changes between the proposed and adopted budget.

Example budget: [City of League City, pages 43-71](#)

CITY OF LEAGUE CITY

FY2023 ADOPTED BUDGET



M.D. Anderson opened its 190,000-square foot, \$134 million outpatient cancer treatment facility in 2018 in partnership with UTMB. The facility is located on UTMB's League City Campus and will offer radiation and surgical oncology, infusion therapy, pain management, nutrition, and other support services.

Memorial Hermann opened its 47,000-square foot Convenient Care Center, which is the largest of its kind in the Memorial Hermann Health Care System, in Pinnacle Park in 2018. The Convenient Care Center features a freestanding 24-hour emergency department that offers on-site imaging and lab services, a breast care center, physical therapy, and a multi-specialty care clinic.

Houston Methodist leased 20,000 square feet of space in League City in 2018, and it's now in the process of constructing a new, 10,000 square foot emergency care center in League City!

Pinnacle Park is a 100-acre mixed use development on I-45 and Big League Dreams Parkway, which includes Cabela's, a 112-room Marriott Fairfield Inn & Suites Hotel, and Memorial Hermann's largest Convenient Care Center. Pinnacle Park is developing 112,000 square feet of additional retail space, which currently includes Abuelo's Mexican Restaurant, Red Wing Shoes, Coco Crepes, Corks & Casks, Salata, Black Bear Diner, The Toasted Yolk Café, and Kabuki Japanese Grill & Sushi Bar. City Council approved a re-zoning application to facilitate the development of a new, 339-unit, Class A multi-family project. In the next few years, Pinnacle Park will include office space and an additional 80,000 square feet of retail space.

Another commercial mixed-use development called The Riverview at Clear Creek, which lies on the southeast frontage of I-45 and Clear Creek, is proposed to include a marina, public space, plus space for retail, office, restaurant, multi-family, and hotel development for an estimated construction value of at least \$115 million.

New retail and restaurant businesses that are planning to open include Fuji Ramen & Bar and Hoppe's Sports Grill. Alamo Drafthouse will feature 10 screens, a 60-foot, 100% reserved seating in oversized luxury recliners, 4K projection, in-theater food & beverage service, and a standalone lobby bar offering a selection of over 40 local and regional craft beers. Alamo Drafthouse submitted plans before the COVID-19 Pandemic, and it is considering various options moving forward into 2022 and 2023.

Two new multi-family projects – Highbridge at Egret Bay (est. \$28.5 million in taxable value) and Aura at Beacon Island (est. \$30 million in taxable value) – are under various phases of development. College of the Mainland opened a 27,570 square foot satellite facility in League City to offer an 18-month accelerated Associate of Arts Program, plus dual credit, and general education classes.



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STATISTICAL/SUPPLEMENTAL SECTION

Observation: The Lago Vista budget document does not provide a dedicated section that presents statistical and supplemental data about the City’s community, demographic profile, economy, industries, or other background information. There is an absence of summary information such as population statistics, major employers, household income, or comparative metrics that would help put the City’s financial decisions in context or explain factors influencing budget choices.

Recommendation: Add a dedicated “Community Profile” section early in the budget document. This section should include up-to-date population trends, economic indicators, major industries, and other community characteristics. Even a basic inclusion of these elements on a single page or concise summary with one or two charts will significantly enhance the budget’s understandability and context for all readers.

Example budget: [City of Longview, pages 19-30](#)

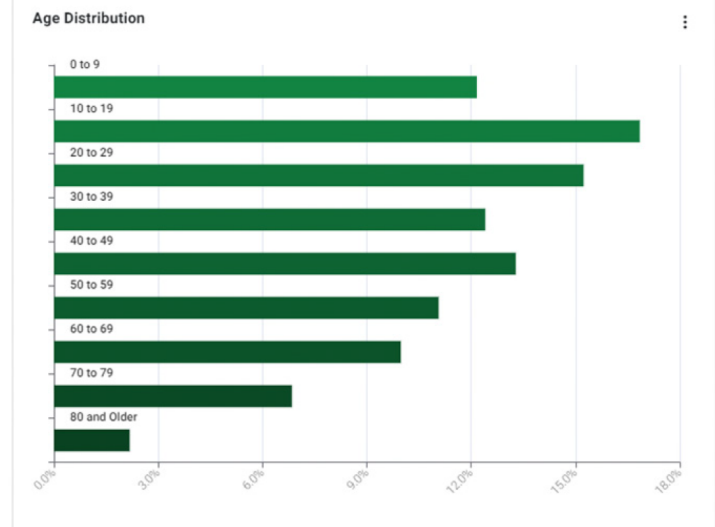
Longview at a Glance

	2010 Census	2021 Census	2025 Est.
Total Population	80,455	84,042	85,643
Total Households	30,562	31,924	32,520

Households by Income (August 2023 Census)

Population	\$82,501
Per Capita Income	\$31,017
Avg. Household Income	\$78,748
Unemployment Rate	4.6%

ESRI Sources: US Census Bureau and ESRI forecasts for 2021 and 2026



Page 23

GLOSSARY

Observation: The Lago Vista budget document does not include a glossary section that defines technical financial terms, abbreviations, or acronyms used throughout the document. This can make the budget less accessible to readers who are not familiar with governmental accounting or local government terminology.

Recommendation: Add a clearly labeled glossary at the end of the document or as an appendix. Start with commonly used financial terms, program names, and all acronyms found in the budget narrative and tables.

Example budget: [Town of Highland Park, pages 189-196](#)

GLOSSARY

ADA Americans with Disabilities Act

Accrual Basis of Accounting The basis of accounting whereby revenue projections are developed recognizing revenues expected to be earned in the period, and expenditure estimates are developed for all expenses anticipated to be incurred during the last fiscal year.

Appropriation A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in the amount and as to the time when it may be expended.

Assessed Valuation A valuation set upon real estate and certain personal property by the appraisal district as a basis for levying property taxes.

Assets Resources owned or held by a government which has monetary value.

Automated Service Request (ASR) The electronic capturing of requests for service, both externally and internally generated, as a means of quantifying department/employee activity and response to service requests.

Bank Depository Agreement The Council approved current contract, pursuant to the provisions of Section 105 of the Local Government Code of Texas providing for banking

Balanced Budget A budget that is resources (revenues, fund balance) that equals, or is greater than, uses (expenditures/expenses, capital outlay).

Basis of Accounting The timing method used in the recognition of revenues and expenditures for financial reporting purposes.

Bond A written promise to pay a specified sum of money at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bonded Debt The amount of debt of a government, represented by outstanding bonds.

Budget A plan, approved by the Council, of financial operation embodying an estimate of proposed expenditures/expenses for the fiscal year and the proposed means of financing them (revenue estimates).

Budget Document The official written statement prepared by the Town's staff and approved by the Town Council to serve as a financial and operation guide for the fiscal year end in which it was adopted.

Budget Message A general discussion of the proposed budget presented in writing as a part of or supplement to the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the chief executive and budget officer (if not the chief executive)

Budgetary Control The control or management of government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

Capital Assets Resources acquired prior to October 1, 2000, having an acquisition cost or value of \$1,000 or more or resources acquired after September 30, 2000 having an acquisition cost or value of \$5,000 or more and a useful life of more than one year. Capital assets are also called fixed assets.

Capital/Major Project Expenditure/Expense An expenditure/expense which results in the acquisition or addition of a fixed asset or the improvement to an existing fixed asset.

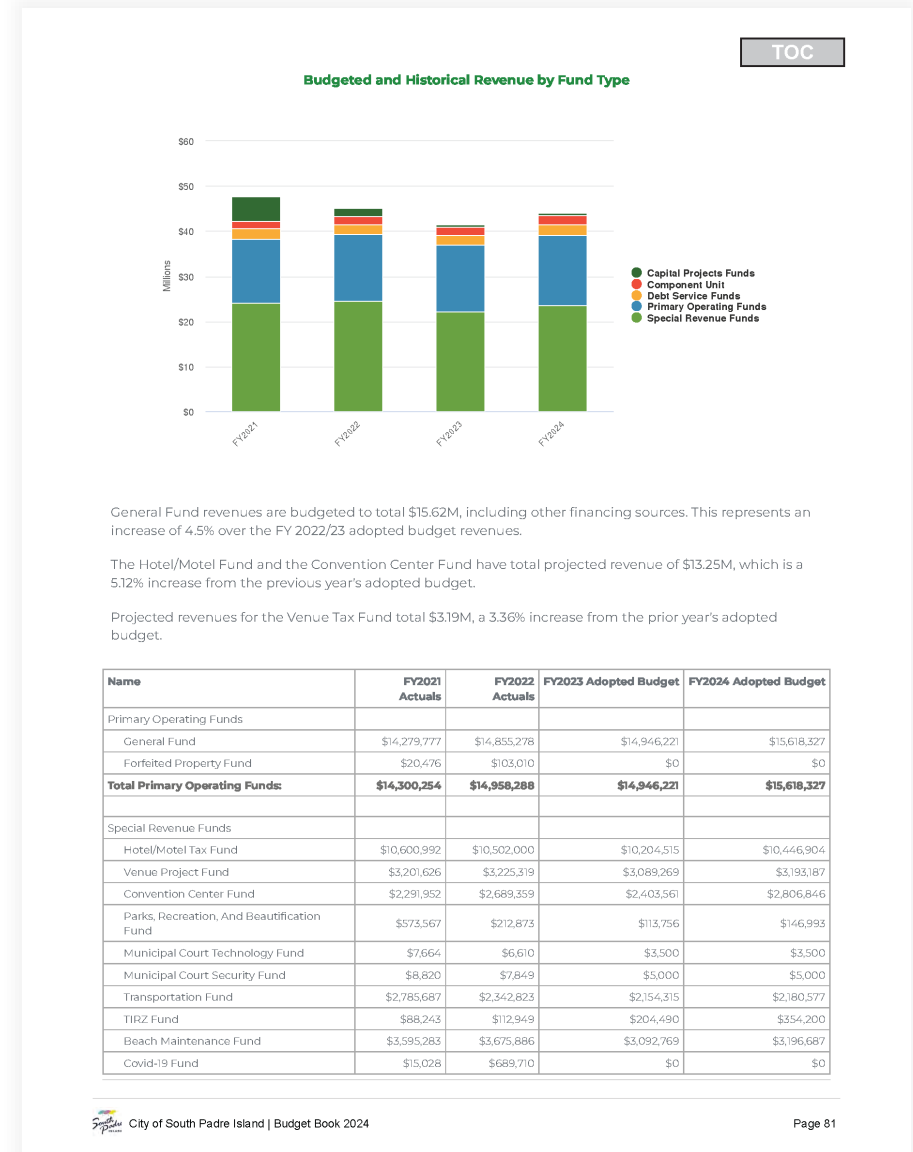
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CHARTS AND GRAPHS

Observation: The Lago Vista budget uses a limited range of charts with minimal explanatory captions and narrative interpretation. While these visuals help communicate basic allocations, the overall impact is limited because the document relies heavily on dense tables and lacks trend charts, bar graphs, or time-series visuals to tell a fuller story.

Recommendation: Expand the use and variety of charts and graphs to include trend lines for revenues and expenditures over time, multi-year fund balance history, and bar graphs highlighting major shifts. Always provide concise captions and short narrative explanations beneath each graphic to ensure their meaning and implications are clear. This will greatly enhance the accessibility and communicative power of the budget document.

Example budget: [City of South Padre Island, pages 81-86](#)



UNDERSTANDABILITY AND USABILITY

Observation: The Lago Vista budget is thorough but can be overwhelming for non-expert readers due to inconsistent formatting, dense tables, and limited use of summary highlights. Page layout and the organization of topics within sections can make locating key information challenging. There is little visual separation between types of information, and navigation tools, like page numbers, are minimal. Also, other forms of budget communication that may aid public understanding, like videos or social media links, are not available.

Recommendation: Improve user experience by standardizing page formatting and ensuring sequential page numbering throughout the document. Employ visual tools, such as summary boxes, highlight major changes, and use navigational aids like a hyperlinked table of contents. Emphasize clarity and logical flow by grouping related information together and break up long tables with concise summaries and narrative interpretation to make the document much more approachable for all audiences.

Example budget: [City of Fair Oaks Ranch, pages 23-29](#)

Inflationary Pressures

This budget includes increases in expenditure budget lines that have been most impacted by the continued rise in the inflation rate, including fuel and electricity.

On the revenue side, the rising inflation rate and cost of electricity have impacted the franchise fee collections and interest revenue. An increase in franchise fee revenue for power companies and in interest revenue is reflected in the FY 2023-24 budget.

Planning for the Future

The FY 2023-24 budget includes a transfer to the General Fund operating reserve to maintain a 6-month level in compliance with City policy, and a transfer to General Fund and Utility Fund Equipment Replacement Funds to save for future capital replacements.

Priorities for the Upcoming Budget Year

Operational Priorities

Operational priorities are included within individual departmental budgets in either the Governmental Funds or the Utility Funds. The primary focus of this year's budget is to continue to increase external services and improve infrastructure and facilities, while maintaining a commitment to uphold competitive compensation and benefits.

Governmental

- Enhanced Annual Street Maintenance Program
- Continued improvements to citizen communications and engagement
- Important Information Technology improvements
- New equipment requests
- Wage adjustments for all employees

Utility

- Continued repair and maintenance of aging infrastructure
- New equipment requests
- Wage adjustments for all employees

Strategic Priorities & Projects

The following are the strategic priorities and projects to be addressed within the next 12 months. Priorities are categorized as strategic when they qualify as non-operational, or may span over multiple budget years. Strategic Project costs are included within one of the City's three Strategic and Capital Funds (Governmental, Water, or Wastewater).

Pillar 3: Reliable and Sustainable Infrastructure	
Enhance & Ensure Continuity of Reliable Water Resources in Accordance with CCN Obligations	
Well 27 Electrical and Add Variable Frequency	\$60,000
Well 31 Electrical and Add Variable Frequency	\$60,000
Well 25 Electrical and Add Variable Frequency	\$60,000
Well 28 Electrical and Add Variable Frequency	\$60,000
Enhance & Ensure Continuity of Reliable Drainage Improvement Initiatives	
Drainage Project #41 Triple Crown	\$64,829
Drainage Project #35 Chartwell	\$245,000
Enhance & Ensure Continuity of Reliable Roadways	
Dietz Elkhorn Roadway Reconstruction	\$309,235
Dietz Elkhorn Sidewalk Project	\$300,000
Pillar 4: Public Health and Safety	
Develop a Long-Term Strategy for Continuity of Fire Services	
Fire Station #3 Upgrades	\$150,000



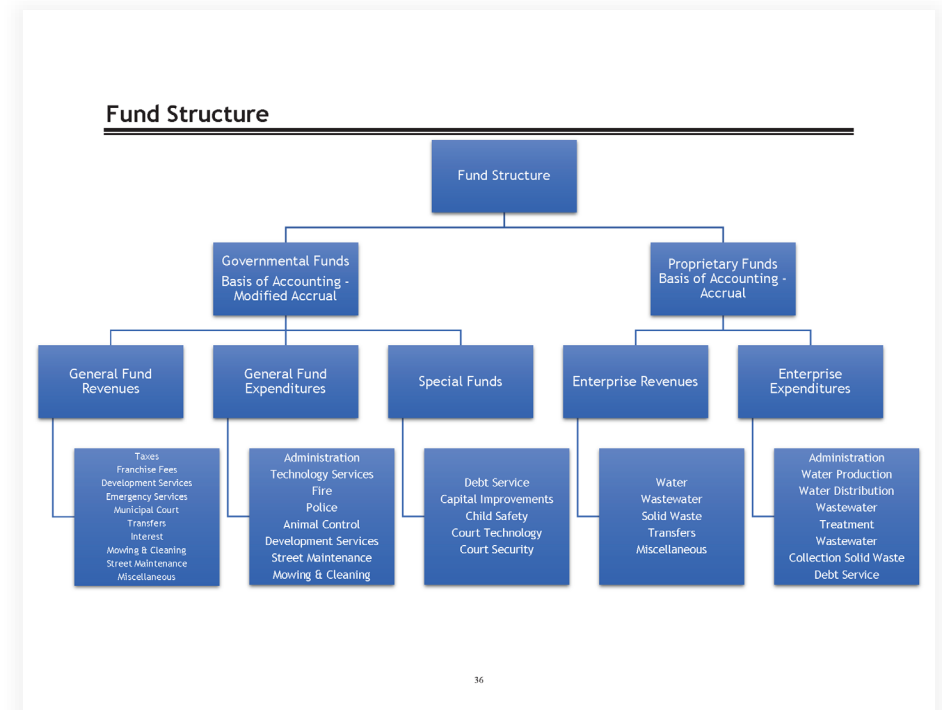
Financial Plan

FUND DESCRIPTIONS AND FUND STRUCTURE

Observation: The Lago Vista budget does not include a comprehensive narrative or graphic to help readers understand how all funds are organized and relate to each other. The document does not clearly indicate which funds are appropriated. There are some brief narratives related to the fund pie charts, but they mainly describe the charts themselves, not the underlying funds. The City's *Fiscal and Budgetary Policy* document does list and describe all major fund types.

Recommendation: Add a graphic or a summary table illustrating the overall fund structure, showing how each fund fits within the City's finances. Expand the brief narratives into clear, plain-language descriptions for each major fund, including their purpose, type (governmental, proprietary, etc.), and what programs they support.

Example budget: [City of Horseshoe Bay, pages 35-36](#)



BASIS OF BUDGETING

Observation: The Lago Vista budget does not define its basis of budgeting (such as cash, accrual, or modified accrual) or clarify if the basis of budgeting is the same as the basis of accounting used in audited financial statements. The City's *Fiscal and Budgetary Policy* document does define the basis of budgeting for funds.

Recommendation: Include a section in the budget that states the basis of budgeting for each fund. Note whether it matches the accounting basis used in audits or briefly explain any differences.

Example budget: [City of Show Low, AZ, page 22](#)

Basis of Budgeting

The budget is organized on the basis of funds and is created and maintained for specific purposes. The City of Show Low uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of accounting methods used: Modified Accrual and Full Accrual. The basis of accounting methods used in the City's budget and financial statements are as follows:

Funds	Budget Basis	Financial Statement Basis
Wastewater Enterprise Fund	Modified Accrual	Full Accrual
Water Enterprise Fund	Modified Accrual	Full Accrual
Refuse Enterprise Fund	Modified Accrual	Full Accrual
All Other Funds	Modified Accrual	Modified Accrual

The budget basis of accounting for the enterprise funds is different from the financial statement basis primarily due to state law. The major differences are as follows:

- Depreciation expense is not included in the budget.
- Capital outlays are budgeted as expenditures and reported as assets in the City's Financial Statements.
- Principal payments on debt are budgeted as expenditures and reported as reductions of the liability in the City's Financial Statements.

The Modified Accrual basis of accounting for revenues means revenues are recognized in the period when they become both "measurable" and "available" to finance expenditures of the current period.

The Full Accrual basis of accounting for revenues means revenues are recorded when they are earned (whether or not cash is received at the time).

The Modified Accrual Basis of accounting for expenditures means expenditures are generally recorded when a liability is incurred; however, debt service expenditures and expenditures related to compensated absences, claims and judgments are recognized to the extent they are due and payable.

The Full Accrual Basis of accounting for expenditures means expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

The City of Show Low has two major funds: the Governmental Fund and the Proprietary Fund.



CONSOLIDATED FINANCIAL SCHEDULE

Observation: The Lago Vista budget does include a consolidated financial schedule that provides an overview of revenues and expenditures. Revenues and expenditures are presented by major type, allowing for easier comprehension.

Recommendation: Further enhance the consolidated statement with consistent spacing and make totals more obvious when visually scanning the table.

Example budget: [City of Saginaw, pages 47-49 \(46-48 internal\)](#)

CITY OF SAGINAW CONSOLIDATED BUDGET SUMMARY BY FUND SCHEDULE OF SOURCES AND USES OF FUNDS AND CHANGES IN FUND BALANCE					
	GOVERNMENTAL FUNDS				
	General Fund	Debt Service Fund	Capital Projects Fund	CCPD Fund	Police Expendable Fund
Revenues					
Property Taxes	\$ 7,166,080	\$ 6,162,085	\$ -	\$ -	\$ -
Sales Taxes	6,700,000			1,632,000	
Other Taxes	47,200	18,000			
Franchise Fees	1,648,000				
Licenses, Permits, Fines/Fees	1,683,890				
Grant Assistance	43,750			2,500	
Interest Income	144,000	12,615	138,000	9,000	
Other Income	934,065		-		-
Charges for Services					
Total Revenues	\$ 18,366,985	\$ 6,192,700	\$ 138,000	\$ 1,643,500	\$ -
Other Financing Sources					
Transfers from other funds	\$ 2,220,740	\$ -	\$ 1,380,750	\$ -	\$ -
Bond Proceeds			16,950,000		
Use of Bond Funds			-		
Use of Escrow Funds	-				
Use of Beginning Fund Balance	785,625	59,305	24,070,865	486,290	12,500
Total Other Financing Sources	\$ 3,006,365	\$ 59,305	\$ 42,401,615	\$ 486,290	\$ 12,500
Total Available Resources	\$ 21,373,350	\$ 6,252,005	\$ 42,539,615	\$ 2,129,790	\$ 12,500
Operating Expenditures					
General Gov't/Econ. Dev.	\$ 2,874,270	\$ -	\$ -	\$ -	\$ -
Municipal Court	225,760				
Fire	4,328,010				
Police	6,007,415			164,670	12,500
Community Services	1,862,400				
Library	779,505				
Public Works	3,802,700		-		
Total Operating Expenditures	\$ 19,880,060	\$ -	\$ -	\$ 164,670	\$ 12,500
Other Financing Uses					
Capital Outlay					
General Gov't/Econ. Dev.	\$ 66,600	\$ -	\$ -	\$ -	\$ -
Municipal Court	-				
Fire	275,000		4,722,915		
Police	299,245			773,295	-
Community Services	261,965		6,920,000		
Library	-		17,920,000		
Public Works	517,000		12,976,700		-
Total Capital Outlay	1,419,810	-	42,539,615	773,295	-
Debt Service		6,252,005			
Transfer to Other Funds	73,480	-	-	1,191,825	
Total Other Financing Uses	\$ 1,493,290	\$ 6,252,005	\$ 42,539,615	\$ 1,965,120	\$ -
Total Uses of Resources	\$ 21,373,350	\$ 6,252,005	\$ 42,539,615	\$ 2,129,790	\$ 12,500
Change in Fund Balance	\$ (785,625)	\$ (59,305)	\$ (24,070,865)	\$ (486,290)	\$ (12,500)
Beginning Fund Balance	\$ 11,880,505	\$ 1,157,334	\$ 35,208,191	\$ 1,406,897	\$ 19,270
Ending Fund Balance	\$ 11,094,880	\$ 1,098,029	\$ 11,137,326	\$ 920,607	\$ 6,770

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THREE YEAR CONSOLIDATED AND FUND FINANCIAL SCHEDULES

Observation: The Lago Vista budget does include a three-year consolidated fund schedule that shows the total funds for the prior and current budget year. Revenues and expenditures are presented by major type to aid understanding.

Recommendation: Enhance the three-year consolidated fund schedule with improved formatting and brief explanatory text connecting the numbers to policy or operational implications.

Example budget: [City of Saginaw, pages 51-54 \(50-53 internal\)](#)

CITY OF SAGINAW 5-YEAR FUND SUMMARY

Explanation of Variances

Note 1 - The \$94,496 surplus in the Debt Service Fund is due to higher than anticipated property tax collections. The \$209,687 surplus in Capital Projects Fund reflects unspent tax note proceeds. The \$47,410 deficit in the CCPD Fund was for the replacement of patrol vehicles. The \$419,046 surplus the Drainage Fund is due to the delay of the East Cement Creek Drainage project. The surplus of \$111,139 surplus in the Street Maintenance Fund reflects the delay of the Burlington Road project. The \$104,520 surplus in the Donations Fund reflects increased donations for the Train & Grain Festival, the delay of the Beautification Plan update and savings in the Ardent Mills mural. The \$124,952 surplus in the General Escrow Fund reflects a developer contribution for future improvements to Old Decatur Road. There was a \$219,222 surplus in the Enterprise Escrow Fund due to the collection of water impact fees that will be used for eligible projects in future years. The planned \$1,409,093 surplus in the Enterprise Fund is due to the delay of several budgeted projects: projects to prevent inflow and infiltration of the wastewater system, design for the Saginaw Boulevard 16" water line phase 2, the construction of the Fairmont sewer rehabilitation phase 1, and the relocation of utilities along FM 156 in preparation of the Texas Department of Transportation road project.

Note 2 - The \$1,352,274 surplus in the General Fund is due to strong sales tax, building fee, and utility franchise fee collections. Cost saving measures were taken to manage the impact of COVID-19 on City operations. The General Fund also received federal CARES Act funding through Tarrant County to offset increased expenditures resulting from the pandemic. The \$24,570 deficit in the Debt Service Fund is for the cost to issue Certificates of Obligations and lower than budgeted property tax collections due to increased exemptions granted by Tarrant Appraisal District. The \$15,816,246 increase in the Capital Projects Fund is due to the issuance of Certificated of Obligation for future capital projects partially offset by expenditures for the Bailey Boswell Road and Overpass project. The \$39,817 surplus in the CCPD Fund is due to strong sales tax collections. The \$172,472 drawdown in the Street Maintenance Fund is for the East McLeroy curb and gutter project, the completion of Knowles Drive conceptual plan, and the reconstruction of Anderson Street. The \$77,575 surplus in the Donations Fund is due to donations exceeding planned expenditures for both Parks and Library. Many library programs were cancelled or modified due to the pandemic. The \$29,359 surplus in the General Escrow Fund is due to the transfer from the General Fund for future equipment replacement. There \$150,494 increase in the Enterprise Escrow Fund is due the collection of water impact fees that will be used for eligible projects in future years. The \$1,514,420 drawdown of the Enterprise Fund is for capital projects to remedy inflow and infiltration of the wastewater system, FM 156 utility relocations, construction of the Fairmont sewer rehabilitation phase 1, and the relocation of utilities along the BNSF train tracks.

Note 3 - The \$1,371,950 budgeted deficit in the General Fund is for one time capital and land purchases and partial funding for the Bailey Boswell Overpass project. The planned Debt Service Fund drawdown of \$103,835 is to mitigate the impact of the 2020 issuance of certificates of obligation on the tax rate. The \$527,675 deficit in the Capital Projects Fund reflects the use of previously issued bonds for the Bailey Boswell Overpass project, design and construction of the Central Fire Station, design of Old Decatur Road north, Knowles Drive, intersection improvements and a traffic signal at Knowles and Bailey Boswell offset by the sale of 2021 General Obligation Bonds. The \$231,435 surplus in the CCPD Fund reflects strong sales tax collections and a one time sales tax audit adjustment. The \$526,915 surplus in the Drainage Utility Fund reflects the delay of the East Cement Creek Drainage project. The \$124,410 surplus in the Street Maintenance Fund reflects strong sales tax collections and a one time sales tax audit adjustment, as well as, the delay of several street maintenance projects due to staffing shortages. There is a \$52,360 deficit in the Donations Fund is due to the use of previous donations for parking and lighting improvements at Willow Creek Park and public art. The respective boards will make recommendations on future use of these donations. The budgeted surplus in the General Escrow Fund is due the establishment of a health insurance rate stabilization escrow and developer escrows for future projects. The is drawdown in the Enterprise Escrow Fund is for funding of the Saginaw Boulevard 16" water line phase 2. The \$446,965 surplus in the Enterprise Fund is due to stronger than budgeted water sales.

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FUND BALANCE

Observation: Lago Vista’s budget presents fund balance figures for each major fund in the “Consolidated Statement” section, showing projections and historical values.

Recommendation: Improve table formatting for easier reading and include short explanatory text for general context and understanding. In the explanatory text, include information about the fund balance, such as a definition and a discussion of changes.

Example budget: [City of Freeport, pages 39-40 \(29-30 internal\)](#)

City of Freeport

FY2023-2024 Budget

Changes in Fund Balance

The City strives to maintain an undesignated General fund balance equal to 25% of budgeted expenditures for the General Operating Fund. In other operating funds, the City shall strive to maintain a positive unassigned fund balance (working capital) position to provide sufficient reserves for emergencies and revenue shortfalls. In addition, the city will seek to maintain a working capital (current assets minus current liabilities) balance equal to 33% budgeted expenditures for the Water and Sewer Utility Enterprise fund. ²

	FY2020-2021	FY2021-2022	FY2022-2023	FY2022-2023	FY2022-2023	FY2023-2024
	Actual	Actual	Adopted Budget	Current Budget	Estimate	Proposed Budget
General Fund						
Beginning Fund Balance	\$ 5,615,397	\$ 6,725,855	\$ 5,564,696	\$ 5,914,821	\$ 5,914,821	\$ 6,124,699
Revenue Less Expenditures	2,347,784	3,541,946	3,179,173	3,084,902	3,333,973	1,038,210
Transfers	(1,237,326)	(4,352,980)	(3,579,095)	(3,579,095)	(3,124,095)	(1,716,250)
Ending Fund Balance	\$ 6,725,855	\$ 5,914,821	\$ 5,164,774	\$ 5,420,629	\$ 6,124,699	\$ 5,446,659
Fund Balance as % of Exp.	41.7%	36.5%	31.0%	32.3%	36.0%	30.6%
% Change in Fund Balance		-12.1%	-12.7%	-11.5%	3.5%	0.5%

In FY2017-2018 the City received a one-time payment from Dow for a subsurface lease in the amount of \$5.5M. Therefore, the City has made over \$2.7M in one-time capital investments in FY2018-2019. A one-time transfer (loan) to the Water & Sewer Fund (\$1M), and a transfer to the Streets & Drainage Fund (\$300k) in FY2019-2020. Also, in FY2020-2021, \$950,676 was used for one-time capital investments, including facility upgrades, vehicle and equipment replacements, and computer software upgrades.

Water & Sewer Fund						
Beginning Fund Balance	\$ (17,603)	\$ 50,936	\$ 174,759	\$ 99,707	\$ 99,707	\$ (205,471)
Revenue Less Expenditures	5,222,643	85,772	668,351	(160,354)	146,271	779,837
Transfers	(5,154,104)	(37,000)	(451,450)	(451,450)	(451,450)	(454,250)
Ending Fund Balance*	\$ 50,936	\$ 99,707	\$ 391,660	\$ (512,096)	\$ (205,471)	\$ 120,115
Fund Balance as % of Exp.	0.9%	1.4%	2.1%	-2.8%	-1.1%	1.7%
% Change in Fund Balance		95.8%	292.8%	149.2%	-306.1%	-123.5%

*Does not include Long Term Assets and Liabilities.

A loan of \$1M occurred in FY2019-2020 to increase working capital. The Utility Fund began the repayment of that loan in FY2020-2021 and will continue make annual payments until the loan is repaid.

Debt Service Funds						
Beginning Fund Balance	\$ 44,064	\$ (43,520)	\$ 806	\$ 95,094	\$ 95,094	\$ 122,905
Revenue Less Expenditures	(119,462)	138,615	(273,640)	(273,640)	(273,640)	(283,369)
Ending Fund Balance	\$ (75,397)	\$ 95,094	\$ (272,834)	\$ (178,545)	\$ (178,545)	\$ (160,464)
% Change in Fund Balance		-226.1%	-386.9%	0.0%	-287.8%	-10.1%

REVENUES

Observation: While the Lago Vista budget does show their revenues in tables, there is no narrative information to describe individual revenue sources. Additionally, the methods and assumptions used to estimate revenue sources are not provided.

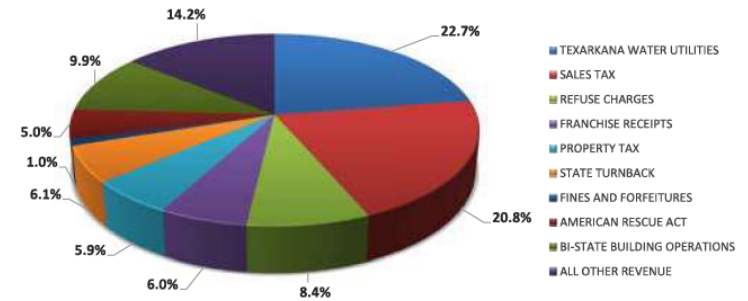
Recommendation: Add short descriptions of main revenue sources. Include a brief explanation for how revenue projection estimates are made. Discuss any notable trends or influences on the City's finances.

Example budget: [City of Texarkana, AR, pages 22-27](#)

MAJOR REVENUES AND EXPENDITURES

There are minimal revenue sources that comprise a major part of the City's total revenue. The largest source of revenue for the City is Texarkana Water Utilities. The following pie chart shows the major revenues for the City. The table following the pie chart shows each revenue source that exceeds \$1,000,000, the percentage of the total, the cumulative total, and the cumulative percentage of total. We have also included the revenue for fines and forfeitures totaling \$667,962. The last row in the table is a total of all other revenues, each of which is less than \$1,000,000. As shown, this entire group makes up 18.0% of the total figure.

2024 BUDGET REVENUES



	2024 BUDGET	% OF TOTAL	CUMULATIVE AMOUNT	CUMULATIVE % OF TOTAL
TEXARKANA WATER UTILITIES	14,578,029	22.7%	14,578,029	22.7%
SALES TAX	13,404,000	20.8%	27,982,029	43.5%
REFUSE CHARGES	5,378,000	8.4%	33,360,029	51.9%
FRANCHISE RECEIPTS	3,875,500	6.0%	37,235,529	57.9%
PROPERTY TAX	3,780,200	5.9%	41,015,729	63.8%
STATE TURNBACK	3,907,000	6.1%	44,922,729	69.8%
FINES AND FORFEITURES	667,962	1.0%	45,590,691	70.9%
AMERICAN RESCUE ACT	3,218,310	5.0%	48,809,001	75.9%
BI-STATE BUILDING OPERATIONS	6,352,236	9.9%	55,161,237	85.8%
SUBTOTAL	55,161,237	85.8%		
ALL OTHER REVENUE	9,160,096	14.2%	9,160,096	14.2%
TOTAL REVENUE	64,321,333	100.0%	64,321,333	100.0%

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LONG-RANGE OPERATING FINANCIAL PLANS

Observation: The Lago Vista budget does not include long-range financial plans for major funds. The document does not include multi-year projections for funds beyond the current budget year.

Recommendation: Include a simple multi-year projection (covering at least two years beyond the budget year) for all major operating funds, accompanied by a short explanation of the major assumptions. Additionally, it would be ideal to relate the long-range plan to the achievement of strategic goals.

Example budget: [City of Highland Village, pages 41-42 \(38-39 internal\)](#)

LONG RANGE FINANCIAL PLAN

With Highland Village at the threshold of substantial build-out, the long range focus has been redirected to sustainability, to provide the current high level of services expected by residents within the context of revenues having reduced opportunity of growth other than modest inflationary annual increases. As property tax is the largest revenue source for the City, a primary objective is to sustain property values throughout the City.

The new challenge is to continue the high level of service expected by Highland Village residents with an emphasis on fiscal responsibility to ensure sustainability with just a few areas of potential development remaining. Primary objectives:

- Evaluate the remaining development opportunities in light of maximizing economic benefit to the City. An update to the City Comprehensive Plan was completed in FY 2023, with a particular focus on the remaining opportunity areas in the City for development. While a consensus was not attained regarding a vision of how the development should look, there is acknowledgment that revenue is an important consideration in light of impending buildout.
- Conversely, avoiding additional services needed without enhanced revenues to support them.
 - » A primary tenant of Highland Village has been an emphasis on the quality of life enjoyed by our residents. A base level objective is to maintain the current level of services, but with increased scrutiny of new programs to not require additional staffing or increased cost of service. An ongoing effort to evaluate programs for effectiveness is critical in looking for ways to reduce costs of providing services.
 - » A particular challenge will be likely addition of additional Fire Department resources to address reduced ability of surrounding cities to provide EMS mutual aid. A plan is currently in process of implementation detailing operational changes, changes in deployment to calls for service, and staffing changes which include alternative shifts and use of part time to provide for availability of two ambulances during peak time windows. This approach does result in increased cost, but with an emphasis on efficient use of resources, the cost is minimized. Ongoing evaluation will monitor effectiveness to ensure the desired results are achieved. A qualifier for the future will be how the department will be impacted by remaining development. Ensuring the ability to provide sufficient response to EMS and fire calls, and resulting operational costs, will be a consideration when evaluating developments brought forward to the City for the remaining parcels.
- In FY 2022 a \$15.3M bond issuance was accomplished to address street maintenance (\$8.85M) and parks maintenance issues (\$6.4M). This issuance is an important step to protect and solidify City infrastructure, addressing streets and park amenities

throughout the City. In addition, an enhancement to the camping options at Pilot Knoll Park of adding cabin rentals will provide an ongoing revenue source to support improvements and maintenance within the City's Corps Leased parks. The associated debt service will be accommodated within the existing tax rate as it coincides with expiring debt.

- Future debt issuance will remain limited, with periodic issues again related to street reconstruction and maintenance of existing City infrastructure, with one notable exception:
 - » In FY 2021, a master plan for Copperas Branch Park was provided to City Council. This regional park was shut down for a number of years when utilized by TxDOT as a staging area for the I-35 expansion. In 2018 the park was restored to previous condition and opened to the public. Currently, the park primarily provides natural open space, with a boat ramp also providing access to Lewisville Lake. The conceptual budget total was \$18M. There is considerable flexibility in how this can be developed – with the primary obstacle being funding. Development of this park will require bond issuance at a future date, with earliest consideration likely being 2027.
- As Highland Village essentially competes with surrounding cities for residents, the tax rate is a major point of comparison. With Highland Village having a smaller footprint of retail in comparison to surrounding cities, a higher tax rate is likely inevitable. While this is viewed in context of the quality of life, there is awareness of a need to maintain the current tax rate to the degree possible to provide sufficient revenues, but not expand the tax rate difference compared to surrounding cities. Thus, the financial plan primary objective is to maintain target Fund Balance levels in context of maintaining existing service levels, with constraint of not increasing the tax rate.

The budget each year is developed in context of a five-year window. Decisions made in the current year can have ramifications in future years, or looming financial consideration in future years may constrain the ability to fund items in the present year. Thus, a broader view is critical in development of each year's budget.

ASSUMPTIONS

Revenues

- The initial year of the five-year outlook is very positive. An unprecedented appraised value increase of 14.3% for FY 2024 includes \$42.2M of new properties added to the tax roll. Given the extremely strong market, this was anticipated. However, increasing interest rates and a looming possible recession provide uncertainty going forward, likely slowing valuation increases. The projections for the next two years are expected to remain strong, partially reflective of residual gains carried over from this year. After the next couple of years, it is more uncertain, but the DFW area will

CAPITAL PROGRAM

Observation: The Lago Vista budget does not clearly define capital expenditures. Total dollar amounts for capital projects are provided—summary tables and schedules show overall capital spending. Significant, non-recurring capital expenditures are described with amounts, though details vary. There is no description of the process used to identify or prioritize funded capital projects. Operating impacts of capital projects are included in the budget tables starting on page 132, showing how capital spending affects current and future operations. The City’s *Fiscal and Budgetary Policy* document does provide an overview of Capital Improvement Program budget policies.

Recommendation: To strengthen the section, include a brief definition of “capital expenditures” and clarify what qualifies as a capital item in the budget. Add a short summary on how capital projects are selected and funded. Expand narrative descriptions for significant projects and clearly connect operational impacts to the service goals of the City.

Example budget: [City of Gainesville, pages 42-50](#)

Impact of Capital Projects

Gainesville will invest \$16.71 million in capital projects during FY 2024. The operating funds for the FY 2024 budget cover \$6.43 million in capital expenditures, while debt service, long-term contracts, and project funds established from previous budgets will cover \$10.28 million.

In order to further understand the impacts of Gainesville’s capital projects on the FY 2024 budget, the City’s standards for capital are presented. The impacts of capital projects are shown for each fund that includes capital projects or equipment. Finally, the significant non-recurring capital projects are described.

Definitions

Capital

The City of Gainesville defines capital as projects or equipment purchases that meet the following standards as capital:

1. The City considers a project or equipment purchase that costs \$15,000 or more with a life expectancy of two years or more as a capital asset.
2. All motorized vehicles and equipment are capitalized.
3. Any single project that costs \$5,000 or more that extends the life of a current asset by ten or more years is considered capital.
4. Groups of items purchased for one project that meet the above criteria are considered capital.

Recurring Capital

1. The purchase of vehicles or equipment with a life expectancy of ten years or less.
2. Planned maintenance for infrastructure that is required on an annual basis.

Non-Recurring Capital

1. Purchase of land.
2. Construction of new or replacement of streets, utilities, or buildings. These types of non-recurring projects generally exceed \$25,000.
3. New or replacement equipment purchases with a life expectancy of more than ten years and costs of more than \$250,000.

Impact of Capital Projects on FY 2024 Operating Funds

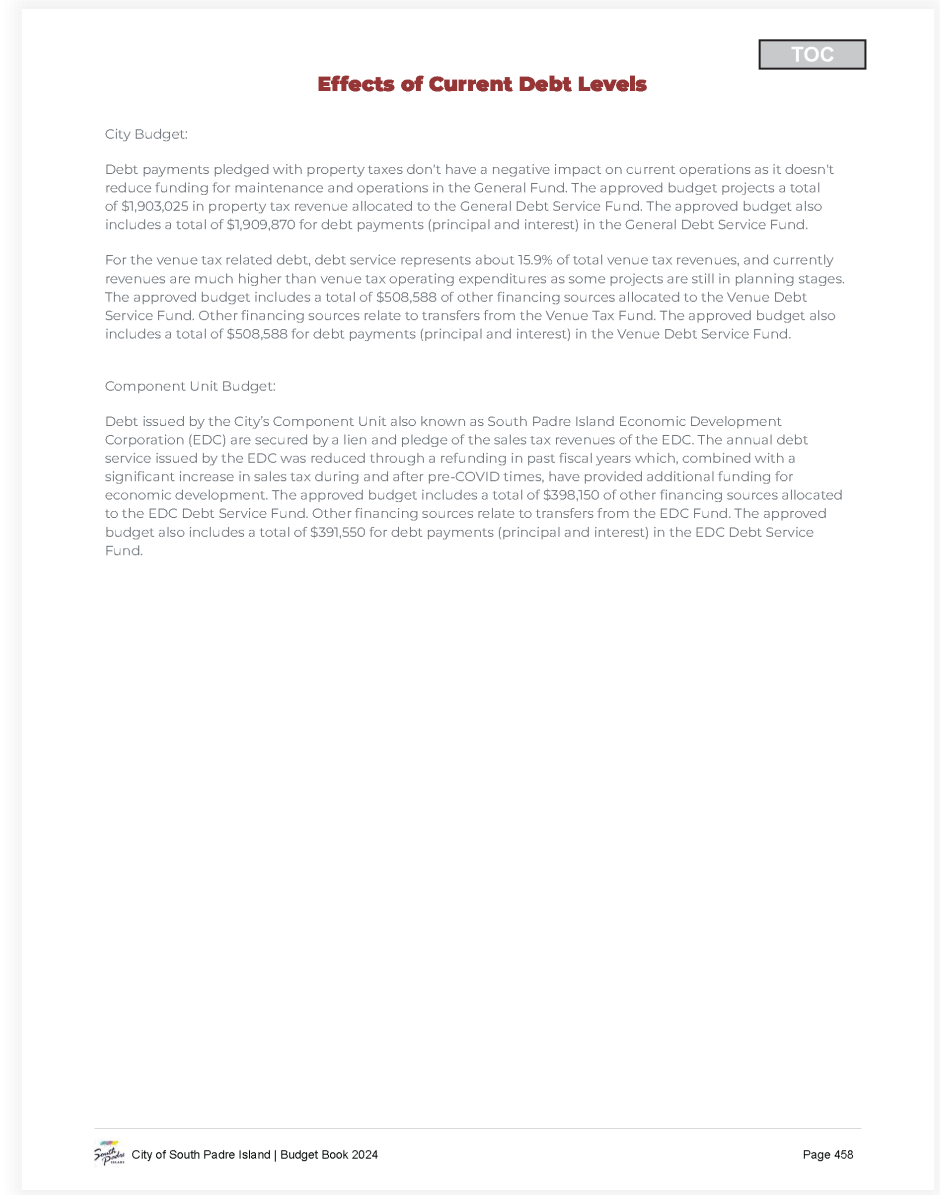
Gainesville is budgeting \$6.43 million for capital, which represents 14.78% of the FY 2024 operation’s budget (\$43.51 million not including debt). Since the city uses fund accounting, it is imperative to examine the impact of these capital expenditures on each individual fund. Please see the table on the next page for details.

DEBT

Observation: The Lago Vista budget does not include a detailed debt section. While the total outstanding principal balance is included, the document does not provide clear future payment schedules, interest rates, legal debt limits, bond ratings, or explanations of the purposes behind each debt obligation.

Recommendation: Add a comprehensive debt section that includes year-by-year principal and interest payment schedules for each obligation and interest rates and total annual debt service cost. Include an explanation of legal debt limits and a comparison to the City's current debt position. Include bond ratings, where available. Include a summarized table or narrative describing the purposes of each debt obligation.

Example budget: [City of South Padre Island, pages 457-463](#)



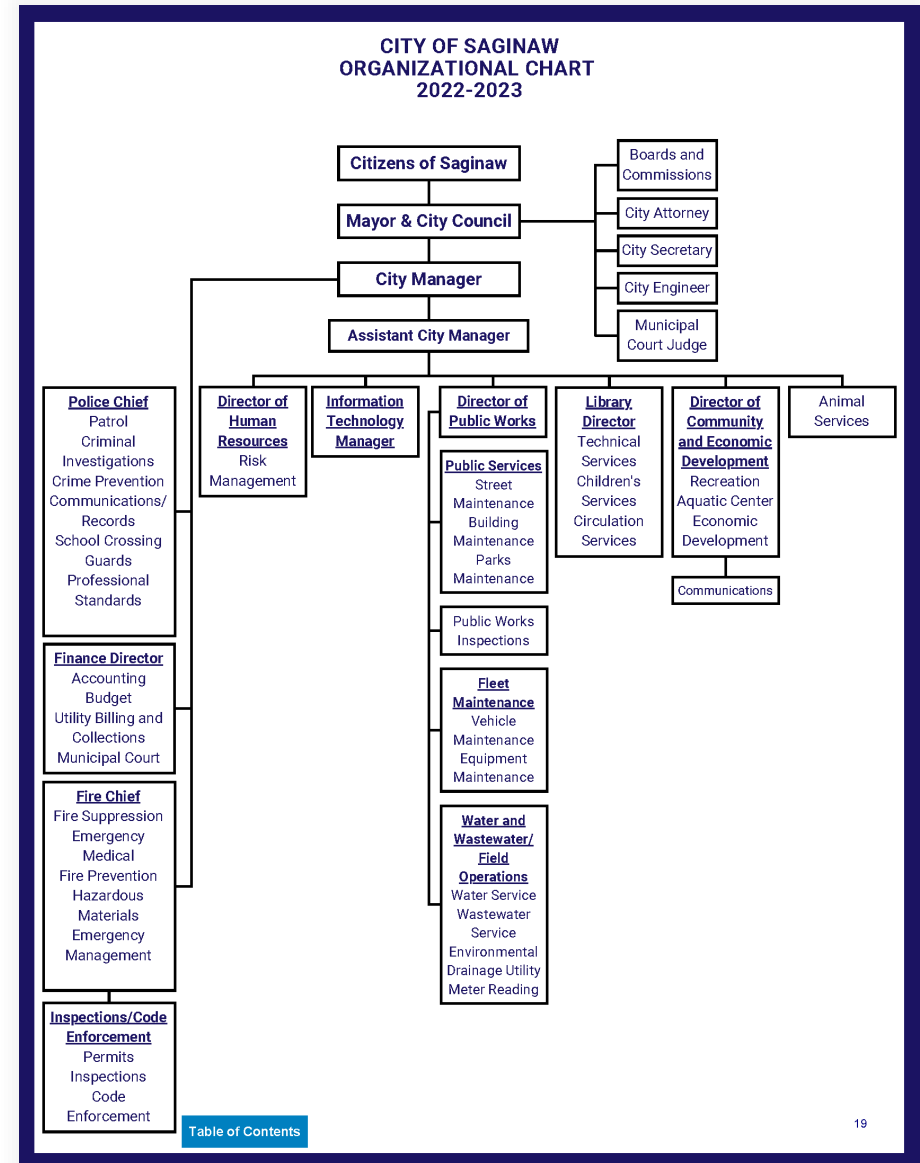
Operations Guide

ORGANIZATION CHART

Observation: The Lago Vista budget does not provide a comprehensive organization chart showing the structure of the government and its key reporting relationships. While department names are referenced throughout the document, there is no visual depiction of how those departments report to the City Manager, Council, or each other. This limits the public's and staff's ability to quickly grasp the City's structure, lines of accountability, and overall operational organization. Without an organization chart, it is difficult for readers to understand how the structure supports the City's goals or priorities.

Recommendation: Create and include a clearly labeled, up-to-date organization chart that shows the reporting hierarchy from Council and Mayor to City Manager, and down to all major departments/divisions.

Example budget: [City of Saginaw, page 20 \(19 internal\)](#)



DEPARTMENT/FUND RELATIONSHIP

Observation: The Lago Vista budget does not include a clear table or matrix illustrating the relationships between its functional units and their associated funds. While there are references to which departments receive funding from specific funds, this information is presented in dense financial tables, making it difficult for readers to understand how operational units are linked to the City's budgetary structure.

Recommendation: Add a dedicated “Department/Fund Relationship” table or matrix showing the association between departments or programs and their corresponding funds.

Example budget: [City of South Padre Island, pages 76-77](#)

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Use of Funds by Departments

Department(s)	Governmental Funds																		
	Major Special Revenue Funds				Major Cap. Proj. Fund				Non-Major Special Revenue Funds						Non-Major Capital Project Funds				
	General Fund	Hotel Motel	Venue Project	Notes	Beach Maintenance	Beach Nourishment	Convention Center	Coronavirus Relief	Min. Court Tech. & Sec.	Parks, Rec. & Beautification	Transportation	Bay Access	Beach Access	Capital Replacement	Laguna Blvd Reconstruction	Padre Blvd Construction	Side Streets Project	Street Improvement	Venue Tax Construction
City Council & City Manager's Office	X				X														
Finance, Info. Tech., & Human Resources	X																		
Planning Services	X								X										
Municipal Court	X																		
Police, Fire/EMS, & Env. Health Serv.	X				X														
Fleet, Facilities Maint. & Inspections	X																		
Public Works	X													X	X				
Emergency Management	X																		
General Services	X							X											
Special Projects	X		X											X		X	X	X	X
Shoreline					X	X						X	X						
Visitors Bureau, Sales & Adm., Marketing, Events Marketing, & SPI Historical Museum		X																	
Convention Center							X												
Transportation										X									

Department	Component Unit	
	Economic Development Corporation	BNC Facility Maintenance
EDC	X	
Boating & Nature Center	X	X

 City of South Padre Island | Budget Book 2024

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POSITION SUMMARY SCHEDULE

Observation: The Lago Vista budget does not provide a consolidated position summary or Full-Time Equivalent (FTE) schedule that displays staffing levels across all departments for the prior, current, and budget years. They are only briefly referenced in narrative or expenditure breakdowns for particular funds, making it difficult to determine overall staffing levels, how they have changed, or if any department is seeing major increases or decreases.

Recommendation: Add a clear “Position Summary Schedule” early in the operations guide or in each departmental section, listing total positions for each department/fund for the prior, current, and proposed budget year. Briefly explain any notable staffing level changes.

Example budget: [City of Bullard, page 11](#)

Full time Equivalency Schedule

Full Time Equivalency Schedule					
Staffing	Actual FY 20-21	Actual FY 21-22	Actual FY 23-24	Adopted FY 22-23	Difference 2023 to
General Fund					
Administration					
City Manager	1	1	1	1	0
City Secretary	1	1	1	1	0
Finance Director	1	1	1	1	0
Human Resources Director	1	1	1	1	0
Permits/Code Enforcement Director	1	1	1	1	0
Communications Director	1	1	1	1	0
Total Administration FTE	6	6	6	6	0
Police Department					
Chief of Police	1	1	1	1	0
Captain	1	0	0	0	0
Lieutenant	0	1	2	2	0
Sergeant	2	2	3	2	-1
Detective	1	1	1	1	0
K-9 Officer	1	1	1	1	0
SRO Officer	2	2	1	1	0
Patrol Officer	4	4	4	5	1
Police Secretary	1	1	1	1	0
Warrant/Admin Assistant	0	1	1	1	0
Total Police Department-FTE	13	14	15	15	0
Municipal Court					
Court Clerk	1	1	1	1	0
Total Municipal Court-FTE	1	1	1	1	0
Streets					
Maintenance Technician	2	2	2	2	0
Part-time Summer Hands	0	1	1	1	0
Total Streets Department-FTE	2	3	3	3	0
Total General Fund	22	24	25	25	0
Utility Fund					
Water					
Water Supervisor	1	1	1	1	0
Maintenance Technician	2	2	2	2	0
Total Water Department-FTE	3	3	3	3	0
Wastewater					
Utilities Director	1	1	1	1	0
Wastewater Supervisor	1	1	1	1	0
Maintenance Technician	1	1	1	1	0
Total Wastewater Department-FTE	3	3	3	3	0
Utility Billing					
Utility Clerk	1	1	1	1	0
Total Utility Billing Department-FTE	1	1	1	1	0
Total Utility Fund	7	7	7	7	0
Total Primary Government Fund	29	31	32	32	0

In the Police Department, a Patrol Officer's position was added and a Sergeant's position was removed.

DEPARTMENTAL/PROGRAM DESCRIPTIONS

Observation: The Lago Vista budget does not include comprehensive departmental or program descriptions. There is little to no narrative within the document that outlines the assigned services, functions, or activities of each organizational unit beyond what can be inferred from expenditure tables and fund summaries. Major departmental priorities, core services, and program details are not described for the reader.

Recommendation: For each department or program, provide a clear narrative summary that describes the department's primary assigned services and functions, the major programs or activities it manages, and any significant financial or operational changes for the year.

Example budget: [City of McAllen, pages 127- 200 \(125-198 internal\)](#)

City of McAllen, Texas		Adopted Budget 2024			
		General Fund Engineering https://www.mcallen.net/departments/engineering			
Mission Statement: The Engineering Department designs, manages and guides the construction of public infrastructure and buildings while ensuring quality and safety to all who visit, live and conduct business within the boundary of our City.		DEPARTMENT SUMMARY			
		Actual 21-22	Adj. Budget 22-23	Estimated 22-23	Budget 23-24
Expenditure Detail:					
Personnel Services					
Salaries and Wages		\$ 1,517,357	\$ 1,708,877	\$ 1,595,319	\$ 1,773,854
Employee Benefits		414,594	477,280	477,280	554,770
Supplies		14,413	15,600	15,200	15,600
Other Services and Charges		94,904	156,152	152,068	188,527
Maintenance		52,407	55,816	46,486	53,272
Operations Subtotal		2,093,676	2,413,725	2,286,353	2,586,024
Capital Outlay		21,482	50,780	49,300	66,650
Total Expenditures		\$ 2,115,158	\$ 2,464,505	\$ 2,335,653	\$ 2,652,673
PERSONNEL					
Exempt		12	12	12	12
Non-Exempt		16	17	17	18
Part-Time		-	-	-	-
Total Positions Authorized		28	29	29	30
Contact Us: Eduardo Mendoza, City Engineer 311 N. 15th McAllen, TX 78501 (956) 681-1150		MAJOR FY23-24 GOALS 1) The Engineering Department will continue construction of Morris hike and bike trail from Bicentennial to 2nd Street. (1.1.07) 2) The Engineering Department will continue to repave the west stadium parking at MoHi for Christmas Parade. (1.1.14) 3) The Engineering Department will continue to provide faacelift to front canopy and walkway lighting at City Hall. (1.3.02) 4) The Engineering Department will continue upgrading and adding new Street Lights around City of McAllen. (1.3.03) (4.2.05) 5) The Engineering Department will implement an Energy Efficiency Program at various City of McAllen facilities through new energy efficient equipment and HVAC Building Automated Systems. (1.4.09) 6) The Engineering Department will continue with grading, platting, and infrastructure for future development of Boeye Reservoir site; this also involves a feasibility study for future development. (3.3.02) (6.1.17) 7) The Engineering Department will continue to implement Vision Zero for Traffic/Transportation Safety. (4.2.06) 8) The Engineering Department will continue to work with Hidalgo County on widening of ditches in City of McAllen to reduce potential for flooding. (4.4.02) 9) The Engineering Department will continue with Design of City Hall renovations and expansion. (5.1.10) 10) The Engineering Department will provide infrastructure to beautify and enhance roadway median for Ware Road from Monte Cristo to SH 107. (6.1.11) 11) The Engineering Department will continue to build storage building to store files for Engineering Department related to development and capital improvement projects. (6.1.25) 12) The Engineering Department will continue with downtown improvements such as wayfinding signs, restriping, replace broken curb and gutters, and stop flooding at intersections. (6.1.28) 13) The Engineering Department will continue to widen Daffodil Avenue from Taylor Road to Ware Road. (6.2.03) 14) The Engineering Department will continue to extend 33rd Street from Oxford Avenue to Auburn Avenue. (6.2.04) 15) The Engineering Department will complete east/west Dove Avenue corridor from Bentsen Road to 41st Street. (6.2.05) 16) The Engineering Department will continue design phase of Taylor Road widening from 4 Mile Line to 2 Mile Line. (6.2.08) 17) The Engineering Department will continue design phase of Bentsen Road widening from Buddy Owens to 5 Mile Line. (6.2.09) 18) The Engineering Department will participate in cost of public infrastructure improvements related to the McAllen South Industrial Park. (6.2.10) 19) The Engineering Department will continue with asphalt crack sealing maintenance and extend life of asphalt streets and Hike & Bike trails. (6.2.11) 20) The Engineering Department will continue to realign 17 1/2 Road from 29th street to Ware Road with development of a 5 lane, urban roadway. (6.2.12) 21) Continue construction of Street Bond Projects: (6.2.13) (6.2.16) (6.2.17) (6.2.18) (6.2.20)			

DEPARTMENTAL/PROGRAM GOALS AND OBJECTIVES

Observation: The Lago Vista budget does not present clearly stated goals or objectives for its departments or programs.

Recommendation: For each department or program, add a dedicated section listing its long-term goals and related short-term objectives. Clearly tie each goal/objective to relevant strategic citywide goals. Whenever possible, make objectives measurable and provide timeframes for accomplishment.

Example budget: [City of Hurst, pages 102-130 \(100-128 internal\)](#)

FY 2024-25 ADOPTED BUDGET

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STRATEGIC PRIORITIES DEPARTMENTAL PERFORMANCE MEASURES					
CITY COUNCIL STRATEGIC PRIORITY: <u>Community & Economic Vitality</u>					
THE HURST WAY: FINANCIAL SUSTAINABILITY					
Objective	Performance Measure	FY 2023	FY 2024	FY 2025	Department
Provide accurate and timely financial records and reports	GFOA Distinguished budget presentation award	Yes	Yes	Yes	Fiscal Services
Provide accurate and timely financial records and reports	GFOA certificate of achievement award	Yes	Yes	Yes	Fiscal Services
Credit ratings (Moody's / S&P)	Benchmark: A or higher	Aa2 / AA	Aa2 / AA	Aa2 / AA+	Fiscal Services
Review of financial data to maintain accuracy in financial records	Finance committee meetings held	12	12	12	Fiscal Services
Maintain financial investments	Investments within the city's portfolio	23	28	28	Fiscal Services
Financial records reviews	Internal Audits	1	1	1	Fiscal Services
Review and reporting of debt service	Debt service payments made, arbitrage calculations performed, and all regulatory reports filed.	Yes	Yes	Yes	Fiscal Services
Maintain strong sales tax over/budget	General fund sales tax over/(under) budget	2,559,800	1,851,000	\$1,000,000	Fiscal Services
Tax support debt	Tax supported debt as a percentage of taxable assessed valuation	1.17%	1.02%	0.88%	Fiscal Services
Maintain general fund revenue	Actual general fund revenue	9.38%	7.17%	0.00%	Fiscal Services

PERFORMANCE MEASURES

Observation: The Lago Vista budget does not include objective, results-focused performance measures for individual departments or programs.

Recommendation: For each department or program, provide several outputs, outcomes, or efficiency measures that are directly related to its core services. Relate these measures to the department's stated goals and objectives so that the effectiveness and progress of city services are transparent to stakeholders.

Example budget: [City of Fate, pages 72-116](#)

FY 2024 INITIATIVES

- * Unmodified audit opinion for the FY 2023 Annual Comprehensive Financial Report.
- * GFOA Award for Excellence in Financial Reporting for FY 2022 Annual Comprehensive Financial Report.
- * GFOA Award for Distinguished Budget Presentation for FY 2024.
- * GTOT Certificate of Distinction for Outstanding Comprehensive Written Investment Policy.
- * Comptrollers' Transparency Award for FY 2023 Traditional Finance.
- * Comptrollers' Transparency Award for FY 2023 Debt Reporting.
- * Conform to the Texas House Bill 1378 in Debt Reporting.
- * State Comptroller's Special Purpose District Financial and Tax Reporting.
- * Update Purchasing Policy if necessary.
- * Update Financial Management Policy.
- * Update Investment Policy if necessary.
- * Update Standard Operating Procedures to reflect Incode 10.
- * Request for applications and select a bank for primary depository bank services.
- * Arbitrage review for Williamsburg, District 1, Phases 2B, 2C, 3A1, and Williamsburg East MIA.
- * Hire a new Accountant to replace the Accountant leaving at the end of FY 2023.
- * Reclassify Court Clerk I and Accounting Specialist positions to match job descriptions.

PERFORMANCE MEASURES					
STRATEGIC PRIORITY	OBJECTIVE	PERFORMANCE MEASURE	FY22 Actual	FY23 Projected	FY24 Goal
FISCAL RESILIENCY & ACCOUNTABILITY	Assure appropriate Tax Rate	Lower tax rate compared to other cities in the Dallas Regional Chamber	8th in 95	9th in 95	Lowest 10
		Generate sufficient revenue to fund Operation and Maintenance and Debt Service	Yes	Yes	Yes
		Reasonable tax rate compared to other cities in Rockwall County	Yes	Yes	Yes
	Effective Revenue Management	Establish proper control over all receipts and receivables	100%	100%	100%
		Establish proper revenue estimate from all revenue sources	Yes	Yes	Yes
		Promote transparency and accountability available through transparency portal	Yes	Yes	Yes
	Responsible Debt/Expense Management	Adopt written debt management policy that reflect applicable federal, state, and local laws and regulations	Yes	Yes	Yes
		Establish proper control over all expenses and payables	Yes	Yes	Yes
		Budgetary control over fund level and line item level	Yes	Yes	Yes

City of Fate Adopted Budget and CIP for FY 2023-2024

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Policy Document

STRATEGIC GOALS AND STRATEGIES

Observation: The Lago Vista budget does not include a dedicated, prominent section listing long-term, citywide strategic goals or the process for developing such goals. Goals, where referenced, are tied to annual operations, rather than a strategic vision. There are also no strategies for how goals will be accomplished. The City has adopted a *2030 Comprehensive Plan* that lays out a long-term vision for the City, but there is no reference to it in the budget.

Recommendation: Add an early section summarizing several key citywide strategic goals, derived from council discussions, planning sessions, and community engagement. Briefly describe the process for establishing or updating these goals. Show, with a summary or chart, how major budget decisions and programs relate to achieving or advancing these goals. Reference how the budget addresses the 2030 (and future) Comprehensive Plan objectives.

Example budget: [City of DeSoto, pages 28-43](#)



PRIORITIES AND ISSUES

Observation: The Lago Vista budget does include some general statements about fiscal responsibility and city service priorities in its introductory sections. However, the document does not provide the most significant policy, economic, or regulatory challenges faced for the budget year. Actions intended to address challenges or capitalize on opportunities are summarized but not addressed with specifics. The rationale behind major decisions and how they relate to council or community priorities is not extensively discussed.

Recommendation: To add clarity and value, consider summarizing principal issues (economic context, policy shifts, service demands), outline what actions the City will take in response, highlight and explain significant changes in priorities from the previous budget year, and explain any major changes in service levels, fees, or taxes.

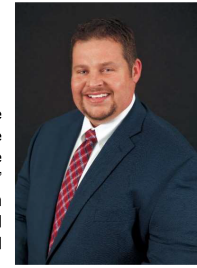
Example budget: [City of Buda, pages 11-28](#)

CITY MANAGER'S BUDGET MESSAGE

AUGUST 9, 2022

HONORABLE MAYOR AND CITY COUNCILMEMBERS,

One of the most important responsibilities of the City Council each year is the creation and adoption of the annual operating budget. Not only does the budget provide the resources to continue operations and maintenance of the City's infrastructure and assets but it also acts as a policy "roadmap," highlighting the objectives and priorities for the year. Creation and adoption of the budget is guided by the City of Buda Charter, Section 6 "Financial Procedures". This budget continues execution of the 2036 Strategic Plan and the priorities identified by City Council throughout the process.



Micah Grau
CITY MANAGER

The Fiscal Year 2023 Budget continues Buda's conservative financial management approach. Despite high inflation and an uncertain economic future, City departments were challenged to find creative ways to reduce current spending and to do more with less. Residents and businesses are also feeling the pressures of the current economic climate with rising costs and double-digit property value assessment increases. While the City logged record highs for sales tax collection in 2022, the main revenue source for the City's General Fund, the rising interest rates and high inflation could cool economic growth and consumer spending next year.

Fiscal Year 2023 will be a year of transition. Not only does the Buda community have a new executive leader in a new city manager but also a new executive director for the Buda Economic Development Corporation and the Buda Area Chamber of Commerce.

A big focus for the new year will be on planning, engineering, and community engagement. While COVID has hindered our ability to effectively seek feedback from the community in-person, we have plans to launch a quarterly town hall meeting to share updates on things happening in Buda in 2023. The Comprehensive Plan, Downtown Master Plan, and Corridor Study will all kick-off this fall and involve plenty of opportunities for community feedback. We will continue to explore creative and fun ways to engage the community. Staff is also focused on soliciting feedback from the development community and making changes to the processes identified in the City's development codes. The City will continue implementation of the 2021 Bond Program that was approved in November 2021. Funds have been allocated in the budget to begin design/engineering on projects, begin right-of-way and easement acquisition, and to begin construction on some of the projects.

ECONOMIC CLIMATE

The local economy continues to thrive despite national trends indicating an economic recession. Locally, the unemployment rate for Hays County was 2.8% as of May 2022. The City set new records for sales tax collections in Fiscal Year 2022 with \$12,053,445 projected to be collected, a 19.6% increase over Fiscal Year 2021 collections. Residential property values continue to rise due to increased pressures for housing. New regional industries such as the Tesla project in Del Valle, Apple campus in Austin, and the Samsung campus in Taylor will continue to increase housing demand within the region. The average appraised home value in Buda increased from \$296,912 in 2021 to \$443,522 in 2022.

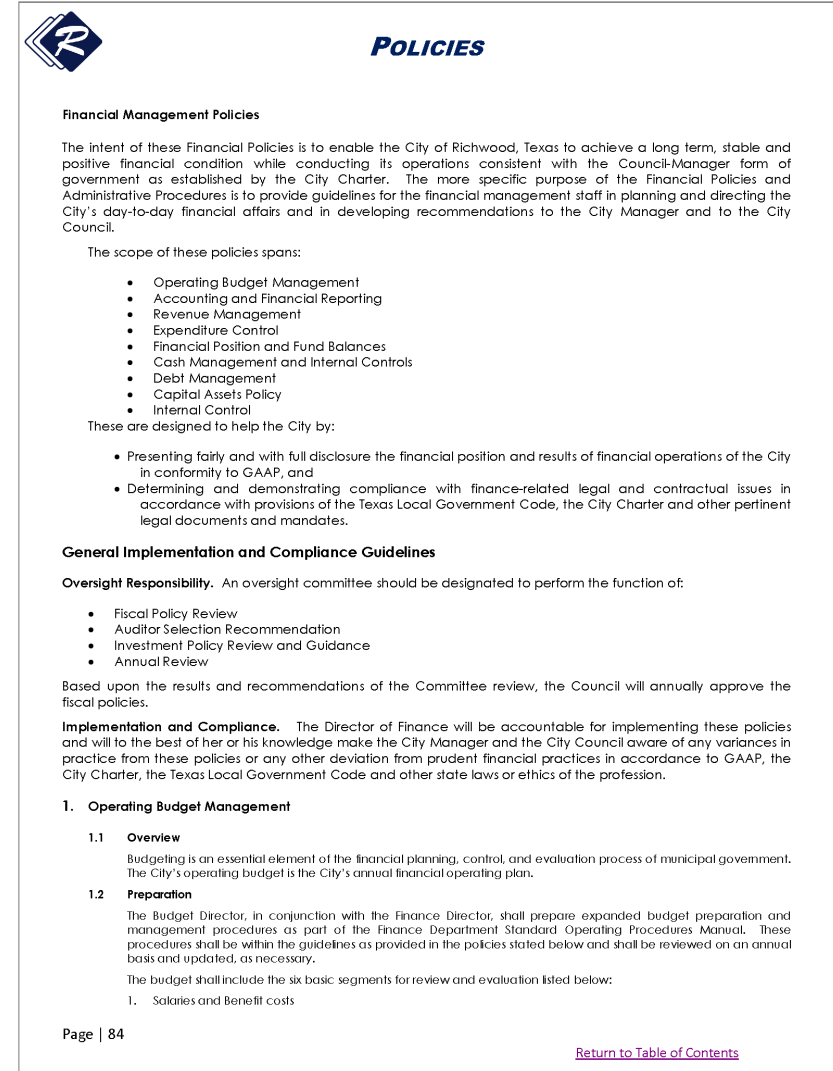
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FINANCIAL POLICIES

Observation: The Lago Vista budget does not provide a summary of the City’s financial policies, such as rules for using debt and revenues. There also is not a statement clearly defining what a “balanced budget” means for the City. The City’s *Fiscal and Budgetary Policy* document does outline broad financial policies.

Recommendation: Consider adding a summary of major financial policies and a clear definition of a balanced budget. This makes rules behind city budgeting visible and easier to understand for both the council and the public. Also, consider explaining whether the budget complies with financial policies.

Example budget: [City of Richwood, pages 11-28](#)



BUDGET PROCESS

Observation: The Lago Vista budget does not have a description of the process used to develop, review, and adopt the budget. There is no budget calendar provided, and there is no discussion of how the public is involved in the budget process. The City's *Fiscal and Budgetary Policy* document does include some of this information.

Recommendation: For clarity, these policies and explanations should appear within, or be directly referenced from, the adopted budget so that all users have easy access.

Example budget: [City of Granbury, pages 28-30 \(25-27 internal\)](#)

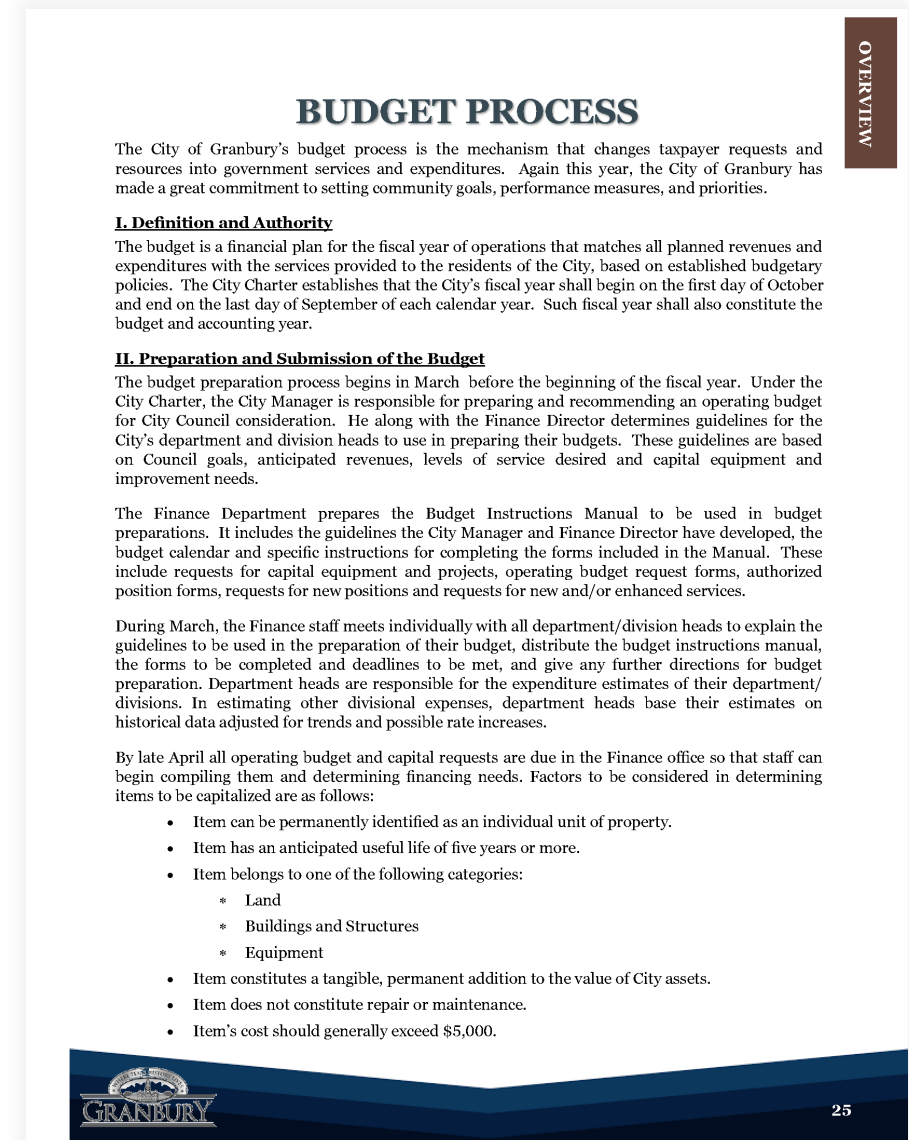


Chart of Accounts Evaluation

Introduction

A well-designed chart of accounts (CoA) is essential for effective budgeting, public reporting, and financial best practices. As Lago Vista adopts new financial software, its CoA must enable accurate revenue and expense tracking, straightforward reporting, and better insight into the City’s finances. This section reviews Lago Vista’s current and proposed CoA, highlights strengths and areas to improve, and offers recommendations to support operations and transparency.

Methods

We analyzed Lago Vista’s FY 2024-25 financial data, focusing on accounts, funds, activities, and revenue/cost structures. For benchmarking, we examined a dozen other municipal budgets, drawing on our team’s expertise in governmental accounting and the organizational approaches observed in example budgets recognized for best practices. The sample budgets and corresponding charts of accounts were drawn from state and municipal systems that were comprehensive, vetted, and publicly accessible, ensuring the examples reflect established and reliable financial frameworks.

Using this comparative framework, we regrouped Lago Vista’s funds, activities, and cost/revenue categories to reflect accepted standards and local context. We presented these regroupings to City staff and officials, and they selected their preferred approach based on local operations and priorities.

Results

The CoA is organized into five sections: Fund Codes, Activity Codes, Balance Sheet, Revenue Categories, and Expenses Categories. Each section’s purpose is clarified with examples and recommendations for future practice.

The results presented here summarize the City’s chosen CoA structure based on their review and feedback, along with specific recommendations for Lago Vista as it transitions to its new financial software and works to enhance the transparency and utility of its financial reporting.

When combined, the fund, activity, and object codes create a structured account number to ensure financial activity is tracked by where the money comes from (fund), what it supports (activity), and how it is used (object).

<i>Example account code</i> 101-300-5113	<i>Fund Code</i>	101	General Fund
	<i>Activity Code</i>	300	Police Department
	<i>Object Code</i>	5103	Overtime Pay

The detailed CoA developed for Lago Vista has been provided to the City in an accompanying Excel document for ease of reference and implementation. The following summary provides a structured overview of Lago Vista’s proposed CoA, designed to support the City’s goals for clarity, transparency, and effective financial management as it transitions to its new software system.

Fund Codes

Purpose: Fund codes identify the accounting entity in which financial transactions are recorded. Each fund is a separate set of self-balancing accounts used to track specific activities, restrictions, or objectives.

Recommendations: As the City moves forward with its chart of accounts modernization and software transition, we recommend maintaining an open and flexible approach to revising fund structures. It is important to recognize that future operational changes or new service offerings may require further refinement of fund codes to best reflect the City's activities.

We recommend eliminating the title "General Funds" from the proposed fund list. Typically, there is only one "General Fund" that serves as the primary operating fund for day-to-day activities, and the plural form is not appropriate in this context. It could be replaced with "Governmental Funds," for example.

Additionally, we advise considering the subdivision of utility-related funds as the City's services evolve—such as establishing separate funds for water, wastewater, electric, or solid waste operations when appropriate. Doing so will improve clarity in financial reporting, facilitate more detailed cost and revenue tracking, and enhance the City's ability to meet transparency and regulatory requirements. Regularly reviewing and updating the fund structure over time will ensure the chart of accounts remains a relevant and effective tool for budget management and public accountability.

Finally, starting every fund code with a '1' makes the first digit redundant and the codes effectively two digits. For greater clarity and to prevent confusion with activity codes, we recommend switching to a true two-digit format for fund codes.

Code	Name
100–109	General Funds
101	General Fund
103	Street Fund
105	Drainage Fund
110–129	Special Revenue Funds
111	Hotel Fund
113	Parkland Fee Fund
115	Tree Fund
117	Court Security/Technology Fund
121	Water Impact Fee Fund
123	Wastewater Impact Fee Fund
125	Street Impact Fee Fund
130–139	Capital Projects Funds
131	Capital Improvement Fund
140–149	Debt Service Funds
141	Debt Service Fund
150–159	Permanent Funds
160–169	Enterprise Funds
161	Utilities Fund
163	Aviation Fund
165	Golf Course Fund
170–179	Internal Service Funds
180–189	Trust Fund Funds
190–199	Agency/Other Funds

Activity Codes

Purpose: Activity codes classify expenditures by program, service, or department. They answer the question: 'What function of government is this transaction supporting?'

Recommendations: We recommend maintaining flexibility and not requiring a direct tie between revenues and activity codes, as revenue and expense tracking are effectively managed within their own designated code categories. This approach simplifies reporting and improves clarity.

Code	Name
200–299	General Government
200	General Administration
205	Development Services
210	Finance
215	Human Resources
220	City Secretary
225	Economic Development
230	Council
235	Legal
240	Information Technology
300–399	Public Safety
300	Police Department
310	Police Dispatch
320	Code Enforcement
330	Municipal Court
400–499	Public Works
400	Public Works Admin
410	Solid Waste
420	Building Maintenance
430	Street Impact
500–599	Culture and Recreation
500	Aviation Department
505	Parks & Recreation
510	Aquatics
515	LVGC Pro Shop
520	HLGC Pro Shop
525	Library
530	LVGC Maintenance
535	Community Events

Code	Name
600–699	Utilities
Revenue 60X	600 Utilities Admin
	602 Water Services
	604 Water Impact
	606 Wastewater Services
	608 Waste Water Impact
Water 61X	610 Water Services Operations
	612 Water Plant One
	614 Water Plant Three
Wastewater 63X	630 Waste Water Services Operations
	632 Waste Water Plant
	634 Effluent Disposal
	650 Booster Pump Stations
	670 Lift Station
700–799	(RESERVED)
800–899	Other Activity
800	Capital Improvement
805	Debt Service
810	Depreciation
815	Hotel Fund
900–999	Fund Transfers
900	General Fund Transfer
905	Utility Fund Transfer
910	Golf Fund Transfer
915	Airport Fund Transfer
920	Debt Fund Transfer
925	Capital Fund Fund Transfer

Balance Sheet

Object Codes 1000–3000

Purpose: Balance Sheet object codes classify the City’s assets, liabilities, and fund balances. They are essential for preparing accurate financial statements and understanding the City’s financial position at any point in time.

Code	Name
1000	ASSETS
1100	Current Assets
1200	Restricted Assets
1300	Capital Assets
2000	LIABILITIES
2100	Current Liabilities
2200	Long-Term Liabilities
2600	Deferred Inflows of Resources
2700	Deferred Outflows of Resources
3000	FUND BALANCE / NET POSITION
3100	Fund Balance - Governmental Funds
3200	Net Position - Proprietary Funds

Recommendation: We recommend adopting these Balance Sheet object codes to support clear, consistent financial reporting and compliance with accounting standards.

Revenue Categories

Object Codes 4000–4999

Purpose: Revenue categories help organize the main sources of money the City receives, like taxes, sales revenue, permits, grants, and fees. These codes make it easier to track where money comes from and report those sources clearly to the public.

Code	Name
4000	TAXES
4100	SALES REVENUE
4200	PERMITS
4300	OTHER REVENUE
4400	INTEREST
4500	OTHER FEES
4600	FESTIVALS/EVENTS
4700	GRANTS
4800	FRANCHISE FEES
4900	COURTS/FINES

Recommendations: There is not a code for “Transfers In”—money from moving funds between City accounts. We suggest making a new code for Transfers In soon. Until then, use “Other Revenue” to track these amounts so staff can review and properly classify them later.

Expense Categories

Object Codes 5000–9999

Purpose: Expense codes group City spending into standard categories. This makes budgeting and reporting easier and helps staff track costs and make decisions.

Code	Name
5100	PERSONNEL & BENEFITS
5300	SERVICES
5500	OPERATION & MAINTENANCE
5600	SUPPLIES
5800	COST OF GOODS SOLD
5900	FIXED ASSETS
6000	AUDITOR ADJ

Recommendations: Some expenses, like rentals, licenses, reimbursements, software fees, legal payments, insurance, transfers, and debt service, will not always fit these categories. We suggest using a new “Other Expenses” code for these items now. As certain costs become common, staff can add specific codes. This keeps tracking and reporting simple and flexible.

Appendix A: The Government Finance Officers Association Distinguished Budget Criteria

These criteria are also available at https://gfoa-craftcms.files.svdcdn.com/production/prismic/ZttcJBoQrfVKlzIA_Budget-Criteria-Explanation.pdf?dm=1758139221 and includes additional links to resources and best practices.



GFOA's Distinguished Budget
Presentation Award Program

EXPLANATION OF CRITERIA

Budgets with a Fiscal Year Beginning 1/1/25 or later

#C1. | Table of Contents

Mandatory: Include a table of contents that facilitates easy access to information.

1. Is a comprehensive table of contents provided for easy navigation (may take a variety of forms related to the approach used to present budgetary information)?
2. Do all pages in the table of contents electronically link to the corresponding content location (pages in a traditional document or other content in an electronic form)?
3. Are the page numbers or similar reference points in the table of contents consistent with the referenced page numbers?

Make sure every page is sequentially numbered.

Explanation

The pages in an electronic table of contents should link to the corresponding pages within the body. Care should be taken in developing electronic page number references in the table of contents, so they agree with the related page numbers. The use of whole numbers as page numbers is encouraged. Links outside of the document are acceptable to put in the table of contents.

#P1. | Strategic Goals and Strategies

Mandatory: Provide a coherent statement of organization-wide, strategic goals and strategies that address long-term concerns and issues.

1. Are strategic goals included?
2. Is the process for creating the strategic goals explained?
3. Are action plans and/or strategies included to show how these goals will be accomplished?

Look at GFOA's best practice on Strategic Planning.

Explanation

This criterion relates to the long-term, entity-wide, strategic goals that provide the context for decisions within the annual budget. Mention how the goals were derived. Include action plans or strategies on how the goals will be achieved. Major goals may be summarized, with additional information on the strategic plan linked elsewhere. Specific budget initiatives may be linked to goals. Refer to GFOA's best practice on [Strategic Planning](#).

#P2. | Priorities and Issues

Mandatory: Provide a budget message that articulates priorities and issues for the upcoming year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (e.g., transmittal letter, budget summary section).

1. Does the message highlight the principal issues facing the governing body in developing the budget (e.g., policy issues, economic factors, regulatory, and legislative challenges)?
2. Does the message describe the actions to be taken to address these issues?
3. Does the message explain how the priorities for the budget year differ from the priorities of the current year?
4. Are major changes in service levels, fees, and/or taxes presented?

Discuss issues and offer solutions.

Explanation

This criterion requires a summary explanation of key issues and decisions made during the budget process. The budget message also should address the ramifications of these decisions. Focus on solution-oriented discussion. Include major changes in service levels, fees, and/or taxes.

#C2. | Budget Overview

Mandatory: An overview of significant budgetary items and trends should be provided. The overview should be presented within the budget as a separate section (e.g., budget-in-brief) or integrated within the transmittal letter.

1. Is an overview contained in the budget message/transmittal letter, executive summary, or in a separate budget-in-brief?
2. Is summary information on significant budgetary items conveyed in an easy to consume format?
3. Is summary information on budgetary trends provided?
4. Is a summary of changes presented between the proposed to adopted budget?

Present the budget overview in a concise manner.

Explanation

The intent of this criterion is to help readers quickly understand major budgetary items and trends (revenues, expenditures, and capital). Highlighting, indentation, bullet points, outlines, use of social media, dashboards, videos, tables, or graphs may help in communicating this information. If a budget-in-brief is published separately, provide that link. Summarize any significant changes between the proposed to adopted budget.

2

#O1. | Organization Chart

Mandatory: Provide an organization chart for the entire entity.

1. Is a legible organization chart provided that shows the entire entity?

Make sure the organization chart is legible.

Explanation

This criterion requires that a legible organization chart be presented only for the overall entity. Organization charts for individual units are not required. When organization charts are provided for individual units within the entity, those charts should be presented in such a way as to underscore the link between the individual unit and the overall entity. Consider explaining how the organization structure helps in achieving entity goals.

#F1. | Fund Descriptions and Fund Structure

Describe all funds that are subject to appropriation.

1. Are a narrative and/or a graphic overview of the entity's budgetary fund structure included in the document?
2. Do the materials indicate which funds are appropriated? (Other funds for which financial plans are prepared also may be included in the document.)
3. Is each individual major fund described?
4. If additional or fewer funds are included in the audited financial statements, is this indicated?

An "organization chart" of the government's funds is useful.

Explanation

Showing an entity's budgetary fund structure is essential for understanding its financial configuration. An overview of the budgeted funds should be included in the document. This overview should include each major fund's name and either (1) an indication of whether the fund is a governmental, proprietary, or fiduciary fund or (2) an indication of the fund type of each fund (e.g., general, special revenue, enterprise fund). Any fund whose revenues or expenditures/ expenses, excluding other financing sources and uses (governmental funds), excluding transfers in and transfers out (proprietary funds) constitute more than 10% of the revenues or expenditures/ expenses of the appropriated budget should be considered a major fund for this purpose. The entity should identify its major funds.

#O2. | Department/Fund Relationship

Provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and nonmajor funds in the aggregate.

1. Is the relationship between the entity's functional units, major funds, and nonmajor funds in the aggregate explained or illustrated?

3

The department/fund relationship can be shown using a matrix.

Explanation

Since most entities use more than one way of classifying financial and operational information, this criterion provides an explanation or illustration of the relationship between functional units, programs, major funds, and nonmajor funds in the aggregate. A matrix is a common way to show this relationship.

#F2. | Basis of Budgeting

Explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.

1. Is the basis of budgeting defined (e.g., *modified accrual, cash, or accrual*) for all funds?
2. If the basis of budgeting is the same as the basis of accounting used in the entity's audited financial statements, is that fact clearly stated?
3. If the basis of budgeting is not the same as the basis of accounting used in the entity's audited financial statements, are the differences described?

Governments should ensure that the basis of budgeting and accounting used and described in the budget document and audited financial statements are consistent.

Explanation

Clearly identify the basis of budgeting (e.g., modified accrual, cash, accrual, or a general description of the basis if not standard employed by the entity for each category of funds represented (governmental, proprietary, and fiduciary). Governments should review the basis of budgeting used and described in the audited financial statements to ensure consistency with what is used and described in the budget document. Refer to GFOA's best practice, [Basis of Accounting versus Budgetary Basis](#).

#P3. | Financial Policies

Mandatory: Include a coherent statement of entity-wide long-term financial policies.

1. Is there a summary of financial policies?
2. Do the financial policies include the entity's definition of a balanced budget?
3. Does the budget comply with relevant financial policies?

Look at GFOA best practice on Adoption of Financial Policies.

Explanation

This criterion requires a discussion of the long-term financial policies. Financial policies that should be included (but not limited to) and formally adopted relate to: (1) financial planning policies, (2) revenue policies, and (3) expenditure policies. The entity should adopt a policy(s) that defines a balanced operating budget and indicates whether the budget presented is balanced. The entity should adopt a policy(s) that supports a financial planning process that assesses the

4

long-term financial implications of current and proposed operating and capital budgets, budget policies, and cash management and investment policies. The entity should adopt a policy(s) to inventory and assess the condition of all major capital assets. Revenue policies should consist of diversification, fees and charges, and use of one-time and unpredictable revenues. Expenditure policies should consist of debt capacity, issuance, management policy, fund balance reserves, and operating/capital budget versus actual monitoring. If any policy is not in compliance, please explain the strategy to achieve conformance. Consider including revision dates for adopted policies. It is acceptable to include links to your policies, especially if the policies are lengthy, but do provide a summary in those instances.

Refer to GFOA's best practices on (1) [Adopting Financial Policies](#), (2) [Long-Term Financial Planning](#), (3) [Multi-Year Capital Planning](#), (4) [Establishing Government Charges and Fees](#), (5) [Debt Management Policy](#), (6) [Fund Balance Guidelines for the General Fund](#), (7) [Working Capital Targets for Enterprise Funds](#), (8) [Enterprise Risk Management](#), and (9) [Establishing an Effective Grants Policy](#).

#P4. | Budget Process

Mandatory: Describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. Also, describe the procedures for amending the budget after adoption.

1. Is a description of the process (including amendments) used to develop, review, and adopt the budget included?
2. Is a budget calendar provided to supplement (not replace) the narrative information on the budget process?
3. Is there a discussion of how the public is involved in the budget process?

Include the public in your budget process.

Explanation

This criterion requires a concise narrative description of the budget process, including an explanation of relevant legal or policy requirements. This description should include the internal process to prepare the budget, the opportunities for public input, and the actual adoption of the budget. A budget calendar should be included (noting both key operating and capital dates), although its format may vary. Inclusion of dates in the narrative description of the budget process will not satisfy this criterion. The process for amending the budget after adoption should be covered. Clearly identify the legal level of budgetary control. Refer to GFOA's best practice on [Public Engagement in the Budget Process](#).

#F3. | Consolidated Financial Schedule

Mandatory: Present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.

1. Is an overview of revenues and other financing sources and expenditures and other financing uses of all appropriated funds included?
2. Are revenues and other financing sources and expenditures and other financing uses presented either (1) together in a single schedule or (2) in separate but adjacent/sequential schedules or (3) in a matrix?

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3. Are revenues presented by major type in this schedule (e.g., property taxes, intergovernmental, sales taxes, fees and charges)?
4. Are expenditures presented by function, program, or spending component in this schedule?

Break out revenues by type and expenditures by function, program, or spending component for the all funds total.

Explanation

This criterion requires a summary of the revenues and other financing sources and expenditures and other financing uses of all appropriated funds in one place in the budget document. Other funds may be included in this schedule, but appropriated funds must be included. Both revenues and other financing sources and expenditures and other financing uses must be presented either (1) together in a single schedule OR (2) in separate but adjacent/sequential schedules OR (3) in a matrix. Merely showing fund totals in a summary schedule is not proficient. Revenues should be presented by type (e.g., property tax, sales tax, fees and charges, intergovernmental) for all appropriated funds in total. Expenditures should be presented either by function, program or spending component.

#F4. | Three Year Consolidated and Fund Financial Schedules

Include summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year.

1. Are revenues and other financing sources and expenditures and other financing uses for the prior year, the current year, and the budget year presented together on the same schedule(s) or on schedules presented on adjacent/sequential pages?
2. Is this information presented for the appropriated funds in total?
3. Is this information also presented at a minimum for each major fund and for other (i.e. nonmajor) funds in the aggregate (or for each significant fund and other funds in the aggregate if no appropriated funds are included)?
4. Are revenues presented by major type in this schedule (e.g., property taxes, intergovernmental, sales taxes, fees and charges)?
5. Are expenditures presented by function, program, or spending component in this schedule?

Break out revenues by type and expenditures by function, program, or spending component for the all funds total and individual funds.

Explanation

This criterion requires a schedule(s) that includes both revenues and other financing sources and expenditures and other financing uses for at least three budget periods (prior year actual, current year, and budget year). The data for the prior year should be the actual revenues and expenditures. However, the entity may choose whether to use the current year budget and/or estimated figures. Alternately, the schedules may include both the current year budget and the current year

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estimated amounts. Any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget should be considered a major fund. Of course, information for other funds also may be presented. Information for individual major funds, nonmajor funds in the aggregate, and the entity as a whole may be presented on a single schedule or on separate schedules. Regardless of the format selected, the information for both revenues and expenditures must be included (1) on the same schedule(s) or (2) on schedule(s) presented on adjacent/sequential pages. Revenues should be presented by type (e.g., property tax, sales tax, fees and charges, intergovernmental) and expenditures should be presented either by function, program, or spending component.

#F5. | Fund Balance

Mandatory: Include projected changes in fund balance/net position for appropriated funds included in the budget presentation.

1. Is the entity's definition of fund balance/net position included?
2. Is the fund balance/net position information presented for the budget year?
3. Is there a schedule showing (1) beginning fund balances/net positions, (2) increases or decreases in total fund balances/net positions, and (3) ending fund balances/net positions for appropriated governmental funds?
4. Is this information presented at a minimum for each major fund and for nonmajor governmental funds in the aggregate?
5. If the fund balances of any major fund or the nonmajor funds in the aggregate are anticipated to increase or decline by more than 10%, does the document include a discussion of the causes and/or consequences of these changes in fund balance?
6. If an entity has no governmental fund, is the change in net position presented for (1) the entity as a whole, (2) the main operating fund, and (3) each significant fund?
7. If an entity has no governmental funds and the net position is anticipated to change by more than 10%, do the materials include a discussion of the causes and/or consequences of those changes?

Discuss fund balances/net position changes over ten percent.

Explanation

This criterion requires that beginning and ending fund balances/net positions, as defined by the entity, be shown for the budget year, as well as revenues, expenditures/expenses, and other financing sources/uses. This information must be provided for each major fund and for the nonmajor governmental funds in the aggregate. The information may be included on the schedule(s) with the three-year data or may be presented on a separate schedule(s). Both the beginning and ending fund balances/net positions must be clearly labeled. If the entity budgets on a cash basis, the schedule may show beginning and ending cash rather than fund balance/net position. If the fund balances/net positions of any major fund or the nonmajor funds in the aggregate are expected to change by more than 10%, the changes should be discussed in the budget message/transmittal letter or at the bottom of the schedule identifying the change. If the ending fund balances/net positions are greater than the amount or percentage that the financial policies require to be set aside, the entity is encouraged to state that fact. Changes in net position for entities with no governmental funds should be reported.

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Refer to GFOA's best practice on [Fund Balance Guidelines for the General Fund](#) and [Working Capital Targets for Enterprise Funds](#).

#F6. | Revenues

Mandatory: Describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.

1. Are individual revenue sources described?
2. Do the revenue sources that are described represent at least 75% of the total revenues of all appropriated funds?
3. Are the methods used to estimate revenues for the budget year described (e.g., trend analysis, estimates from another government or consulting firm)?
4. If revenues are projected based on trend information, are both those trends and the underlying assumptions adequately described?

Trend graphs can be useful in revenue analysis.

Explanation

This criterion requires that the major revenues of the appropriated funds in the aggregate be identified and described. If an outside source (e.g., another government or consulting firm) provides an estimate of the revenue for the budget year, that fact must be clearly stated. If the entity uses trend analysis to project revenue, a discussion of the revenue trend is required in addition to any schedules or graphs depicting the revenue trend. If the projections are based on trend analysis, the discussion must identify factors that affect the trend, such as changes in the local economy, a new housing development, or fee increases. Do not just focus on General Fund revenues. Refer to GFOA's best practice on [Financial Forecasting in the Budget Preparation Process](#).

#F7. | Long-range Operating Financial Plans

Explain long-range operating financial plans and their effect upon the budget and the budget process.

1. Do your long-range financial plans for major funds (beyond just the General Fund) extend out at least two years beyond the budget year?
2. Are the assumptions used in the long-range operating financial plans identified?
3. Is there a concise explanation of the significance of the long-range operating financial plans in its relation to achieving strategic goals?

Describe long-range operating financial plans that extend beyond the budget year.

Explanation

This criterion requires the identification of long-range operating financial plans that extend at least two years beyond the budget year. The impacts of the long-range operating financial plan upon the current budget and future years should be noted. Assumptions for both revenues and expenditures should be included. Include discussion so the reader can understand the key points

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of the projections. Pension obligations and other long-term unfunded liabilities should be considered when developing your long-range financial plans. Provide long-range financial projections beyond just the General Fund. Refer to GFOA best practices on [Long-Term Financial Planning](#) and [Strategic Planning](#).

#F8. | Capital Program

Mandatory: Include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget.

1. Are "capital expenditures" defined?
2. Do the materials indicate the total dollar amount (for both sources and uses) of the capital program for the budget year(s) and/or multi-year capital plan?
3. Are significant nonrecurring capital expenditures described along with dollar amounts?
4. What is the process to identify funded projects?
5. Is there a description and quantification of how specific nonrecurring capital projects will affect the entity's current and future operating budget?

Include discussion on major capital projects.

Explanation

This criterion does not mandate any particular definition of "capital expenditures," only that whatever definition is being used by the entity be disclosed. After defining capital expenditures, the entity should indicate the total dollar amount of sources and uses for the budget year(s) and/or multi-year capital plan. Include a summary of the capital program by major revenue source and uses by major project, type, fund, or program. Make sure that some discussion on the process of how capital projects are identified is included. If the entity has any significant, nonrecurring capital expenditures, the materials should describe these items. Individual capital project sheets for major items in the plan may be helpful. The budget can include a summary, with additional detail elsewhere. The operating impacts of capital projects should be discussed and quantified.

Refer to GFOA best practices on (1) [Capitalization Thresholds for Capital Assets](#), (2) [Estimated Useful Lives of Capital Assets](#), (3) [Capital Budget Presentation](#), and (4) [Multi-Year Capital Planning](#).

#F9. | Debt

Mandatory: Include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations.

1. Are debt limits and coverage requirements described and calculated?
2. Is the amount of principal and interest payments presented through maturity for each fund?
3. Are bond ratings shown?
4. Is the purpose of the different debt obligations included?

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Debt to maturity schedules breaking out principal and interest are useful.

Explanation

Entities should describe and calculate their legal debt limits and coverage requirements. The legal debt limits may be expressed in terms of total dollars, millage rates, or percentages of assessed value. The entity should discuss coverage requirements and actual coverage for revenue backed debt. Include debt to maturity schedules. An entity may wish to discuss debt that it anticipates issuing. An entity should concisely describe the purpose of its debt obligations and associated bond ratings.

#O3. | Position Summary Schedule

Mandatory: A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided.

1. Is a summary table of position counts provided for the entire entity?
2. Does the table include the prior year, the current year, and budget year position counts?
3. Are changes in staffing levels for the budget year explained?

Position counts are frequently presented showing individual department totals summing to a grand total.

Explanation

This criterion requires a presentation of position counts or full-time equivalents (FTEs) within the entity. Presentation may be by position and/or by summaries of positions. Position summaries within individual departments may supplement, but not be a substitute for, the position counts on the consolidated schedule. If presented, position counts on the departmental summaries should tie to the consolidated position count schedule for the entity. Staffing level changes must be explained. Refer to GFOA's best practice on [Effective Budgeting of Salary and Wages](#).

#O4. | Departmental/Program Descriptions

Mandatory: Include departmental/program descriptions.

1. Are organizational units clearly presented (e.g., divisions, departments, offices, agencies, or programs)?
2. Are descriptions provided along with major priorities in each organizational program?

Discuss major financial or program changes occurring in the different departments/programs.

Explanation

This criterion requires a clear presentation of the organizational/programs. A narrative description of the assigned services, functions, programs and activities of organizational units should be included. Major priorities within each organizational unit should also be addressed. Refer to GFOA's best practice on [Departmental Presentation in the Operating Budget Document](#).

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#O5. | Departmental/Program Goals and Objectives

Include clearly stated goals and objectives of the department or program.

1. Are departmental/program goals and objectives described?
2. Are departmental/program goals clearly linked to the strategic goals of the entity?
3. Are objectives quantifiable?
4. Are time frames on objectives noted?

Consider a matrix linking department/program goals to the entity's strategic goals.

Explanation

This criterion requires that departmental/program goals and objectives be described. The relationship of departmental/program goals to the strategic goals of the entity should be apparent. For purposes of this criterion, goals are long-term and general in nature, while objectives are more short-term oriented and specific. Note when goals and objectives are expected to be accomplished.

#O6. | Performance Measures

Mandatory: Provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific departments and programs.

1. Are performance data for individual departments or programs included in the document?
2. Are performance data directly related to the stated goals and objectives of the department or program?
3. Do performance measures focus on results and accomplishments (e.g., output measures, efficiency and effectiveness measures) rather than inputs (e.g., dollars spent)?

Link performance measures to departmental/program goals and objectives and include efficiency and effectiveness measures.

Explanation

Performance measures should include the outputs of individual departments or programs and provide a meaningful way to assess their effectiveness and efficiency. The measures should be related to the mission, goals, and objectives of each department or program. Include information for at least three years (the prior year actual, current year estimate or budget, and budget year). Present anticipated results. Refer to GFOA's best practice on [Performance Measures](#).

#C3. | Statistical/Supplemental Section

Include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided.

1. Is statistical information that defines the community included (e.g., population, composition of population, land area, and average household income)?

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2. Is supplemental information on the local economy included (e.g., *major industries, top taxpayers, employment levels, and comparisons to other local communities*)?
3. Is other pertinent information on the community (e.g., *local history, location, public safety, education, culture, recreation, transportation, healthcare, utilities, and governmental structure*) included?

Do not just copy the ACFR statistical/supplemental section.

Explanation

Background information should be included in the budget in the form of statistical and supplementary data, either in a separate section or throughout the document. The goal is to provide a context for understanding the decisions incorporated into the budget document. The presentation should include factors that will affect current or future levels of service (e.g., population growth, economic strength in the region, or a change in the size of the school age population). Refer to GFOA's best practice on [The Statistical/Supplemental Section of the Budget Document](#) for information that should be included as part of this discussion.

#C4. | Glossary

A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to an informed lay reader.

1. Is a glossary that defines technical terms related to finance and accounting, as well as non-financial terms related to the entity?
2. Are acronyms or abbreviations used in the document defined in the glossary?
3. Is the glossary written in non-technical language?

Make sure acronyms and non-financial terms are also included.

Explanation

The use of technical terms and acronyms ought to be kept to a minimum, to enhance the value of the information to the public. When technical terms and acronyms are used, they should be clearly and concisely described in the glossary. Entities should not include accounting terms, acronyms, and abbreviations that are no longer used in practice. Inclusion of accounting terms should be limited to ones that are current GAAP and applicable to state and local governments. For example, the terms "capital lease" and "operating lease" no longer exist, there are only "leases" reported in financial statements; governments use the term "capital assets" not private sector terms "fixed assets" or "property, plant and equipment;" the fiduciary fund type "agency fund" no longer exists and has been replaced with "custodial fund." Links may be included, especially on non-financial terms.

#C5. | Charts and Graphs

Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.

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1. Are charts and graphs used in the document to convey essential information (e.g., *key policies, trends, choices and impacts*)?
2. Are graphics explained?

Including captions with graphs is helpful.

Explanation

This criterion requires that graphics be used to communicate key information. Graphics should enhance the budget presentation and clarify significant information. The entity determines the most effective format to present graphic information. Graphics may be consolidated or included throughout the document. Normally, narratives should accompany the graphs. Graphs can be used for such topics as revenues, expenditures, fund balances, staffing, economic trends, capital expenditures, service levels, performance measures, or general statistical information. Originality is encouraged, but not at the expense of clarity and consistency. Use captions to explain the significance of graphs.

#C6. | Understandability and Usability

The budget information should be produced and formatted in such a way as to enhance its understanding for the average reader. It should be attractive, consistent, and oriented to the reader's needs.

1. Are page formatting and font consistent?
2. Is the level of detail appropriate?
3. Are text, tables, and graphs legible and accurate?
4. Are links included to other forms of budget communication, like videos, social media, etc.?

Make sure the document is easy to read.

Explanation

The goal of this criterion is to make sure that the document contributes to the effectiveness of the communication to readers. Sequential page numbering throughout the document is encouraged. Budget numbers (both financial and operational) should be accurate and consistent throughout the document. Put similar topics in the same section.

Do not have the file size too large. Links to other forms of budget communication are encouraged. Consider limiting the number of links so it does not become overwhelming. Be aware of ADA requirements on websites and financial documents. Refer to GFOA's best practice on [Making the Budget Document Easier to Understand](#) and [Website Posting of Financial Documents](#).

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Texas cities generally **aren't required to use one statewide "uniform" chart of accounts (COA)** the way some other states do. (In Texas law, the "uniform chart of accounts" language you'll often see is aimed at **counties**, not municipalities.) ([Texas Statutes](#))

So for **Texas municipalities**, the "recommended breakdown" is best thought of as:

1. **a fund structure that matches GASB/GAAP reporting, and**
2. **a COA design (segments) that lets you report by department and by function/program without creating a ton of unnecessary funds or one-off accounts.**

Below is a practical, field-tested approach used by many cities (including those on Tyler Munis, Incode, Springbrook, etc.), aligned with GFOA guidance.

1) Recommended chart-of-accounts structure (segments)

GFOA's common recommendation is a COA built around **five major components: Fund + Organizational unit (Department) + Program/Activity + Object/Account + Project.**

A. "Minimum that works" for many Texas cities

Use **4 segments** (and add more only if you truly need them):

1. **Fund** (where the money is legally/accounting-wise)
2. **Department / Cost Center** (who owns the budget)
3. **Object / Natural Account** (what the money is for: salaries, fuel, legal services, etc.)
4. **Project / Grant** (optional but strongly recommended for CIP & grants)

This structure keeps budgeting and reporting clean *without* exploding the number of accounts. That "keep it simple and don't store unnecessary detail in the COA" theme is explicitly emphasized in GFOA guidance.

B. Example account string

FUND – DEPT – OBJECT – PROJECT

Example:

101 – 210 – 5310 – 24CIP015

- 101 = General Fund
- 210 = Police (Patrol)
- 5310 = Operating Supplies
- 24CIP015 = Project (or grant) tracking

2) Recommended fund breakdown (Texas city perspective)

Your **fund list** should be driven by **legal restrictions, GAAP reporting, and managerial usefulness**—not by “we want to track this separately.” GFOA explicitly warns that governments sometimes create too many “funds” to compensate for weak tracking tools, which becomes a maintenance burden.

Typical Texas city’s funds often resemble this (examples of common city fund types show up in published city budget/COA summaries—e.g., capital bond funds, street improvement funds, water & wastewater, stormwater, internal service vehicle replacement). ([OpenGov](#))

A. Governmental funds

- **General Fund**
- **Special Revenue Funds** (only when restricted/committed/assigned in a way that justifies separate reporting)
 - e.g., Street Maintenance, Hotel Occupancy Tax, grants, certain dedicated fees
- **Debt Service Funds**
- **Capital Projects Funds** (bond proceeds, major capital programs)

B. Proprietary funds

- **Enterprise Funds** (user-fee supported)
 - Water, Wastewater, Solid Waste, Stormwater, Airport, etc.
- **Internal Service Funds**
 - Fleet, equipment replacement, self-insurance, IT charges, etc.

C. Fiduciary funds (if applicable)

- Pension/OPEB trusts (if administered)
- Custodial activities (less common for many small cities)

Practical numbering suggestion (not mandatory)

- 100–199 General Fund
- 200–299 Special Revenue
- 300–399 Debt Service
- 400–499 Capital Projects
- 500–599 Enterprise
- 600–699 Internal Service
- 700–799 Fiduciary

(You can use any numbering—consistency matters more than the exact digits.)

3) Recommended department breakdown (cost centers)

A clean approach is to code **departments the way your org chart and budget responsibility work**, then roll them up to financial statement “functions” (Public Safety, Public Works, etc.) as needed.

A. Department groupings most Texas cities use

100s – Governance / Administration

- City Council / Mayor
- City Manager
- City Secretary/Clerk
- Finance (Accounting, AP, Payroll, Treasury)
- HR / Risk
- Legal
- IT
- Facilities / Central Services
- Municipal Court (some cities keep Court here; others group it under “Public Safety” or separate)

200s – Public Safety

- Police (often split: Patrol, Investigations, Dispatch)
- Fire
- EMS (if separate)
- Emergency Management
- Animal Services (varies—some place here, some under Community Services)

300s – Public Works / Operations

- Streets & Traffic
- Engineering (if not under Development Services)
- Fleet
- Facilities Maintenance
- Drainage / Stormwater (if not enterprise)
- Solid Waste (if not enterprise)

400s – Community Development

- Planning & Zoning
- Building Inspections / Permitting
- Code Enforcement
- Economic Development

500s – Culture / Recreation

- Parks & Recreation

- Library
- Community/Senior Center
- Special Events

600s – Utilities (if enterprise)

- Water
- Wastewater
- Utility Billing
- Treatment plants, distribution/collection divisions

If you want a “department vs function” layout: you can keep **Department = who** and **Program/Function = what service** (police patrol vs police administration), exactly the split GFOA describes (organizational unit vs program/activity).

4) Recommended “accounts” breakdown (object / natural accounts)

This is the part most people mean by “accounts” day-to-day: **revenue and expenditure/expense object codes**.

A. Keep object codes stable and not project-specific

A very Texas-relevant caution: a Texas Municipal League (TML) finance review for a city specifically flagged **object codes being created for unique projects** (e.g., “Poetry Tank Design” vs “Water Main Replacement”) and recommended the best practice of using **one “Capital Outlay” object code** while tracking project detail in a **Project Ledger/module**.

That recommendation is gold for keeping the COA maintainable.

B. Practical object code buckets (what to include)

Personnel

- Regular salaries/wages
- Overtime
- Incentives/allowances
- Employer payroll taxes
- Retirement
- Health/dental/vision
- Workers’ comp
- Unemployment

Operating

- Supplies (office, field, uniforms)
- Fuel & lubricants

- Parts/materials
- Small tools
- Utilities
- Communications
- Contracted services (professional, legal, audit, engineering)
- Repairs & maintenance
- Training / travel
- Dues & memberships

Capital

- Capital outlay (equipment, vehicles, infrastructure)
- CIP soft costs (design, surveying, etc.) — *still can be “capital outlay” if you’re using projects correctly*

Debt / Transfers

- Principal
- Interest
- Paying agent / issuance costs (as applicable)
- Transfers in/out

C. Example of how Texas cities sometimes number objects

There is no “standard Texas city” numbering, but one Texas city’s published operating expense COA shows how common it is to define **object code ranges** and keep them consistent (e.g., supplies, maintenance, services, capital equipment ranges).

Use that as a *pattern* (categories + ranges), not as a mandate.

A simple, widely understood numbering convention (again: optional) is:

- 1xxx Assets
- 2xxx Liabilities
- 3xxx Fund Balance / Net Position
- 4xxx Revenues
- 5xxx–7xxx Expenditures/Expenses (personnel/operating/capital)
- 8xxx Other financing sources/uses (transfers)

5) “Best-practice guardrails” that matter a lot in real Texas city audits

These come up repeatedly in municipal finance reviews:

- **Don’t let the number of funds explode.** One TML review called out a city with **71 funds** and **1,804 account codes with balances**, recommending consolidation for efficiency.

- **Consolidate interfund “due to/from” accounts.** That same review noted dozens of separate “due to/from” accounts and recommended combining and tracking detail outside the GL when appropriate.
- **Use a project/grant dimension for capital and grants** instead of creating new object codes or funds for each project.
- **Define each segment and enforce it.** GFOA explicitly recommends strict definitions for fund/department/program so users don’t misuse segments.

A ready-to-use “starter recommendation” (summary)

If you want one clean, defensible default setup for a Texas city:

COA Segments

- Fund (3 digits)
- Department (3 digits)
- Object/Natural (4 digits)
- Project/Grant (5–8 characters)

Funds

- General, Special Revenue, Debt Service, Capital Projects
- Enterprise (water/wastewater/solid waste/stormwater if applicable)
- Internal Service (fleet/equipment replacement)
- Fiduciary only if truly needed

Departments

- Admin (governance/finance/HR/IT/legal/court)
- Public Safety (police/fire/EMS/emergency mgmt)
- Public Works (streets, fleet, facilities, drainage)
- Development Services (planning/building/code/EDD)
- Culture/Recreation (parks/library/etc.)
- Utilities (if enterprise)

Objects

- Personnel / Operating / Capital / Debt / Transfers
...and keep “Capital Outlay” broad; track detail via projects.

Since you're on **Incode**, you can (and should) let your **account string design** do most of the work—without creating a huge number of funds or one-off accounts.

1) How Incode typically “wants” the accounting string to look

A common Incode setup for local governments is:

Fund – Department – Division – Object Code
XXX – XXX – XXXXX – XXXX

That's a really workable structure for a Texas city with **Water + Wastewater** because it cleanly separates:

- **Fund** = “where the money lives” (GAAP/fund reporting)
- **Department** = “who owns the budget” (organizational responsibility)
- **Division** = “what sub-area / cost center” (water treatment vs distribution, etc.)
- **Object code** = “what you bought / paid” (natural classification)

2) Texas-specific note about “uniform COA”

Texas statute language about a “uniform chart of accounts” is aimed at **counties** (Local Government Code Ch. 112), not cities. So cities have latitude to design what fits—as long as it supports GAAP/GASB reporting and good budget control. ([Texas Statutes](#))

3) Recommended fund breakdown for a Texas city with Water & Wastewater

GFOA frames fund accounting as the basis for governmental accountability and reporting. ([GFOA](#)) Your cleanest “default” fund lineup usually looks like:

Governmental funds

- **100 General Fund**
- **2xx Special Revenue Funds** (only if legally restricted/committed enough to justify separate reporting)
- **3xx Debt Service Funds**
- **4xx Capital Projects Funds**

Proprietary funds (your utilities)

You have two good options:

Option A (most common / easiest to explain): Separate enterprise funds

- **500 Water Enterprise Fund**
- **510 Wastewater Enterprise Fund**

Option B (works for smaller cities): One combined Utility Enterprise Fund

- **500 Utility Enterprise Fund**

Then separate Water vs Wastewater via **Department/Division**

If you have separate rate models, separate debt, or want clean standalone statements, **Option A** is usually the better long-term fit.

Internal Service funds (if you charge back)

- **600 Fleet / Equipment Replacement**
- **610 Self-Insurance / Risk**
- **620 IT internal service** (only if you truly allocate costs this way)

4) Recommended department + division breakdown (Incode-friendly)

Because Incode gives you **Department (3 digits)** and **Division (5 digits)**, a strong approach is:

- **Department = budget book department / responsibility center**
- **Division = operational cost center (especially for utilities)**

A. Citywide departments (good “starter set”)

(Use whatever numbering you prefer—this is a practical pattern.)

010–099 Governance & Admin

- 010 Mayor & Council
- 020 City Manager
- 030 City Secretary / Clerk
- 040 Finance (Accounting/AP/Payroll/Treasury)
- 050 HR / Risk
- 060 Legal
- 070 IT
- 080 Facilities / Central Services
- 090 Municipal Court

100–199 Public Safety

- 110 Police
- 120 Fire
- 130 Emergency Management
- 140 Animal Services (if applicable)

200–299 Public Works / Operations

- 210 Streets & Traffic
- 220 Fleet (if not internal service)
- 230 Facilities Maintenance
- 240 Drainage / Stormwater (if governmental)
- 250 Solid Waste (if governmental)

300–399 Development Services

- 310 Planning
- 320 Building Inspections / Permitting
- 330 Code Enforcement
- 340 Economic Development (if city-run)

400–499 Community Services

- 410 Parks & Recreation
- 420 Library
- 430 Community Center / Senior / Events

B. Utilities departments and divisions (the part that matters most for you)

Here are two clean models that work well in Incode:

Model 1: Separate Water and Wastewater departments (clear ownership)

500 Water (Dept 500)

- Division 50010 Water Admin
- Division 50020 Water Treatment
- Division 50030 Water Distribution
- Division 50040 Water Meter Services / Field Ops
- Division 50050 Water Capital / CIP (optional)
- Division 50090 Water Debt/Admin Fees (optional)

510 Wastewater (Dept 510)

- Division 51010 Wastewater Admin
- Division 51020 Wastewater Collection
- Division 51030 Lift Stations
- Division 51040 Wastewater Treatment
- Division 51050 Wastewater Capital / CIP (optional)
- Division 51090 Wastewater Debt/Admin Fees (optional)

520 Utility Billing / Customer Service (Dept 520)

(If you want its costs visible for rate studies)

- Division 52010 Utility Billing / Customer Service
- Division 52020 Meter Reading (if separate)
- Division 52030 Collections / Delinquency

Model 2: One Utilities department, split via divisions (works if staffing is shared)

500 Utilities (Dept 500)

- 50010 Utility Admin
- 50020 Utility Billing / Customer Service
- 50030 Water Treatment
- 50040 Water Distribution
- 50050 Wastewater Collection
- 50060 Lift Stations
- 50070 Wastewater Treatment

If you do **separate enterprise funds** (Water Fund 500 and WW Fund 510), Model 1 is very straightforward. If you do **one Utility Fund**, Model 2 is usually cleaner.

5) Recommended object code breakdown (accounts) for Incode

Your **object codes (XXXX)** should be consistent across *all* funds and departments.

A key best practice (and something Texas cities get dinged for in reviews):

Do not create new object codes for every capital project. Keep capital object codes broad and use your **Project Ledger / Project Accounting** for project-by-project detail.

GFOA makes the same general point: governments often create object codes to track projects/programs that belong in other COA segments/dimensions. ([GFOA CraftCMS](#))

A practical object-code category framework

You'll see cities do this as "ranges" (you can map to your existing Incode ranges):

Personnel (1000–1999)

- Regular pay, OT, temp/seasonal
- Employer taxes
- Retirement
- Health/insurance
- Allowances (cert pay, on-call, etc.)

Supplies & Materials (2000–2999)

(In many Incode installs, "2000 Supplies" is literally a reporting category.) (flowermound.gov)

- Office supplies

- Operating supplies
- Chemicals (utilities)
- Fuel
- Parts / small tools

Maintenance & Repairs (3000–3999)

- Building & grounds
- Vehicle/equipment maintenance
- Line breaks/repairs materials (or keep as supplies)

Capital / Equipment (4000–4999)

- Vehicles
- Equipment
- Infrastructure capital outlay (paired with Project Ledger)

Contractual & Professional Services (5000–5999)

(In many Incode installs, “5000 Contractual” is a reporting category.) (flowermound.gov)

- Engineering
- Legal
- Audit
- Lab testing (utilities)
- Sludge hauling/disposal
- Contract operators (if any)
- Software subscriptions

Utilities & Communications (6000–6999)

- Electricity (big one for plants & lift stations)
- Gas
- Phones/radios/data

Debt, Transfers, Other (7000–8999)

- Interest expense
- Fiscal agent fees
- Transfers in/out

Utility-specific objects you’ll want clearly separated

For Water/Wastewater, make sure you can readily report:

- **Chemicals**
- **Power**

- **Lab/testing**
- **Sludge disposal**
- **Contracted repair services**
- **Regulatory fees / permits**
- **Capital outlay (broad)**
- **Debt service**
- **Depreciation** (if you book it in the ERP)

6) “Recommended” Incode account examples for utilities

If you do **separate enterprise funds**:

- Water treatment chemicals:
500 – 500 – 50020 – 2XXX (Chemicals)
- Water distribution repairs/contractual:
500 – 500 – 50030 – 5XXX (Contractual)
- Wastewater lift station power:
510 – 510 – 51030 – 6XXX (Electricity)
- Wastewater plant capital outlay (project tracked in Project Ledger):
510 – 510 – 51040 – 4XXX + Project ID in Project Accounting

7) Budget control level (quick recommendation)

GFOA notes budget controls can be implemented at levels like **fund, department, program, object/account**. ([GFOA](#))

A pragmatic setup many cities use in ERP:

- **Legal level:** Fund + Department (sometimes plus Object)
- **Operating control** (system budget checking): Fund + Department + Division + major Object category
(tight enough to prevent surprises; not so tight that AP becomes a constant budget transfer machine)

Below is a **starter-template breakdown** that works well in **Tyler Incode** and is consistent with **GFOA chart-of-accounts design guidance**.

1) Incode account structure to design around

A common Tyler Incode account string is:

Fund – Department – Division – Object Code
XXX – XXX – XXXXX – XXXX ([Flower Mound](#))

So your “recommended breakdown” is really a recommendation for:

- **Funds (XXX)**
- **Departments (XXX)**
- **Divisions (XXXXX)**
- **Object codes (XXXX)**

And per GFOA: define what each segment *means*, keep it consistent, and keep the COA simple enough that you don’t have to constantly create new accounts.

2) Recommended fund breakdown (Texas city with Water + Wastewater)

Texas references to a “uniform chart of accounts” in statute are aimed at **counties** (Local Gov’t Code Ch. 112), not cities—so municipalities generally design their own COA around GAAP/GASB and managerial needs. ([Texas Statutes](#))

Governmental funds (examples)

- **100 General Fund**
- **200 Special Revenue Funds** (only when truly restricted/committed)
- **300 Debt Service Fund** (governmental debt service)
- **400 Capital Projects Fund** (governmental CIP / bond proceeds)

Enterprise funds (recommended for Option 1)

- **500 Water Enterprise Fund**
- **510 Wastewater Enterprise Fund**

Why separate enterprise funds?

Because it keeps your rate-supported statements cleaner (revenues/expenses/net position and debt by system), and your “who paid for what” is clearer for rate studies and audits.

You *can* still track Water vs Wastewater by departments/divisions inside a single enterprise fund, but since you chose “1,” the template below assumes **separate funds + separate utility departments**.

3) Recommended department breakdown (citywide)

Use **Department (XXX)** for “budget responsibility centers” (who owns the budget). Keep this list stable.

A typical starter set:

100–199 General Government

- 100 Mayor & Council
- 110 City Manager
- 120 City Secretary / Clerk
- 130 Finance (Acct/AP/Payroll)
- 140 HR / Risk
- 150 Legal
- 160 IT
- 170 Municipal Court
- 180 Facilities / Central Services

200–299 Public Safety

- 210 Police
- 220 Fire
- 230 Emergency Management
- 240 Animal Services (if applicable)

300–399 Public Works / Operations

- 310 Streets & Traffic
- 320 Fleet (if not internal service)
- 330 Facilities Maintenance
- 340 Drainage / Stormwater (if governmental)

400–499 Development / Community

- 410 Planning
- 420 Building Inspections / Permitting
- 430 Code Enforcement
- 440 Parks & Recreation
- 450 Library (if applicable)

600–699 Utilities (Option 1 selection)

- 610 Water

- **620 Wastewater**
- **630 Utility Billing / Customer Service** (*shared service dept — see note below*)

Utility Billing / Customer Service placement note:

Many cities put UB/CS in a separate department (630) because it's shared across water + wastewater, then allocate costs via internal charges or journal entries if you do full cost-of-service. If you don't allocate, you can house UB in Water (610) or in a "Utility Admin" division and disclose/handle it in the rate model.

4) Recommended division breakdown (the detail level you'll live in)

Use **Division (XXXXX)** as the "operational cost center."

A best practice is to number divisions with a **prefix** that makes the hierarchy obvious (e.g., all Water divisions start with **610**). GFOA specifically discusses numbering hierarchies with prefixes to show relationships.

Dept 610 — Water (Fund 500)

- **61010 Water Administration**
- **61020 Water Treatment**
- **61030 Water Distribution**
- **61040 Meter Services / Field Ops**
- **61050 Water Quality / Compliance / Lab**
- **61060 Water Capital / CIP** (*optional — only if you don't have a separate project dimension/module*)
- **61070 Water Debt / Fiscal Agent / Financing** (*optional but useful*)
- **61090 Water Non-Departmental / Transfers** (*optional*)

Dept 620 — Wastewater (Fund 510)

- **62010 Wastewater Administration**
- **62020 Collection System (Lines)**
- **62030 Lift Stations**
- **62040 Wastewater Treatment**
- **62050 Pretreatment / Compliance / Lab**
- **62060 Wastewater Capital / CIP** (*optional*)
- **62070 Wastewater Debt / Fiscal Agent / Financing** (*optional*)
- **62090 Wastewater Non-Departmental / Transfers** (*optional*)

Dept 630 — Utility Billing / Customer Service (Fund 500 or 510, depending on your practice)

- **63010 Customer Service / Billing**
- **63020 Meter Reading** (*if not under Water*)
- **63030 Collections / Delinquencies**

5) Recommended object code framework (accounts)

In Incode, your **Object Code (XXXX)** is the “natural classification” (what you bought/paid/earned). In the Tyler Incode example material, reporting can subtotal by **object code category** such as “**2000 Supplies**” and “**5000 Contractual**,” which strongly suggests structuring objects into consistent ranges. ([Flower Mound](#))

A practical object code range setup

(Exact codes vary by city — the key is consistent ranges.)

Revenues (0000–0999)

- 0100 Water Service Charges
- 0110 Wastewater Service Charges
- 0200 Tap / Impact / Connection Fees
- 0300 Penalties / Late Fees
- 0400 Interest Earnings
- 0900 Misc / Other

Personnel (1000–1999)

- 1100 Regular Salaries
- 1200 Overtime
- 1300 Payroll Taxes
- 1400 Retirement
- 1500 Health / Benefits
- 1600 Allowances (on-call/cert/uniform)

Supplies & Materials (2000–2999)

- 2100 Office Supplies
- 2200 Operating Supplies
- 2300 Chemicals (*critical for plants*)
- 2400 Fuel
- 2500 Parts / Materials
- 2600 Safety / PPE

Maintenance & Repairs (3000–3999)

- 3100 Equipment R&M
- 3200 Vehicle R&M
- 3300 Building/Facilities R&M
- 3400 Contracted Maintenance

Capital / Equipment (4000–4999)

- 4100 Capital Equipment
- 4200 Vehicles
- 4300 Infrastructure / Capital Outlay

Contractual / Professional Services (5000–5999)

- 5100 Engineering
- 5200 Legal
- 5300 Audit / Financial Services
- 5400 Lab Testing
- 5500 Sludge Disposal / Hauling
- 5600 Software / Subscriptions
- 5700 Training / Travel

Utilities / Communications (6000–6999)

- 6100 Electricity (*huge for WW lift stations + plants*)
- 6200 Natural Gas
- 6300 Phones / Data

Debt / Transfers / Other (7000–8999)

- 7100 Principal
- 7200 Interest
- 7300 Fiscal Agent / Issuance / Bank Fees
- 8100 Transfers Out
- 8200 Transfers In
- 8900 Depreciation (*if you book depreciation in GL*)

The “don’t explode your COA” rule (especially for CIP)

GFOA’s ERP/COA guidance is explicit: keep the COA **high-level**, and use other system components (like a **project ledger**) for detail; otherwise the COA becomes hard to maintain.

So: **do not create “capital object codes” for each project.** Keep capital objects broad and track projects elsewhere (project/grant tracking, capital module, work orders, etc.).

6) Example Incode account strings (Water/Wastewater)

Using the Incode format **XXX-XXX-XXXXX-XXXX** ([Flower Mound](#))

- Water Treatment chemicals:
500–610–61020–2300

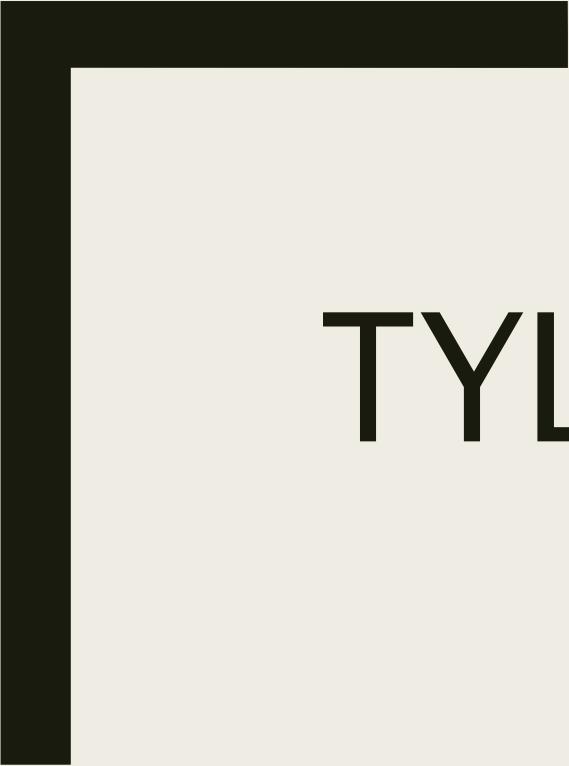
- Water Distribution contracted repairs:
500-610-61030-3400
- Wastewater Lift Station electricity:
510-620-62030-6100
- Wastewater Plant engineering (CIP design):
510-620-62060-5100 *(and ideally tie to a project record if you have that capability)*

7) Budget control level recommendation (so you don't drown in budget transfers)

GFOA notes automated budget controls can be implemented at levels like **fund, department, program, object/account**, and warns that “hard” controls set too detailed can increase budget transfer needs. ([GFOA](#))

A practical setup many cities use:

- **Legal level** (ordinance): **Fund + Department** *(sometimes Fund only)*
- **System budget checking**: **Fund + Department + Division + major object category**

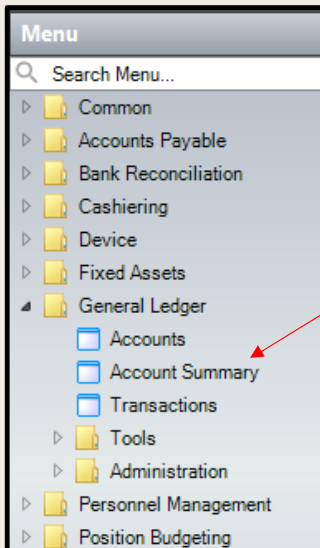


TYLER INCODE

VERSION 10

How to check your account balance

1. Open Account Summary: General Ledger → Account Summary
2. Add to Favorites: Right click “Account Summary” → Add to Favorites.
3. Click “Search”. This will bring up all town accounts. You can then use the grid to filter to the account you want.



Account	Name	Original Budget	Budget Adjustment	Current Budget	Activity	Encumbrances	Reserves	Budget Remaining	Pending	Budget Available
100-630-34200-		-	-	0.00		-	-	-	-	-
100-630-34200-2080	Motor Vehicle & Equipment Fuel	300.00	0.00	300.00	72.26	0.00	0.00	227.74	0.00	227.74
100-630-34200-2190	Promotional Supplies	355.00	0.00	355.00	0.00	0.00	0.00	355.00	0.00	355.00
100-630-34200-2200	Other Supplies	3,250.00	0.00	3,250.00	721.75	0.00	0.00	2,528.25	0.00	2,528.25
100-630-34200-2220	Meal Services and Supplies	250.00	0.00	250.00	0.00	0.00	0.00	250.00	0.00	250.00
100-630-34200-2280	CAC Party/Activity Supplies	4,820.00	0.00	4,820.00	983.89	0.00	0.00	3,836.11	0.00	3,836.11
100-630-34200-2300	Other Equipment	1,700.00	0.00	1,700.00	0.00	0.00	0.00	1,700.00	0.00	1,700.00
100-630-34200-4040	Automotive Equipment	200.00	0.00	200.00	0.00	0.00	0.00	200.00	0.00	200.00
100-630-34200-4301	Buildings and Grounds	430.00	0.00	430.00	0.00	0.00	0.00	430.00	0.00	430.00
100-630-34200-5020	Leases and Rentals	17,000.00	0.00	17,000.00	5,963.10	0.00	0.00	11,036.90	0.00	11,036.90
100-630-34200-5040	Advertising	1,000.00	0.00	1,000.00	37.40	0.00	0.00	962.60	0.00	962.60
100-630-34200-5060	Business & Travel	1,500.00	0.00	1,500.00	0.00	0.00	0.00	1,500.00	0.00	1,500.00
100-630-34200-5110	Contractual/Fee Basis	270,200.00	0.00	270,200.00	93,525.00	122,625.00	0.00	54,050.00	0.00	54,050.00
100-630-34200-5140	Copier Charges	50.00	0.00	50.00	0.04	0.00	0.00	49.96	0.00	49.96
100-630-34200-5200	Printing and Binding Services	1,000.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00	0.00	1,000.00
100-630-34200-5210	Memberships/Licenses	700.00	0.00	700.00	0.00	0.00	0.00	700.00	0.00	700.00
Totals		302,755.00	0.00	302,755.00	101,303.44	122,625.00	0.00	78,826.56	0.00	78,826.56

How to check your account balance continued

Use the grid to filter to your account
Fund- Department-
Division- Object Code
XXX-XXX-XXXX-XXXX

Adopted
Budget

Budget Transfers
and Budget
Amendments

Activity: Year
to Date
Expenses

Encumbrances:
Approved and
Issued
Purchase
Orders

Reserves:
Purchase
Requisitions
that have not
been
approved yet

Budget Remaining = Current Budget -
Activity - Encumbrances - Reserves

Pending:
Submitted invoices
that will be paid on
the next check run

Account	Name	Original Budget	Budget Adjustment	Current Budget	Activity	Encumbrances	Reserves	Budget Remaining	Pending	Budget Available
☒ 100-630-34200-		-	-	≠ 0		-	-	-	-	-
100-630-34200-2080	Motor Vehicle & Equipment Fuel	300.00	0.00	300.00	72.26	0.00	0.00	227.74	0.00	227.74
100-630-34200-2190	Promotional Supplies	355.00	0.00	355.00	0.00	0.00	0.00	355.00	0.00	355.00
100-630-34200-2200	Other Supplies	3,250.00	0.00	3,250.00	721.75	0.00	0.00	2,528.25	0.00	2,528.25
100-630-34200-2220	Meal Services and Supplies	250.00	0.00	250.00	0.00	0.00	0.00	250.00	0.00	250.00
100-630-34200-2280	CAC Party/Activity Supplies	4,820.00	0.00	4,820.00	983.89	0.00	0.00	3,836.11	0.00	3,836.11
100-630-34200-2300	Other Equipment	1,700.00	0.00	1,700.00	0.00	0.00	0.00	1,700.00	0.00	1,700.00
100-630-34200-4040	Automotive Equipment	200.00	0.00	200.00	0.00	0.00	0.00	200.00	0.00	200.00
100-630-34200-4301	Buildings and Grounds	430.00	0.00	430.00	0.00	0.00	0.00	430.00	0.00	430.00
100-630-34200-5020	Leases and Rentals	17,000.00	0.00	17,000.00	5,963.10	0.00	0.00	11,036.90	0.00	11,036.90
100-630-34200-5040	Advertising	1,000.00	0.00	1,000.00	37.40	0.00	0.00	962.60	0.00	962.60
100-630-34200-5060	Business & Travel	1,500.00	0.00	1,500.00	0.00	0.00	0.00	1,500.00	0.00	1,500.00
100-630-34200-5110	Contractual/Fee Basis	270,200.00	0.00	270,200.00	93,525.00	122,625.00	0.00	54,050.00	0.00	54,050.00
100-630-34200-5140	Copier Charges	50.00	0.00	50.00	0.04	0.00	0.00	49.96	0.00	49.96
100-630-34200-5200	Printing and Binding Services	1,000.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00	0.00	1,000.00
100-630-34200-5210	Memberships/Licenses	700.00	0.00	700.00	0.00	0.00	0.00	700.00	0.00	700.00
Totals		302,755.00	0.00	302,755.00	101,303.44	122,625.00	0.00	78,826.56	0.00	78,826.56

Account Total

Budget Detail

- Double click an account to see the detail

Account

Fiscal Year

Detail: Lists the budget detail the department entered during the budget process

Adjustments: Lists all Budget Transfers and Budget Amendments

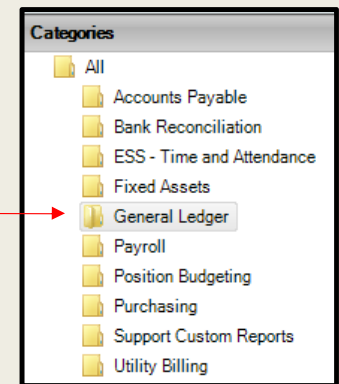
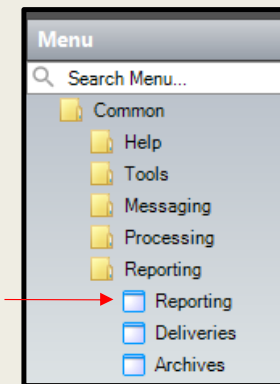
Detail: Lists all expenses to date

Encumbrances: Purchase Orders

Reserves: Requisitions

Reports

1. Open Reporting: Common → Reporting → Reporting
2. Add to Favorites: Right click Reporting → Add to Favorites
3. Segment Filters: Segments limit the information on the report. If you do not enter a segment, the report will deliver information on the entire fund you choose under Selection Criteria.
4. Groups: Groups subtotal information on your report. You can subtotal by object code category, division, department, fund etc. depending on how you want to structure your report.



Budget Report:

- Current Budget
- Year to Date Activity
- Budget Remaining
- Can be run in Summary &/or Detail

Detail vs. Budget Report:

- Account Number
- Total Activity
- Ending Balance
- Post Date, Packet Number, Transaction Number, Description, Vendor & Amount

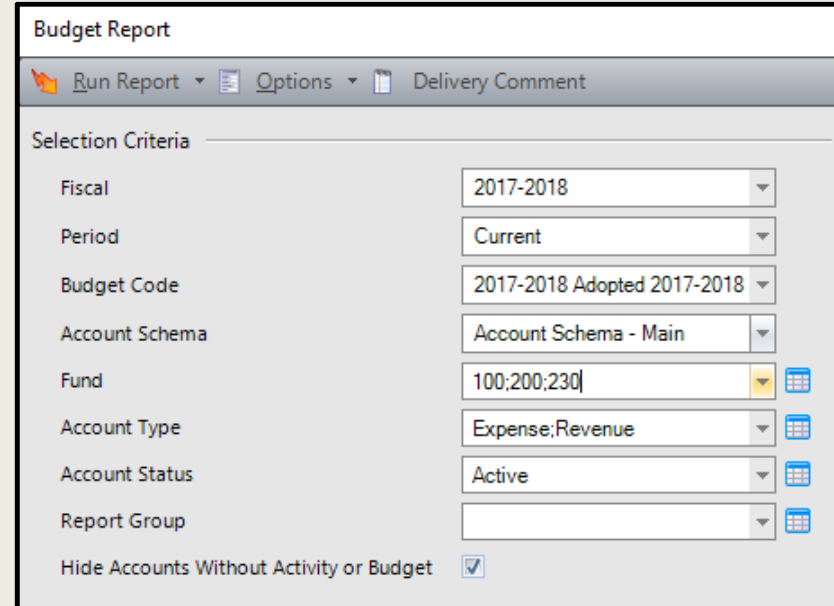
Budget Worksheet:

- Prior Year Budget & Activity
- Current Budget
- Year to Date Activity
- Up to 3 Defined Budgets
- Can be run in Summary &/or Detail

Budget Report

1. Selection Criteria:

- A. Fiscal: Select the appropriate fiscal year (ex- “2017-2018”)
- B. Period: Leave as “Current”
- C. Budget Code: Choose appropriate Budget Code (ex- “2017-2018 Adopted Budget”)
- D. Account Schema: Leave as “Account Schema-Main”
- E. Fund: Leave blank to include all funds or choose one or multiple funds (100, 200, 230, etc.)
- F. Account Type: Choose “Expense”, “Revenue” or both
- G. Account Status: Choose “Active”
- H. Report Group: Leave blank
- I. Hide Accounts Without Activity or Budget: Check to hide these accounts



The screenshot shows a web-based form titled "Budget Report". At the top, there are three tabs: "Run Report" (active), "Options", and "Delivery Comment". Below the tabs is a section titled "Selection Criteria" containing several dropdown menus and a checkbox. The dropdown menus are labeled: "Fiscal" (set to "2017-2018"), "Period" (set to "Current"), "Budget Code" (set to "2017-2018 Adopted 2017-2018"), "Account Schema" (set to "Account Schema - Main"), "Fund" (set to "100;200;230"), "Account Type" (set to "Expense;Revenue"), "Account Status" (set to "Active"), and "Report Group" (set to a blank field). To the right of the "Fund", "Account Type", "Account Status", and "Report Group" dropdowns are small blue calendar icons. At the bottom of the form is a checkbox labeled "Hide Accounts Without Activity or Budget" which is checked.

Selection Criteria	
Fiscal	2017-2018
Period	Current
Budget Code	2017-2018 Adopted 2017-2018
Account Schema	Account Schema - Main
Fund	100;200;230
Account Type	Expense;Revenue
Account Status	Active
Report Group	
Hide Accounts Without Activity or Budget ☒	

Budget Report continued

2. Segment Filters:

- A. To show one department (this report will deliver information for all divisions in this department):

Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

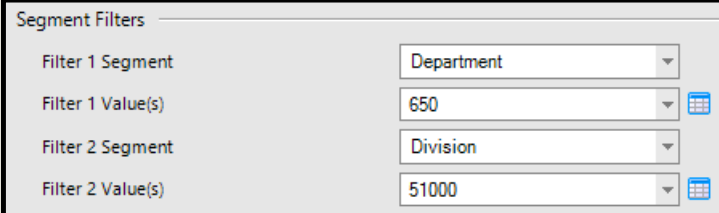
- B. To show one division:

Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

Filter 2 Segment: "Division"

Filter 2 Value: "51000" (enter your division code)



The screenshot shows a 'Segment Filters' dialog box with four rows. The first row is 'Filter 1 Segment' with a dropdown menu set to 'Department'. The second row is 'Filter 1 Value(s)' with a text box containing '650' and a small blue calendar icon to its right. The third row is 'Filter 2 Segment' with a dropdown menu set to 'Division'. The fourth row is 'Filter 2 Value(s)' with a text box containing '51000' and a small blue calendar icon to its right.

- C. To show multiple divisions (this report will deliver information for only the selected divisions):

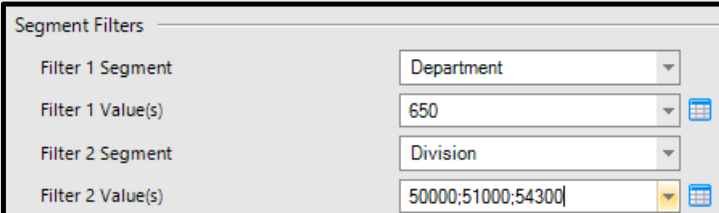
Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

Filter 2 Segment: "Division"

Filter 2 Value: "50000;51000;54300"

(enter the division codes separated by semicolons)



The screenshot shows a 'Segment Filters' dialog box with four rows. The first row is 'Filter 1 Segment' with a dropdown menu set to 'Department'. The second row is 'Filter 1 Value(s)' with a text box containing '650' and a small blue calendar icon to its right. The third row is 'Filter 2 Segment' with a dropdown menu set to 'Division'. The fourth row is 'Filter 2 Value(s)' with a text box containing '50000;51000;54300' and a small blue calendar icon to its right.

Budget Report continued

3. Groups:

- A. Fund- use if running a report for multiple funds
- B. Segment
 - a. Department- subtotals each department, use if running a report for multiple departments
 - b. Division- subtotals each division, use if running a report for multiple divisions
 - c. Expense Category- subtotals each object code category (2000 Supplies, 5000 Contractual, etc.)
 - d. Revenue Category- subtotals each revenue category

Grouping	
Group 1	Segment (Select Below) ▼
Group 1 Segment	ExpCategory ▼
Group 2	Account Type ▼
Group 3	(None) ▼
Group 4	(None) ▼
Group 5	(None) ▼
Group 6	(None) ▼

		Original Total Budget
ExpCategory: 502 - Supplies and Materials		
Expense		
100-630-34460-2200	Other Supplies	11,550.00
100-630-34460-2280	CAC Party/Activity Supplies	4,000.00
Expense Total:		15,550.00
→ ExpCategory: 502 - Supplies and Materials Total:		15,550.00
ExpCategory: 505 - Contractual Services		
Expense		
100-630-34460-5020	Leases and Rentals	1,300.00
100-630-34460-5110	Contractual/Fee Basis	19,500.00
100-630-34460-5200	Printing and Binding Services	0.00
100-630-34460-5210	Memberships/Licenses	1,200.00
Expense Total:		22,000.00
→ ExpCategory: 505 - Contractual Services Total:		22,000.00
Report Total:		37,550.00

Budget Report continued

4. Report Options:

A. Always check to include budget adjustments and encumbrances

Total Current Budget:
Takes into account
budget transfers and
amendments

**Fiscal
Activity:**
Expenses
to Date

Encumbrances:
Funds on
Purchase
Orders

Report Options

Budget: Total Fiscal Budget

Group Page Break:

Percent Calculation: Percent Remaining

Style: Summary & Detail

Include Budget Adjustments: ☒

Include Budget Detail: ☐

Include Budget Notes: ☐

Hide Note Subject: ☐

Include Note Audit: ☐

Include Encumbrances: ☒

Show Shading: ☐

Show Account Type Totals Before Group 1: ☐

	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 100 - GENERAL FUND							
ExpCategory: 502 - Supplies and Materials							
100-630-34200-2080 Motor Vehicle & Equipment Fuel	300.00	300.00	0.00	72.26	0.00	227.74	75.91 %
100-630-34200-2190 Promotional Supplies	355.00	355.00	0.00	0.00	0.00	355.00	100.00 %
100-630-34200-2200 Other Supplies	3,250.00	3,250.00	0.00	721.75	0.00	2,528.25	77.79 %
100-630-34200-2220 Meal Services and Supplies	250.00	250.00	0.00	0.00	0.00	250.00	100.00 %
100-630-34200-2280 CAC Party/Activity Supplies	4,820.00	4,820.00	0.00	983.89	0.00	3,836.11	79.59 %
100-630-34200-2300 Other Equipment	1,700.00	1,700.00	0.00	0.00	0.00	1,700.00	100.00 %
ExpCategory: 502 - Supplies and Materials Total:	10,675.00	10,675.00	0.00	1,777.90	0.00	8,897.10	83.35 %
ExpCategory: 504 - Maintenance							
100-630-34200-4040 Automotive Equipment	200.00	200.00	0.00	0.00	0.00	200.00	100.00 %
100-630-34200-4301 Buildings and Grounds	430.00	430.00	0.00	0.00	0.00	430.00	100.00 %
ExpCategory: 504 - Maintenance Total:	630.00	630.00	0.00	0.00	0.00	630.00	100.00 %
ExpCategory: 505 - Contractual Services							
100-630-34200-5020 Leases and Rentals	17,000.00	17,000.00	0.00	5,963.10	0.00	11,036.90	64.92 %
100-630-34200-5040 Advertising	1,000.00	1,000.00	0.00	37.40	0.00	962.60	96.26 %
100-630-34200-5060 Business & Travel	1,500.00	1,500.00	0.00	0.00	0.00	1,500.00	100.00 %
100-630-34200-5110 Contractual/Fee Basis	270,200.00	270,200.00	0.00	93,525.00	122,625.00	54,050.00	20.00 %
100-630-34200-5140 Copier Charges	50.00	50.00	0.00	0.04	0.00	49.96	99.92 %
100-630-34200-5200 Printing and Binding Services	1,000.00	1,000.00	0.00	0.00	0.00	1,000.00	100.00 %
100-630-34200-5210 Memberships/Licenses	700.00	700.00	0.00	0.00	0.00	700.00	100.00 %
ExpCategory: 505 - Contractual Services Total:	291,450.00	291,450.00	0.00	99,525.54	122,625.00	69,299.46	23.78 %
Fund: 100 - GENERAL FUND Total:	302,755.00	302,755.00	0.00	101,303.44	122,625.00	78,826.56	26.04 %
Report Total:	302,755.00	302,755.00	0.00	101,303.44	122,625.00	78,826.56	26.04 %

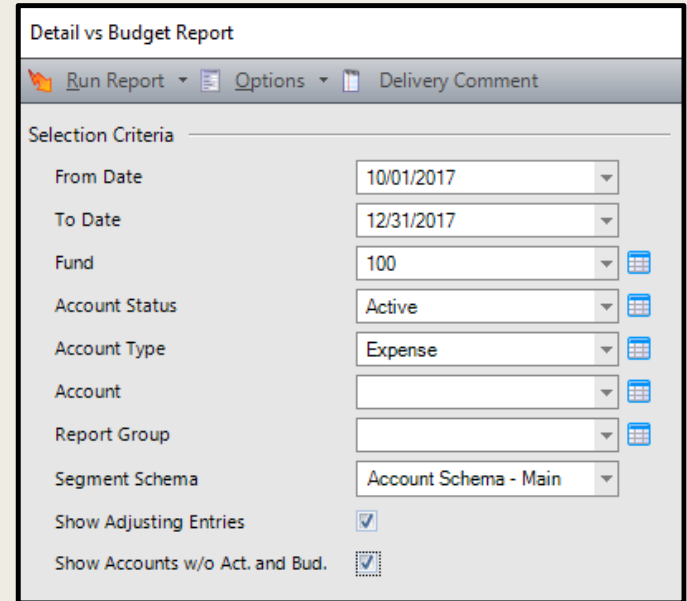
**Variance:
Budget
Remaining**

**Percent Remaining:
Percentage of
Current Total Budget
Remaining**

Detail vs Budget Report

1. Selection Criteria:

- A. From Date/To Date: You can run the report for any length of time ex- entire fiscal year, one month, one quarter, etc.
- B. Fund: Leave blank to include all funds or choose one or multiple funds (100, 200, 230, etc.)
- C. Account Type: Choose “Expense”, “Revenue” or both
- D. Account: Leave blank unless you only want to run the report for one account
- E. Segment Schema: Leave as “Account Schema-Main”
- F. Show Adjusting Entries: Always check to include adjustments
- G. Show Accounts w/o Act and Bud: Check to show accounts without budget or activity



The screenshot shows a software interface titled "Detail vs Budget Report". At the top, there are three tabs: "Run Report" (active), "Options", and "Delivery Comment". Below the tabs is a section labeled "Selection Criteria" containing several dropdown menus and checkboxes. The "From Date" is set to 10/01/2017 and "To Date" is 12/31/2017. "Fund" is set to 100. "Account Status" is set to Active. "Account Type" is set to Expense. "Account" and "Report Group" are blank. "Segment Schema" is set to Account Schema - Main. The "Show Adjusting Entries" checkbox is checked, and the "Show Accounts w/o Act. and Bud." checkbox is also checked.

Field	Value
From Date	10/01/2017
To Date	12/31/2017
Fund	100
Account Status	Active
Account Type	Expense
Account	
Report Group	
Segment Schema	Account Schema - Main
Show Adjusting Entries	☒
Show Accounts w/o Act. and Bud.	☒

Detail vs Budget Report continued

2. Segment Filters:

- A. To show one department (this report will deliver information for all divisions in this department):

Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

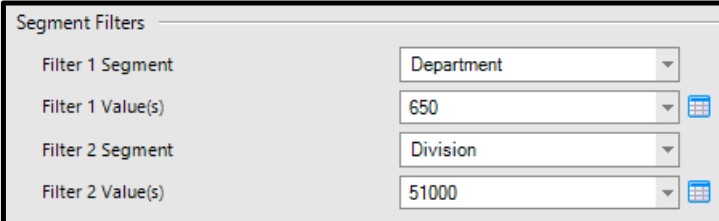
- B. To show one division:

Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

Filter 2 Segment: "Division"

Filter 2 Value: "51000" (enter your division code)



The screenshot shows a 'Segment Filters' panel with four rows. The first row is 'Filter 1 Segment' with a dropdown menu set to 'Department'. The second row is 'Filter 1 Value(s)' with a text input field containing '650' and a small blue calendar icon to its right. The third row is 'Filter 2 Segment' with a dropdown menu set to 'Division'. The fourth row is 'Filter 2 Value(s)' with a text input field containing '51000' and a small blue calendar icon to its right.

- C. To show multiple divisions (this report will deliver information for only the selected divisions):

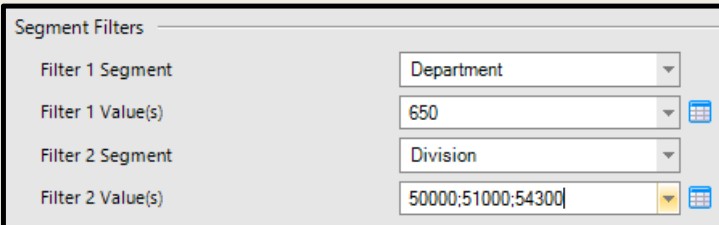
Filter 1 Segment: "Department"

Filter 1 Value: "650" (enter your department code)

Filter 2 Segment: "Division"

Filter 2 Value: "50000;51000;54300"

(enter the division codes separated by semicolons)



The screenshot shows a 'Segment Filters' panel with four rows. The first row is 'Filter 1 Segment' with a dropdown menu set to 'Department'. The second row is 'Filter 1 Value(s)' with a text input field containing '650' and a small blue calendar icon to its right. The third row is 'Filter 2 Segment' with a dropdown menu set to 'Division'. The fourth row is 'Filter 2 Value(s)' with a text input field containing '50000;51000;54300' and a small blue calendar icon to its right.

Detail vs Budget Report continued

3. Groups:

- A. Fund- use if running a report for multiple funds
- B. Segment
 - a. Department- subtotals each department, use if running a report for multiple departments
 - b. Division- subtotals each division, use if running a report for multiple divisions
 - c. Expense Category- subtotals each object code category (2000 Supplies, 5000 Contractual, etc.)
 - d. Revenue Category- subtotals each revenue category

Groups

Group 1	Segment (Select Below) ▼
Group 1 Segment	ExpCategory ▼
Group 2	Account Type ▼
Group 3	(None) ▼
Group 4	(None) ▼

Detail vs Budget Report						Date Range: 10/01/2017 - 12/31/2017			
Account		Name	Encumbrances	Fiscal Budget	Beginning Balance	Total Activity	Ending Balance	Budget Remaining	% Remaining
100-650-51000-2010		Office Supplies - Continued	0.00	2,800.00	0.00	919.89	919.89	1,880.11	67.15 %
Post Date	Packet Number	Source Transaction	Pmt Number	Description	Vendor	Project Account		Amount	
12/01/2017	APPKT04514	984326976001	425529	PLANNER	4355 - OFFICE DEPOT			14.42	
12/01/2017	APPKT04534	983001860001	425751	PAPER, IMAGPRNT	4355 - OFFICE DEPOT			20.10	
12/04/2017	APPKT04534	985426188001	425751	CALCULATOR	4355 - OFFICE DEPOT			65.54	
12/06/2017	APPKT04535	00-649206	425637	2017 TAX FORMS & ENVELOPES	9467 - AMERICAN DIVERSITY			660.99	
100-650-51000-2020		Data Processing Supplies	0.00	2,000.00	0.00	0.00	0.00	2,000.00	100.00 %
100-650-51000-2050		Postage/Delivery Services	0.00	150.00	0.00	0.00	0.00	150.00	100.00 %
100-650-51000-2220		Meal Services and Supplies	0.00	50.00	0.00	0.00	0.00	50.00	100.00 %
Expense Totals:			0.00	5,000.00	0.00	919.89	919.89	4,080.11	81.60 %
➔ 502 - Supplies and Materials Totals:			0.00	5,000.00	0.00	919.89	919.89	4,080.11	81.60 %

Detail vs Budget Report continued

4. Report Options:

A. Always check to include encumbrances

Report Options

Budget

Fiscal Budget

Group Page Break

Style

Detail

Include Encumbrances

☒

Show PO #

☐

Show Period Totals

☐

Show Project Accounts

☒

Wrap Description

☐

Account

Budget

Total Expenses

Budget Remaining

Account	Name	Encumbrances	Fiscal Budget	Beginning Balance	Total Activity	Ending Balance	Budget Remaining	% Remaining
ExpCategory: 502 - Supplies and Materials								
Expense								
100-650-51000-2010	Office Supplies	0.00	2,800.00	0.00	919.89	919.89	1,880.11	67.15 %
Post Date	Packet Number	Source Transaction	Pmt Number	Description	Vendor	Project Account		Amount
10/10/2017	APPKT04381	969655427001	424318	STAPLES	4355 - OFFICE DEPOT			5.97
10/10/2017	APPKT04422	969687645001	424682	PAPER	4355 - OFFICE DEPOT			35.09
10/12/2017	APPKT04381	970488113001	424318	BINDER CLIP, RUBBERBANDS, JETSTREAM P	4355 - OFFICE DEPOT			14.92
10/20/2017	APPKT04484	973207406001	425155	PAPER	4355 - OFFICE DEPOT			9.57
11/01/2017	APPKT04443	976172125001	424875	PENS	4355 - OFFICE DEPOT			21.75
11/01/2017	APPKT04443	976184649001	424875	PAPER ROLLS	4355 - OFFICE DEPOT			9.08
11/01/2017	APPKT04443	976184858001	424875	PEN	4355 - OFFICE DEPOT			5.49
11/06/2017	APPKT04468	976817564001	425033	STAPLES, PRE INK REFILL	4355 - OFFICE DEPOT			9.03
12/01/2017	APPKT04497	980522526001	425332	LETTER BOX, LETTER FOLDER	4355 - OFFICE DEPOT			28.93
12/01/2017	APPKT04497	980749172001	425332	POST-IT FLAGS	4355 - OFFICE DEPOT			6.25
12/01/2017	APPKT04514	978306118001	425529	PAPER	4355 - OFFICE DEPOT			12.76
12/01/2017	APPKT04514	984326976001	425529	PLANNER	4355 - OFFICE DEPOT			14.42
12/01/2017	APPKT04534	983001860001	425751	PAPER, IMAGPRNT	4355 - OFFICE DEPOT			20.10
12/04/2017	APPKT04534	985426188001	425751	CALCULATOR	4355 - OFFICE DEPOT			65.54
12/06/2017	APPKT04535	00-649206	425637	2017 TAX FORMS & ENVELOPES	9467 - AMERICAN DIVERSITY			660.99
Expense Totals:		0.00	2,800.00	0.00	919.89	919.89	1,880.11	67.15 %

Expense Details

Budget Worksheet

- Set up criteria like the Budget Report, just add “defined budgets”.
- Defined Budgets: Compares up to 3 budgets. Includes yearly budget and activity.

		Year 1		Year 2		Year 3	
		2015-2016 Total Budget	2015-2016 Total Activity	2016-2017 Total Budget	2016-2017 Total Activity	2017-2018 Total Budget	2017-2018 YTD Activity
ExpCategory: 502 - Supplies and Materials							
Expense							
100-610-10200-2010	Office Supplies	2,100.00	980.12	2,299.00	687.73	1,200.00	163.60
100-610-10200-2020	Data Processing Supplies	1,000.00	819.02	1,000.00	899.63	1,260.00	39.99
100-610-10200-2050	Postage/Delivery Services	520.00	242.78	360.00	193.08	360.00	75.09
100-610-10200-2150	Safety Supplies	0.00	0.00	0.00	0.00	0.00	4.03
100-610-10200-2180	Office Equipment	6,076.00	6,691.50	220.00	1,064.23	400.00	334.63
100-610-10200-2190	Promotional Supplies	500.00	499.20	2,133.00	2,194.96	2,200.00	0.00
100-610-10200-2200	Other Supplies	2,220.00	2,864.03	2,720.00	523.86	825.00	107.26
100-610-10200-2220	Meal Services and Supplies	500.00	620.47	650.00	300.64	440.00	24.97
100-610-10200-2310	Filing Fees	0.00	0.00	2,900.00	2,435.00	2,550.00	312.00
Expense Total:		12,916.00	12,717.12	12,282.00	8,299.13	9,235.00	1,061.57
ExpCategory: 502 - Supplies and Materials Total:		12,916.00	12,717.12	12,282.00	8,299.13	9,235.00	1,061.57



Access to Data

Being able to access the data you need is vital in the world of local governments. Too often, agencies' software doesn't provide the necessary tools for analyzing or working with data. Their standard reports offer no flexibility and users don't have the freedom to access data through familiar tools, like Microsoft® Excel®.

The result can be a very manual and inaccurate budget process in which overworked and overwhelmed staff spend long hours building reports and hunting-and-pecking for information. These frustrated employees are forced to operate without the data they need to make informed decisions.

Fortunately, Tyler's Incode® software provides the access, tools and functionality you need to slice and dice your data expertly, allowing you to project accurate budgets, analyze important trends and meet reporting requirements. Here's how:



Dashboards Provide Instant Access:

The Incode dashboards allow you to access key information by user persona, so department heads, finance directors, accountants, payroll clerks and more have immediate insight into the specific data they need to do their job.



Search Tools Quickly Find What You Need:

Smart grids allow for efficient sorting, searches, filtering and user-defined layouts, while a global search function allows you to easily search the entire application. Searches access the actual content within documents and attachments to pinpoint the exact information that you're looking for. You can also drill down to supporting details in all grids and reports.



Beyond Data Export:

Easily export data into any format you need, such as spreadsheet, PDF, etc. The General Ledger Budget Extract tool allows you to export actual budget and account balances, which places financial data at your fingertips and allows you to run projections and analyze information. Importing data is a snap, too: the CellSense feature keeps your data linked up in real-time, making it more than just an export – it's an extension of the software.

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What Clients Say

"I set up a spreadsheet, then I set up the definitions for CellSense to extract data directly from Incode into those rows and columns in the Excel spreadsheet. That is fabulous. It just instantly updates that spreadsheet. I have charts and graphs that are being generated from that data. It's very convenient and helpful."

— Anne Roman, Accountant,
Joshua Basin Water District, CA

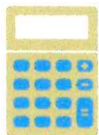
"I really like the features that reporting has allowed us to drill down into. I like the security that they have, because now I don't have to do every single, tiny thing. I can pass it on to other departments, give them access to those certain reports that they want. It's just a phenomenal feature. I love it. I can't stop saying good things about it."

— Chiyo Palen, Finance Clerk,
Village of Glen Carbon, IL



Query and Reporting Tools Provide Custom Data:

Tailor and customize reports the way you need them. The Financial Statement Report Designer lets you design, run and export financial statements while CellSense allows you to map general ledger account balance information to Microsoft Excel templates, allowing you to update financial reports in seconds instead of hours.



Get Fast Access to Important Info With General Ledger Account Summary View:

This tool allows you to accurately track budgets by giving you access all pertinent financial information in one easy-to-view place. This helpful and efficient tool is perfect for both finance and non-financial users.



Access, Analyze and Share Info With Innovative Reporting:

Incode makes reporting quick and easy with multiple format and delivery options that allow you to schedule and share reports by customizing the date, time, frequency and recipients of each report while eliminating costly duplicate reporting.

Interested in learning more? Email us at info@tylertech.com or give us a call at 800.646.2633.

ERP PRO

General Ledger



IMPROVE EFFICIENCY

Automate routine processes and tailor the system to meet your unique needs.



ENSURE ACCURACY

Automatic balancing tools and a full audit trail helps improve usability and maintain accuracy.



TYLER INTEGRATIONS

This application integrates with Tyler's comprehensive ERP Pro product suite.

Tyler's ERP Pro General Ledger is the heart of the financial application suite, providing comprehensive flexibility and control of financial transactions. This feature-rich fund accounting application automates routine functions and provides access to the source document for many transactions in the general ledger. Users can instantly review and report on relevant financial information. Automatic balancing tools maintain accurate data without excessive data entry while ensuring compliance with standard accounting procedures.

INFORMATION AND REPORTS

- Exports report results to other data formats including Adobe® PDF, Microsoft® Excel® and Word, and Text.
- Produces predefined reports including General Ledger Detail Report, Chart of Accounts, Transaction Report, Budget Report, Budget Comparison Report, and Cash Analysis Report.
- Generates financial statements tailored to the client's preferences (balance sheet, income statement, and statement of cash flows). Financial statements may be produced in pivoted and comparison formats.
- Gives users the option to create their own unique financial statements using the integrated Financial Statement Designer.
- Groups accounts together for quick selection when generating reports.
- Schedules reports to be delivered to users at a specific date/time.
- Maintains a complete audit trail for journal entry reversal and reposting.
- Delivers powerful financial management tools at the individual account level with convenient access to comprehensive information such as account status, detail transactions, and balance tracking for actual, budget, and encumbrance activity.
- Streamlines account budget visibility. Displays a budget analysis graph for each budgeted line item to compare encumbered and actual dollars against budgeted dollars for the fiscal year. Budget may be viewed in period and fiscal breakdowns.
- Gives users search grids with printing and exporting capabilities, including a detailed transaction history grid and budget summary grid.

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TRANSACTION EFFICIENCY

- Calculates and tracks allocations such as interest allocation without the need for a separate spreadsheet, and supports multiple allocation methods.
- Configures account structures by each account type (asset, liability, capital, revenue, and expenditure) for optimal effectiveness.
- Allows accounts to be included in multiple chart of accounts.
- Provides multiple time-saving features for journal entry processing with allocation templates, automatic reversals, default post dates, text file imports, document attachment, and reposting capabilities.
- Automatically creates all inter-fund balancing entries when posting transactions across multiple funds.
- Supports concurrently open fiscal years to accommodate the entity's audit schedule. Periods within open fiscal years may be closed as needed.
- Automates the fiscal year-end closing process. Journal entries may be posted to a closed fiscal year as needed for adherence with audit adjustments.
- Provides tools to easily extract financial information into an existing Microsoft Excel spreadsheet.

USER-FRIENDLY

- Complete audit functions include footprints for all transactions and audit logs for tracking changes to data.
- Comprehensive accounting security controls user access at the account and budget level.
- General Ledger accounts offer secured add/edit functionality from anywhere in the system.
- Notes feature for accounts captures pertinent information.
- Document attachment feature provided at the account level.
- Time-saving mass add account feature quickly creates new accounts based on existing accounts.

ERP PRO

Bank Reconciliation



ENHANCE TRANSPARENCY

Printing and exporting capabilities through easy-to-use bank transaction history grid.



STREAMLINE REPORTING

An interactive module allows you to easily reconcile and track bank statements.



INCREASE EFFICIENCY

Systemwide integration capabilities allow you to automate monthly reconciliations and postings.

Tyler's ERP Pro Bank Reconciliation reconciles monthly bank statements to general ledger cash accounts. Systemwide integration automates the month-end reconciliation process, and postings through the general ledger are recognized for items such as bank deposits, services charges, interest income, and returned and cleared checks.

INFORMATION AND REPORTS

- Reconciles monthly bank statements to general ledger cash accounts.
- Produces monthly reconciliation statements reflecting a summary of balances and period activity for both bank account and general ledger for easy comparison.
- Identifies outstanding items to clear during the current month's reconciliation, offering a default clearing date to speed up the reconciliation process.
- Offers many filters such as bank account, transaction type, cleared date, issued date, check number range, and origination on a bank transaction.
- Indicates voided checks on the reconciliation register.
- Tracks the origin of an item, the account number associated with the item (source), footprint details, and change history.
- Gives users search grids with printing and exporting capabilities, including a bank transaction history grid.

TYLER INTEGRATIONS

This module helps streamline workflow across organizations through seamless integrations with a variety of ERP Pro applications, including:

- General Ledger
- Accounts Payable
- Payroll
- Fixed Assets
- Utilities
- Cashiering

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TRANSACTION EFFICIENCY

- Supports multiple bank accounts.
- Processes an unlimited number of cash accounts per fund.
- Handles pooled cash function with a consolidated reconciliation process when a single bank account is maintained for multiple secondary cash accounts in various funds.
- Clears outstanding transactions individually, in groups, or electronically by downloading the bank statement online from your financial institution.
- Accepts adjustments quickly and easily for transactions such as service charges, interest, and miscellaneous items.
- Tracks the beginning date of the next bank statement, notes this date during initial setup for reconciliation accounts, and maintains this date whenever you update the account in the bank reconciliation process.

USER-FRIENDLY

- Indicates quick item lookup features based on amount range, type, status, originating system, and more.
- Captures important information for bank accounts and statements.

City of Lago Vista

Fiscal & Budgetary Policy

Adopted September 7, 2023

Revised September 9, 2024

City of Lago Vista

Fiscal and Budgetary Policy

Statutory Authorization: The following document provides a framework for fiscal stewardship of the City. It operates within the confines of 1) federal and state law, 2) city charter, and 3) city code of ordinances. Any conflict herein will be subordinate to those legal authorities.

Governance: The City Manager hires the Chief Financial Officer (CFO) of the City and appoints a Director of Finance/Treasurer or similar position to oversee the administration of these policies.

I. PURPOSE

The City of Lago Vista is committed to transparent financial management through integrity, prudent stewardship, planning, accountability, full disclosure, and communication. The broad purpose of the Fiscal and Budgetary Policies is to enable the City to achieve and maintain a long-term stable and positive financial condition and provide guidelines for the day-to-day planning and operations of the City's financial affairs.

The scope of this policy generally spans areas of accounting and financial reporting, both operating and capital budgeting, revenue management, investment and asset management, debt management and forecasting, and a system of internal controls. This is done in order to:

- A. Demonstrate to the citizens of Lago Vista, the investment community, and the bond rating agencies that the city is committed to a strong fiscal operation.***
- B. Provide precedents for future policy makers and financial managers on common financial goals and strategies.***
- C. Fairly present and fully disclose the financial position of the City in conformity to generally accepted accounting principles (GAAP).***
- D. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other legal mandates; and***
- E. Ensure full transparency in the governance of public funds entrusted to the City Council and City staff to manage and protect.***

These policies will be reviewed and updated annually as part of the budget preparation process. Council members will separately adopt these policies through resolution.

A. Funds Governed

The budgeted funds for the City of Lago Vista include:

Governmental Funds: General Fund which accounts for all financial resources except those required to be accounted for in another fund, and includes basic governmental services, such as Police, Public Works and Parks functions among others.

Special Revenue Funds (SRF): Account for specific revenues that are legally restricted for specified purposes. The City currently budgets three SRF type funds: Hotel Occupancy Tax, Impact Fees, and Parkland Dedication.

Debt Service Fund: Is used to account for the payment of general long-term debt principal and interest.

Capital Project Funds: Used to account for the acquisition or construction of major capital facilities other than those financed by enterprise activities. A variety of project funds will be created based on the nature of the projects and the sources of funding.

Proprietary and Enterprise Funds: Include the City's "business like" activities including utility, golf, and aviation funds.

The City will also make use of sub-ledger 'accounts' as a basis for tracking restricted funds where administratively feasible. Those include:

- Court – City Truancy Prevention Fees, State Court Cost Fees, Building Security Fees, Court Technology Fees, City Judicial Fees, and Juvenile Case Management Fees
- Police – School Crossing Guard, LEOSE, CAPCO, Bulletproof Vest
- Development Services – Escrow accounts

B. Basis of Accounting and Basis of Budgeting

Generally Accepted Accounting Principles (GAAP) are the rules established by the Governmental Accounting Standards Board. The City will follow the standards in their annual financial reports on or by the designated effective reporting date.

The City accounts and budgets for all Governmental Funds using the modified accrual basis of accounting. This basis means that revenue is recognized in the accounting period in which it becomes available and measurable, while expenditures are recognized in the accounting period in which they are incurred. Because the appropriated budget is used as the basis for control and comparison of budgeted and actual amounts, the basis for preparing the budget is the same as the basis of accounting. Exceptions to the modified accrual basis of accounting include:

- *Encumbrances, which are treated as expenditures in the year they are encumbered, not when expended.*
- *Grants, which are considered revenue received; and*
- *Principal and interest on long-term debt, which are recognized when paid.*

General government funds include the general fund, special revenue funds, debt service fund and general capital project funds.

Proprietary Funds, which include the Utility Fund, are accounted for and budgeted using the full-accrual basis of accounting. Under this method, revenues are recognized when they are earned and measurable, while expenses are recognized when they are incurred regardless of timing or related cash flows. The basis for preparing the budget is the same as the basis of accounting except for the following:

- *Principal payments on long-term debt and capital outlay, which are treated as budgeted expenses.*
- *Depreciation which is not budgeted; and*
- *Non-budgeted accruals such as compensated absences.*

Year-end comparisons of budget to actual will appear in the financial statements of the City, at a minimum for those funds identified as major funds in the audit process.

II. OPERATING BUDGET

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

A. Comprehensive/Strategic Planning

The Lago Vista “Comprehensive Plan” is the City’s comprehensive plan to preserve, promote and protect public health and general welfare, prevent overcrowding, ensure adequate transportation, availability of necessary utilities and services, and conserve and protect the City’s natural resources. The City’s budget is the Annual Operating Plan element of the Comprehensive Plan.

The Comprehensive Plan is founded on strategic objectives or "policy areas" that are reviewed at least every five years. Funding of City programs should be based upon the objectives set forth in the Master Plan.

The City Charter and the Comprehensive Master Plan describe the budget process as an integral planning tool, suggesting the City plan for both five and one year time horizons. They recommend the budget be focused on these areas and significantly in consonance with the goals and objectives outlined in the comprehensive plan.

B. Preparation

The Charter (Section 8.02) requires “The Chief Financial Officer, prior to August first of each year, shall submit to the Council a proposed budget for the ensuing fiscal year and an accompanying budget message.” The budget shall provide “a complete financial plan for all City funds and activities for the ensuing fiscal year. It shall contain all items and contents required by State law. The total of proposed expenditures shall not exceed the total of estimated income plus any accumulated surplus.” The City Council shall, after holding public hearings as required by State law, adopt the budget by ordinance no later than the 30th day of September. If it fails to adopt

the budget by September 30th, the budget as proposed by the City Manager shall go into effect until such time as the Council adopts a budget.

C. Proposed Budget

A proposed budget shall be prepared by the Chief Financial Officer with the participation of all City Department Heads and the City Manager that is within the provisions of the Charter and in consonance with the guidance contained in the Comprehensive Master Plan.

1. Elements. The budget shall include the following basic segments for review and evaluation:

- *Budget Message*
- *General Fund*
- *Utility Fund*
- *Capital Improvement Funds*
- *Hotel Occupancy Fund (HOT)*
- *Debt Service Fund & Investments*
- *Aviation Fund*
- *Golf Fund*
- *Park Fund*
- *Water & Sewer Impact Fee Fund*
- *Section 8.04(b) requires itemized budget by department and agency*

2. Review. The budget review process will include provisions for City Council participation, including sufficient time to address policy and fiscal issues, and citizen input using public hearings.

3. Distribution. A copy of the proposed budget will be filed with the City Secretary at the time it is submitted to the City Council. A copy will also be available at City Hall and the Public Library for citizen review. It will also be posted on the city website as required.

4. Notifications. Public notifications, distribution, including the language incorporated and the methods by which the public gains access to the budget will be governed by state law in effect at that time. State laws affecting the budget and the tax rate include provisions from both the Local Government Code, as well as the Tax Code.

D. Adoption

Prior to finalization of the budget appropriations, the City Council will hold at least one public hearing, and subsequently adopt the final budget as amended by Ordinance. The budget will be effective for the fiscal year beginning October 1st.

At the City Manager's discretion, the Annual Operating Plan document may be submitted to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.

E. Balanced Budget

The goal of the City is to balance the operating budget with current revenues, whereby, current revenues would match and fund on-going expenditures/expenses. Excess balances in the operating funds from previous years could be used for non-recurring (one-time only) expenditures/expenses or for capital outlay based upon the recommendation of the City Manager and determination by the Council.

F. Planning

The budget process will be coordinated so that major policy issues are identified prior to the budget approval date. This will allow the City Council adequate time for consideration of appropriate decisions and analysis of financial impacts. A budget calendar will be submitted by the City Manager outlining the major steps in the process and the opportunities for City Council review and citizen input.

Outstanding encumbrances will expire if not spent in encumbered year and will have to be re-appropriated.

G. Reporting

Summary financial reports will be presented to the City Council monthly. These reports will be in a format appropriate to enable the City Council to understand the overall budget and financial status. Quarterly reports will also be provided as needed which contain updates on the status of projects and related financial goals set forth in the budget and if determined necessary, may also include appropriate budget amendment recommendations.

H. Control and Accountability

Each Department Head, appointed by the City Manager, should be responsible for the administration of his/her departmental budget. This includes accomplishing the Goals and Objectives adopted as part of the budget and monitoring of their portion of the budget for compliance with spending limitations. The City Manager may transfer any unencumbered funds within a departmental budget category (personnel costs, operations and maintenance or capital) and shall report such transfers to the Council in writing in a timely manner. All other transfers of appropriation or budget amendments require City Council approval as outlined in Section I.

I. Budget Amendments

The Charter (Section 8.06) provides a method for budget amendments and emergency appropriations. The City Council may authorize, through a majority vote, an emergency expenditure as an amendment to the original budget. This may be done in cases of grave public necessity or to meet an unusual and unforeseen condition that was not known at the time the budget was adopted. In practice, this has been interpreted to include revenue-related expenses within the enterprise funds and timing differences on capital improvement projects. The following criteria will be used in evaluation of budget amendments:

- *Is the request necessary?*
- *Why was the item not budgeted in the normal budget process?*
- *Why can't a transfer be made within the budget to remedy the condition?*

The City Manager must certify availability of revenues or funding sources prior to adoption. The city will amend the budget at year end, if needed, for revenue-based expenditures that exceeded budgeted amounts due to increased revenue and recognize any grant funded expenditures for grants received after the budget was adopted or last amended. The City Council may also amend the budget, if necessary, as part of the Mid-Year Review process for any capital project timing adjustments from the prior year as well as any other known adjustments needed and approved at that time.

J. Contingency Appropriations

The budget may include contingency appropriations within designated operating department budgets. These funds are used to offset expenditures for unexpected maintenance or other unanticipated expenses that might occur during the year.

K. Manager's Contingency Account

The budget may also include a set number of contingency appropriations within the Administration Budget to be spent at the discretion of the City Manager. These funds may be used to offset expenditures for unexpected purchases and other unanticipated expenses that might occur during the year. The specific amount of contingency funds included in the budget shall be set by the City Council through the adoption of the annual budget.

III. REVENUE MANAGEMENT

A. Characteristics

The city will strive for the following optimum characteristics in its revenue system:

1. **Simplicity** – The City, where possible and without sacrificing accuracy, will strive to keep the revenue system simple to reduce compliance costs for the taxpayer or service recipient.
2. **Certainty** – A knowledge and understanding of revenue sources increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies to provide assurances that the revenue base will materialize according to budget.
3. **Equity** – The City will make every effort to maintain equity in its revenue system, i.e., the City should seek to minimize or eliminate all forms of subsidization between entities, funds, services, utilities, and customer classes.
4. **Revenue Adequacy** – The City should require there be a balance in the revenue system, i.e., the revenue base will have the characteristics of fairness and neutrality as it

applies to cost of service, willingness to pay, and ability to pay.

5. Realistic and Conservative Estimates - Revenues will be estimated realistically and conservatively, recognizing the volatile nature of various revenue streams.

6. Administration – The benefits of a revenue source should exceed the cost of levying and collecting that revenue.

7. Diversification and Stability – A diversified revenue system with a stable source of income is preferred. This will help offset instabilities in revenue sources with large fluctuations due to the economy (sales tax) and variations in the weather (water sales, golf rounds).

B. Other Considerations

The following considerations and issues should guide the City in its revenue policies concerning specific sources of funds:

1. Cost/Benefit of Incentives for Economic Development – The City will use due caution in the analysis of any incentives that are used to encourage development. A cost/benefit (fiscal impact) analysis will be performed as part of the evaluation.

2. Non-Recurring Revenues – One-time or non-recurring revenues should not be used to finance current ongoing operations. Non-recurring revenues should be used only for non-recurring expenditures and not for budget balancing purposes.

3. Property Tax Revenues – All real and business personal property located within the City will be valued at 100% of the fair market value for any given year based on the current appraisal supplied by the Travis County Appraisal District. Conservative budgeted revenue estimates result in a projected ninety-eight percent (98%) budgeted collection rate for current ad valorem taxes. Two percent (2%) of the current ad valorem taxes will be projected as the budget for delinquent ad valorem tax collection. For budgeting purposes, the City will forecast the current year's effective tax rate at the current collection rate of 100%, unless directed otherwise.

4. Interest Income – Interest earned from investments will be distributed to the funds based on their allocated investments, unless otherwise required by statute or determined by the City Council.

5. User-Based Fees and Service Charges – The City Council will determine how much of the cost of a service should be recovered by fees and charges. A fee can be driven by a cost-recovery approach, such that a service is identified into one of the following categories:

- **Partial Cost Recovery** – only a stated portion of the direct costs of services will be recovered from fees. These are for such services as library, parks, public safety, and other services where a general benefit ensues to the citizenry as a

whole and specific users cannot be easily ascertained or charged.

- **Direct Cost Recovery** – applies to all direct costs (operating and personnel) in exchange for a service that is directly beneficial to a particular user. Such services as recreation classes, sports leagues, copying costs, etc. These services gain the benefit of building, facility, and capital use as well as overhead support that are not expected to be captured in a fee.
- **Full Cost Recovery** – applies to all direct operating costs, as well as administrative and capital overhead while providing a service that is uniquely identifiable to a customer who exclusively benefits from that service. Those services would entail all utility programs, and related services. Full cost would capture debt burden, capital costs, overhead fees, as well as personnel and operating expenses.

The city will review fees and charges no less than once every three years to ensure that fees provide adequate coverage for the cost of services.

- 6. Utility Fund Rates** – The City annually reviews and adopts utility rates as needed to generate revenues required to attempt to cover operating expenses, meet the legal requirements of all applicable bond covenants, debt service, and provide for an adequate level of working capital for cash flows. Additionally, utility activity rates will consider transfers to other funds as follows:

a) General and Administrative Charges – Administrative costs should be charged to all funds for services of general overhead, such as administration, finance, customer billing, legal and other costs as appropriate. These charges will be determined through an indirect cost allocation following accepted practices and procedures.

b) In-Lieu-of-Franchise-Fee. This potential transfer, currently between 2% and 4% of operating revenues, is consistent with the franchise rates charged to investor-owned utilities that are franchised to operate within the city.

- 7. Intergovernmental Revenues** – All potential grants will be examined for matching requirements and must be approved by the City Manager prior to making application for the grant. It must be clearly understood that operational requirements (on-going costs) set up through of a grant program could be discontinued once the term and conditions of the program have been completed. The department filing the grant application will notify Finance at the point of application and will ensure that the grant is set up appropriately for reimbursement or award, depending on the nature of the grant.

- 8. Revenue Monitoring** – Revenues, as they are received, will be regularly compared to budgeted revenues and any variances should be investigated.
- i. Revenues will be monitored by the Fund. It is understood that many of the City's revenues are seasonal in nature or are reported to the city on a quarterly basis.
 - ii. For the Enterprise Funds, all revenues will be tracked monthly for comparison purposes.

- iii. As necessary, an item will be placed on the City Council agenda to discuss the status of revenues. All revenues will continue to be included in the financial reports presented to the Council monthly.

IV. EXPENDITURE POLICIES

A. Appropriations

The point of budgetary control is at the department level budget for all funds. The Charter (Section 8.06) provides that any transfer of appropriation between funds must be approved by the City Council and that the City Manager, without City Council approval, is authorized to transfer appropriations within departments.

Further, the budget is controlled by the authorized positions in the adopted budget. No changes can be made to the number of authorized positions without City Council approval.

B. Purchasing

All purchases of goods or services by the City will be made in accordance with state law and the following guidelines. All purchasing decisions shall be made in accordance with the Annual Budget or Capital Budget as approved by the City Council. The purchase of items not included in the Annual or Capital Budget less than \$50,000 shall require approval from the City Manager. The purchase of items not included in the Annual or Capital Budgets more than \$50,000 shall require the approval of the City Council. All contracts greater than \$50,000 shall be approved by the City Council. Emergency purchases more than \$50,000 will be limited to incidents that threaten public health, safety or damage to persons or property or in those situations in which inaction shall present a substantial financial loss to the City. All emergency purchases shall be submitted to the City Council for ratification. The following shows a summary of approval requirements for purchases.

APPROVAL REQUIREMENTS FOR PURCHASES:

1. The City Manager shall determine the purchasing authority limits of all Department Heads and other employees on a case-by-case basis; however, under no circumstances shall that authority exceed \$5,000.
2. Department Heads shall determine the purchasing authority of subordinate employees on a case-by-case basis; however, under no circumstances shall that authority exceed \$1000.

C. Prompt Payment

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

D. Risk Management

The city will pursue every opportunity to provide for the public's and City employees' safety and to manage its risks. The goal shall be to minimize the risk of loss of resources through liability claims with an emphasis on safety programs.

V. BUDGET CONTINGENCY PLAN

This policy is designed to establish general guidelines for managing revenue shortfalls resulting from local and national economic downturns or other issues that adversely affect the City's revenue streams of all funds.

A. Immediate Action

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

- *Freeze all new hire and vacant positions except those deemed to be a necessity by the City Manager.*
- *Review all planned capital expenditures; and/or*
- *Delay all "non-essential" spending or equipment replacement purchases.*

B. Further Action

If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. Any resulting service level reductions, including workforce reductions, will be brought to the City Council for direction and determination.

VI. CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

The City's goal is to maintain City facilities and infrastructure in order to provide excellent services to the customers within the community, meet growth related needs, and comply with all state and federal regulations.

A. Preparation

The city annually updates and adopts a five-year Capital Improvement Program (CIP) schedule as part of the operating budget adoption process. The plan is reviewed and adjusted annually as needed, and year one is adopted as the current year capital budget. The capital budget will include all capital projects, capital resources, and estimated operational impacts.

Priorities for Capital Improvements should consider:

- *Needed capital improvements should be identified through system models, repair and maintenance records and growth demands.*
- *Economic development projects that have capital infrastructure needs should be reviewed and approved for funding by the city to be included in the CIP process or subsequent amendment.*
- *A team approach will be used to prioritize CIP projects, whereby City staff from all operational areas provide input and ideas relating to each project and its effect on operations.*

- *Citizen involvement and participation may be solicited in formulating the capital budget through public hearings and other forums.*

In cases where CIP requirements vary, such as impact fees (with 10-year planning windows and a specialty review process), the city will abide by those requirements.

B. Control

All capital project expenditures must be appropriated in the capital budget. The availability of resources must be identified before any CIP contract is presented to the City Council for approval.

C. Financing Programs

Where applicable, assessments, impact fees, pro rata charges, or other fees should be used to fund capital projects which have a primary benefit to specific identifiable property owners.

Recognizing that long-term debt is usually a more expensive financing method, alternative-financing sources will be explored before debt is issued. See Sections X and XI. Short-term financing including Capital Leasing and other tax-supported obligations can be used to fund vehicles, computers and other operating equipment if the impact to the tax rate is minimal.

VII. CAPITAL MAINTENANCE AND REPLACEMENT

The City recognizes that deferred maintenance increases future capital costs. Therefore, a portion of all individual funds with infrastructure should be budgeted each year to maintain the quality within each system.

A. Infrastructure Maintenance

On-going maintenance costs are included as operating or capital expense within the departmental operating budgets. These costs are generally considered system repairs and are not capitalized for accounting purposes. They include such items as street seal coat, water line repairs and other general system maintenance. Staff will prepare a street maintenance budget for the Council's consideration during the budget process.

B. Internal Service Funds

The City may utilize internal service funds to maintain and replace existing assets. Assessments are to be made to the "using" department for the use of current equipment and items to be purchased during the year. In this way, suitable funds should be accumulated and available for the purchase of operational assets with minimal issuance of debt. A systematic methodology will guide the calculation of the department charges.

VIII. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

A. Accounting

The City is solely responsible for the recording and reporting of its financial affairs, both internally and externally. The Chief Financial Officer is responsible for establishing the structure for the City's Chart of Accounts and for assuring that procedures are in place to properly record financial transactions and report the City's

financial position.

B. Audit of Accounts

In accordance with the City Charter, an independent audit of the City's accounts will be performed every year. The auditor may be recommended by the City Manager but is retained by and is accountable directly to the City Council.

C. Internal Reporting

The Finance Department will prepare monthly internal financial reports, sufficient to plan, monitor and control the City's financial affairs.

D. External Reporting

The Finance Department will be responsible for preparing the annual financial report by January 31st of each year [Charter IV(f)], or as timely thereafter as possible.

IX. ASSET MANAGEMENT

A. Cash Management and Investments

The City must comply with the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. A separate Investment Policy will be reviewed annually by the City Council and applies to all financial cash and investments held by the City.

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

- Cash handling procedures will be coordinated through the Finance Department and all personnel handling cash, checks, or customer payments will be required to take applicable training. Such training will cover PCI compliance and red flag rules as applicable.
- Financial Procedures will outline that bank reconciliations will be performed monthly immediately after statements are processed by the bank; discrepancies will be researched and corrected immediately.

2. Objectives – The City's investment program will be conducted as to accomplish the following, listed in priority order:

- *Safety of the principal invested*
- *Liquidity and availability of cash to pay obligations when due*
- *Receive the highest possible rate of return (yield) consistent with the City's investment policy.*

3. Safekeeping and Custody – Investments may only be purchased directly by the City or through brokers/dealers who meet the criteria detailed in the investment policy,

which also addresses internal controls related to investments.

4. Standard of Care and Reporting – Investment will be made with judgment and care, always considering the safety of the principal to be invested and the probable income to be derived. The City Manager is responsible for the overall management of the City’s investment program and ensures all investments are made in compliance with the investment policy. An investment report, providing both summary and detailed information, will be presented to the City Council quarterly.

B. Fixed Assets & Inventory

These assets will be reasonably safeguarded and properly accounted for, and prudently insured when required by law.

1. Capitalization Criteria – Capitalization is defined as the point at which an item gets recorded as an asset instead of expense. For purposes of budgeting and accounting classification assets meeting all of the following criteria must be capitalized:

- *The assets are owned by the city.*
- *The expected useful life of the asset must be longer than one year or extend the life of an identifiable existing asset by more than one year.*
- *The original cost of the asset must be at least \$5,000.*
- *The asset must be tangible.*
- *On-going repairs and general maintenance are not capitalized.*

2. New Purchases – All costs associated with bringing the asset into working order should be capitalized as part of the asset cost. This may include start-up costs, engineering, or consultant type fees as part of the asset cost once the decision or commitment to purchase the asset is made. The cost of land acquired should include all related costs associated with its purchase. The land will be recorded as a non-depreciable asset while improvements will be considered depreciable.

3. Improvements and Replacement – Improvements will be capitalized when they extend the original life of an asset or when they make the asset more valuable than it was originally. The replacement of an asset’s components will normally be expensed unless they are a significant nature and meet all the capitalization criteria.

4. Contributed Capital - Infrastructure assets received from developers or as a result of annexation or other dedications will be recorded as equity contributions when they are received and depreciated the same as city funded assets. The City will not accept dedications from home-owners association or other similar property owners without full review and consideration of the ongoing maintenance costs of those assets.

5. Distributions Systems - All costs associated with public domain assets, such as streets and utility distribution lines will be capitalized in accordance with the capitalization policy. Costs should include engineering, construction and other related costs including right-of-way acquisition.

6. Reporting and Inventory – The Finance department will maintain the permanent records of the City’s fixed assets, including description, cost, department of responsibility, date of acquisition, depreciation and expected useful life. Periodically, random sampling at the department level will be performed to inventory fixed assets assigned to that department. Responsibility for safeguarding the City’s cash and fixed assets lies with the department supervisor or manager whose department has been assigned the assets.

7. Inventory and Control – The Finance department maintains an inventory with descriptions, dates and amounts and has the authority to conduct periodic inventory audits of any city assets, including equipment, cash or other city owned property. Assets assigned to individuals such as cars, computers, and phones must be itemized and returned to city control upon replacement or termination.

8. Disposal – City assets may be disposed if they are considered: too costly to repair, obsolete, or no longer functional. For any items with a residual value, the city will dispose of assets through public auction or sealed bid, either directly or through a cooperative effort. If an asset originally cost less than \$5,000, the manager may dispose of it through auction. If an asset costs more than \$5,000 or is being disposed of through a sealed bid, the City Council must approve it.

X. DEBT MANAGEMENT

The City of Lago Vista recognizes that the primary purpose of capital facilities is to provide services to the community. Using debt financing to meet the capital needs of the community must be evaluated according to efficiency and equity. Efficiency must be evaluated to determine the highest rate of return for a given investment of resources. Equity is resolved by determining who should pay for the cost of capital improvements.

In meeting demand for additional services, the city will strive to balance the needs between debt financing and “pay as you go” methods. The City realizes that failure to meet the demands of growth may inhibit its continued economic viability, but also realizes that too much debt may have detrimental effects on the City’s long-range financial condition.

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

A. Usage of Debt

Long-term debt financing will be considered for non-continuous capital improvements of which future citizens will be benefited. Alternatives for financing will be explored prior to debt issuance and include, but are not limited to:

- *Grants*
- *Use of Reserve Funds*
- *Use of Current Revenues*

- *Contributions from developers and others*
- *Leases*
- *Impact Fees*

When the City utilizes long-term financing, it will ensure that the debt is soundly financed by conservatively projecting revenue sources that will be used to pay the debt. It will not finance the improvement over a period greater than the useful life of the improvement and it will determine that the cost benefit of the improvement, including interest costs, is positive to the community.

The City may utilize the benefits of short-term debt financing to purchase operating equipment provided the debt doesn't extend past the useful life of the asset, and the potential impact to the tax rate is within policy guidelines.

B. Types of Debt

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

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

As needed, the city will prepare Bond Propositions, and the City Council will approve any election items and will set election dates in accordance with state law. The Finance Department will track all authorized propositions, the related debt issues and projects for those authorizations, and all remaining amounts approved but unissued.

2. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements of the necessary improvement to provide service expansion. The final maturity of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issuance and will generally be limited to no more than twenty (20) years.

3. Certificates of Obligation, Contract Obligations (CO's) – Certificates of obligation or contract obligations may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO's may be paid either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both provided, however, that the I&S tax provides alternate security for the repayment of COs as required by State law. Typically, the City may issue CO's when the following conditions are met:

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

Certificates of obligation will be used with prudent care and judgment by the City Council. Notice of Intent to Issue COs will conform to state law requirements.

4. Self-supporting General Obligation Debt – Refers to general obligation debt issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes; however, the I & S tax is still pledged by law. The annual debt requirements are not included in the property tax calculation.

5. Internal borrowing between City funds – The City can authorize use of existing long-term reserves as “loans” between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. The loan will be repaid within 18 months. The loan will be considered an investment of working capital reserves by the lending fund.

6. Tax Notes - In accordance with Chapter 1431 of the Texas Local Government Code the City may authorize the issuance of Tax Notes for construction of public works, the acquisition of land, buildings, equipment, machinery, and related professional services and operating expenses. The maximum term of such notes shall be 7 years except for operating expense which shall have a maximum term of 1 year.

C. Method of Sale

The City will use a competitive bidding process in the sale of bonds unless conditions in the bond market or the nature of the issuance warrant a negotiated sale. In such situations, the City will publicly present the reasons for the negotiated sale. The City will rely on the recommendation of the financial advisor in the selection process of the underwriter or direct purchaser.

D. Disclosure & Federal Requirements

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

The City will maintain procedures to comply with its continuing disclosure requirements, through the MSRB “EMMA” program, as well as any arbitrage rebate and other Federal requirements.

The City can contract with an external service provider to assist with continuing disclosure requirements as well as rebate calculations due to the expertise required, the complexity of the law or calculation, and the magnitude of risk for non-compliance.

F. Debt Structuring

The City will issue bonds with the final maturity not to exceed the useful life of the asset acquired. Market factors, such as the effects of tax-exempt designations, the cost of early redemption options and the like, will be given consideration during the structuring of long-term debt instruments. Efforts will be made to minimize the effect of large deferrals or ‘balloon note’ type structures.

G. I&S Accounting

City Charter section 8.12 requires a separate “account” for the City’s interest and sinking fund, referred to as the Debt Service account.

H. Reimbursement Resolutions

The City will utilize reimbursement resolutions as a tool to manage its debt issues, due to arbitrage requirements and project timing (but not market driven reasons). In so doing, the City uses its capital reserve "cash" to delay bond, note and CO issues until such time when issuance is favorable and beneficial to the City. The City Council may authorize a reimbursement resolution for General Capital projects that have a direct impact on the City's ad valorem tax rate when the bonds, notes and COs are issued within the term of the existing City Council.

I. Subject Matter Experts and Advisors

The City will select a financial bond advisor to assist with the issuance and monitoring of debt activities. The financial advisor will recommend other parties to use as bond counsel, rating agencies, paying agents, escrow agents and others involved in a transaction. The City will designate the financial advisor in such a manner to allow investors and underwriting firms to participate in a bond transaction, in accordance with the federal municipal advisor rule.

XI. OTHER FUNDING ALTERNATIVES

When at all possible, the City will research alternative funding opportunities prior to issuing debt or increasing user-related fees.

A. Grants

Grant funding is a significant funding source for enhanced community services and improvements. Yet grants come with restrictions in their use, often require matching local funds to secure the grant, and may be subject to additional audit provisions. Staff will evaluate grant opportunities that best meet the needs of the City and our financial capabilities and make recommendations to Council based upon the following matrix:

Grant Value	Cash Match Required OR Future Funding Obligation of the City?	Approval to Apply	Approval to Accept and Appropriate Funds*
< \$49,999	None	City Manager	City Council
Any Value	Yes	City Council	City Council

*Appropriation may be via an individual Council action or through adoption of the annual budget.

Due to the timing on some grant applications, staff may be unable to secure Council's approval before applications are due. Staff will bring a request to Council as soon as possible to seek retroactive approval to apply for and if successful with a grant award, accept and appropriate the funding for the specific grant. Staff will follow all federal, state, regulatory, and grant-specific requirements in expending and managing grant funds, including adherence to applicable procurement rules.

B. Use of Reserve Funds

The City may authorize the use of reserve funds to potentially delay or eliminate a proposed bond issuance. This may occur due to higher than anticipated fund balances in prior years, thus eliminating or reducing the need for debt proceeds, or postpone a bond issuance until market conditions are more beneficial or timing of the related capital improvements does not correspond with the planned bond sale. Reserve funds used in this manner can be replenished upon issuance of the proposed debt provided a reimbursement resolution is promptly adopted.

C. Developer Contributions

The City will require developers who negatively impact the City's utility capital plans to offset those impacts.

D. Leases

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

E. Impact Fees

The City will impose impact fees as allowable under state law for street access and water and wastewater services. These fees will be calculated in accordance with statute and reviewed at least every five years. All fees collected will fund projects identified within the Fee study and as required by state laws.

XII. FINANCIAL CONDITIONS AND RESERVES

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

A. Operational Coverage

The City's goal is to maintain operations coverage of 1.00-1.25, such that operating revenues will at least equal or exceed current operating expenditures. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques.

B. Operating Reserves

Operating Reserves are generally considered as the Unassigned Portion of Fund Balance for Governmental Funds. GASB #54 outlines the categories of Fund Balance and the appropriate definitions.

1. ***Non-Spendable Fund Balances*** are amounts of the City's fund balance that are:
 - i. not in a spendable form including inventory and prepaid items,
 - ii. cannot be converted to cash within the current period including long-term portion of loans receivable and non-financial assets held for resale, or
 - iii. are required to be maintained intact pursuant to legal or contractual requirements including an endowment or permanent fund.
2. ***Restricted Fund Balances*** are amounts of the City's fund balance that reflect resources that are subject to externally enforceable legal restrictions including those imposed by:
 - i. Creditors (through debt covenants),
 - ii. Grantors,
 - iii. Contributors, and
 - iv. Other government's legislation or regulations.

Restricted special revenue funds/accounts of the City include Public Safety & Courts, Hotel Occupancy (Bed Tax). Other restricted funds include all capital bond funds, impact fee funds, and the General Debt Service Fund.

3. ***Committed Fund Balances*** are the amounts of the City's fund balances that represent resources that are constrained by limitations of the City Council and that remain binding unless removed, modified, or rescinded by the City Council prior to the last day of the fiscal year for which the commitment is made. Committed funds include the Reserve Funds and Parks Fund.
4. ***Assigned Fund Balances*** are those amounts of the City's fund balances that reflect the government's intended use of resources. This would include any future appropriation amounts of fund balances. The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose but retains the power of final appropriation of those funds.
5. ***Unassigned Fund Balance*** are those amounts of the City's fund balances that are in excess of what can properly be classified in one of the previous four categories. These funds are available for any purpose. Unassigned fund balances shall be held

to mitigate financial risk that can arise from unforeseen revenues fluctuations and unanticipated expenditures and provide cash flow for the City's general operations. Annual amounts may vary pending tolerable risk associated with volatility of the economy or exposure to natural risks. Fund unassigned balance should be used only for emergencies, major capital purchases or non-recurring expenditures that cannot be provided by savings in the current year.

The City targets operating reserves at 90 days (25%), but not to drop below 60 days (16.7%). Reserve requirements will be calculated as part of the annual budget process. In rare circumstances, the City will allow the reserves to fall below the target requirement providing a plan is in place to restore the funds and continue to maintain fiscally responsible levels that ensure a positive outlook in the bond ratings.

C. Liabilities and Receivables

Procedures will be followed to maximize discounts and reduce penalties offered by creditors. Current liabilities will be paid within 30 days of receiving the invoice. Accounts Receivable procedures will target collection for a maximum of 30 days of service.

Receivables that are protected by liens on properties will be aggressively pursued through county and state filing methods. Similarly, payments due from utility system customers will also be aggressively pursued, including cut-off procedures for delinquent accounts.

D. Capital Project Funds

Every effort will be made for all monies within the Capital Project Funds to be expended within thirty-six (36) months of receipt. The fund balance will be invested; and the income generated will offset increases in construction costs or other costs associated with the project. Capital project funds are intended to be expended totally and may include internal costs of labor and equipment determined to be meet the requirements of a capital asset.

E. General Debt Service Funds

Revenues within this fund are stable, based on property tax revenues. Balances are maintained to meet contingencies and to make certain that the next year's debt service payments may be met in a timely manner. The fund balance carried over from one fiscal year to the next should not exceed one month or 1/12th annual debt service requirements, in accordance with IRS guidelines.

F. Investment of Reserve Funds

The reserve funds will be invested in accordance with the City's investment policy. Existing non-cash investment would be exempt through retirement of the investment.

XIII. INTERNAL CONTROLS

A. Written Procedures

Wherever possible, written procedures will be established and maintained by the Chief Financial Officer for all functions involving cash handling and/or accounting throughout the City. These procedures will embrace the general concepts of fiscal responsibility set forth in this policy statement.

The City Manager designates the Finance Director to have access to any city records in order to perform duties of safekeeping and control of assets.

To ensure proper controls, the City will maintain a transition policy, coordinated through its Human Resources and Information Technology departments. This policy covers safety-sensitive positions that have been assigned duties related to the management of city assets.

Within the Finance Department and areas with significant cash handling, all prudent measures will be taken to ensure proper segregation of duties, within the confines of staffing resources. Finance will work with customer departments, as well as the external audit team, to develop compensating controls and actions in areas where separation is limited.

B. Department Head Responsibility

Each Department Head is responsible for ensuring that good internal controls are followed throughout their department, that all Management directives are implemented and that all independent auditor internal control recommendations are addressed. Departments will develop and periodically update written internal control procedures.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Discussion and workshop regarding the City's Purchasing and Procurement Policy.

BACKGROUND: As Council enters a new calendar year and reviews its broader fiscal and budgetary policies, it is appropriate to also review the Purchasing Policies and Procedures to ensure they remain current, clearly aligned with Council intent, consistent with the City Charter, and internally consistent with the City's Fiscal and Budgetary Policy. Regular review of purchasing policies is considered the best practice in municipal governance, particularly as procurement thresholds, technology, and risk environments evolve.

FINDINGS: The following areas appear most appropriate for focused Council discussion:

- Delegation of purchasing authority - Review of supervisor, department head, and City Manager purchasing limits to confirm they align with Council risk tolerance and oversight expectations.
- Relationship between budget adoption and purchasing approval - Clarification that adoption of the budget does not supersede purchasing approval requirements or Council authorization thresholds.
- Emergency purchase definition and reporting- Alignment with Charter authority and confirmation of Council ratification timing and documentation expectations.
- Consistency across governing documents - Ensuring the Purchasing Policy, Fiscal and Budgetary Policy, and City Charter reference one another clearly and do not create conflicting interpretations of authority.

ATTACHMENTS:

- [FY 2025-2026 Purchasing Procurement_251006_FINAL CLEAN.pdf](#)
- [FY_2024-2025_Purchasing_Procurement_Policy_FINAL.pdf](#)

PURCHASING POLICIES AND PROCEDURES



Adopted September 7, 2023
Amended September 19, 2024
Amended October 2, 2025

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II. Introduction

City purchasing staff have the responsibility to obtain the most value for the tax dollar in a fair, efficient, and equitable manner. Sound purchasing guidelines contribute greatly to the economical and effective operation of the City and provide the public confidence and trust in government.

The mission of the City of Lago Vista Finance department is to procure quality goods and services necessary to provide the citizens with the services they expect at the best possible price within the guidelines of all applicable federal, state, and municipal purchasing laws, while complying with best practices and state procurement laws.

a. Purpose

The purpose of this Purchasing Policies and Procedures (PPP) Manual is to establish standard practices and procedures to create an efficient and effective purchasing program for the City of Lago Vista. The PPP Manual, as established by the City Manager and approved by the City Council, shall be a complete source of purchasing information and procedures for purchasing of all commodities, contractual services, and equipment. The PPP serves as a guide for those employees granted purchasing privileges in the name of the City of Lago Vista. The guidelines set forth apply to all personnel who participate in the actions and decisions relating to the procurement and are intended to provide a complete understanding of purchasing policies, procedures, and practices. Explanation of each department's responsibility and role in the procurement function is outlined below, as well as an overall summary of the entire purchasing process.

b. Purchasing Objective

The City shall promote and protect its governmental integrity. Public employees must, therefore, discharge their duties impartially to assure fair, competitive access to City procurement. Moreover, the City's officers, directors, and employees shall conduct themselves in a way that fosters public confidence in the integrity of the City.

The employees of the City responsible for purchasing must

- i. purchase the proper goods or services to suit the City's needs;
- ii. obtain the best possible price for the goods or services;
- iii. have the goods or services available when and where the City needs them;
- iv. assure a continuing supply of needed goods and services;
- v. guard against misappropriation of City funds;
- vi. facilitate cooperation with other governmental units;
- vii. maximize competition from responsible bidders;
- viii. safeguard public funds and receive the best value for the public dollar;
- ix. refrain from use of public spending to enrich elected officials or City employees; and
- x. refrain from making purchases for personal use in the City's name.

c. Governing Authority

This policy is adopted to enforce and require compliance with the below-listed current State of Texas and local and purchasing laws. Should there be a conflict between this document and state law, state law as amended controls.

- Texas Local Government Code Chapters [252](#) and [271](#);
- Texas Government Code Chapters [552](#), [791](#), [2251](#), [2252](#), [2253](#), Subchapter B, [2254](#); and [2269](#);
- The City of Lago Vista City [Charter](#); and
- The City of Lago Vista Code of [Ordinances](#).

Regardless of the expenditure and applicability of state competitive bidding requirements, it is the policy of the City to see competition that produces the highest quality of goods and services at the lowest possible price.

III. Duties and Responsibilities

a. City Council

Except for emergency purchases, the budgeted purchase of items or services exceeding one hundred thousand dollars (\$100,000) and any non-budgeted purchase exceeding fifty thousand dollars (\$50,000) shall require prior approval of the City Council.

The City Council shall endeavor to hold an emergency meeting to authorize emergency purchases where feasible. If that is not possible, such purchases shall be submitted to the City Council for ratification.

Emergency purchases in excess of one hundred thousand dollars (\$100,000) shall be limited to incidents that threaten public health or safety, cause damage to persons or property, or situations in which inaction would result in substantial financial loss to the City. Emergency purchases are also subject to all applicable exemptions under Texas Local Government Code [Chapter 252](#).

All budgeted contracts or expenditures exceeding one hundred thousand dollars (\$100,000), and all non-budgeted amounts exceeding fifty thousand dollars (\$50,000), must be approved in advance by the City Council, regardless of the procurement method.

This requirement applies to:

- Budgeted purchases made within the same fiscal year from the same vendor for the same goods or services that total more than one hundred thousand dollars (\$100,000), and
- Any contract executed for more than one hundred thousand dollars (\$100,000), regardless of its term, and any non-budgeted amount exceeding fifty thousand dollars (\$50,000).

b. City Manager

The purchase of items or services valued at five thousand dollars (\$5,000) up to one hundred thousand dollars (\$100,000), except for non-budgeted amounts exceeding fifty thousand dollars (\$50,000), shall require approval from the City Manager.

The City Manager holds ultimate responsibility for all purchases made on behalf of the City of Lago Vista. The City Manager shall establish and propose rules and regulations, subject to City Council approval, governing the purchase and procurement of all goods and services. These approved procedures shall be followed by all City employees.

The City Manager has the sole authority to approve any deviation from established purchasing regulations. If improper purchasing practices occur, the City Manager may take disciplinary action

against the responsible individual and/or department. Disciplinary measures may include restricted purchasing privileges, restitution, suspension, termination, or any other action deemed appropriate by the City Manager.

The City manager shall determine the purchasing authority limits of all Department Heads and other employees on a case-by-case basis; however, under no circumstances shall that authority exceed five thousand dollars (\$5,000).

c. Legal

The City Attorney provides legal advice and guidance on purchasing law and regulation and will prepare formal correspondence if needed.

d. Finance Department

The Finance Department is responsible for procurement of goods and services obtained by quotes, price agreements, and inter-local agreements. The department is also responsible for:

- i. ensuring statutory compliance by the City with all applicable laws and regulations;
- ii. ensuring City departments receive prompt delivery of goods and services requested through inter-local agreements, request for quotes, and price agreements;
- iii. developing and maintaining reliable alternate sources of supply and a competitive atmosphere in pricing and performance by vendors;
- iv. assisting departments in planning purchases for submission in the annual budget process;
- v. where possible and practical, may combine purchases of similar items to allow for better pricing and establish a more competitive atmosphere;
- vi. coordinating and assisting purchasing with various departments supplies, materials, and contractual services for the City;
- vii. expediting goods and services in normal and emergency situations by utilizing known cooperative purchasing contracts, vendor contacts and services;
- viii. joining with other governmental agencies in cooperative purchasing plans when it is in the best interest of the City; and
- ix. ensuring the expenditures of City funds are conducted in such a manner that all transactions will pass audits with respects to State, Federal, and City procurement regulations.

e. Department Head

Department Heads are responsible for ensuring that all personnel in their department are knowledgeable of and fully understand the purchasing procedures established by the PPP Manual. By following the requirements established in the PPP Manual, Department Heads will assist by giving sufficient lead time to obtain proposals, quotations, or bids for goods and services requested by the departments so that the goods and services may be delivered by the requested due date.

Through proper planning of purchases, each department will be able to realize savings through competition between vendors and minimize the potential for shortages of commodities and materials.

In accordance with the PPP, the Department Head shall:

- i. inform and support departmental personnel on the requirements of the PPP and ensure adherence;
- ii. communicate needs for supplies, equipment, and materials to the city manager;

- iii. communicate requests for services and goods with enough lead time so that procurements can be made using applicable purchasing policy procedures.
- iv. utilize effective material requirements planning to maximize efficiency for City procurement;
- v. provide accurate and complete information on items requested and timely preparation of requisitions;
- vi. prepare item descriptions, specifications, or statements of work to assist in negotiation of materials, supplies, services, or equipment of a technical or unusual nature requested, and suggest possible sources of supply;
- vii. designate certain employees with authority to prepare requisitions and make requests for purchase of certain items; and
- viii. inspect or supervise the inspection of materials, supplies, services, and equipment delivered and determine acceptableness of their quality, quantity, and conformance with specifications as requested.

Finance Department will maintain a list of personnel authorized to make purchases. It is the responsibility of the Department Heads to make additions or deletions to that list as needed.

f. Department Supervisor

Each Department Head has the authority and is authorized to delegate purchasing authority to supervisors for purchases of three thousand dollars (\$3,000) or less. All invoices shall be signed by the supervisor or department designee and/or submitted to the Department Head who will return the invoice to the Accounts Payable office.

IV. Ethics

a. Employee Code of Ethics

In accordance with the City's Ethics Policy as codified in the Code of Ordinances, amended, no Officer, City Official or employee of the City shall have a financial interest, direct or indirect, in any contract with the City, or be financially interested directly or indirectly in the sale to the City of any land, materials supplies, or services, except on behalf of the City as an officer or employee. Any knowing and willful violation of this Section shall constitute malfeasance in office and any officer or employee determined to have violated this section in the sole discretion of the City Manager shall be removed from his office or position. Any violation of this Section with the knowledge, expressed or implied, of the person or corporation contracting with the governing body of the City shall render the contract involved void per the City of Lago Vista Home-Rule Charter, Article XI, Section 11.04.

By participating in the purchasing process, employees of the City of Lago Vista agree to:

- i. avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications;
- ii. demonstrate loyalty to the City by diligently following the lawful instructions of the employer, using reasonable care of the authority granted;
- iii. refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the City;

- iv. refrain from soliciting or accepting money, loans, credits, prejudicial discounts, and the acceptance of gifts, entertainment, favors or services from present or potential suppliers per City of Lago Vista Home-Rule Charter, Article XI, Section 11.06 and the City's Ethics Policy.
- v. avoid dispensing special favors or privileges to anyone, whether as payment for services or not; and refrain from acceptance for self or family members favors or benefits under circumstances which might be construed by a reasonable person as influencing the performance of your employment duties;
- vi. engage in no business with the City, directly or indirectly, which is inconsistent with the conscientious performance of Governmental duties;
- vii. handle confidential or proprietary information of the City or suppliers with due care and proper consideration of ethical and legal ramifications;
- viii. never use any information gained confidentially in the performance of job-related duties as a means of making private profit;
- ix. promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle;
- x. know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions;
- xi. expose corruption and fraud wherever discovered; and
- xii. uphold these principles, ever conscious that public office is a public trust.

b. Vendor Code of Ethics

City of Lago Vista is committed to a procurement process which fosters fair and open competition, while conducting business under the highest ethical standards and fostering the public trust. To achieve these purposes, City requires each vendor who seeks to do business with the City to subscribe to the following Code of Ethics. A Vendor:

- i. Shall not submit a bid or proposal that is not competitive, consistent, and appropriate for the specifications submitted;
- ii. shall not discuss with other vendors intending to bid on the same contract or similar City contract for the purpose of limiting competition.
- iii. shall not make any attempt to induce any individual or entity to submit or not submit a bid proposal;
- iv. shall not disclose the terms of its bids or proposal, directly or indirectly, to any other competing vendor prior to the bid proposal closing date and time;
- v. will completely perform any contract awarded at the contracted price pursuant to the terms set forth in the contract;
- vi. will submit timely, accurate and appropriate invoices for goods and/or services performed under the contract;
- vii. will not offer or give any gift, item, or service of value, directly or indirectly, to a City employee, employee family member, or other vendors contracted by the City; and
- viii. A Vendor will not cause, influence, or attempt to cause or influence, any City employee or City Official, which might tend to impair his/her objectivity or independence of judgment; or to use, or attempt to use his/her official position to secure any unwarranted privileges or advantages for that vendor or for any other person.

Any vendor who violates the code of ethics is subject to being barred from use by the City of Lago Vista.

V. Gifts and Gratuities

Before accepting any gift, the employees will need to consider whether the gift complies with the limitations set forth in the City of Lago Vista Ethics Policy and Employee Handbook. A City employee may not solicit or accept any benefit, gift favor, funds, or service they know, or suspect is offered to influence their official conduct. The employee may accept unsolicited advertising or promotional materials such as pens, pencils, note pads, calendars, and other items of cumulative value less than fifty dollars (\$50.00). Employees should use their judgement but, should refuse gifts that a reasonable person may believe could have the appearance of impropriety or influence.

VI. General Purchasing Procedures

a. Signatory Authorities and Approval Thresholds

The City is required to follow the bidding or proposal procedures outlined in the *Local Government Code Chapter 252*, when making an expenditure of more than one hundred thousand dollars (\$100,000). The City Council has the authority or may designate the authority to commit funds. Following is the delegable authority as approved by the City Council or City Manager as appropriate:

- i. \$0 - \$3,000 = Supervisors
- ii. \$0 - \$4,999 = Department Head
- iii. \$0 - \$100,000 (Budgeted) = City Manager
- iv. \$50,000 - \$100,000 (Non-Budgeted) = City Council
- v. \$100,001 and Above = City Council

All budgeted contracts and /or expenditures more than one hundred thousand dollars (\$100,000), and any non-budgeted contracts and /or expenditures exceeding fifty thousand dollars (\$50,000) must be approved in advance by City Council regardless of the procurement method. This requirement applies to:

- Budgeted purchases made within the same fiscal year from the same vendor for the same goods or services that total more than one hundred thousand dollars (\$100,000), and
- Any contract executed for more than one hundred thousand dollars (\$100,000), regardless of its term, and any non-budgeted amount exceeding fifty thousand dollars (\$50,000).

Authority to sign contracts or agreements approved by the City Council on behalf of the City is granted to the City Manager. This applies to all types of documents including, but not limited to purchase requisitions, contracts for services, leases, rental agreements, service/maintenance agreements, facility use agreements, etc.

Employees delegated authority to make and approve purchases will be held accountable for ensuring that each purchase is made in accordance with this policy and all applicable federal, state, and local law, procedures, directions, and good business practices. The delegation of authority to obligate the city for purchases under \$100,000 is not assignable to others without the express and written consent of the City Manager.

Expenses should be made with budgeted funding. If an expenditure is not budgeted within the fiscal

year, the expenditure should be brought to the City Council for a budget amendment.

b. Purchasing Limits at a Glance

Dollar Amount	Forms	Supervisor	Department Head	City Manager	City Council
\$3,000 or less	Invoice	✓			
\$ 3,001 - \$5,000	Purchase Order		✓		
\$5,001 - \$100,000 (Budgeted)	Contract and/or Purchase Order			✓	
\$50,000- \$100,000 (Non Budgeted)	Contract and/or Purchase Order				✓
\$100,001+	Formal Solicitation and Requisition				✓
Emergency Purchase	Emergency Purchase Summary			✓ \$100,000 or less	✓ \$100,001 +

c. Purchasing Process

Purchases \$3,000 and under no quotes are required, though efforts must be made to obtain the best value purchase for the City, while also utilizing our local preference program.

- i. All purchases of more than three thousand dollars (\$3,000) shall be made by Purchase Order. Quotes will need to be obtained from three (3) vendors for purchases over \$3,000. Exceptions include:
 - Emergency Purchases as stated in Texas Local Government Code Government Code [Chapter 252](#).
 - Single Source Contracts
 - Captive Equipment
 - Unforeseen damage to public machinery, equipment, or other property.
 - Renewable Contracts, Maintenance Agreements, memberships.
 - Ongoing necessary costs, i.e. utilities, phone services, postage, internet, etc.
- ii. Purchasing requisitions will be initiated by City departments and used to generate a Purchase Order. The Department Head or their designee shall approve all requisitions prior to submittal to the Finance Department.
- iii. A purchase requisition must clearly and accurately represent the following requirements:
 - Company Name or suggested vendor
 - Date
 - Quantity and unit of item(s)

- Description of goods or services ordered
- Unit price
- Discount (if applicable)
- Prices extended and total
- Freight and/or delivery (if applicable)
- Account to be charged

d. Requisition Process

No ordering of goods and services of three thousand dollars (\$3,000) or more will be processed through the Finance Department without a requisition.

e. Payment of Vendors

When the goods or services are received by the requesting department, the department must submit the original invoice attached to the Purchase Order to the Finance Department to ensure timely payment. Invoices will be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all discounts, when possible.

f. Tax Exemptions

The City of Lago Vista is exempt from payment of sales and use taxes under Texas Tax Code [Chapter 151](#), for the purchase of tangible personal property. Any use of the City's tax exemption certificate for personal purchase is prohibited and a violation of criminal law. Anyone using the City's tax exemption certificate for personal purchase may be subject to prosecution under Texas Penal Code, [Chapter 39](#), Abuse of Office. The Texas Sales Tax Exemption Certificate may be requested from the Finance Department.

g. Capitalized Fixed Assets

A capitalized fixed asset is tangible and intangible property that the City can leverage as a resource in providing services to the residents and inhabitants of the City. A capitalized fixed asset includes but is not limited to land, infrastructure, buildings, furniture and fixtures, motor vehicles and equipment with a cost of five thousand dollars (\$5,000) or more and a useful life of more than two (2) years.

Capitalized fixed assets are acquired for use in normal operations and can be sold as surplus after designated by the City Council at the end of its useful life. These assets are long term in nature and are subject to depreciation. Capitalized assets and projects should be charged to a capital project asset account.

h. Formal Solicitation Procedure/ Competitive Bidding/Competitive Proposals

Contracts shall be awarded by competitive bidding for any solicitation that is projected to exceed one hundred thousand dollars (\$100,000) unless a specific exemption applies and is documented. State law requires a formal, competitive process for purchases of more than one hundred thousand dollars (\$100,000) per Texas Local Government Code Government Code [Chapter 252](#). Care should be taken, and legal advice sought where appropriate, to verify whether one of the sixteen (16) general exemptions delineated in [Section 252.022](#) applies to the purchase or solicitation.

i. Specifications and Announcement

The requesting Procurement Manager will issue the correct type of solicitation (Invitation for Bid-IFB, Request for Proposals (RFP) or Request for Qualifications-RFQ). The solicitation must be published in accordance with Local Government Code Section [252.041](#) and posted on the City Website. Any bids or proposals that allow for electronic submission must follow the City's Ordinance regarding this process. The Procurement Manager will also send the package to the vendors on available distribution lists and vendors recommended by the requesting department. While the solicitation is in the vendor's hands, no communication between any responding vendor and any city staff or city council member, except the Procurement Manager and the Legal Department will be allowed concerning the outstanding solicitation. Any contact concerning the solicitation with staff or city council may be grounds for disqualification of a vendor's response. Communication for business not concerning the solicitation is acceptable.

ii. Bid Opening, Evaluation and Award

The Procurement Manager will execute the bid opening. A tabulation of the responses will be created and will delineate the response containing best value for the City. The contract, after review and approval by the City attorney if necessary, must be awarded to the lowest responsible bidder or to the bidder who provides goods and services at the best value for the municipality. The terms and conditions of the solicitation must indicate the criteria and corresponding weight for each criterion that will be used in the evaluation as per Texas Local Government [Code 252.043](#). The criteria may include but are not limited to

- purchase price;
- reputation of the bidder;
- quality of the proposed goods or services;
- extent to which the goods or services meet the municipality's needs;
- bidder's past relationship with the municipality;
- impact on the ability of the municipality to comply with laws and rules relating to contracting with HUB and nonprofit organizations employing persons with disabilities;
- long-term cost to the municipality to acquire the bidder's goods or services; or
- any relevant criteria specially listed in the solicitation.

After final negotiation, if necessary, the purchase and contract must be approved by the City Council. Department Head shall prepare the Executive Summary to present to the City Council.

If contract extensions are included in the solicitation, these should also be included in the City Council agenda item so the contract can be renewed without having to go back to the City Council for approval. Department Head will issue a formal letter to the vendor when renewing a contract and the vendor has the right to refuse the extension, a copy of the letter of contract extension must be placed in the contract and bid files.

iii. Change Orders

After the award of the contract, if the City requests an alteration in the scope of work, a Change Order may be issued to the contract that involves an increase or decrease to the scope of work or amount. All Change Orders must be in writing and signed off by the

Department Head or City Manager. A change order is required if, after the contract has been executed, one or more of the following events occur:

- Changes in plans or specifications are necessary, or
- It is necessary to increase or decrease the quantity of work of materials, equipment or supplies to be furnished.

Material changes in the scope, quantities or related work may not be made. A material change is defined as substantial revisions. Department Heads may approve written change orders to contracts within their supervision in the amounts up to five thousand (\$5,000) per change order.

The City Manager may approve written Change Orders to all contracts in the amounts of one hundred thousand dollars (\$100,000) or less up to an aggregate total for the entire contract of one hundred thousand dollars (\$100,000). Any change orders increasing the total contract to more than one hundred thousand dollars (\$100,000+) must be approved by City Council and every Change Order thereafter must go to City Council unless the Council has given a specified amount to not exceed.

However, the sum of all approved Change Orders, regardless of amount, may not exceed twenty-five percent (25%) of the original, total contract amount. Any change greater than twenty-five percent (25%) will require a new solicitation, as per Texas Local Government Code [252.048\(d\)](#). Change Orders to construction contracts must comply with Texas Local Government Code Section [271.060](#).

VII. Contract Management

City Departments will send the original of all contracts to the City Secretary and a copy to the Finance Department for entering into the City's financial system. All change orders, authorization of change in services, and final payment requests will be provided to the Finance Department for review for contract compliance and for further processing. For contracts utilizing Federal funds, contractor oversight will comply with [2 CFR 200.318b](#). The City Manager is responsible for the settlement of all contractual and administrative issues arising out of procurements.

For all contracts that require approval by City Council, the Finance Department will maintain all Certificates of Interested Parties Form 1295 and all non-disclosure statements for any employee or participant involved in the creation of specifications, evaluation of bid/proposal or award of contract.

VIII. Legal Requirements

a. Historically Underutilized Businesses

If the City is processing a Request for Quote of more than three thousand dollars (\$3,000) but less than one hundred thousand dollars (\$100,000), per Texas Local Government Code, Section [252.0215](#), at least two (2) HUB vendors need to be contacted on a rotating basis. Historically Underutilized Business (HUB) vendors are identified through the State of Texas Comptroller's [Centralized Master Bidders List \(CMBL\) – HUB Directory Search](#) for Williamson and Travis County by commodity code.

b. Debarment Verification

The Finance Department will perform a debarred vendor check to ensure that the selected vendor is not debarred from doing business with the State or Federal Government for any one-time purchase or contract that is twenty-five thousand dollars (\$25,000) or more.

IX. Items That Do Not Require Competitive Bidding or Competitive Proposals

Texas law specifically exempts certain types of contracts from the competitive bidding process. Texas Local Government Code Section [252.022](#) lists sixteen (16) types of expenditures that are not subject to the competitive bidding or competitive proposal requirements. Such goods and services may be acquired by the issuance of a purchase order or execution of a contract.

a. Emergency Purchases

Emergency Purchases are made to meet critical, unforeseen needs of the City. This can occur as a result of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality. Valid Emergencies are also those that occur as a result of the breakdown of equipment which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. (Texas Local Government Code Section [252.022](#) (a)(1),(2) and (3).)

Create a form, file, and general ledger subaccount to track emergency purchases.

b. Personal, Professional or Planning Services

- i. **Personal Services:** Personal services includes only those services which are performed personally by the individual who contracted to perform them, and the contract should mainly pay for the labor of the individual providing the service, not for such things as insurance or materials.
- ii. **Professional services:** Professional services have been described as those services which are mainly mental or intellectual rather than physical or manual. The Texas Government Code [Section 2254.002](#) lists ten (10) types of services that constitute professional services for purposes of State and local contracts and funds management. These include accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, professional nursing and forensic science. Cities have also used this exception to hire attorneys. The City may not select a provider of professional services, group, or association of providers or award a contract for the services based on competitive bids submitted for the contract or for the services but, shall make the selection and award based on demonstrated competence and qualifications to perform the services for a fair and reasonable price. The professional fees under the contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations and may not exceed any maximum provided by law (Texas Government Code [2254.002](#) and [2254.003](#).) If the City cannot negotiate a satisfactory contract with the most highly qualified provider, then the City shall formally end negotiations with that provider, select the next most highly qualified provider and attempt

- to negotiate a contract with that provider at a fair and reasonable price.
- iii. Planning Services: Planning Services is defined in Texas Local Government Code Section [252.001\(5\)](#) as services primarily intended to guide governmental policy to ensure the orderly and coordinated development of the state or of municipal, county, metropolitan or regional land areas.

c. Work performed and paid for by the day as work progresses

The Texas Government Code [Section 2254.002](#) specifically excepts from bidding requirements, work that is performed and paid for by the day as the work progresses. The Contract may not pay for work to be performed in the future regardless of whether the contract is performed and paid for on a daily basis.

d. Lease or Purchase of land or a right-of-way

In accordance with Texas Government Code [Section 2254.002](#), the purchase of land or right-of-way is exempt from competitive bidding requirements. However, this exemption does not apply to the **sale** of real property. Subject to certain exceptions in Texas Local Government Code [Chapter 272](#), the sale of real property can be accomplished in any of three ways: 1. Notice and bidding procedures under [Section 272.001](#); 2. Public Auction in accordance with Texas Local Government Code [Chapter 253](#); or 3. The use of a broker (on MLS for 30 days) Texas Local Government Code [Chapter 253](#).

Section [272.001](#)(b) lists seven exceptions to the notice and bidding requirements: (1) narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances; (2) streets or alleys, owned in fee or used by easement; (3) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash; (4) land that the political subdivision wants to have developed by contract with an independent foundation; (5) a real property interest conveyed to a governmental entity that has the power of eminent domain; (6) a municipality's land that is located in a reinvestment zone designated as provided by law and that the municipality desires to have developed under a project plan adopted by the municipality for the zone; or (7) a property interest owned by a defense base development authority established under Chapter [378](#), Local Government Code.

e. Sole source purchases

Sole Source purchases are items that are available from only one source including:

- i. items that are available from one source because of patents, copyrights, secret processes, or natural monopolies;
- ii. films, manuscripts, or books;
- iii. gas, water, and other utility services;
- iv. captive replacement parts or components for equipment;
- v. books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
- vi. management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other

benefits.

Budgeted Sole source purchases over one hundred thousand dollars (\$100,000) and any non-budgeted sole source purchase exceeding fifty thousand dollars (\$50,000) shall require prior approval of the City Council.

f. Purchase of rare books, papers and other library materials for a public library

Competitive bidding is not required for the purchase of books, papers, and other materials for a public library if those books, papers, or other materials are available only from the persons holding exclusive distribution rights to the materials. Additionally, competitive bidding requirements do not apply to the purchase of rare books, papers and other rare library materials for a public library.

g. Paving, Drainage, Street widening, and other public improvements, or related matters

This exception only applies if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements, for example, if the streets are paid with PID funds or by assessments collected by an HOA or POA.

h. Certain public improvements

This exception applies only to those public improvement projects, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voter.

i. Developer participation projects

This exception requires payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter [212](#).

j. Personal property sold

This exception applies to property that is sold (A) at an auction by a state licensed auctioneer; (B) at a going out of business sale held in compliance with Subchapter F, Chapter [17](#), Business & Commerce Code; (C) by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or (D) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter [391](#).

Otherwise, the lease or lease/purchase of personal property procured by other methods must comply with the competitive bidding or proposal requirements if the expenditure is \$100,000 or more.

k. Services performed by blind or severely disabled persons

Competitive bidding does not apply to the purchase of services performed by blind or severely disabled persons.

l. Goods purchased by a municipality for subsequent retail sale by the municipality

m. Gas, Electricity, water and other utility services

Competitive bidding is not required for the purchase of gas, water and other utility services if those services are available from only one source. The competitive bidding requirements do not apply to an expenditure for electricity.

n. Advertising, other than legal notices

Competitive bidding is not required for advertising by a city, other than legal notices.

o. Cooperative Purchasing

Cooperative Purchasing allows entities to order under established contacts without additional formal bidding. The City of Lago Vista, as a government entity, is eligible to participate in cooperative purchasing programs, provided the contracts were competitively advertised and awarded; no additional justification or bidding is required.

When purchasing advertised goods or services through a request for bids/RFP; if the goods are of a nature and character that it is feasible and advantageous to require discounts or special prices for other interested government entities as well as the City, Purchasing shall include a Cooperative Purchasing Clause requiring vendors to agree to make their prices available to other entities who enter into a Interlocal/ Cooperative Purchasing Agreement with the City.

All Interlocal/Cooperative purchasing Agreements, whether entered by the City with another government entity or local cooperative organization, or vice versa, must be approved by the City Council.

X. Grants Compliance

Once a grant has been approved following the City's Grants Compliance Guidelines, expending approved grant funds requires the City to follow Section 8, Uniform Guidance - Federal Procurement Rules, [2 CFR 200.320](#). In most cases the City's purchasing thresholds are more conservative than the Federal purchasing thresholds. However, purchasing guidelines for each grant are unique and must be reviewed in advance of collecting bids, proposals, or quotes. The requirements may include but are not limited to Davis-Bacon Wage Determination, National Environmental Policy Act, National Historic Preservation Act, Solid Waste Disposal Act, Buy-American initiative, E-Verify, and other requirements outlined in the Grant Submission instructions.

The Finance Department will perform a debarred vendor check to assure that the selected vendor is not debarred from doing business with the State or Federal Government on any purchase or contract that is twenty- five thousand dollars (\$25,000) or more. The purchaser shall verify using the EPLS website, [Sam.gov](#).

XI. Enforcement

a. Internal Enforcement

Employees who violate the provisions of the PPP are subject to disciplinary action pursuant to the City of Lago Vista Personnel Manual.

b. Criminal Penalties for Violation of Competitive Bidding Laws

Purchasing strategies to avoid competitive bidding requirements are prohibited by state law. Texas Local Government Code, [Section 252.062](#), states, "A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid competitive bidding requirements of Section [252.021](#)." Section 252.001 defines these terms as follows:

- i. Component Purchases means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
- ii. Separate Purchases means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.
- iii. Sequential Purchases means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

Texas Local Government Code Chapter 252 establishes criminal penalties for violation of procurement laws. It reads in pertinent part:

- (a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes Separate, Sequential, or Component purchases to avoid the competitive bidding requirement of Section [252.021](#). An offense under this subsection is a Class B misdemeanor.
- (b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section [252.021](#), other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.
- (c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

c. Removal; Ineligibility

The final conviction of a municipal officer or employee for an offense under Local Government Code Section [252.062](#)(a) or (b) results in the immediate removal from office or employment of that person.

For four years after the date of the final conviction, the removed officer or employee is ineligible:

- i. To be a candidate for or to be appointed or elected to a public office in this state
- ii. To be employed by the municipality with which the person served when the offense occurred; and
- iii. To receive any compensation through a contract with that municipality

This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

d. Injunction

If the contract is made without compliance with applicable State or local laws, it is void and the performance of the contract, including the payment of any money under the contract, may be enjoined by:

- i. Any property tax paying resident of the municipality, or
- ii. A person who submitted a bid for a contract for which the competitive sealed bidding requirement applies, regardless of residency, if the contract is for the construction of public works.

XII. Credit/Procurement Cards

a. Purpose

The purpose of the Credit/P-card Program is to provide the City with an efficient and controllable method of making small dollar commodity, service, and travel purchases. This program is to be used to procure low-value maintenance, repair, and operational expense items. By using the credit card, it will simplify the payment process and take advantage of the rebate program the card provider offers. The City will issue cards via the provider of its choice. This card policy is not intended to replace, but rather supplement existing purchasing petty cash, travel, and other City policies. The same restrictions that apply to other methods of purchasing also apply to the Credit cards.

b. Eligibility

If requested and approved by the City Manager, a Credit/P-card will be issued to each department and be the responsibility of the Department Head or his/her designee. Criteria for determining which departments should be issued a department card:

- Will the use of the Credit/P-Card enhance productivity?
- Will the use of a Credit/P-Card reduce paperwork?
- Will the Credit/P-Card be utilized regularly for the purchasing of authorized (budgeted) goods, supplies and services?

c. Usage

The card program is not intended to avoid or bypass the competitive bid requirements per Texas Local Government Code [252.021](#), appropriation of funds processes, approval, or payment processes. Rather, the program complements the existing processes. Expenditures may not exceed appropriations under current City policy. Each card will have a purchase limit. The limits for daily and monthly purchases on the Department Head Credit/P-Cards are set by the City Manager. In no case will limits exceed five thousand dollars (\$5,000). Limits can be changed on a temporary or permanent basis when warranted and a written request is received by the Program Administrator or the Department Head.

Credit cards may be used for small dollar purchases which conform to the purchasing policy and that do not exceed the cards maximum limit.

Acceptable purchases are:

- (a) maintenance and repair of equipment;
- (b) operation expense items;
- (c) registration fees;
- (d) travel expenses (must adhere to the Travel Policy); and
- (e) other items in that department's scope of business.

Purchase made on the card will be for City business only. The card is not a personal line of credit and must never be used for personal or private purchases of any nature. When in doubt as to whether a purchase is allowable under the City policy, the cardholder should either contact the Finance Department before making the purchase or make payment personally and seek reimbursement from the City afterwards. Please remember that reimbursements for any out-of-pocket purchase made without authorization is subject to the City Manager's approval.

Unauthorized purchases or use of the card in violation of this City policies are prohibited, and purchaser will be subject to disciplinary action.

d. Penalties for Improper Use

The card is to be used only by the department/cardholder to pay for non-personal transactions. Improper use of the card can be considered misappropriation of City funds and may result in disciplinary action up to and including termination of employment. Improper use will result in revoking the card. In addition, the cardholder is personally liable for payment for improper purchases, including those in excess of dollar amounts appropriated or authorized by the City and subject to criminal prosecution under the Travis County judicial system.

e. Duties and Responsibilities

i. Program Administrator

The program Administrator is the Finance Director or their designee. The Program Administrator manages the Credit/P-card Program and has the following responsibilities:

- (a) establishing credit card accounts and limits;
- (b) acting as the point of contact for any Credit Card Program questions;
- (c) ensuring compliance with the Credit/P-card Policy and the Purchasing Policy;
- (d) reviewing all credit card transactions monthly; and
- (e) terminate cards as needed.

ii. Departmental Responsibility

The City Manager determines who will be issued a card and the monthly limits assigned. The Department Heads will also ensure that purchases are authorized and adhere to City policies. Departments may implement more stringent internal authorization procedures that must be followed in order to make purchases with the card. Department Heads are responsible for approving receipts and making sure the statements for each card are reconciled and turned in to

the Finance Department within fifteen (15) days of the statement date to facilitate timely payments.

iii. Cardholder

- (a) The employee who is issued a card is called a "Cardholder" whether it is issued in their name or just in their custody (i.e., department card).
- (b) Every transaction made using the Credit card must have corresponding backup in accordance with the Fiscal and Budgetary Policy and all other City of Lago Vista policies accounting system.
- (c) Each Cardholder shall use the card only for authorized purchases. A hardcopy itemized receipt must be obtained from the vendor each time the card is used and be signed by the Cardholder. Online and telephone charges must also be documented by a receipt, so the Cardholder shall request the vendor send them a receipt.
- (d) The Cardholder is responsible for immediately notifying the Credit card provider, their supervisor, and the Program Administrator if the card is lost or stolen.
- (e) Each Cardholder must acknowledge receipt of the Credit card, understand the rules of usage, and sign the user agreement. Failure to abide by this Credit/P-card Policy may result in disciplinary action, up to and including termination of employee. The Cardholder will be required to reimburse the City for any unauthorized transaction.
- (f) Upon resignation or termination of employment of a Cardholder, the Department Head shall notify the Program Administrator immediately, and the card shall be turned in to the Program Administrator.

f. Credit Card Provider

The Credit Card Provider will send the Cardholder and the City's Finance Department a billing statement once each month for all transactions that have taken place in the previous month's statement cycle. This statement can also be obtained online. The Cardholder is responsible for reconciling their respective statement, matching each transaction with a receipt as soon as it is received. If a transaction is listed which is not known to the Cardholder, the Cardholder is responsible for immediately notifying the Credit Card Provider and the Program Administrator of the disputed charge. It is imperative that each Cardholder promptly process the transactions and forward receipts to their supervisor. If a receipt is lost, a lost receipt form must be filled out and signed by the City Manager.

g. Transaction/Card Limits

Each individual credit card will have transactions and/or spending limits. The Chief Financial Officer in coordination with the Department Head has the authority to limit types of purchases, places for purchases, and hours of day purchases can be made on individual cards. The total purchase price as printed on the individual credit card receipt is known as the "transaction amount". The credit card may be limited by the merchant type, transaction amount, and monthly transaction limit. Each Cardholder will be set up with limits for each of these categories and will be made aware of the limits. A card transaction will be denied when swiped if the transaction exceeds any of the limits. The card transaction limits may not exceed those set in the policy guidelines.

h. Sales Tax

As a tax-exempt government agency, the City of Lago Vista does not pay sales tax. Cardholders will be provided a copy of the City's tax exemption certificate when requested. Cardholders are responsible for ensuring that the merchant does not include sales tax in the transaction if possible. In the event sales tax is charged, the cardholder is required to go back to the vendor/merchant to request a refund of the sales tax paid. If a refund is not possible, the cardholder is required to submit a memorandum monthly to the Finance Department that includes an explanation as to why the sales tax paid cannot be credited along with a copy of the receipts showing the sales tax paid.

i. Late Fees or Finance Charges

No late fees or finance charges shall be paid by the City under terms of procurement card program. If late fees or finance fees are incurred, the Department Head /Cardholder will be responsible for paying those fees.

j. Returns

Each Cardholder is responsible for coordinating returns with the vendor and making sure a proper credit slip is obtained. Credit shall be issued to the Cardholder's account. **Cash refunds are not allowed.**

k. Restrictions and Exemptions

Employees may not use the card for personal use or any activity not directly related to the task they are performing for the City, including but not limited to:

- i. Any purchases of items for personal use.
- ii. cash refunds or advances.
- iii. any purchase of goods/services or from a merchant type not considered prudent or of good judgement;
- iv. any purchases set up as reoccurring;
- v. no purchases are to be processed through the employee's personal account online. You must establish a City account to process the purchase;
- vi. any transaction amount greater than the Cardholder's transaction limit;
- vii. items under contract unless an emergency exception is granted;
- viii. alcohol or liquor of any kind. Patronization of bars, drinking places, and package stores must not be paid for with the credit card;
- ix. in town meals without a proven business such as a City hosted event;
- x. gifts to friends or relatives in lieu of meals and lodging;
- xi. life travel accident insurance premiums;
- xii. parking fines and traffic tickets;
- xiii. clothing and clothing rental;
- xiv. laundry, valet, or dry-cleaning charges;
- xv. repairs or towing of personal vehicles;
- xvi. babysitting / pet sitting;
- xvii. expense for travel companions;
- xviii. mini-bar refreshments or other snacks in addition to the meal reimbursement;
- xix. separate, sequential, and component purchases or any transaction made with intent to circumvent the City Purchasing Policy or state law;

- xx. any transactions that may cause or be perceived to cause damage to the City of Lago Vista's reputation and goodwill, and/or reflect poorly on the ethical and moral decision-making of the Cardholder, staff, and elected officials; or
- xxi. any other purchase specifically excluded in the City Purchasing Policy

I. Documentation

Each Cardholder/department will maintain a purchasing log. The log records the transaction date, vendor name, the merchandise purchased, dollar value of sale, how the order was placed (via Internet, phone, fax, mail, or in person), citywide or individual contract number (if applicable), and purpose of purchase. A separate line is required for each purchase. An itemized receipt for each purchase should be stapled to the log to expedite reconciliation with the billing statement. The log must be reviewed and signed by the Department Head/Cardholder and submitted to Finance for review.

Personal Use Restriction

The card may not be used to pay spouse/family expenses incurred while traveling. Only City business expenses are allowable, and the Cardholder must pay personal expenses separately.

m. Obtaining a Credit Card

Steps to obtain a credit card:

1. Department Head submits a request in writing to the City Manager for a credit card who determines the appropriate monthly transaction limits.
2. The Program Administrator will request the Credit Card Provider to issue credit cards.
3. Upon receipt of the card, the Program Administrator will have the Cardholder sign the Credit Cardholder Agreement and
4. The Finance Department will provide training on proper use and limitations of City credit cards. The new Cardholder receives copies of:
 - Credit Cardholder Agreement
 - Credit Card Policy
 - Purchasing Policy
 - Travel Policy

n. Revocation of the Credit Card

The credit card is subject to revocation at any time at the discretion of the City Manager or Chief Financial Officer. When a card is revoked, changes are made online and take effect immediately. The City Manager or Chief Financial Officer are further authorized to temporarily suspend use of the card via electronic methods if unauthorized use is discovered and such use poses a threat to internal financial controls.

XIII. Travel Expense/Reimbursement

a. Purpose

The purpose of this administrative regulation is to establish the rules and procedures governing travel expenditures of salaried and non-salaried employees and public officers of the City of Lago Vista when on official travel for the City and to be in compliance with state law.

It is the City's policy to pay for, or reimburse, all reasonable and necessary expenses incurred by a City employee or City Official travels when the employee travels on City-related business in accordance with this policy.

b. Transportation

The most efficient and economical mode of travel must be used. Air travel arrangements are to be made by each department. Air travel must be booked at the most discounted fare basis whenever possible. When authorized an employee using a personal vehicle on City business shall be paid an amount per mile equivalent to the current IRS rate or shall be paid the equivalent of a coach airline fare, whichever results in the lower cost to the City. In instances of approved private vehicle use, reimbursement will also be made for mileage tolls and parking fees. Receipts are required for toll and parking fees, as well as for taxi cabs, limos, and other modes of transportation. The City will pay for rental vehicles upon written approval of the City Manager (or designee).

c. Travel Approval and Cash Advances

All travel and cash advances must be approved in advance by the employee's Department Head (or designee), unless otherwise stated in this policy. In addition, any travel out of state must be approved by the City Manager as set out below.

d. Lodging

Expenses for lodging are to be at the single room rate unless an employee is approved in advance for double occupancy. An itemized hotel receipt must be provided.

e. Meals

The City shall pay actual necessary food expenses for an employee or City official traveling on City business. Expenses for meals shall be reimbursed by per diem allowances. A per diem allowance equal to the greater of the State of Texas Travel Reimbursement Rates as published at <https://fm.x.cpa.texas.gov/fmx/travel/texttravel/rates/current.php> or fifty-nine dollars (\$59.00) per day is authorized based on thirteen dollars (\$13.00) for breakfast, fifteen dollars (\$15.00) for lunch, twenty-six dollars (\$26.00) for dinner and five dollars (\$5.00) for incidentals.

f. Incidental Expenses

The City will reimburse for incidental expenses associated with lodging and meals when they are incurred for City business reasons. Examples of reimbursable incidental expenses include but are not limited to mandatory charges or mandatory service charges; telephone calls; toll charges; parking charges; repair charges for city-owned vehicles; and postage. Tips or gratuities over twenty percent (20%) and excess baggage charges for personal belongings are not reimbursable expenses. Allowances include taxes and tips and may be reduced by twenty-five percent (25%) for first and last days of travel.

g. Internet Expense

Only reasonable and necessary computer-related expenses for City business reasons will be reimbursed.

h. Non-Allowable Expenses

Expenses or charges for items listed in 11(k) above the following will normally not be reimbursed and must be paid for by the employees, nor will:

- i. In-hotel pay television and movies
- ii. Dry cleaning and laundry
- iii. Health club and spas
- iv. Expenses of a spouse or family members
- v. Alcoholic beverages, or
- vi. Other items of a personal nature

i. Request for Reimbursement and Return of Unexpended Funds

Upon return to the City, a complete accounting of all expenditures of City funds is to be filed within three (3) working days on the City's Expense Form. Receipts for all expenses, including hotel bills and registration fees, must be attached to the statement. Authorized expenses in excess of advance funds received will be reimbursed with proper approval.

j. Travel to Training

The current mileage reimbursement will be paid to City Officials and employees who must use their personal vehicles to travel to a training destination further than their designated work location or other City locations and/or facilities. Reimbursement will be made for miles driven from the normal work location or employee's home whichever is less. Actual mileage reading must be submitted for reimbursement. Employees will be paid for time traveling to and from training destinations. Travel time will be considered hours worked for the purpose of calculating overtime.

k. Expenses Not Covered in Policy

The City Manager's approval must be obtained prior to any expenditure of funds for items or charges which are not specifically addressed in the travel policy.

l. Exceptions

Employees who receive monthly automobile allowances are eligible for mileage reimbursements for out of city travel. Employees who travel in a city-owned vehicle will be reimbursed for the documented actual cost of fuel, oil, or other expenses related to the safe operation of the vehicle, which were necessary during the course of the employee's use of the vehicle on official business.

m. Compliance

Abuse of this policy, including falsifying expense reports or submitting false claims, will result in disciplinary action, up to and including termination of employment.

XIV. Glossary

Award -- Approval by the City Council, City Manager, or Department Head, under whose authority a purchase or purchase order is approved.

Best Value -- If the sealed competitive bidding requirement applies to the contract for goods or services, the contract may be awarded to the lowest, responsible bidder or to bidder who provides goods or services at the best value for the city. In determining the best value for the city, we may consider the following:

- purchase price;
- quality of the bidder's goods or services;
- the reputation of the bidders and the bidder's goods or services;
- the extent to which the goods or services meet the City's needs;
- the bidder's past relationship with the City;
- the impact on the ability of the city to comply with the laws and rules relating to contracting with historically underutilized businesses and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder's goods or services, and
- any relevant criteria specifically listed in the request for bids or proposal.

Bid -- A complete, properly signed response to an Invitation for Bid. Which if accepted, would bind the Bidder to perform the resulting agreement.

Bidder -- A person, entity, or firm that submits a Bid, signed by an authorized representative, in response to an Invitation for Bid.

Budgeted --An expenditure, project, or purchase that has been formally included and approved within the annual budget adopted by the City Council of the City of Lago Vista.

Change Order -- A document modifying information concerning goods and/or services, price, and/or quantities in an existing contract/purchase order; if the total amount of the contract/purchase order is increased by the change order; the change order may require approval by different authority than that used to approve the contract/purchase order and/or previous change orders. The total of all change orders cannot exceed twenty-five percent (25%) of the original contract/purchase order amount, per Local Government Code [252.048\(d\)](#). Any changes greater than twenty-five percent (25%) will require a new solicitation.

City Council -- The elected officials of the City of Lago Vista, Texas given the authority to exercise such powers and jurisdiction of all City business as conferred by the City Charter and the State of Texas Constitution and Laws.

Competitive Bidding -- A process wherein a vendor openly competes with other vendors, through a formal or informal process, for the City's business.

Component Purchases -- Purchases of component parts of an item that in normal purchasing practices would be purchased in one purchase.

Contract -- A mutually binding legal document obligating the Vendor to furnish the goods. Equipment or services specified within the solicitation and obligating the City to compensate in accordance with the conditions of the Contract.

Contractor -- The successful vendor(s) awarded a contract by the City of Lago Vista.

Cumulative Purchases - Purchases within a commodity over a fiscal year that are used City wide.

Department Head – A person in authority within the department and is administratively responsible for its entire operations.

Department Supervisor – A person immediately in line after the Department Head who is responsible for monitoring and regulating the performance of delegated duties.

Emergency -- Purchases that are made to meet critical, unforeseen needs of the City, where the City's ability to serve the public would be impaired if the purchase is not made immediately. Emergency purchases are exempt from standard purchasing procedures and must qualify for exemption as stated in Local Government Code Section [252.022](#). Emergency purchases must follow the procedure set forth in this manual.

Goods -- A generic term that includes all types of property to be purchased by the City, equipment, supplies, materials, component, and repair parts.

Invitation to Bid/ Request for Bid -- A formal written document that requests from bidder as a firm price and delivery details for specified goods or services, An invitation to bid is always required when the anticipated level of expenditure will be greater than \$100,000. It may be used anytime the City Manager deems it is justified.

Non-Budgeted -- An expenditure, project, or purchase that has not been specifically included or approved within the annual budget adopted by the City Council of the City of Lago Vista. Non-budgeted expenditures may occur when a need arises after budget adoption and are subject to additional approval requirements as outlined in the City's procurement policies.

Interlocal Agreement -- An agreement made between two governmental entities to purchase goods or perform governmental functions and services (such as purchasing, records management, police/fire protection, public health, etc.)

Personal Services -- Services provided to the City personally by a particular individual. This does not include Professional services.

Professional Services -- Services rendered by a person or firm that requires years of education and service for one to attain competence and which calls for higher order of intelligence, skill, and learning. (Mental or intellectual skills, rather than physical or manual) When the Request for Proposal is used for the selection of professional service as allowed in the Local Government Code [252.022\(a\)\(4\)](#), the City shall comply with Government Code [2254.003](#) in the procurement of these

services. The City shall not award a contract for these services based on competitive bids but shall make the selection and award on the basis of demonstrated competence and qualifications for fair and reasonable price. Fees must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations and may not exceed any maximum(s) provided by law.

Purchase -- An act that includes the acquisition of goods or services, to include the act of leasing personal or real property. Separate, sequential, and component purchases shall be treated as a single purchase.

Purchase Order -- A written document issued by the City to a vendor formalizing all the terms and conditions of a proposed transaction, to include but not limited to, a description of the requested item, delivery schedule, terms of payment, transportation, delivery location, price, quantity, and special instructions. The purchase order conveys to the vendor the authority to deliver and invoice the City for the goods and/or services for an agreed upon price.

Quotes --

- Verbal Quote - A verbal quote is obtained from a potential vendor that has the ability to provide the goods/services. This quote must include the individual's name, company name, phone number, and the dollar amount of the quote for the goods/services.
- Written Quote - The written quote is provided by the potential vendor that states the goods/services pricing as well as the delivery date/terms. This quote can be used as a reference when placing the order with the vendor.
- No Bid or Non-Responsive Bid - An opportunity was given to a potential vendor in which they have not responded or responded with a "no bid".

Request for Proposal (RFP) -- A formal written document (solicitation) requesting potential vendors to make an offer for goods or services to the City. The request for proposal method of procurement may be used for all goods and services. RFPs differ from bids in that the City is seeking a solution, as described in the document, not a bid/quotation meeting firm specifications for the lowest price. Proposals are evaluated based on criteria formulated around the most important features of a product or service, of which quality, testing, references, availability, or capability may be overriding factors, and the price is not the sole factor of the award. All requests for proposals is kept secret during negotiations until a contract is awarded.

Request for Qualifications (RFQs) -- A formal written document (solicitation) used when soliciting providers of architectural, engineering, and surveying services, and professional services. The City shall comply with Government [Code 2254.004](#) in the procurement of these services. The City must first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications. After a firm has been selected based on qualifications and experience, then a fair and reasonable fee shall be negotiated. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the City shall formally end negotiations with that firm and select the next most highly qualified firm and begin negotiations with that provider for a fair and reasonable price.

Requisition -- The source document for all purchasing activity. The form communicates a department's needs to the Purchasing Department and grants authorization to enter a contractual relationship for delivery of goods and/or services. A requisition is utilized for communicating

internal requirements and should not be used by the departments for the order and delivery of goods/or services. All documentation supporting the request for purchase should be attached to the requisition.

Separate Purchases -- Purchases made separately of items that in normal purchasing practices would be purchased in one purchase.

Sequential Purchases -- Purchases made over a period of time of items that in normal purchasing practices would be purchased in one purchase.

Services -- A generic term to include all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, or professional services.

Sole Source -- Purchases of goods or services that are available from only one supplier. There may be just one vendor because of copyrights, or patents, or simply because the vendor is the only one that supplies the goods or services. These purchases are exempt from the standard bidding requirements and must qualify as outlined in Local Government Code [252.002](#).

Specifications -- Statements containing a detailed description of the terms of the contract, as well as a specific details for the goods and/or services. The details or specifications should be descriptive, but not restrictive.

Vendor -- Person or business enterprise providing goods, equipment, labor and/or services to the City as fulfillment of obligations arising from a contract or purchase order.

PURCHASING POLICIES AND PROCEDURES



Adopted September 7, 2023
Amended September 19, 2024

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II. Introduction

City purchasing staff have the responsibility to obtain the most value for the tax dollar in a fair, efficient, and equitable manner. Sound purchasing guidelines contribute greatly to the economical and effective operation of the City and provide the public confidence and trust in government.

The mission of the City of Lago Vista Finance department is to procure quality goods and services necessary to provide the citizens with the services they expect at the best possible price within the guidelines of all applicable federal, state, and municipal purchasing laws, while complying with best practices and state procurement laws.

a. Purpose

The purpose of this Purchasing Policies and Procedures (PPP) Manual is to establish standard practices and procedures to create an efficient and effective purchasing program for the City of Lago Vista. The PPP Manual, as established by the City Manager and approved by the City Council, shall be a complete source of purchasing information and procedures for purchasing of all commodities, contractual services, and equipment. The PPP serves as a guide for those employees granted purchasing privileges in the name of the City of Lago Vista. The guidelines set forth apply to all personnel who participate in the actions and decisions relating to the procurement and are intended to provide a complete understanding of purchasing policies, procedures, and practices. Explanation of each department's responsibility and role in the procurement function is outlined below, as well as an overall summary of the entire purchasing process.

b. Purchasing Objective

The City shall promote and protect its governmental integrity. Public employees must, therefore, discharge their duties impartially to assure fair, competitive access to City procurement. Moreover, the City's officers, directors, and employees shall conduct themselves in a way that fosters public confidence in the integrity of the City.

The employees of the City responsible for purchasing must

- i. purchase the proper goods or services to suit the City's needs;
- ii. obtain the best possible price for the goods or services;
- iii. have the goods or services available when and where the City needs them;
- iv. assure a continuing supply of needed goods and services;
- v. guard against misappropriation of City funds;
- vi. facilitate cooperation with other governmental units;
- vii. maximize competition from responsible bidders;
- viii. safeguard public funds and receive the best value for the public dollar;
- ix. refrain from use of public spending to enrich elected officials or City employees; and
- x. refrain from making purchases for personal use in the City's name.

c. Governing Authority

This policy is adopted to enforce and require compliance with the below-listed current State of Texas and local and purchasing laws. Should there be a conflict between this document and state law, state law as amended controls.

- Texas Local Government Code Chapters [252](#) and [271](#);
- Texas Government Code Chapters [552](#), [791](#), [2251](#), [2252](#), [2253](#), Subchapter B, [2254](#); and [2269](#);
- The City of Lago Vista City [Charter](#); and
- The City of Lago Vista Code of [Ordinances](#).

Regardless of the expenditure and applicability of state competitive bidding requirements, it is the policy of the City to see competition that produces the highest quality of goods and services at the lowest possible price.

III. Duties and Responsibilities

a. City Council

Except for emergency purchases, the purchase of items or services more than fifty thousand dollars (\$50,000) shall require prior approval of the City Council. The City Council shall endeavor to hold an emergency meeting to authorize emergency purchases where feasible, otherwise, emergency purchases shall be submitted to the City Council for ratification. Emergency purchases in excess of fifty thousand dollars (\$50,000) shall be limited to incidents that threaten public health, safety or damage to persons or property or in those situations in which inaction shall present a substantial financial loss to the City and all other exemptions stated in Texas Local Government Code Government Code [Chapter 252](#). All contracts and /or expenditures more than fifty thousand dollars (\$50,000) must be approved in advance by City Council regardless of the procurement method. This applies to: Purchase(s) made in the same fiscal year from the same vendor for the same goods or services that total over fifty thousand dollars (\$50,000); and A contract that is executed for more than fifty thousand dollars (\$50,000) regardless of term.

b. City Manager

The purchase of items five thousand dollars (\$5,000) up to fifty thousand dollars (\$50,000) shall require approval from the City Manager. The ultimate responsibility for all purchases for the City of Lago Vista is held by the City Manager. The City Manager shall propose rules and regulations for approval by the City Council for the purchase and procurement of all goods and services, which shall be followed by all City employees.

The City Manager possesses the sole authority for any deviation from purchasing regulations. If improper purchasing practices occur, the City Manager may take disciplinary action upon the individual and/or department. Disciplinary action shall be in the form of restricted purchasing privileges, restitution, suspension, termination, or any other action deemed appropriate by the City Manager.

The City manager shall determine the purchasing authority limits of all Department Heads and other employees on a case-by-case basis; however, under no circumstances shall that authority exceed five thousand dollars (\$5,000).

c. Legal

The City Attorney provides legal advice and guidance on purchasing law and regulation and will prepare formal correspondence if needed.

d. Finance Department

The Finance Department is responsible for procurement of goods and services obtained by quotes, price agreements, and inter-local agreements. The department is also responsible for:

- i. ensuring statutory compliance by the City with all applicable laws and regulations;
- ii. ensuring City departments receive prompt delivery of goods and services requested through inter-local agreements, request for quotes, and price agreements;
- iii. developing and maintaining reliable alternate sources of supply and a competitive atmosphere in pricing and performance by vendors;
- iv. assisting departments in planning purchases for submission in the annual budget process;
- v. where possible and practical, may combine purchases of similar items to allow for better pricing and establish a more competitive atmosphere;
- vi. coordinating and assisting purchasing with various departments supplies, materials, and contractual services for the City;
- vii. expediting goods and services in normal and emergency situations by utilizing known cooperative purchasing contracts, vendor contacts and services;
- viii. joining with other governmental agencies in cooperative purchasing plans when it is in the best interest of the City; and
- ix. ensuring the expenditures of City funds are conducted in such a manner that all transactions will pass audits with respects to State, Federal, and City procurement regulations.

e. Department Head

Department Heads are responsible for ensuring that all personnel in their department are knowledgeable of and fully understand the purchasing procedures established by the PPP Manual. By following the requirements established in the PPP Manual, Department Heads will assist by giving sufficient lead time to obtain proposals, quotations, or bids for goods and services requested by the departments so that the goods and services may be delivered by the requested due date.

Through proper planning of purchases, each department will be able to realize savings through competition between vendors and minimize the potential for shortages of commodities and materials.

In accordance with the PPP, the Department Head shall:

- i. inform and support departmental personnel on the requirements of the PPP and ensure adherence;
- ii. communicate needs for supplies, equipment, and materials to the city manager;

- iii. communicate requests for services and goods with enough lead time so that procurements can be made using applicable purchasing policy procedures.
- iv. utilize effective material requirements planning to maximize efficiency for City procurement;
- v. provide accurate and complete information on items requested and timely preparation of requisitions;
- vi. prepare item descriptions, specifications, or statements of work to assist in negotiation of materials, supplies, services, or equipment of a technical or unusual nature requested, and suggest possible sources of supply;
- vii. designate certain employees with authority to prepare requisitions and make requests for purchase of certain items; and
- viii. inspect or supervise the inspection of materials, supplies, services, and equipment delivered and determine acceptableness of their quality, quantity, and conformance with specifications as requested.

Finance Department will maintain a list of personnel authorized to make purchases. It is the responsibility of the Department Heads to make additions or deletions to that list as needed.

f. Department Supervisor

Each Department Head has the authority and is authorized to delegate purchasing authority to supervisors for purchases of three thousand dollars (\$3,000) or less. All invoices shall be signed by the supervisor or department designee and/or submitted to the Department Head who will return the invoice to the Accounts Payable office.

IV. Ethics

a. Employee Code of Ethics

In accordance with the City's Ethics Policy as codified in the Code of Ordinances, amended, no Officer, City Official or employee of the City shall have a financial interest, direct or indirect, in any contract with the City, or be financially interested directly or indirectly in the sale to the City of any land, materials supplies, or services, except on behalf of the City as an officer or employee. Any knowing and willful violation of this Section shall constitute malfeasance in office and any officer or employee determined to have violated this section in the sole discretion of the City Manager shall be removed from his office or position. Any violation of this Section with the knowledge, expressed or implied, of the person or corporation contracting with the governing body of the City shall render the contract involved void per the City of Lago Vista Home-Rule Charter, Article XI, Section 11.04.

By participating in the purchasing process, employees of the City of Lago Vista agree to:

- i. avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications;
- ii. demonstrate loyalty to the City by diligently following the lawful instructions of the employer, using reasonable care of the authority granted;
- iii. refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the City;

- iv. refrain from soliciting or accepting money, loans, credits, prejudicial discounts, and the acceptance of gifts, entertainment, favors or services from present or potential suppliers per City of Lago Vista Home-Rule Charter, Article XI, Section 11.06 and the City's Ethics Policy.
- v. avoid dispensing special favors or privileges to anyone, whether as payment for services or not; and refrain from acceptance for self or family members favors or benefits under circumstances which might be construed by a reasonable person as influencing the performance of your employment duties;
- vi. engage in no business with the City, directly or indirectly, which is inconsistent with the conscientious performance of Governmental duties;
- vii. handle confidential or proprietary information of the City or suppliers with due care and proper consideration of ethical and legal ramifications;
- viii. never use any information gained confidentially in the performance of job-related duties as a means of making private profit;
- ix. promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle;
- x. know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions;
- xi. expose corruption and fraud wherever discovered; and
- xii. uphold these principles, ever conscious that public office is a public trust.

b. Vendor Code of Ethics

City of Lago Vista is committed to a procurement process which fosters fair and open competition, while conducting business under the highest ethical standards and fostering the public trust. To achieve these purposes, City requires each vendor who seeks to do business with the City to subscribe to the following Code of Ethics. A Vendor:

- i. Shall not submit a bid or proposal that is not competitive, consistent, and appropriate for the specifications submitted;
- ii. shall not discuss with other vendors intending to bid on the same contract or similar City contract for the purpose of limiting competition.
- iii. shall not make any attempt to induce any individual or entity to submit or not submit a bid proposal;
- iv. shall not disclose the terms of its bids or proposal, directly or indirectly, to any other competing vendor prior to the bid proposal closing date and time;
- v. will completely perform any contract awarded at the contracted price pursuant to the terms set forth in the contract;
- vi. will submit timely, accurate and appropriate invoices for goods and/or services performed under the contract;
- vii. will not offer or give any gift, item, or service of value, directly or indirectly, to a City employee, employee family member, or other vendors contracted by the City; and
- viii. A Vendor will not cause, influence, or attempt to cause or influence, any City employee or City Official, which might tend to impair his/her objectivity or independence of judgment; or to use, or attempt to use his/her official position to secure any unwarranted privileges or advantages for that vendor or for any other person.

Any vendor who violates the code of ethics is subject to being barred from use by the City of Lago Vista.

V. Gifts and Gratuities

Before accepting any gift, the employees will need to consider whether the gift complies with the limitations set forth in the City of Lago Vista Ethics Policy and Employee Handbook. A City employee may not solicit or accept any benefit, gift favor, funds, or service they know, or suspect is offered to influence their official conduct. The employee may accept unsolicited advertising or promotional materials such as pens, pencils, note pads, calendars, and other items of cumulative value less than fifty dollars (\$50.00). Employees should use their judgement but, should refuse gifts that a reasonable person may believe could have the appearance of impropriety or influence.

VI. General Purchasing Procedures

a. Signatory Authorities and Approval Thresholds

The City is required to follow the bidding or proposal procedures outlined in the *Local Government Code Chapter 252*, when making an expenditure of more than fifty thousand dollars (\$50,000). The City Council has the authority or may designate the authority to commit funds. Following is the delegable authority as approved by the City Council or City Manager as appropriate:

- i. \$0 - \$3,000 = Supervisors
- ii. \$0 - \$4,999 = Department Head
- iii. \$0 - \$50,000 = City Manager
- iv. \$50,001 and Above = City Council

All contracts and /or expenditures more than fifty thousand dollars (\$50,000) must be approved in advance by City Council regardless of the procurement method. This applies to: Purchase(s) made in the same fiscal year from the same vendor for the same goods or services that total over fifty thousand dollars (\$50,000); and A contract that is executed for more than fifty thousand dollars (\$50,000) regardless of term.

Authority to sign contracts or agreements approved by the City Council on behalf of the City is granted to the City Manager. This applies to all types of documents including, but not limited to purchase requisitions, contracts for services, leases, rental agreements, service/maintenance agreements, facility use agreements, etc.

Employees delegated authority to make and approve purchases will be held accountable for ensuring that each purchase is made in accordance with this policy and all applicable federal, state, and local law, procedures, directions, and good business practices. The delegation of authority to obligate the city for purchases under \$50,000 is not assignable to others without the express and written consent of the City Manager.

Expenses should be made with budgeted funding. If an expenditure is not budgeted within the fiscal year, the expenditure should be brought to the City Council for a budget amendment.

b. Purchasing Limits at a Glance

Dollar Amount	Forms	Supervisor	Department Head	City Manager	City Council
\$3,000 or less	Invoice	✓			
\$ 3,001 - \$5,000	Purchase Order		✓		
\$5,001 - \$50,000	Contract and/or Purchase Order			✓	
\$50,001+	Formal Solicitation and Requisition				✓
Emergency Purchase	Emergency Purchase Summary			✓ \$50,000 or less	✓ \$50,001 +

c. Purchasing Process

Purchases \$3,000 and under no quotes are required, though efforts must be made to obtain the best value purchase for the City, while also utilizing our local preference program.

- i. All purchases of more than three thousand dollars (\$3,000) shall be made by Purchase Order. Quotes will need to be obtained from three (3) vendors for purchases over \$3,000. Exceptions include:
 - Emergency Purchases as stated in Texas Local Government Code Government Code [Chapter 252](#).
 - Single Source Contracts
 - Captive Equipment
 - Unforeseen damage to public machinery, equipment, or other property.
 - Renewable Contracts, Maintenance Agreements, memberships.
 - Ongoing necessary costs, i.e. utilities, phone services, postage, internet, etc.
- ii. Purchasing requisitions will be initiated by City departments and used to generate a Purchase Order. The Department Head or their designee shall approve all requisitions prior to submittal to the Finance Department.
- iii. A purchase requisition must clearly and accurately represent the following requirements:
 - Company Name or suggested vendor
 - Date
 - Quantity and unit of item(s)
 - Description of goods or services ordered
 - Unit price
 - Discount (if applicable)
 - Prices extended and total

- Freight and/or delivery (if applicable)
- Account to be charged

d. Requisition Process

No ordering of goods and services of three thousand dollars (\$3,000) or more will be processed through the Finance Department without a requisition.

e. Payment of Vendors

When the goods or services are received by the requesting department, the department must submit the original invoice attached to the Purchase Order to the Finance Department to ensure timely payment. Invoices will be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City will take advantage of all discounts, when possible.

f. Tax Exemptions

The City of Lago Vista is exempt from payment of sales and use taxes under Texas Tax Code [Chapter 151](#), for the purchase of tangible personal property. Any use of the City's tax exemption certificate for personal purchase is prohibited and a violation of criminal law. Anyone using the City's tax exemption certificate for personal purchase may be subject to prosecution under Texas Penal Code, [Chapter 39](#), Abuse of Office. The Texas Sales Tax Exemption Certificate may be requested from the Finance Department.

g. Capitalized Fixed Assets

A capitalized fixed asset is tangible and intangible property that the City can leverage as a resource in providing services to the residents and inhabitants of the City. A capitalized fixed asset includes but is not limited to land, infrastructure, buildings, furniture and fixtures, motor vehicles and equipment with a cost of five thousand dollars (\$5,000) or more and a useful life of more than two (2) years.

Capitalized fixed assets are acquired for use in normal operations and can be sold as surplus after designated by the City Council at the end of its useful life. These assets are long term in nature and are subject to depreciation. Capitalized assets and projects should be charged to a capital project asset account.

h. Formal Solicitation Procedure/ Competitive Bidding/Competitive Proposals

Contracts shall be awarded by competitive sealed bidding for any solicitation that is projected to exceed fifty thousand dollars (\$50,000) unless a specific exemption applies and is documented. State law requires a formal, competitive process for purchases of more than fifty thousand dollars (\$50,000) per Texas Local Government Code Government Code [Chapter 252](#). Care should be taken, and legal advice sought where appropriate, to verify whether one of the sixteen (16) general exemptions delineated in [Section 252.022](#) applies to the purchase or solicitation.

i. Specifications and Announcement

The requesting Procurement Manager will issue the correct type of solicitation (Invitation for Bid-IFB, Request for Proposals (RFP) or Request for Qualifications-RFQ). The

solicitation must be published in accordance with Local Government Code Section [252.041](#) and posted on the City Website. Any bids or proposals that allow for electronic submission must follow the City's Ordinance regarding this process. The Procurement Manager will also send the package to the vendors on available distribution lists and vendors recommended by the requesting department. While the solicitation is in the vendor's hands, no communication between any responding vendor and any city staff or city council member, except the Procurement Manager and the Legal Department will be allowed concerning the outstanding solicitation. Any contact concerning the solicitation with staff or city council may be grounds for disqualification of a vendor's response. Communication for business not concerning the solicitation is acceptable.

ii. Bid Opening, Evaluation and Award

The Procurement Manager will execute the bid opening. A tabulation of the responses will be created and will delineate the response containing best value for the City. The contract, after review and approval by the City attorney if necessary, must be awarded to the lowest responsible bidder or to the bidder who provides goods and services at the best value for the municipality. The terms and conditions of the solicitation must indicate the criteria and corresponding weight for each criterion that will be used in the evaluation as per Texas Local Government [Code 252.043](#). The criteria may include but are not limited to

- purchase price;
- reputation of the bidder;
- quality of the proposed goods or services;
- extent to which the goods or services meet the municipality's needs;
- bidder's past relationship with the municipality;
- impact on the ability of the municipality to comply with laws and rules relating to contracting with HUB and nonprofit organizations employing persons with disabilities;
- long-term cost to the municipality to acquire the bidder's goods or services; or
- any relevant criteria specially listed in the solicitation.

After final negotiation, if necessary, the purchase and contract must be approved by the City Council. Department Head shall prepare the Executive Summary to present to the City Council.

If contract extensions are included in the solicitation, these should also be included in the City Council agenda item so the contract can be renewed without having to go back to the City Council for approval. Department Head will issue a formal letter to the vendor when renewing a contract and the vendor has the right to refuse the extension, a copy of the letter of contract extension must be placed in the contract and bid files.

iii. Change Orders

After the award of the contract, if the City requests an alteration in the scope of work, a Change Order may be issued to the contract that involves an increase or decrease to the scope of work or amount. All Change Orders must be in writing and signed off by the Department Head or City Manager. A change order is required if, after the contract has been executed, one or more of the following events occur:

- Changes in plans or specifications are necessary, or
- It is necessary to increase or decrease the quantity of work of materials, equipment

or supplies to be furnished.

Material changes in the scope, quantities or related work may not be made. A material change is defined as substantial revisions. Department Heads may approve written change orders to contracts within their supervision in the amounts up to five thousand (\$5,000) per change order.

The City Manager may approve written Change Orders to all contracts in the amounts of fifty thousand dollars (\$50,000) or less up to an aggregate total for the entire contract of fifty thousand dollars (\$50,000). Any change orders increasing the total contract to more than fifty thousand dollars (\$50,000+) must be approved by City Council and every Change Order thereafter must go to City Council unless the Council has given a specified amount to not exceed.

However, the sum of all approved Change Orders, regardless of amount, may not exceed twenty-five percent (25%) of the original, total contract amount. Any change greater than twenty-five percent (25%) will require a new solicitation, as per Texas Local Government Code [252.048\(d\)](#). Change Orders to construction contracts must comply with Texas Local Government Code Section [271.060](#).

VII. Contract Management

City Departments will send the original of all contracts to the City Secretary and a copy to the Finance Department for entering into the City's financial system. All change orders, authorization of change in services, and final payment requests will be provided to the Finance Department for review for contract compliance and for further processing. For contracts utilizing Federal funds, contractor oversight will comply with [2 CFR 200.318b](#). The City Manager is responsible for the settlement of all contractual and administrative issues arising out of procurements.

For all contracts that require approval by City Council, the Finance Department will maintain all Certificates of Interested Parties Form 1295 and all non-disclosure statements for any employee or participant involved in the creation of specifications, evaluation of bid/proposal or award of contract.

VIII. Legal Requirements

a. Historically Underutilized Businesses

If the City is processing a Request for Quote of more than three thousand dollars (\$3,000) but less than fifty thousand dollars (\$50,000), per Texas Local Government Code, Section [252.0215](#), at least two (2) HUB vendors need to be contacted on a rotating basis. Historically Underutilized Business (HUB) vendors are identified through the State of Texas Comptroller's [Centralized Master Bidders List \(CMBL\) – HUB Directory Search](#) for Williamson and Travis County by commodity code.

b. Debarment Verification

The Finance Department will perform a debarred vendor check to ensure that the selected vendor is not debarred from doing business with the State or Federal Government for any one-time

purchase or contract that is twenty-five thousand dollars (\$25,000) or more.

IX. Items That Do Not Require Competitive Bidding or Competitive Proposals

Texas law specifically exempts certain types of contracts from the competitive bidding process. Texas Local Government Code Section [252.022](#) lists sixteen (16) types of expenditures that are not subject to the competitive bidding or competitive proposal requirements. Such goods and services may be acquired by the issuance of a purchase order or execution of a contract.

a. Emergency Purchases

Emergency Purchases are made to meet critical, unforeseen needs of the City. This can occur as a result of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality. Valid Emergencies are also those that occur as a result of the breakdown of equipment which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. (Texas Local Government Code Section [252.022](#) (a)(1),(2) and (3).)

Create a form, file, and general ledger subaccount to track emergency purchases.

b. Personal, Professional or Planning Services

- i. **Personal Services:** Personal services includes only those services which are performed personally by the individual who contracted to perform them, and the contract should mainly pay for the labor of the individual providing the service, not for such things as insurance or materials.
- ii. **Professional services:** Professional services have been described as those services which are mainly mental or intellectual rather than physical or manual. The Texas Government Code [Section 2254.002](#) lists ten (10) types of services that constitute professional services for purposes of State and local contracts and funds management. These include accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, professional nursing and forensic science. Cities have also used this exception to hire attorneys. The City may not select a provider of professional services, group, or association of providers or award a contract for the services based on competitive bids submitted for the contract or for the services but, shall make the selection and award based on demonstrated competence and qualifications to perform the services for a fair and reasonable price. The professional fees under the contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations and may not exceed any maximum provided by law (Texas Government Code [2254.002](#) and [2254.003](#).) If the City cannot negotiate a satisfactory contract with the most highly qualified provider, then the City shall formally end negotiations with that provider, select the next most highly qualified provider and attempt to negotiate a contract with that provider at a fair and reasonable price.
- iii. **Planning Services:** Planning Services is defined in Texas Local Government Code Section [252.001\(5\)](#) as services primarily intended to guide governmental policy to ensure the orderly and coordinated development of the state or of municipal, county, metropolitan or regional land areas.

c. Work performed and paid for by the day as work progresses

The Texas Government Code [Section 2254.002](#) specifically excepts from bidding requirements, work that is performed and paid for by the day as the work progresses. The Contract may not pay for work to be performed in the future regardless of whether the contract is performed and paid for on a daily basis.

d. Lease or Purchase of land or a right-of-way

In accordance with Texas Government Code [Section 2254.002](#), the purchase of land or right-of-way is exempt from competitive bidding requirements. However, this exemption does not apply to the **sale** of real property. Subject to certain exceptions in Texas Local Government Code [Chapter 272](#), the sale of real property can be accomplished in any of three ways: 1. Notice and bidding procedures under [Section 272.001](#); 2. Public Auction in accordance with Texas Local Government Code [Chapter 253](#); or 3. The use of a broker (on MLS for 30 days) Texas Local Government Code [Chapter 253](#).

Section [272.001](#)(b) lists seven exceptions to the notice and bidding requirements: (1) narrow strips of land, or land that because of its shape, lack of access to public roads, or small area cannot be used independently under its current zoning or under applicable subdivision or other development control ordinances; (2) streets or alleys, owned in fee or used by easement; (3) land or a real property interest originally acquired for streets, rights-of-way, or easements that the political subdivision chooses to exchange for other land to be used for streets, rights-of-way, easements, or other public purposes, including transactions partly for cash; (4) land that the political subdivision wants to have developed by contract with an independent foundation; (5) a real property interest conveyed to a governmental entity that has the power of eminent domain; (6) a municipality's land that is located in a reinvestment zone designated as provided by law and that the municipality desires to have developed under a project plan adopted by the municipality for the zone; or (7) a property interest owned by a defense base development authority established under Chapter [378](#), Local Government Code.

e. Sole source purchases

Sole Source purchases are items that are available from only one source including:

- i. items that are available from one source because of patents, copyrights, secret processes, or natural monopolies;
- ii. films, manuscripts, or books;
- iii. gas, water, and other utility services;
- iv. captive replacement parts or components for equipment;
- v. books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
- vi. management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.

Sole source purchases over fifty thousand dollars (\$50,000) must be approved by City Council.

f. Purchase of rare books, papers and other library materials for a public library

Competitive bidding is not required for the purchase of books, papers, and other materials for a public library if those books, papers, or other materials are available only from the persons holding exclusive distribution rights to the materials. Additionally, competitive bidding requirements do not apply to the purchase of rare books, papers and other rare library materials for a public library.

g. Paving, Drainage, Street widening, and other public improvements, or related matters

This exception only applies if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements, for example, if the streets are paid with PID funds or by assessments collected by an HOA or POA.

h. Certain public improvements

This exception applies only to those public improvement projects, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voter.

i. Developer participation projects

This exception requires payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter [212](#).

j. Personal property sold

This exception applies to property that is sold (A) at an auction by a state licensed auctioneer; (B) at a going out of business sale held in compliance with Subchapter F, Chapter [17](#), Business & Commerce Code; (C) by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or (D) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter [391](#).

Otherwise, the lease or lease/purchase of personal property procured by other methods must comply with the competitive bidding or proposal requirements if the expenditure is \$50,000 or more.

k. Services performed by blind or severely disabled persons

Competitive bidding does not apply to the purchase of services performed by blind or severely disabled persons.

l. Goods purchased by a municipality for subsequent retail sale by the municipality

m. Gas, Electricity, water and other utility services

Competitive bidding is not required for the purchase of gas, water and other utility services if those services are available from only one source. The competitive bidding requirements do not apply to an expenditure for electricity.

n. Advertising, other than legal notices

Competitive bidding is not required for advertising by a city, other than legal notices.

o. Cooperative Purchasing

Cooperative Purchasing allows entities to order under established contacts without additional formal bidding. The City of Lago Vista, as a government entity, is eligible to participate in cooperative purchasing programs, provided the contracts were competitively advertised and awarded; no additional justification or bidding is required.

When purchasing advertised goods or services through a request for bids/RFP; if the goods are of a nature and character that it is feasible and advantageous to require discounts or special prices for other interested government entities as well as the City, Purchasing shall include a Cooperative Purchasing Clause requiring vendors to agree to make their prices available to other entities who enter into a Interlocal/ Cooperative Purchasing Agreement with the City.

All Interlocal/Cooperative purchasing Agreements, whether entered by the City with another government entity or local cooperative organization, or vice versa, must be approved by the City Council.

X. Grants Compliance

Once a grant has been approved following the City's Grants Compliance Guidelines, expending approved grant funds requires the City to follow Section 8, Uniform Guidance - Federal Procurement Rules, [2 CFR 200.320](#). In most cases the City's purchasing thresholds are more conservative than the Federal purchasing thresholds. However, purchasing guidelines for each grant are unique and must be reviewed in advance of collecting bids, proposals, or quotes. The requirements may include but are not limited to Davis-Bacon Wage Determination, National Environmental Policy Act, National Historic Preservation Act, Solid Waste Disposal Act, Buy-American initiative, E-Verify, and other requirements outlined in the Grant Submission instructions.

The Finance Department will perform a debarred vendor check to assure that the selected vendor is not debarred from doing business with the State or Federal Government on any purchase or contract that is twenty- five thousand dollars (\$25,000) or more. The purchaser shall verify using the EPLS website, [Sam.gov](#).

XI. Enforcement

a. Internal Enforcement

Employees who violate the provisions of the PPP are subject to disciplinary action pursuant to the City of Lago Vista Personnel Manual.

b. Criminal Penalties for Violation of Competitive Bidding Laws

Purchasing strategies to avoid competitive bidding requirements are prohibited by state law. Texas Local Government Code, [Section 252.062](#), states, "A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid competitive bidding requirements of Section [252.021](#)." Section 252.001 defines these terms as follows:

- i. Component Purchases means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
- ii. Separate Purchases means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.
- iii. Sequential Purchases means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

Texas Local Government Code Chapter 252 establishes criminal penalties for violation of procurement laws. It reads in pertinent part:

- (a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes Separate, Sequential, or Component purchases to avoid the competitive bidding requirement of Section [252.021](#). An offense under this subsection is a Class B misdemeanor.
- (b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section [252.021](#), other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.
- (c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

c. Removal; Ineligibility

The final conviction of a municipal officer or employee for an offense under Local Government Code Section [252.062](#)(a) or (b) results in the immediate removal from office or employment of that person.

For four years after the date of the final conviction, the remove officer or employee is ineligible:

- i. To be a candidate for or to be appointed or elected to a public office in this state
- ii. To be employed by the municipality with which the person served when the offense occurred; and
- iii. To receive any compensation through a contract with that municipality

This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

d. Injunction

If the contract is made without compliance with applicable State or local laws, it is void and the performance of the contract, including the payment of any money under the contract, may be enjoined by:

- i. Any property tax paying resident of the municipality, or
- ii. A person who submitted a bid for a contract for which the competitive sealed bidding requirement applies, regardless of residency, if the contract is for the construction of public works.

XII. Credit/Procurement Cards

a. Purpose

The purpose of the Credit/P-card Program is to provide the City with an efficient and controllable method of making small dollar commodity, service, and travel purchases. This program is to be used to procure low-value maintenance, repair, and operational expense items. By using the credit card, it will simplify the payment process and take advantage of the rebate program the card provider offers. The City will issue cards via the provider of its choice. This card policy is not intended to replace, but rather supplement existing purchasing petty cash, travel, and other City policies. The same restrictions that apply to other methods of purchasing also apply to the Credit cards.

b. Eligibility

If requested and approved by the City Manager, a Credit/P-card will be issued to each department and be the responsibility of the Department Head or his/her designee. Criteria for determining which departments should be issued a department card:

- Will the use of the Credit/P-Card enhance productivity?
- Will the use of a Credit/P-Card reduce paperwork?
- Will the Credit/P-Card be utilized regularly for the purchasing of authorized (budgeted) goods, supplies and services?

c. Usage

The card program is not intended to avoid or bypass the competitive bid requirements per Texas Local Government Code [252.021](#), appropriation of funds processes, approval, or payment processes. Rather, the program complements the existing processes. Expenditures may not exceed appropriations under current City policy. Each card will have a purchase limit. The limits for daily and monthly purchases on the Department Head Credit/P-Cards are set by the City Manager. In no case will limits exceed five thousand dollars (\$5,000). Limits can be changed on a temporary or permanent basis when warranted and a written request is received by the Program Administrator or the Department Head.

Credit cards may be used for small dollar purchases which conform to the purchasing policy and that do not exceed the cards maximum limit.

Acceptable purchases are:

- (a) maintenance and repair of equipment;
- (b) operation expense items;
- (c) registration fees;
- (d) travel expenses (must adhere to the Travel Policy); and
- (e) other items in that department's scope of business.

Purchase made on the card will be for City business only. The card is not a personal line of credit and must never be used for personal or private purchases of any nature. When in doubt as to whether a purchase is allowable under the City policy, the cardholder should either contact the Finance Department before making the purchase or make payment personally and seek reimbursement from the City afterwards. Please remember that reimbursements for any out-of-pocket purchase made without authorization is subject to the City Manager's approval.

Unauthorized purchases or use of the card in violation of this City policies are prohibited, and purchaser will be subject to disciplinary action.

d. Penalties for Improper Use

The card is to be used only by the department/cardholder to pay for non-personal transactions. Improper use of the card can be considered misappropriation of City funds and may result in disciplinary action up to and including termination of employment. Improper use will result in revoking the card. In addition, the cardholder is personally liable for payment for improper purchases, including those in excess of dollar amounts appropriated or authorized by the City and subject to criminal prosecution under the Travis County judicial system.

e. Duties and Responsibilities

i. Program Administrator

The program Administrator is the Finance Director or their designee. The Program Administrator manages the Credit/P-card Program and has the following responsibilities:

- (a) establishing credit card accounts and limits;
- (b) acting as the point of contact for any Credit Card Program questions;
- (c) ensuring compliance with the Credit/P-card Policy and the Purchasing Policy;
- (d) reviewing all credit card transactions monthly; and
- (e) terminate cards as needed.

ii. Departmental Responsibility

The City Manager determines who will be issued a card and the monthly limits assigned. The Department Heads will also ensure that purchases are authorized and adhere to City policies. Departments may implement more stringent internal authorization procedures that must be followed in order to make purchases with the card. Department Heads are responsible for approving receipts and making sure the statements for each card are reconciled and turned in to

the Finance Department within fifteen (15) days of the statement date to facilitate timely payments.

iii. Cardholder

- (a) The employee who is issued a card is called a "Cardholder" whether it is issued in their name or just in their custody (i.e., department card).
- (b) Every transaction made using the Credit card must have corresponding backup in accordance with the Fiscal and Budgetary Policy and all other City of Lago Vista policies accounting system.
- (c) Each Cardholder shall use the card only for authorized purchases. A hardcopy itemized receipt must be obtained from the vendor each time the card is used and be signed by the Cardholder. Online and telephone charges must also be documented by a receipt, so the Cardholder shall request the vendor send them a receipt.
- (d) The Cardholder is responsible for immediately notifying the Credit card provider, their supervisor, and the Program Administrator if the card is lost or stolen.
- (e) Each Cardholder must acknowledge receipt of the Credit card, understand the rules of usage, and sign the user agreement. Failure to abide by this Credit/P-card Policy may result in disciplinary action, up to and including termination of employee. The Cardholder will be required to reimburse the City for any unauthorized transaction.
- (f) Upon resignation or termination of employment of a Cardholder, the Department Head shall notify the Program Administrator immediately, and the card shall be turned in to the Program Administrator.

f. Credit Card Provider

The Credit Card Provider will send the Cardholder and the City's Finance Department a billing statement once each month for all transactions that have taken place in the previous month's statement cycle. This statement can also be obtained online. The Cardholder is responsible for reconciling their respective statement, matching each transaction with a receipt as soon as it is received. If a transaction is listed which is not known to the Cardholder, the Cardholder is responsible for immediately notifying the Credit Card Provider and the Program Administrator of the disputed charge. It is imperative that each Cardholder promptly process the transactions and forward receipts to their supervisor. If a receipt is lost, a lost receipt form must be filled out and signed by the City Manager.

g. Transaction/Card Limits

Each individual credit card will have transactions and/or spending limits. The Chief Financial Officer in coordination with the Department Head has the authority to limit types of purchases, places for purchases, and hours of day purchases can be made on individual cards. The total purchase price as printed on the individual credit card receipt is known as the "transaction amount". The credit card may be limited by the merchant type, transaction amount, and monthly transaction limit. Each Cardholder will be set up with limits for each of these categories and will be made aware of the limits. A card transaction will be denied when swiped if the transaction exceeds any of the limits. The card transaction limits may not exceed those set in the policy guidelines.

h. Sales Tax

As a tax-exempt government agency, the City of Lago Vista does not pay sales tax. Cardholders will be provided a copy of the City's tax exemption certificate when requested. Cardholders are responsible for ensuring that the merchant does not include sales tax in the transaction if possible. In the event sales tax is charged, the cardholder is required to go back to the vendor/merchant to request a refund of the sales tax paid. If a refund is not possible, the cardholder is required to submit a memorandum monthly to the Finance Department that includes an explanation as to why the sales tax paid cannot be credited along with a copy of the receipts showing the sales tax paid.

i. Late Fees or Finance Charges

No late fees or finance charges shall be paid by the City under terms of procurement card program. If late fees or finance fees are incurred, the Department Head /Cardholder will be responsible for paying those fees.

j. Returns

Each Cardholder is responsible for coordinating returns with the vendor and making sure a proper credit slip is obtained. Credit shall be issued to the Cardholder's account. **Cash refunds are not allowed.**

k. Restrictions and Exemptions

Employees may not use the card for personal use or any activity not directly related to the task they are performing for the City, including but not limited to:

- i. Any purchases of items for personal use.
- ii. cash refunds or advances.
- iii. any purchase of goods/services or from a merchant type not considered prudent or of good judgement;
- iv. any purchases set up as reoccurring;
- v. no purchases are to be processed through the employee's personal account online. You must establish a City account to process the purchase;
- vi. any transaction amount greater than the Cardholder's transaction limit;
- vii. items under contract unless an emergency exception is granted;
- viii. alcohol or liquor of any kind. Patronization of bars, drinking places, and package stores must not be paid for with the credit card;
- ix. in town meals without a proven business such as a City hosted event;
- x. gifts to friends or relatives in lieu of meals and lodging;
- xi. life travel accident insurance premiums;
- xii. parking fines and traffic tickets;
- xiii. clothing and clothing rental;
- xiv. laundry, valet, or dry-cleaning charges;
- xv. repairs or towing of personal vehicles;
- xvi. babysitting / pet sitting;
- xvii. expense for travel companions;
- xviii. mini-bar refreshments or other snacks in addition to the meal reimbursement;
- xix. separate, sequential, and component purchases or any transaction made with intent to circumvent the City Purchasing Policy or state law;

- xx. any transactions that may cause or be perceived to cause damage to the City of Lago Vista's reputation and goodwill, and/or reflect poorly on the ethical and moral decision-making of the Cardholder, staff, and elected officials; or
- xxi. any other purchase specifically excluded in the City Purchasing Policy

I. Documentation

Each Cardholder/department will maintain a purchasing log. The log records the transaction date, vendor name, the merchandise purchased, dollar value of sale, how the order was placed (via Internet, phone, fax, mail, or in person), citywide or individual contract number (if applicable), and purpose of purchase. A separate line is required for each purchase. An itemized receipt for each purchase should be stapled to the log to expedite reconciliation with the billing statement. The log must be reviewed and signed by the Department Head/Cardholder and submitted to Finance for review.

Personal Use Restriction

The card may not be used to pay spouse/family expenses incurred while traveling. Only City business expenses are allowable, and the Cardholder must pay personal expenses separately.

m. Obtaining a Credit Card

Steps to obtain a credit card:

1. Department Head submits a request in writing to the City Manager for a credit card who determines the appropriate monthly transaction limits.
2. The Program Administrator will request the Credit Card Provider to issue credit cards.
3. Upon receipt of the card, the Program Administrator will have the Cardholder sign the Credit Cardholder Agreement and
4. The Finance Department will provide training on proper use and limitations of City credit cards. The new Cardholder receives copies of:
 - Credit Cardholder Agreement
 - Credit Card Policy
 - Purchasing Policy
 - Travel Policy

n. Revocation of the Credit Card

The credit card is subject to revocation at any time at the discretion of the City Manager or Chief Financial Officer. When a card is revoked, changes are made online and take effect immediately. The City Manager or Chief Financial Officer are further authorized to temporarily suspend use of the card via electronic methods if unauthorized use is discovered and such use poses a threat to internal financial controls.

XIII. Travel Expense/Reimbursement

a. Purpose

The purpose of this administrative regulation is to establish the rules and procedures governing travel expenditures of salaried and non-salaried employees and public officers of the City of Lago Vista when on official travel for the City and to be in compliance with state law.

It is the City's policy to pay for, or reimburse, all reasonable and necessary expenses incurred by a City employee or City Official travels when the employee travels on City-related business in accordance with this policy.

b. Transportation

The most efficient and economical mode of travel must be used. Air travel arrangements are to be made by each department. Air travel must be booked at the most discounted fare basis whenever possible. When authorized an employee using a personal vehicle on City business shall be paid an amount per mile equivalent to the current IRS rate or shall be paid the equivalent of a coach airline fare, whichever results in the lower cost to the City. In instances of approved private vehicle use, reimbursement will also be made for mileage tolls and parking fees. Receipts are required for toll and parking fees, as well as for taxi cabs, limos, and other modes of transportation. The City will pay for rental vehicles upon written approval of the City Manager (or designee).

c. Travel Approval and Cash Advances

All travel and cash advances must be approved in advance by the employee's Department Head (or designee), unless otherwise stated in this policy. In addition, any travel out of state must be approved by the City Manager as set out below.

d. Lodging

Expenses for lodging are to be at the single room rate unless an employee is approved in advance for double occupancy. An itemized hotel receipt must be provided.

e. Meals

The City shall pay actual necessary food expenses for an employee or City official traveling on City business. Expenses for meals shall be reimbursed by per diem allowances. A per diem allowance equal to the greater of the State of Texas Travel Reimbursement Rates as published at <https://fm.x.cpa.texas.gov/fmx/travel/texttravel/rates/current.php> or fifty-nine dollars (\$59.00) per day is authorized based on thirteen dollars (\$13.00) for breakfast, fifteen dollars (\$15.00) for lunch, twenty-six dollars (\$26.00) for dinner and five dollars (\$5.00) for incidentals.

f. Incidental Expenses

The City will reimburse for incidental expenses associated with lodging and meals when they are incurred for City business reasons. Examples of reimbursable incidental expenses include but are not limited to mandatory charges or mandatory service charges; telephone calls; toll charges; parking charges; repair charges for city-owned vehicles; and postage. Tips or gratuities over twenty percent (20%) and excess baggage charges for personal belongings are not reimbursable expenses. Allowances include taxes and tips and may be reduced by twenty-five percent (25%) for first and last days of travel.

g. Internet Expense

Only reasonable and necessary computer-related expenses for City business reasons will be reimbursed.

h. Non-Allowable Expenses

Expenses or charges for items listed in 11(k) above the following will normally not be reimbursed and must be paid for by the employees, nor will:

- i. In-hotel pay television and movies
- ii. Dry cleaning and laundry
- iii. Health club and spas
- iv. Expenses of a spouse or family members
- v. Alcoholic beverages, or
- vi. Other items of a personal nature

i. Request for Reimbursement and Return of Unexpended Funds

Upon return to the City, a complete accounting of all expenditures of City funds is to be filed within three (3) working days on the City's Expense Form. Receipts for all expenses, including hotel bills and registration fees, must be attached to the statement. Authorized expenses in excess of advance funds received will be reimbursed with proper approval.

j. Travel to Training

The current mileage reimbursement will be paid to City Officials and employees who must use their personal vehicles to travel to a training destination further than their designated work location or other City locations and/or facilities. Reimbursement will be made for miles driven from the normal work location or employee's home whichever is less. Actual mileage reading must be submitted for reimbursement. Employees will be paid for time traveling to and from training destinations. Travel time will be considered hours worked for the purpose of calculating overtime.

k. Expenses Not Covered in Policy

The City Manager's approval must be obtained prior to any expenditure of funds for items or charges which are not specifically addressed in the travel policy.

l. Exceptions

Employees who receive monthly automobile allowances are eligible for mileage reimbursements for out of city travel. Employees who travel in a city-owned vehicle will be reimbursed for the documented actual cost of fuel, oil, or other expenses related to the safe operation of the vehicle, which were necessary during the course of the employee's use of the vehicle on official business.

m. Compliance

Abuse of this policy, including falsifying expense reports or submitting false claims, will result in disciplinary action, up to and including termination of employment.

XIV. Glossary

Award -- Approval by the City Council, City Manager, or Department Head, under whose authority a purchase or purchase order is approved.

Best Value -- If the sealed competitive bidding requirement applies to the contract for goods or services, the contract may be awarded to the lowest, responsible bidder or to bidder who provides goods or services at the best value for the city. In determining the best value for the city, we may consider the following:

- purchase price;
- quality of the bidder's goods or services;
- the reputation of the bidders and the bidder's goods or services;
- the extent to which the foods or services meet the City's needs;
- the bidder's past relationship with the City;
- the impact on the ability of the city to comply with the laws and rules relating to contracting with historically underutilized businesses and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder's goods or services, and
- any relevant criteria specifically listed in the request for bids or proposal.

Bid -- A complete, properly signed response to an Invitation for Bid. Which if accepted, would bind the Bidder to perform the resulting agreement.

Bidder -- A person, entity, or firm that submits a Bid, signed by an authorized representative, in response to an Invitation for Bid.

Change Order -- A document modifying information concerning goods and/or services, price, and/or quantities in an existing contract/purchase order; if the total amount of the contract/purchase order is increased by the change order; the change order may require approval by different authority than that used to approve the contract/purchase order and/or previous change orders. The total of all change orders cannot exceed twenty-five percent (25%) of the original contact/purchase order amount, per Local Government Code [252.048](#)(d). Any changes greater than twenty-five percent (25%) will require a new solicitation.

City Council -- The elected officials of the City of Lago Vista, Texas given the authority to exercise such powers and jurisdiction of all City business as conferred by the City Charter and the State of Texas Constitution and Laws.

Competitive Bidding -- A process wherein a vendor openly competes with other vendors, through a formal or informal process, for the City's business.

Component Purchases -- Purchases of component parts of an item that in normal purchasing practices would be purchased in one purchase.

Contract -- A mutually binding legal document obligating the Vendor to furnish the goods. Equipment or services specified within the solicitation and obligating the City to compensate in accordance with the conditions of the Contract.

Contractor -- The successful vendor(s) awarded a contract by the City of Lago Vista.

Cumulative Purchases - Purchases within a commodity over a fiscal year that are used City wide.

Department Head -- A person in authority within the department and is administratively responsible for its entire operations.

Department Supervisor -- A person immediately in line after the Department Head who is responsible for monitoring and regulating the performance of delegated duties.

Emergency -- Purchases that are made to meet critical, unforeseen needs of the City, where the City's ability to serve the public would be impaired if the purchase is not made immediately. Emergency purchases are exempt from standard purchasing procedures and must qualify for exemption as stated in Local Government Code Section [252.022](#). Emergency purchases must follow the procedure set forth in this manual.

Goods -- A generic term that includes all types of property to be purchased by the City, equipment, supplies, materials, component, and repair parts.

Invitation to Bid/ Request for Bid -- A formal written document that requests from bidder as a firm price and delivery details for specified goods or services. An invitation to bid is always required when the anticipated level of expenditure will be greater than \$50,000. It may be used anytime the City Manager deems it is justified.

Interlocal Agreement -- An agreement made between two governmental entities to purchase goods or perform governmental functions and services (such as purchasing, records management, police/fire protection, public health, etc.)

Personal Services -- Services provided to the City personally by a particular individual. This does not include Professional services.

Professional Services -- Services rendered by a person or firm that requires years of education and service for one to attain competence and which calls for higher order of intelligence, skill, and learning. (Mental or intellectual skills, rather than physical or manual) When the Request for Proposal is used for the selection of professional service as allowed in the Local Government Code [252.022\(a\)\(4\)](#), the City shall comply with Government Code [2254.003](#) in the procurement of these services. The City shall not award a contract for these services based on competitive bids but shall make the selection and award on the basis of demonstrated competence and qualifications for fair and reasonable price. Fees must be consistent with and not higher than the recommended practices

and fees published by the applicable professional associations and may not exceed any maximum(s) provided by law.

Purchase -- An act that includes the acquisition of goods or services, to include the act of leasing personal or real property. Separate, sequential, and component purchases shall be treated as a single purchase.

Purchase Order -- A written document issued by the City to a vendor formalizing all the terms and conditions of a proposed transaction, to include but not limited to, a description of the requested item, delivery schedule, terms of payment, transportation, delivery location, price, quantity, and special instructions. The purchase order conveys to the vendor the authority to deliver and invoice the City for the goods and/or services for an agreed upon price.

Quotes --

- Verbal Quote - A verbal quote is obtained from a potential vendor that has the ability to provide the goods/services. This quote must include the individual's name, company name, phone number, and the dollar amount of the quote for the goods/services.
- Written Quote - The written quote is provided by the potential vendor that states the goods/services pricing as well as the delivery date/terms. This quote can be used as a reference when placing the order with the vendor.
- No Bid or Non-Responsive Bid - An opportunity was given to a potential vendor in which they have not responded or responded with a "no bid".

Request for Proposal (RFP) -- A formal written document (solicitation) requesting potential vendors to make an offer for goods or services to the City. The request for proposal method of procurement may be used for all goods and services. RFPs differ from bids in that the City is seeking a solution, as described in the document, not a bid/quotation meeting firm specifications for the lowest price. Proposals are evaluated based on criteria formulated around the most important features of a product or service, of which quality, testing, references, availability, or capability may be overriding factors, and the price is not the sole factor of the award. All requests for proposals is kept secret during negotiations until a contract is awarded.

Request for Qualifications (RFQs) -- A formal written document (solicitation) used when soliciting providers of architectural, engineering, and surveying services, and professional services. The City shall comply with Government [Code 2254.004](#) in the procurement of these services. The City must first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications. After a firm has been selected based on qualifications and experience, then a fair and reasonable fee shall be negotiated. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the City shall formally end negotiations with that firm and select the next most highly qualified firm and begin negotiations with that provider for a fair and reasonable price.

Requisition -- The source document for all purchasing activity. The form communicates a department's needs to the Purchasing Department and grants authorization to enter a contractual relationship for delivery of goods and/or services. A requisition is utilized for communicating internal requirements and should not be used by the departments for the order and delivery of

goods/or services. All documentation supporting the request for purchase should be attached to the requisition.

Separate Purchases -- Purchases made separately of items that in normal purchasing practices would be purchased in one purchase.

Sequential Purchases -- Purchases made over a period of time of items that in normal purchasing practices would be purchased in one purchase.

Services -- A generic term to include all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, or professional services.

Sole Source -- Purchases of goods or services that are available from only one supplier. There may be just one vendor because of copyrights, or patents, or simply because the vendor is the only one that supplies the goods or services. These purchases are exempt from the standard bidding requirements and must qualify as outlined in Local Government Code [252.002](#).

Specifications -- Statements containing a detailed description of the terms of the contract, as well as a specific details for the goods and/or services. The details or specifications should be descriptive, but not restrictive.

Vendor -- Person or business enterprise providing goods, equipment, labor and/or services to the City as fulfillment of obligations arising from a contract or purchase order.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Discussion of a proposed resolution requesting Travis County funding under SB 3 for emergency siren funding.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Charles West, City Manager

SUBJECT: Discussion and update on Cedar Breaks and allegations from TCEQ.

ATTACHMENTS:

[Cedar_Breaks_Updated_Presentation.pdf](#)

[City of Lago Vista-Cedar Breaks-MCI Pumpstation-EST 3372I-1125.pdf](#)

[TCEQ - City of Lago Vista.pdf](#)



LAGO VISTA
— TEXAS —

Workshop

Cedar Breaks Effluent Disposal Pump System and Components
By Ernesto Rios Director of Public Works

Background



- PUMP HOUSE DAMAGED BY LIGHTNING STRIKE IN 2018.



ELECTRICAL SYSTEM FAILED FOR THE IRRIGATION



- STAFF HAS OPERATED SYSTEM MANUALLY SINCE DAMAGE

Current Challenges



- Manual operation leads to lack of accurate records.



- TCEQ violation issued.



- Manual operation of the irrigation system is labor intensive, and operation is becoming unmanageable

Operational Impacts

- Staff must go onsite daily to operate system
 - Approx. 3.5 miles of irrigation lines.
 - 115 Water Cannons
 - Approx 4 miles of trails to maintain.
- Inefficient use of staff time
- Increased risk of additional regulatory violations



Expanded Regulatory & Operational Details



- TCEQ requires accurate effluent tracking and reporting



- Manual operations prevent reliable automated logging



- Increased chance of missed irrigation cycles or reporting gaps

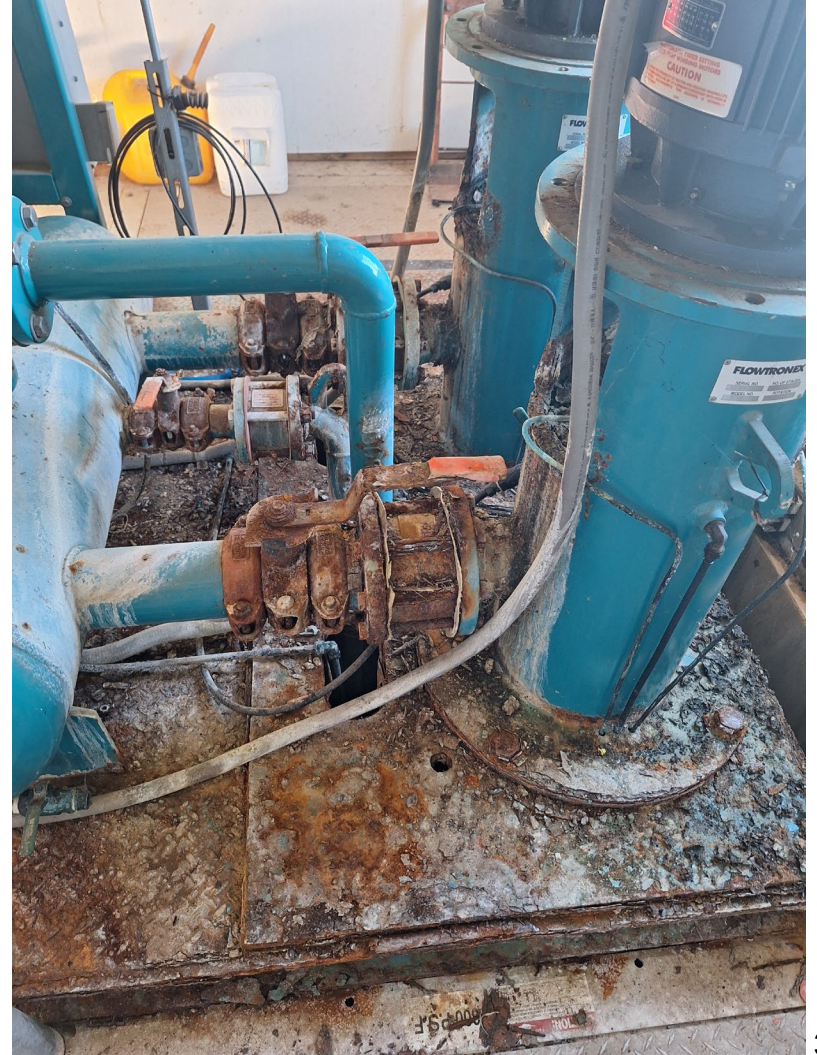


- 2018 lightning strike caused permanent automation failure

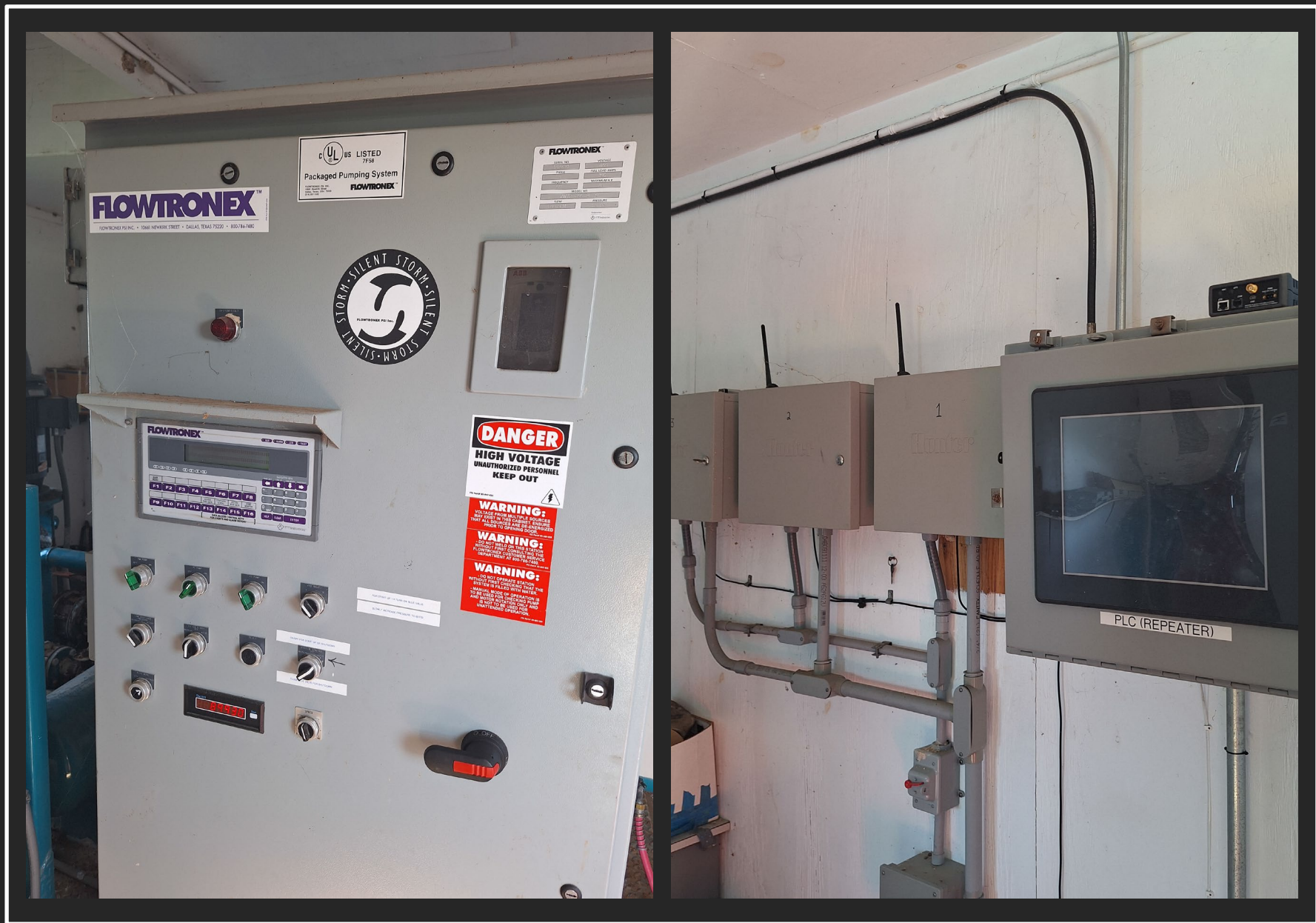


- Current approach diverts staff from core wastewater operations

Site Photos







Requested Action



- Approve purchase to replace pump house components



- Restore automated, compliant operation



- Reduce labor burden and regulatory risk

Cost Breakdown

- Pump Station: \$211,853.75

- Labor: \$26,400.00

- Electrical-Misc. Fittings, wires, Seal Tite Conduit, Connectors, Hardware \$2,989.00

- Crane Services: For removal and Installation \$6,000

- Total: \$247,242.75

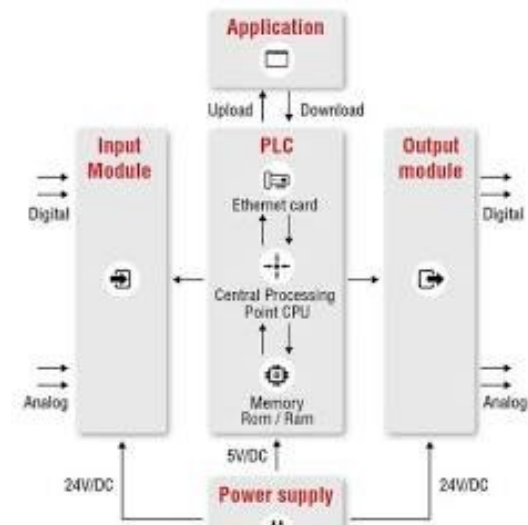
- Buy Board Quote: Buy Board #770-25

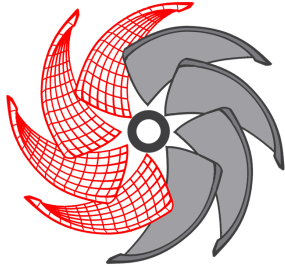
Q&A

1. Can it be repaired in sections?
 - No, it's built as a whole and rust is too significant to repair successfully.
2. Can the Panel be re-used
 - Some of the components, could potentially be used as spare parts as the equipment will be from the same manufacture.
3. Can the pump be used as spare parts?
 - Yes, That is the intent and the reason why the original installer was contacted.
4. Any other cost-effective ways to get this repairs.
 - Prefab built pump stations is the most cost-effective way, prefabrication significantly reduces expensive on-site labor, engineering time, and construction delays, leading to a higher total project cost.
5. What is a PLC Repeater
 - PLC, or Programmable Logic Controller, is an industrial-grade digital computer used to automate and control processes in a manufacturing or commercial environment



image for reference only





Pump Mechanical Technical Services, LLC

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San Marcos, TX 78667

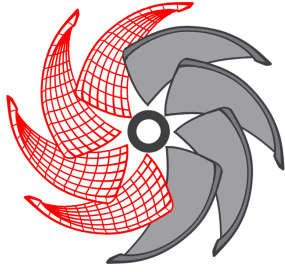
ESTIMATE

Date	Estimate #
11/19/2025	E11-03372

Estimate Valid for 30 Days

Name / Address		Ship To		
City of Lago Vista 5803 Thunderbird Ste 101, Lago Vista, TX 78645				
Terms	FOB	P.O. No.	Project	
ON Receipt			MCI Pumpstation Wetwell-1125	
Description		Qty	Rate	Total
*****BUY BOARD # 770-25***** LABOR: Cedar Breaks, (Wetwell), Lago Vista, TX Demo: Labor to arrive, setup PMTS crew service trucks, shot down station power disconnect all SCADA signals, power and remove station from pump house, leave slab ready for new station arrival. Set: Labor to arrive stage PMTS crew service trucks and offload new station. Set piping, filtration, manifolds, deck and control panel on slab get mechanical connections made and leave station ready for electrical. Return to get all wiring on in long power landed, all control terminals, motor leads and leave station ready for startup. Startup: Labor to arrive and setup, energize panel, verify all terminations, test motors and pumps, get station ready for full flow testing. Run and calibrate station, train personnel on new equipment. Electrical- Misc. Fittings, wire, Seal Tite Conduit, Connectors, Hardware Crane Service: Crane for removal and installation of equipment. MCI Pumpstation: Total Pump Length: 26 FT - 7 IN Inlet Condition: WETWELL Supply Power: 480V 3PH 60HZ Pump Station Requirements: 800 GPM AT 80 PSI AT STATION DISCHARGE Existing Station FTX#: 13091 SCOPE OF SUPPLY MCI UL Listed QCZJ Packaged Pump Station Model Number: PPS-N-VT2-800-80-SV-P-48-3-6 Built Under ISO9001:2015 Certification		1	26400.00	26,400.00T
		1	2,989.00	2,989.00T
		1	6,000.00	6,000.00T
		1	211853.75	211,853.75T
**PMTS LABOR WARRANTY ON WORKMANSHIP ONLY WITH VALID INSPECTION. **MANUFACTURER(S) PARTS ONLY WARRANTY UNLESS OTHERWISE SPECIFIED IN WRITING BY PMTS. **LABOR FOR PUSH/ PULL AND RE-INSTALL FOR WARRANTY INSPECTIONS BY AUTHORIZED PUMP OR MOTOR SERVICE CENTER IS NOT INCLUDED.				
** If paying with credit card there will be a 3% convience fee on transactions of \$10,000 or more. Please reach out to Angie@Pmtservice for any questions regarding this change.			Subtotal	
			Sales Tax (0.0%)	
Phone #	E-mail	Web Site		Total
(830) 431- 7181	ANGIE@PMTSERVICE.COM	WWW.PMTService.com		

Signature



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Terms	FOB	P.O. No.	Project
ON Receipt			MCI Pumpstation Wetwell-1125

Description	Qty	Rate	Total
Main Control Panel Custom Enclosure · UL 508a Listed Control Panel Custom Engineered & Manufactured in Same Facility as Pump Station · Watertight UL Type 4 Enclosure · 72 IN x 48 IN x 18 IN (HxWxD), Final Panel Size Confirmed in Approval Drawings · 12 ga. Mild Steel Construction with Self-Healing Zinc Primer and Superior Outdoor Rated Powder Coated Textured Finish · Heavy Duty Concealed Hinge / 3- Point Latch with Handle (Pad Lock Capable), Easily Removable Doors and Center Post for Servicing · Rigid Steel Backplate with Pure White Powder Coat · Stainless Steel Doorstop(s), (Standard on All Doors) · 12IN Data Pocket Containing All Pertinent Panel Documentation and As Built Drawings for Easy in Field Reference · Manufactured in the USA Cooling/Heating · QTY (1) UL Listed Low Maintenance Heat Exchanger Designed for Energy Efficient Cooling and Increased Electrical Component Longevity Main Power · 200-Amp Main Fused Disconnect to Protect Valuable and Critical Components from Overloads and Abnormal Supply Power Conditions · Industry Leading Short Circuit Current Rating (SCCR) of 100,000 Amps to Impede Catastrophic Failure · Type 1 Surge Protection w/Status Indicators for Safeguarding of Electrical System Against Destructive Transient Power Surges · Active Incoming Line Phase Monitor W/Primary Fusing for Detection of Voltage Imbalance, Phase Sequence, and Loss of Phase · Regulated & Adjustable DC Power Supply for Safe User Operation and Stable Clean Power to			

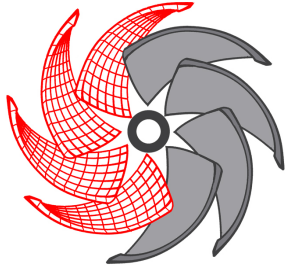
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Terms	FOB	P.O. No.	Project
ON Receipt			MCI Pumpstation Wetwell-1125

Description	Qty	Rate	Total
Control Processing Components · GFCI Outlet for Convenient Laptop Power · Robust Industrial Control Power Transformer w/Primary Fusing Pump/Motor Control/Power · Control & Power for QTY (2) 30 HP Main Pump/Motor with Shared VFD/XL Operation o Green Illuminated Off/On Switch with Running and Blinking Fault Indication o Pump/Motor Running Feedback o Wired for Motor Space Heater o Variable Frequency Drive Operation § High Accuracy Pump/Motor Speed Control § Manual VFD Speed Pot § VFD Bypass Switch Per VFD for Alternate Pressure Control Mode in the Event of VFD Failure § Equipped With Input Impedance Per VFD for Smooth, Stable, & Consistent Power § Fast Acting Fusing for VFD Protection § VFD Fault with Auto Restart o XL Operation § Advanced Fuse Protection Technology for Safeguarding Against Power Surges and Overloads § Solid State Overload Protection with Precise Monitoring Per Motor and Shutdown Safety Including Contactor Interlocks for Safe Operation · Control & Power for QTY (1) 5 HP PM Pump/Motor with XL Operation o Green Illuminated Off/On Switch with Running and Blinking Fault Indication o Pump/Motor Running Feedback o XL Operation § Advanced Fuse Protection Technology for Safeguarding Against Power Surges and Overloads § Solid State Overload Protection with Precise Monitoring Per Motor and Shutdown Safety Including Contactor Interlocks for Safe Operation Control Features & Hardware · MCI MPC Remote Intelligence Platform			

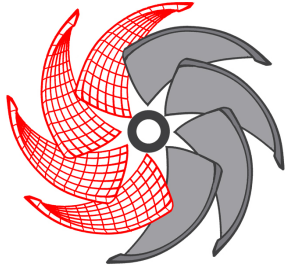
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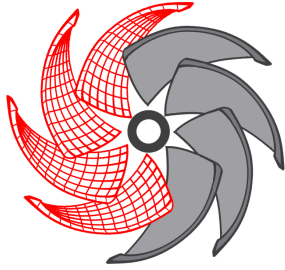
Terms	FOB	P.O. No.	Project
ON Receipt			MCI Pumpstation Wetwell-1125

Description	Qty	Rate	Total
- o Fast Processing Robust PLC for Self-Sufficient Automatic Operation - o 12IN Industrial-Grade High-Resolution Touchscreen Designed for Demanding Environments and an Intuitive User Experience § HMI Screen Layout Users Can Customize to Their Individual Preferences · System "Full Size" Type 4 Operator Control Devices - o Manual/Off/Auto System Control - o Red Illuminated Fault Push Button - o Blue Illuminated Maintenance Light · PLC Flow Adjustable Fertigation Run Relay with Dry Contacts · System Safeties: - o Main Inlet Safety § Low Level Shutdown w/Auto Reset - o Low Discharge Pressure Shutdown/Hard Fault - o High Discharge Pressure Shutdown w/Auto Restart - o Phase Failure, Imbalance, and Low Voltage Protection · Operation Features - o Remote Intelligence § One Click Secured Remote Login/Access to all your systems § Advanced Trending Screen with State-of-the-Art Interrogation Capabilities § Realtime Fault Monitoring Providing Users Immediate Email Alerts § Integrated Mechanical & Electrical Drawings with Accelerated On-Screen Access to Technical Schematics for Efficient Troubleshooting and Servicing. § AI Ready - o Door Device Lamp Test Function - o Automatic Alternation of Pumps Based on Least Run Time - o Intelligent Slow Ramp Feature for Automatic Line Fill - o 3-Year Flow Total Logging Day/Week/Month/Year - o Pump Run Times			

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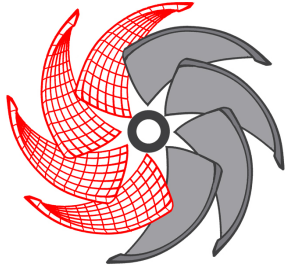
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ON Receipt			MCI Pumpstation Wetwell-1125	
Description		Qty	Rate	Total
- o Event Log - o Flow and Station Trending - o Assignable I/O - o Multi-Parameter Adjustable Pump Station Lockout § Lockout Parameters: *Individualized Day/Time Settings* -Pressure Setpoint/Max -External Input -Max Number of Pumps Allowed -Power Consumption -Max VFD Speed · Lake Level Control - o Hand/Off/Auto Selector Switch - o Sensor Included in System Instrumentation Section · Motion-Sensing Interior LED Lighting Package for Improved Visibility During Control Panel Service · MCI Remote Cell Monitoring w/6 Year Activation (Cell Service Starts When Equipment Ships from MCI) - o nSite, MCI's Cloud Based Solution NO SUBSCRIPTION FEE § Scheduled Monthly Email with Flow Report in Excel Format § Access To One Full Year of Pressure, Flow, Alarms and Event Data - o Remote Pump Station Disable Feature from Any Smart Device Or PC - o Factory Support Remote Access to PLC/HMI and VFD for Programming and Troubleshooting - o nAlert § Manage Maintenance Due Dates for All Aspects of Maintenance on Your Pumping Station § Warning Light, Display Message and Email Alert When Due § Monitor and Report Irregular Operation of Irrigation System, Pump System and Filter System · SCADA Communication - o Dry Digital/Analog Connections for Customer Monitoring Use Including the Following Signals: § 4-20mA Flow				
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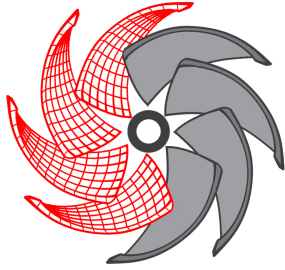
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Description		Qty	Rate	Total
§ Discharge Pressure § PM Pump Running § Pump 1 Running § Pump 2 Running § Station Fault System Instrumentation · 316SS Low Level Probe Set with PNR Relay · Discharge Pressure Transducer o 316SS Multi-output Programmable Pressure Transducer, with Local Display, Protective Display Cap, and Cord Set · Submersible Level Transducer o 0-34.6' 316SS Level Transducer with Filter, Extra Weight, and 60 FT Cable · 6 IN Networkable Magnetic Flowmeter with Local Flow Display, Fertigation Frequency Output Prewired to Panel Terminals, Corrosion Resistant NSF-61 Approved Lining, Flanged Connections, and Precise 0.5% Flow Measurement Accuracy · 4 IN 316SS Pressure Gauges with Full Body 316SS Monolithic Block and Bleed Valves Auxiliary Equipment · 5 kVA Compact and Convenient Power Zone Providing Easily Accessible 120/240VAC Power Complete with Individual & Main Circuit Protection · 5 kW Automated Station Heater with Thermostat for Climate Control Pump Assemblies · QTY (2) 30 HP Vertical Turbine MAIN Pump,(80.7 % Efficiency), Rated for 400 GPM @ 218 FT TDH Including Station Losses. To Include: o PUMP § Minimum 375PSI High Pressure Rated Cast Iron Bowls w/316SS Investment Cast Impellers for Superior Corrosion Resistance, Improved Performance at Higher Pressure, and Extended Pump Lifespan § High Strength, Corrosion Resistant, Rotationally Balanced 416SS Stainless Steel Shafting				
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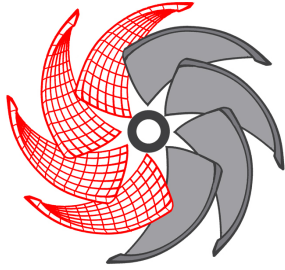
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Description		Qty	Rate	Total
§ 416SS Head Shaft Including Bronze Adjusting Nut and Gib Key § MCI Custom Teflon Pump Sealing Packing System Designed to Prevent Water from Leaking on the Pump Skid While Providing Shaft Cooling § MCI Fusion Bonded Epoxy Coated Fabricated Carbon Steel Discharge Heads -Pump Heads Feature MCI's Integral, Maintenance Free Air Relief System with No Moving Parts to Purge Harmful Airlocks -High Strength Construction, Engineered to Maximize Stable, Efficient Power Transmission Between Motor and Pump § Threaded Carbon Steel Column Pipe Including Water Lubricated Low Friction Line Shaft Bearings with Vibration Minimizing 5 FT Maximum Spacing § Stainless Steel Mesh Pump Strainer with Easy to Attach SS Clips o MOTOR § 30 HP, 1800 RPM, 460/3/60, Premium Efficient, Vertical Hollow Shaft Motors with Motor Space Heaters, and Non-Reverse Ratchets o VALVES § 4 IN Full 316SS Grooved Pump Discharge Isolation Valve w/ Lever Actuator Offering Vibration Minimization and Increased Installation/Service Flexibility § 4 IN Pump Silent Wafer Check Valves with Corrosion and Abrasion Resistant Fusion Bonded Epoxy, SS Disc, and Heavy-Duty Spring to Reduce Hydraulic Shock · QTY (1) 5 HP Submersible Turbine PM Pump & Motor. To Include: o PUMP § 304SS Interchangeable Pump Bowls Featuring Optimized Hydraulic Surfaces for Increased Performance and Efficiency § 304SS Corrosion Resistant Impellers Including Thrust Balancing Stop Rings § 316SS Threaded, High Strength Discharge Column Pipe § 2IN Fusion Bonded Epoxy Coated SCH40 Pump Head o MOTOR § 5 HP, 460/3/60, Premium Efficient, Corrosion Resistant 304SS Submersible Motor				
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ON Receipt			MCI Pumpstation Wetwell-1125

Description	Qty	Rate	Total
o VALVES § 2 IN Full 316SS Grooved Pump Discharge Isolation Valve w/ Lever Actuator Offering Vibration Minimization and Increased Installation/Service Flexibility § 2 IN Pump Silent Wafer Check Valves with Corrosion and Abrasion Resistant Fusion Bonded Epoxy, SS Disc, and Heavy-Duty Spring to Reduce Hydraulic Shock Station Isolation Valving · 6 IN Station Discharge Isolation Butterfly Valve w/Lever Operator, Corrosion-Inhibiting 316SS Disc and EPDM Elastomers, Abrasion Resistant Fusion Bonded Body, and 250PSI Bubble Tight Shutoff Capacity · 316SS Threaded Ball Valves, 1.5IN and Below Station Pressure Relief Valve · Fusion Bonded Epoxy 2.5 IN Station Pressure Relief Valve with Corrosion Mitigating 316SS Internals, Bronze Piloting, Piped to Wet Well with Isolation Butterfly Valve w/Lever Operator, SS Disc, EPDM Elastomers, and Bonnet Quick Air Purge Ball Valve Station Filtration and Controls · QTY (1) 6 IN Suction Scanner Filter(s) with Full 316SS Body, Dual Stage 300-micron Self Cleaning Filtration System, and Low Waste Automatic Flush Assembly o Control and Power § QTY (1) Filter Inlet Pressure Transducer -316SS Multi-output Programmable Pressure Transducer, with Local Display, Protective Display Cap, and Cord Set § Manual/Off/Auto Filter Flush Control Switch for Flush Operation Control § Filter Run Command (Auto & Manual) § Filter Operation Feedback Sensor § Filter Fault o Valving and Piping § 6 IN Isolation Butterfly Valve w/Lever Operator, Corrosion-Inhibiting 316SS Disc and EPDM Elastomers, Abrasion Resistant Fusion Bonded Body, and 250PSI Bubble Tight Shutoff Capacity			

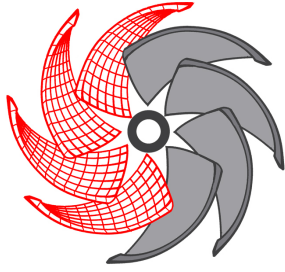
****PMTS LABOR WARRANTY ON WORKMANSHIP ONLY WITH VALID INSPECTION.**

****MANUFACTURER(S) PARTS ONLY WARRANTY UNLESS OTHERWISE SPECIFIED IN WRITING BY PMTS.**

****LABOR FOR PUSH/ PULL AND RE-INSTALL FOR WARRANTY INSPECTIONS BY AUTHORIZED PUMP OR MOTOR SERVICE CENTER IS NOT INCLUDED.**

** If paying with credit card there will be a 3% convience fee on transactions of \$10,000 or more. Please reach out to Angie@Pmtservice for any questions regarding this change.			Subtotal
			Sales Tax (0.0%)
			Total
Phone #	E-mail	Web Site	
(830) 431- 7181	ANGIE@PMTSERVICE.COM	WWW.PMTService.com	

Signature



Pump Mechanical Technical Services, LLC

PO Box 1566
San Marcos, TX 78667

ESTIMATE

Date	Estimate #
11/19/2025	E11-03372

Estimate Valid for 30 Days

Name / Address	Ship To
City of Lago Vista 5803 Thunderbird Ste 101, Lago Vista, TX 78645	

Terms	FOB	P.O. No.	Project
ON Receipt			MCI Pumpstation Wetwell-1125

Description	Qty	Rate	Total
§ 2IN Electrically Actuated, 24VDC, Non-Clog Butterfly Valve with Corrosion-Inhibiting 316SS Disc, EPDM Elastomers, Abrasion Resistant Fusion Bonded Body, and 250PSI Bubble Tight Shutoff Capacity § Filter Bypass Line with Isolation Valve and Piping to Match Materials and Coatings Specified in Station Piping Section § 2IN x 4IN 316SS Flush Line Assembly Piped to Skid's Edge Skid · Reinforced, Custom, Carbon Steel Pump Skid - o Fabricated Using Heavy Duty, High Strength Structural Channel, Tubing, and Plate - o Fully Seal Welded Pump Skid Deck Plate - o Integral High Thrust Structural Pipe Supports - o 1-Inch-Thick VT Pump Plate Over Wet Well to Provide Maximum Support and Vibration Dampening During Operation - o Removeable, Heavy-Duty Wet Well Access Hatch with Stainless Steel Hinges for Serviceability - o Self-healing, Corrosion Reducing, Zinc Powder Coat Primer - o Multi-Step, Thermally Cross-Linking, Non-slip Skid Powder Coating for Structural Protection and Operator Safety - o Corrosion and Wear Resistant Zinc Hardware Station Piping · Carbon Steel Station Piping - o Custom Formulated, Electrostatically Adhering, Thermally Cross-Linking, Fusion Bonded Epoxy Coating § NSF 61 Certified, Drinking Water Safe, Fusion Bonded Epoxy Coating § Extreme Resistance to Corrosive Water and Harsh Chemicals - o All Piping Above 2IN Shall Be Both Internally and Externally Coated · Piping Below 2IN shall be 304SS · Hose Bibb Connection for Handy, Pressurized Water Access · Corrosion and Wear Resistant Zinc Hardware			

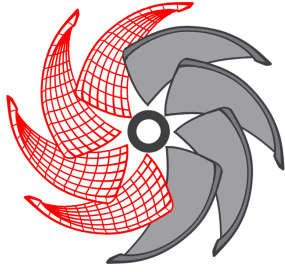
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****LABOR FOR PUSH/ PULL AND RE-INSTALL FOR WARRANTY INSPECTIONS BY AUTHORIZED PUMP OR MOTOR SERVICE CENTER IS NOT INCLUDED.**

** If paying with credit card there will be a 3% convience fee on transactions of \$10,000 or more. Please reach out to Angie@Pmtservice for any questions regarding this change.			Subtotal
			Sales Tax (0.0%)
			Total
Phone #	E-mail	Web Site	
(830) 431- 7181	ANGIE@PMTSERVICE.COM	WWW.PMTService.com	

Signature



Pump Mechanical Technical Services, LLC

PO Box 1566
San Marcos, TX 78667

ESTIMATE

Date	Estimate #
11/19/2025	E11-03372

Estimate Valid for 30 Days

Name / Address		Ship To		
City of Lago Vista 5803 Thunderbird Ste 101, Lago Vista, TX 78645				
Terms	FOB	P.O. No.	Project	
ON Receipt			MCI Pumpstation Wetwell-1125	
Description		Qty	Rate	Total
*BUY BOARD # 770-25				
*16-18 WEEK LEAD TIME FROM DATE OF ORDER				
*CUSTOMER RESPONSIBLE FOR ADEQUATE ACCESS FOR CRANE				
*CUSTOMER RESPONSIBLE FOR PERMITS IF ANY ARE NEEDED				
*OLD STATION WILL BE DISPOSED OF UNLESS CUSTOMER REQUESTS OTHERWISE				
*CUSTOMER RESPONSIBLE FOR HAULING OFF EQUIPMENT IF REQUESTING TO KEEP IT				
*SCADA COMMUNICATION DRY CONTACTS ARE BUILT INTO PANEL				
*PMTS WILL REMOVE THROUGH EXISTING ACCESS HATCH IF IT NEEDS TO BE MADE LARGER ITS THE CUSTOMERS RESPONSIBILITY TO DO SO.				
Warranty Items: Warranty Includes crane if needed.				
*6-year warranty on Variable frequency drive (Includes Lightning Damage Coverage and Labor to Replace)				
*6-Year Warranty on ALL COMPONENTS IN ELECTRICAL PANEL, Inclusive of power related damage such as lightning. Includes parts only.				
*2-year warranty on station piping, valves, pumps, motors.				
**PMTS LABOR WARRANTY ON WORKMANSHIP ONLY WITH VALID INSPECTION.				
**MANUFACTURER(S) PARTS ONLY WARRANTY UNLESS OTHERWISE SPECIFIED IN WRITING BY PMTS.				
**LABOR FOR PUSH/ PULL AND RE-INSTALL FOR WARRANTY INSPECTIONS BY AUTHORIZED PUMP OR MOTOR SERVICE CENTER IS NOT INCLUDED.				
** If paying with credit card there will be a 3% convience fee on transactions of \$10,000 or more. Please reach out to Angie@Pmtservice for any questions regarding this change.			Subtotal	\$247,242.75
			Sales Tax (0.0%)	\$0.00
Phone #	E-mail	Web Site	Total \$247,242.75	
(830) 431- 7181	ANGIE@PMTSERVICE.COM	WWW.PMTService.com		

Signature _____

Brooke T. Paup, *Chairwoman*
Bobby Janecka, *Commissioner*
Catarina R. Gonzales, *Commissioner*
Kelly Keel, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

September 30, 2025

The Honorable Kevin Sullivan
Mayor of Lago Vista
P.O. Box 4727
Lago Vista, Texas 78645

Via email

Re: Proposed Agreed Order
City of Lago Vista; RN101609683; TCEQ Permit No. WQ0011752001
Docket No. 2024-1767-MWD-E; Enforcement Case No. 66960
FOR SETTLEMENT PURPOSES ONLY

Dear Mayor Sullivan:

The Executive Director of the Texas Commission on Environmental Quality ("Commission" or "TCEQ") is pursuing an enforcement action against the City of Lago Vista for violations of the Texas Water Code and Commission Rules. These violations were discovered during an investigation conducted on September 11, 2024, and documented in a letter dated November 1, 2024, from the TCEQ Austin Regional Office.

Please find enclosed a proposed agreed order which we have prepared in an attempt to expedite this enforcement action. The order assesses an administrative penalty of \$13,500. We are proposing a one-time offer to defer \$2,700 of the administrative penalty if you satisfactorily comply with all the ordering provisions within the time frames listed. Therefore, the administrative penalty to be paid is \$10,800. The order also identifies the violations that we are addressing and identifies specific technical requirements necessary to resolve them.

If you have any questions regarding this matter, we are available to discuss them in a conference in Austin or over the telephone. If we reach agreement in a timely manner, the TCEQ will then proceed with the remaining procedural steps to settle this matter. These steps include publishing notice of the proposed order in the *Texas Register* and scheduling the matter for approval by the Commission. We believe that handling this matter expeditiously could save the City of Lago Vista and the TCEQ a significant amount of time, as well as the expense associated with litigation.

If you agree with the order as proposed, please have an authorized representative sign and return the original order **and** the penalty payment (check payable to "TCEQ" and referencing City of Lago Vista, Docket No. 2024-1767-MWD-E) to:

Financial Administration Division, Revenue Operations Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

Should you elect to pay the payable penalty electronically, TCEQ invites you to use ePay, the TCEQ's secure online payment system at: <https://www3.tceq.texas.gov/epay/index.cfm>. Please ensure that you have the following details ready when making your payment using ePay:

- **Payable Penalty/Fee Amount:** \$10,800
- **Penalty Type/Fee Category:** WATER QUALITY ACT VIOLATIONS (ADMIN PENALTIES)
 - This information will be needed on the "Select Fee" page on ePay.
- **Program Area ID:** ENF
- **Project Number/Case No.:** 66960
- **Email Us Your Receipt:** To ensure prompt recognition of your payment, please forward your email receipt from ePay to Taylor Williamson at taylor.williamson@tceq.texas.gov.

For detailed instructions on how to complete your payment using ePay, please use the Enforcement Division ePay Guide for Orders at:
<https://www.tceq.texas.gov/compliance/enforcement/penalty-payment>.

Should you believe you are unable to pay the proposed administrative penalty, you may claim financial inability to pay part or all of the penalty amount. Please contact us immediately to obtain a list of financial disclosure documents that must be submitted within 15 days of the receipt of this letter. These documents, once properly completed and submitted, will be thoroughly reviewed to determine if we agree with the claim of financial inability. Please be aware that if financial inability is proven to the satisfaction of staff, discussions pertaining to the penalty amount adjustment will focus only on deferral and not on waiver of the penalty amount.

You may be able to perform or contribute to a Supplemental Environmental Project ("SEP"), which is a project that benefits the environment, to offset a portion of your penalty. **If you are interested in performing an SEP, you must agree to the penalty amount and submit an SEP proposal within 15 days of receipt of this proposed order.** If you are a local government, you may have additional SEP options available to assist you with coming into compliance or remediating the harm caused by the violations. A local government is defined as a school district, county, municipality, junior college district, river authority, water district or other special district or other political subdivision created under the constitution or a statute of this state.

The Honorable Kevin Sullivan
Page 3

For additional information about the types of SEPs available and eligibility criteria, please go to the TCEQ's web site link at <https://www.tceq.texas.gov/compliance/enforcement/sep> or contact the Enforcement Coordinator listed below.

Please note that any agreements we reach are subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).

If we cannot reach a settlement of this enforcement action or you do not wish to participate in this expedited process, we will proceed with enforcement under the Commission's Enforcement Rules, 30 TEX. ADMIN. CODE ch. 70. Specifically, if the signed order and penalty are not mailed and postmarked within 30 days from the date of this letter, your case will be forwarded to the Litigation Division and this settlement offer, including the penalty deferral, will no longer be available. The enforcement process described in 30 TEX. ADMIN. CODE ch. 70 requires the staff to prepare and issue an Executive Director's Preliminary Report and Petition to the Commission. If you would like to obtain a copy of 30 TEX. ADMIN. CODE ch. 70, or any other TCEQ rules, the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI-032) are located on our agency website at <https://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from the Central Office Publications Ordering Team at (512) 239-0028.

For any questions or comments about this matter or to arrange a meeting, please contact Taylor Williamson of my staff at (512) 239-2097 or at taylor.williamson@tceq.texas.gov.

Sincerely,

Laura Draper

Laura Draper, Manager
Enforcement Division
Texas Commission on Environmental Quality

LD/tw

Enclosures: Proposed Agreed Order, Penalty Calculation Worksheet, Site Compliance History,
Return Envelope

cc: Via email

Taylor Whichard, Director of Public Works, City of Lago Vista

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN
ENFORCEMENT ACTION
CONCERNING
CITY OF LAGO VISTA
RN101609683

§ BEFORE THE
§
§ TEXAS COMMISSION ON
§
§ ENVIRONMENTAL QUALITY

AGREED ORDER DOCKET NO. 2024-1767-MWD-E

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding the City of Lago Vista (the "Respondent") under the authority of TEX. WATER CODE chs. 7 and 26. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

1. The Respondent owns and operates a wastewater treatment facility located at 21001 Seminole Drive in Lago Vista, Travis County, Texas (the "Facility"). The Facility is near or adjacent to water in the state as defined in TEX. WATER CODE § 26.001(5).
2. The Executive Director and the Respondent agree that the TCEQ has jurisdiction to enter this Order pursuant to TEX. WATER CODE §§ 7.002, 7.051, and 7.073, and that the Respondent is subject to TCEQ's jurisdiction. The TCEQ has jurisdiction in this matter pursuant to TEX. WATER CODE § 5.013 because it alleges violations of TEX. WATER CODE ch. 26 and the rules of the TCEQ.
3. The occurrence of any violation is in dispute and the entry of this Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
4. An administrative penalty in the amount of \$13,500 is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent paid \$10,800 of the penalty and \$2,700 is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Order. The deferred amount shall be waived only upon full compliance with all the terms and conditions contained in this Order. If the Respondent fails to timely and satisfactorily comply with any of the terms or requirements contained in this Order, the Executive Director may demand payment of all or part of the deferred penalty amount.
5. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a). Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.

6. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Order.
7. This Order represents the complete and fully integrated agreement of the parties. The provisions of this Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Order unenforceable, the remaining provisions shall be valid and enforceable.
8. This Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Order, whichever is later.

II. ALLEGATIONS

During an investigation at the Facility conducted on September 11, 2024, an investigator documented that the Respondent:

1. Failed to ensure the Facility and all of its systems of collection, treatment, and operation are properly operated and maintained, in violation of 30 TEX. ADMIN. CODE § 305.125(1) and (5) and TCEQ Permit No. WQ0011752001, Operational Requirements No. 1. Specifically, pond 14 is nonoperational due to leak.
2. Failed to ensure the Facility and all of its systems of collection, treatment, and operation are properly operated and maintained, in violation of 30 TEX. ADMIN. CODE § 305.125(1) and (5) and TCEQ Permit No. WQ0011752001, Operational Requirements No. 1 and Special Provision Nos. 3, 10, and 25. Specifically, the "Cedar Breaks" disposal site is not being operating as required. An estimated 25-50% of the water cannons are not functioning. Additionally, the water cannons are not being regularly rotated by staff. These issues have caused the death of the required crop by over watering.
3. Failed to maintain monitoring records at the Facility, in violation of 30 TEX. ADMIN. CODE §§ 305.125(1) and (11)(B) and 319.7(c) and TCEQ Permit No. WQ0011752001, Monitoring Requirements No. 1. Specifically, effluent monitoring records for the 12 months preceding the investigation were requested on September 25, 2024, October 4, 2024, October 7, 2024, and October 9, 2024, and no response was received.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

NOW, THEREFORE, THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY ORDERS that:

1. The Respondent is assessed a penalty as set forth in Section I, Paragraph No. 4. The payment of this penalty and the Respondent's compliance with all of the requirements set forth in this Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: City of Lago Vista, Docket No. 2024-1767-MWD-E" to:

Financial Administration Division, Revenue Operations Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. The Respondent shall undertake the following technical requirements:
- a. Within 30 days after the effective date of this Order:
 - i. Repair the leak in Pond 14 to return it to service;
 - ii. Evaluate the water cannons at the Cedar Break disposal area and repair or replace the water cannons as needed to ensure the facility is being operated as intended; and
 - iii. Implement procedures and conduct employee training to ensure that:
 - (1) Water cannons are being rotated to prevent overwatering; and
 - (2) Monitoring records are properly maintained, including effluent sampling records.
 - b. Within 45 days after the effective date of this Order, submit written certification, and include detailed supporting documentation including photographs, receipts, and/or other records to demonstrate compliance with Ordering Provision Nos. 2.a.i-2.iii. The certification shall be signed by the Respondent and shall include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations."

The certification shall be submitted to:

Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Water Section Manager
Austin Regional Office
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

3. All relief not expressly granted in this Order is denied.
4. The duties and provisions imposed by this Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of this Order to personnel who maintain day-to-day control over the Facility operations referenced in this Order.
5. The Executive Director may grant an extension of any deadline in this Order or in any plan, report, or other document submitted pursuant to this Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director. Extension requests shall be sent to the Enforcement Division at the address listed above.
6. This Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
7. This Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms: electronic transmission, owner, person, writing, and written, shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.
8. The effective date of this Order is the date it is signed by the Commission. A copy of this fully executed Order shall be provided to each of the parties.

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

Date

For the Executive Director

Date

I, the undersigned, have read and understand the attached Order. I am authorized to agree to the attached Order, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this Order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the OAG for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the OAG of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

Signature

Date

Name (Printed or typed)
Authorized Representative of
City of Lago Vista

Title

☐ *If mailing address has changed, please check this box and provide the new address below:*

Instructions: Send the original, signed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Ordering Provision 1 of this Order.



Penalty Calculation Worksheet (PCW)

Policy Revision 5 (January 28, 2021)

PCW Revision February 11, 2021

DATES	Assigned	4-Nov-2024		
	PCW	21-Aug-2025	Screening	4-Nov-2024
			EPA Due	

RESPONDENT/FACILITY INFORMATION

Respondent	City of Lago Vista	
Reg. Ent. Ref. No.	RN101609683	
Facility/Site Region	11-Austin	Major/Minor Source Major

CASE INFORMATION

Enf./Case ID No.	66960	No. of Violations	3
Docket No.	2024-1767-MWD-E	Order Type	1660
Media Program(s)	Water Quality	Government/Non-Profit	Yes
Multi-Media		Enf. Coordinator	Taylor Williamson
		EC's Team	Enforcement Team 1
Admin. Penalty \$ Limit Minimum	\$0	Maximum	\$25,000

Penalty Calculation Section

TOTAL BASE PENALTY (Sum of violation base penalties)	Subtotal 1	\$13,500
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ADJUSTMENTS (+/-) TO SUBTOTAL 1

Subtotals 2-7 are obtained by multiplying the Total Base Penalty (Subtotal 1) by the indicated percentage.

Compliance History	0.0%	Adjustment	Subtotals 2, 3, & 7	\$0
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Notes	No adjustments for compliance history.
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Culpability	No	0.0%	Enhancement	Subtotal 4	\$0
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Notes	The Respondent does not meet the culpability criteria.
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Good Faith Effort to Comply Total Adjustments	Subtotal 5	\$0
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Economic Benefit	0.0%	Enhancement*	Subtotal 6	\$0
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Total EB Amounts	\$1,115	
Estimated Cost of Compliance	\$15,200	*Capped at the Total EB \$ Amount

SUM OF SUBTOTALS 1-7	Final Subtotal	\$13,500
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OTHER FACTORS AS JUSTICE MAY REQUIRE	0.0%	Adjustment	\$0
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Reduces or enhances the Final Subtotal by the indicated percentage.

Notes	
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Final Penalty Amount	\$13,500
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STATUTORY LIMIT ADJUSTMENT	Final Assessed Penalty	\$13,500
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DEFERRAL	20.0%	Reduction	Adjustment	-\$2,700
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Reduces the Final Assessed Penalty by the indicated percentage.

Notes	Deferral offered for expedited settlement.
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PAYABLE PENALTY	\$10,800
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Screening Date	4-Nov-2024	Docket No.	2024-1767-MWD-E	PCW
Respondent	City of Lago Vista			<i>Policy Revision 5 (January 28, 2021)</i>
Case ID No.	66960			<i>PCW Revision February 11, 2021</i>
Reg. Ent. Reference No.	RN101609683			
Media	Water Quality			
Enf. Coordinator	Taylor Williamson			

Compliance History Worksheet

>> Compliance History Site Enhancement (Subtotal 2)

Component	Number of...	Number	Adjust.
NOVs	Written notices of violation ("NOVs") with same or similar violations as those in the current enforcement action (<i>number of NOVs meeting criteria</i>)	0	0%
	Other written NOVs	0	0%
Orders	Any agreed final enforcement orders containing a denial of liability (<i>number of orders meeting criteria</i>)	0	0%
	Any adjudicated final enforcement orders, agreed final enforcement orders without a denial of liability, or default orders of this state or the federal government, or any final prohibitory emergency orders issued by the commission	0	0%
Judgments and Consent Decrees	Any non-adjudicated final court judgments or consent decrees containing a denial of liability of this state or the federal government (<i>number of judgments or consent decrees meeting criteria</i>)	0	0%
	Any adjudicated final court judgments and default judgments, or non-adjudicated final court judgments or consent decrees without a denial of liability, of this state or the federal government	0	0%
Convictions	Any criminal convictions of this state or the federal government (<i>number of counts</i>)	0	0%
Emissions	Chronic excessive emissions events (<i>number of events</i>)	0	0%
Audits	Letters notifying the executive director of an intended audit conducted under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which notices were submitted</i>)	0	0%
	Disclosures of violations under the Texas Environmental, Health, and Safety Audit Privilege Act, 74th Legislature, 1995 (<i>number of audits for which violations were disclosed</i>)	0	0%
Other	Environmental management systems in place for one year or more	No	0%
	Voluntary on-site compliance assessments conducted by the executive director under a special assistance program	No	0%
	Participation in a voluntary pollution reduction program	No	0%
	Early compliance with, or offer of a product that meets future state or federal government environmental requirements	No	0%

Adjustment Percentage (Subtotal 2) 0%

>> Repeat Violator (Subtotal 3)

No **Adjustment Percentage (Subtotal 3)** 0%

>> Compliance History Person Classification (Subtotal 7)

Satisfactory Performer **Adjustment Percentage (Subtotal 7)** 0%

>> Compliance History Summary

Compliance History Notes No adjustments for compliance history.

Total Compliance History Adjustment Percentage (Subtotals 2, 3, & 7) 0%

>> Final Compliance History Adjustment

Final Adjustment Percentage *capped at 100% 0%

Screening Date 4-Nov-2024 Respondent City of Lago Vista Case ID No. 66960 Reg. Ent. Reference No. RN101609683 Media Water Quality Enf. Coordinator Taylor Williamson	Docket No. 2024-1767-MWD-E	PCW <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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Violation Number	1	Rule Cite(s)	
		30 Tex. Admin. Code § 305.125(1) and (5) and TCEQ Permit No. WQ0011752001, Operational Requirements No. 1	
Violation Description		Failed to ensure the Facility and all of its systems of collection, treatment, and operation are properly operated and maintained. Specifically, Pond 14 is nonoperational due to leak.	
Base Penalty			\$25,000

>> Environmental, Property and Human Health Matrix

OR		Harm			
	Release	Major	Moderate	Minor	
	Actual				
	Potential			x	
				Percent	7.0%

>> Programmatic Matrix

	Falsification	Major	Moderate	Minor	
				Percent	0.0%
Matrix Notes	Human health or the environment will or could be exposed to insignificant amounts of pollutants that would not exceed levels that are protective of human health or environmental receptors as a result of the violation.				
Adjustment					\$23,250

	\$1,750
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Violation Events

Number of Violation Events	1	54	Number of violation days
	daily weekly monthly quarterly semiannual annual single event		
			Violation Base Penalty
			\$1,750
One single event is recommended.			

Good Faith Efforts to Comply

	0.0%	
		Reduction
		\$0
	Before NOE/NOV NOE/NOV to EDPRP/Settlement Offer	
Extraordinary		
Ordinary		
N/A	x	
Notes	The Respondent does not meet the good faith criteria for this violation.	
Violation Subtotal		
\$1,750		

Economic Benefit (EB) for this violation

	Statutory Limit Test
Estimated EB Amount	\$369
Violation Final Penalty Total	\$1,750
This violation Final Assessed Penalty (adjusted for limits)	
\$1,750	

Economic Benefit Worksheet

Respondent City of Lago Vista
Case ID No. 66960
Reg. Ent. Reference No. RN101609683
Media Water Quality
Violation No. 1

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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Delayed Costs

Equipment	\$5,000	11-Sep-2024	30-Sep-2025	1.05	\$18	\$351	\$369
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling				0.00	\$0	n/a	\$0
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated equipment cost to repair the leak in Pond 14 to make it operational. The Date Required is the investigation date, and the Final Date is the estimated compliance date.

Avoided Costs

ANNUALIZE avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$5,000

TOTAL

\$369

Screening Date 4-Nov-2024 Respondent City of Lago Vista Case ID No. 66960 Reg. Ent. Reference No. RN101609683 Media Water Quality Enf. Coordinator Taylor Williamson	Docket No. 2024-1767-MWD-E	PCW <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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Violation Number	2	
Rule Cite(s)	30 Tex. Admin. Code § 305.125(1) and (5) and TCEQ Permit No. WQ0011752001, Operational Requirements No. 1 and Special Provision Nos. 3, 10, and 25	
Violation Description	Failed to ensure the Facility and all of its systems of collection, treatment, and operation are properly operated and maintained. Specifically, the "Cedar Breaks" disposal site is not being operating as required. An estimated 25-50% of the water cannons are not functioning. Additionally, the water cannons are not being regularly rotated by staff. These issues have caused the death of the required crop by over watering.	

Base Penalty	\$25,000
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>> Environmental, Property and Human Health Matrix

OR		Harm			
	Release	Major	Moderate	Minor	
	Actual				Percent 7.0%
	Potential			x	

>> Programmatic Matrix

	Falsification	Major	Moderate	Minor	
					Percent 0.0%

Matrix Notes	Human health or the environment will or could be exposed to insignificant amounts of pollutants that would not exceed levels that are protective of human health or environmental receptors as a result of the violation.
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Adjustment	\$23,250
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	\$1,750
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Violation Events

Number of Violation Events	1	54	Number of violation days
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	daily		Violation Base Penalty \$1,750
	weekly		
	monthly		
	quarterly		
	semiannual		
	annual		
	single event	x	

One single event is recommended.

Good Faith Efforts to Comply

	0.0%	
	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer
Extraordinary		
Ordinary		
N/A	x	
Notes	The Respondent does not meet the good faith criteria for this violation.	

Violation Subtotal	\$1,750
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Economic Benefit (EB) for this violation

	Statutory Limit Test
Estimated EB Amount	\$741
	Violation Final Penalty Total \$1,750
This violation Final Assessed Penalty (adjusted for limits) \$1,750	

Economic Benefit Worksheet

Respondent City of Lago Vista
Case ID No. 66960
Reg. Ent. Reference No. RN101609683
Media Water Quality
Violation No. 2

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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Delayed Costs

Equipment	\$10,000	11-Sep-2024	30-Sep-2025	1.05	\$35	\$701	\$736
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling	\$100	11-Sep-2024	30-Sep-2025	1.05	\$5	n/a	\$5
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated equipment cost to evaluate, and repair or replace water cannons at the Cedar Break disposal area as needed to ensure the facility is being operated as intended. The Date Required is the investigation date, and the Final Date is the estimated compliance date.

Estimated training cost to ensure the water cannons are being rotated to prevent overwatering. The Date Required is the investigation date, and the Final Date is the estimated compliance date.

Avoided Costs

ANNUALIZE avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$10,100

TOTAL

\$741

Screening Date 4-Nov-2024 Respondent City of Lago Vista Case ID No. 66960 Reg. Ent. Reference No. RN101609683 Media Water Quality Enf. Coordinator Taylor Williamson	Docket No. 2024-1767-MWD-E Base Penalty \$25,000	PCW <i>Policy Revision 5 (January 28, 2021)</i> <i>PCW Revision February 11, 2021</i>
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Violation Number	3	Rule Cite(s)	30 Tex. Admin. Code §§ 305.125(1) and (11)(B) and 319.7(c) and TCEQ Permit No. WQ0011752001, Monitoring Requirements No. 1
Violation Description	Failed to maintain monitoring records at the Facility. Specifically, effluent monitoring records for the 12 months preceding the investigation were requested on September 25, 2024, October 4, 2024, October 7, 2024, and October 9, 2024 and no response was received.		

Base Penalty

>> Environmental, Property and Human Health Matrix

OR		Harm			
	Release	Major	Moderate	Minor	
	Actual				Percent 0.0%
	Potential				

>> Programmatic Matrix

	Falsification	Major	Moderate	Minor	
		x			Percent 20.0%

Matrix Notes	100% of the rule requirement was not met.
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Adjustment

Violation Events

Number of Violation Events	2	54	Number of violation days
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	daily	weekly	monthly	quarterly	semiannual	annual	single event
			x				

Violation Base Penalty

Two monthly events are recommended from the September 11, 2024, investigation date to the November 4, 2024 screening date.
--

Good Faith Efforts to Comply

	0.0%	
		Reduction \$0

	Before NOE/NOV	NOE/NOV to EDPRP/Settlement Offer	
Extraordinary			
Ordinary			
N/A	x		

Notes	The Respondent does not meet the good faith criteria for this violation.
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Violation Subtotal

Economic Benefit (EB) for this violation

Statutory Limit Test

Estimated EB Amount	\$5	Violation Final Penalty Total	\$10,000
This violation Final Assessed Penalty (adjusted for limits)		\$10,000	

Economic Benefit Worksheet

Respondent City of Lago Vista
Case ID No. 66960
Reg. Ent. Reference No. RN101609683
Media Water Quality
Violation No. 3

Percent Interest	Years of Depreciation
5.0	15

Item Description	Item Cost	Date Required	Final Date	Yrs	Interest Saved	Costs Saved	EB Amount
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Delayed Costs

Equipment				0.00	\$0	\$0	\$0
Buildings				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0
Engineering/Construction				0.00	\$0	\$0	\$0
Land				0.00	\$0	n/a	\$0
Record Keeping System				0.00	\$0	n/a	\$0
Training/Sampling	\$100	11-Sep-2024	30-Sep-2025	1.05	\$5	n/a	\$5
Remediation/Disposal				0.00	\$0	n/a	\$0
Permit Costs				0.00	\$0	n/a	\$0
Other (as needed)				0.00	\$0	n/a	\$0

Notes for DELAYED costs

Estimated training/sampling cost to implement procedures and conduct employee training to ensure that monitoring records are properly maintained, including effluent sampling records. The Date Required is the investigation date, and the Final Date is the estimated compliance date.

Avoided Costs

ANNUALIZE avoided costs before entering item (except for one-time avoided costs)

Disposal				0.00	\$0	\$0	\$0
Personnel				0.00	\$0	\$0	\$0
Inspection/Reporting/Sampling				0.00	\$0	\$0	\$0
Supplies/Equipment				0.00	\$0	\$0	\$0
Financial Assurance				0.00	\$0	\$0	\$0
ONE-TIME avoided costs				0.00	\$0	\$0	\$0
Other (as needed)				0.00	\$0	\$0	\$0

Notes for AVOIDED costs

Approx. Cost of Compliance

\$100

TOTAL

\$5



Compliance History Report

Compliance History Report for CN600622849, RN101609683, Rating Year 2024 which includes Compliance History (CH) components from September 1, 2019, through August 31, 2024.

Customer, Respondent, or Owner/Operator: CN600622849, City of Lago Vista **Classification:** SATISFACTORY **Rating:** 3.55

Regulated Entity: RN101609683, CITY OF LAGO VISTA WWTP **Classification:** SATISFACTORY **Rating:** 2.56

Complexity Points: 8 **Repeat Violator:** NO

CH Group: 08 - Sewage Treatment Facilities

Location: 21001 Seminole Drive, Lago Vista, Travis County, Texas

TCEQ Region: REGION 11 - AUSTIN

ID Number(s):
WASTEWATER PERMIT WQ0011752001 **WASTEWATER EPA ID** TX0069302
WASTEWATER AUTHORIZATION R11752001

Compliance History Period: September 01, 2019 to August 31, 2024 **Rating Year:** 2024 **Rating Date:** 09/01/2024

Date Compliance History Report Prepared: August 21, 2025

Agency Decision Requiring Compliance History: Enforcement

Component Period Selected: August 21, 2020 to August 21, 2025

TCEQ Staff Member to Contact for Additional Information Regarding This Compliance History.
Name: Taylor Williamson **Phone:** (512) 239-2097

Site and Owner/Operator History:

- | | |
|--|-----|
| 1) Has the site been in existence and/or operation for the full five-year compliance period? | YES |
| 2) Has there been a (known) change in ownership/operator of the site during the compliance period? | NO |

Components (Multimedia) for the Site Are Listed in Sections A - J

A. Final Orders, court judgments, and consent decrees:
N/A

B. Criminal convictions:
N/A

C. Chronic excessive emissions events:
N/A

D. The approval dates of investigations (CCEDS Inv. Track. No.):
N/A

E. Written notices of violations (NOV) (CCEDS Inv. Track. No.):
A notice of violation represents a written allegation of a violation of a specific regulatory requirement from the commission to a regulated entity. A notice of violation is not a final enforcement action, nor proof that a violation has actually occurred.
N/A

F. Environmental audits:
N/A

G. Type of environmental management systems (EMSs):
N/A

H. Voluntary on-site compliance assessment dates:

N/A

I. Participation in a voluntary pollution reduction program:

N/A

J. Early compliance:

N/A

Sites Outside of Texas:

N/A



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Charles West, City Manager

SUBJECT: Consideration and possible action to approve Ordinance No. 26-01-06-02;
Ordinance authorizing the issuance of City of Lago Vista, Texas general obligation refunding bonds in an amount not to exceed \$14,080,000 in one or more series; approving an official statement, a paying agent/registrar agreement, a bond purchase agreement, and an escrow agreement, as needed for the sale of bonds; establishing the procedures for selling and delivering one or more series of the bonds; providing for the approval of this ordinance on one reading only as authorized by state law; and authorizing other matters relating to the bonds.

ATTACHMENTS:
[Ord No. 26-01-06-02-1.pdf](#)

ORDINANCE NO. 26-01-06-02

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LAGO VISTA, TEXAS GENERAL OBLIGATION REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$14,080,000 IN ONE OR MORE SERIES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A BOND PURCHASE AGREEMENT, AND AN ESCROW AGREEMENT AS NEEDED FOR THE SALE OF BONDS; ESTABLISHING THE PROCEDURES FOR SELLING AND DELIVERING ONE OR MORE SERIES OF THE BONDS; PROVIDING FOR THE APPROVAL OF THIS ORDINANCE ON ONE READING ONLY AS AUTHORIZED BY STATE LAW; AND AUTHORIZING OTHER MATTERS RELATING TO THE BONDS

Adopted January 6, 2026

ORDINANCE NO. 26-01-06-02

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF LAGO VISTA, TEXAS GENERAL OBLIGATION REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$14,080,000 IN ONE OR MORE SERIES; APPROVING AN OFFICIAL STATEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A BOND PURCHASE AGREEMENT AND AN ESCROW AGREEMENT, AS NEEDED FOR THE SALE OF BONDS; ESTABLISHING THE PROCEDURES FOR SELLING AND DELIVERING ONE OR MORE SERIES OF THE BONDS; PROVIDING FOR THE APPROVAL OF THIS ORDINANCE ON ONE READING ONLY AS AUTHORIZED BY STATE LAW; AND AUTHORIZING OTHER MATTERS RELATING TO THE BONDS

**THE STATE OF TEXAS
COUNTY OF TRAVIS
CITY OF LAGO VISTA**

**§
§
§**

WHEREAS, the City of Lago Vista, Texas (the "City") has previously issued several series of obligations payable from various sources; and

WHEREAS, the City Council of the City deems it advisable and in the best interest of the City to refund the Refunded Obligations, as defined in Exhibit "A" attached hereto, in order to produce a gross debt service savings of at least 3.00% compared to the debt service payments on the Refunded Obligations, net of any City contribution, among other information and terms to be included in a pricing certificate to be executed by the City Manager, acting as the designated pricing officer of the City, or, in the absence of the City Manager, the Director of Finance, all in accordance with the provisions of Chapter 1207 of the Texas Government Code; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations or with a trust company or commercial bank that does not act as depository for the City, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the City to enter into an escrow agreement with a paying agent for the Refunded Obligations or with a trust company or commercial bank that does not act as depository for the City with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such escrow agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized: and

WHEREAS, the Bonds authorized by this Ordinance are being issued and delivered pursuant to the City Charter and Chapter 1207 of the Texas Government Code, as amended, and other applicable laws: and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Texas Government Code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF LAGO VISTA, TEXAS:

Section 1. RECITALS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

Section 2. DEFINITIONS. For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Exhibit "A" to this Ordinance have the meanings assigned to them in Exhibit "A".

Section 3. AMOUNT, NAME, PURPOSE, AND AUTHORIZATION. The Bonds, each to be designated the "**CITY OF LAGO VISTA, TEXAS GENERAL OBLIGATION REFUNDING BONDS**," in one or more Series are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, and the Charter of the City. The Bonds shall be issued in the aggregate principal amount not to exceed \$14,080,000 for the purpose of providing funds for (i) refunding the Refunded Obligations and (ii) paying the costs of issuing the Bonds.

Section 4. DATE, DENOMINATION, MATURITIES, NUMBERS, INTEREST AND REDEMPTION (a) Initially there shall be issued, sold, and delivered hereunder one or more Series of fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from PC-1 upward, in the case of Premium Compound Interest Bonds (except the Initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1 respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing not later than February 15, 2037, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, as all set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (b) of this section. Each Pricing Certificate is hereby incorporated in and made a part of this Ordinance. The Bonds shall be designated by the year in which they are awarded and may be in the form of one or more series of Taxable Bonds or Tax-Exempt Bonds, all as set forth in a Pricing Certificate. The authority for the Pricing Officer to execute and deliver a Pricing Certificate for the Bonds shall expire at 5:00 p.m. C.T. on July 6, 2026. Bonds priced on or before July 6, 2026 may be delivered to the initial purchaser after such date.

(b) As authorized by Chapter 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the City in selling and delivering one or more Series of the Bonds, determining which of the Refundable Obligations shall be refunded and constitute Refunded Obligations under this Ordinance and carrying out the other procedures specified in this Ordinance, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, whether the Bonds are sold as Taxable Bonds or Tax-Exempt Bonds, the price at which a Series of Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than the maximum authorized by law, and (iii) the refunding must produce a gross debt service savings of at least 3.00% compared to the debt service payments on the Refunded Obligations, net of any City contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 3, which shall be sufficient to provide for the purposes for which each Series of the Bonds are authorized and to pay the costs of issuing such Series of Bonds.

In satisfaction of Section 1201.022(a)(3), Texas Government Code, the City Council determines that the delegation of the authority to the Pricing Officer to approve the final terms and conditions of each Series of Bonds as set forth in the Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated in the Pricing Certificate will be, in the best interests and shall have the same force and effect as if such determination were made by the City Council and the Pricing Officer is hereby authorized to make and include in a Pricing Certificate an appropriate finding to that effect.

(c) To achieve advantageous borrowing costs for the City, each Series of Bonds shall be sold on a negotiated, placement or competitive basis as determined by the Pricing Officer in the Pricing Certificate. In determining whether to sell a Series of a Bonds by negotiated, placement or competitive sale, the Pricing Officer shall take into account any material disclosure issues which might exist at the time, the market conditions expected at the time of the sale and any other matters which, in the judgment of the Pricing Officer, might affect the net borrowing costs on the Bonds.

If the Pricing Officer determines that a Series of a Bonds should be sold at a competitive sale, the Pricing Officer shall cause to be prepared a notice of sale and official statement in such manner as the Pricing Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

If the Pricing Officer determines that a Series of Bonds should be sold by a negotiated sale or placement, the Pricing Officer shall designate the placement purchaser or the Underwriter(s) for the Bonds as the Pricing Officer deems appropriate to assure that the Bonds are sold on the most advantageous terms to the City. The Pricing Officer, acting for and on behalf of the City, is authorized to enter into and carry out a Bond Purchase Agreement or other agreement for the Bonds to be sold by negotiated sale or placement, with the Underwriter(s) or placement purchasers at such price, with and subject to such terms as determined by the Pricing Officer pursuant to Section 3(b) above. Each Bond Purchase Agreement or other agreement shall be substantially in the form and substance previously approved by the City in connection with the authorization of ad valorem tax debt with such changes as are acceptable to the Pricing Officer.

(d) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Ordinance to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded on the Compounding Dates as set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be the Accretion Table. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

Section 5. REDEMPTION. (a) Right of Redemption. The City reserves the right, at its option, to redeem the Bonds as set forth in the FORM OF BOND and the Pricing Certificate. The City, at least thirty (30) days before the date of any optional redemption, shall notify the Paying Agent/Registrar of such redemption date and of the amount and maturity of the Bonds to be redeemed.

(b) Notice of Redemption to Bondholder. The Paying Agent/Registrar shall give notice of any redemption of the Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Bondholder at the address shown in the Register. The notice shall state among other things, the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and that the Bonds so called for redemption shall cease to bear interest after the redemption date. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondholder receives such notice. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by or this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice

of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

(c) Effect of Redemption. Notice of redemption having been given as provided in this Section, the Bonds called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in the payment of the principal thereof or accrued interest thereon, such Bonds thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bond is presented and surrendered for payment on such date. If the Bonds thereof called for redemption are not so paid upon presentation and surrender thereof for redemption, such Bonds thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

(d) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of the premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 6. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. The City shall keep or cause to be kept at _____, _____, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Register"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such Bonds or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Register the address of the Registered Owner of each Bond to which payments with respect to the Bond shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The City shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar

shall make a copy of the Register available in the State of Texas. The City shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in subsection (c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bond in the manner prescribed herein, and the Bonds shall be typewritten, photocopied, printed, lithographed, engraved or produced in any other similar manner, all as determined by the officers executing such bond as evidenced by their execution thereof. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Bonds, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bond which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Principal and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bond, all as provided in this Ordinance and in the Pricing Certificate. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bond, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owner, (ii) may be transferred and assigned, (iii) may be converted and exchanged for another Bond, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) shall be payable as to principal and interest and (vii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the Pricing

Certificate and the FORM OF BONDS set forth in this Ordinance. The Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in exchange for any Bond issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BONDS. On the closing date, the initial Bond representing the entire principal amount of the Bonds, payable to the underwriter, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to the underwriter.

(d) Substitute Paying Agent/Registrar. The City covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Register (or a copy thereof), along with all other pertinent Bonds and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Bonds initially issued as provided in Section 6(i) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of the Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC

Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, but to the extent permitted by law, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person whose name each Bond is registered in the registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the City to make payments of principal, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the City determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the City shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but shall be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the City to DTC.

(h) DTC Blanket Letter of Representations. The City confirms execution of a Blanket Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to each Series of the Bonds.

(i) Cancellation of Initial Bond. On the Closing Date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the underwriter

of the Bonds or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such underwriter or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to DTC or the Paying Agent/Registrar on behalf of such underwriter one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all the Bonds for such maturity.

Section 7. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF BONDS

(All blanks and any appropriate or necessary insertions or deletions, to be completed as determined by the Pricing Officer in the Pricing Certificate)

R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF LAGO VISTA, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 20	PRINCIPAL AMOUNT \$ _____ *
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[FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF BOND</u>	<u>CUSIP NO.</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ **DOLLARS**

ON THE MATURITY DATE specified above, the **CITY OF LAGO VISTA, TEXAS** (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from _____* at the Interest Rate per annum specified above, payable on _____*, and semiannually on each _____* and _____* thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless

* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in the Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Issuer and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated office for payment of _____, _____, Texas which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for redemption and payment at the principal office for payment of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bonds shall be payable in the regular manner described above). The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" referred to in and maintained by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Terms used in this Bond and not otherwise defined shall have the meaning given in the Bond Ordinance.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity

and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

**[FORM OF FIRST PARAGRAPHS
OF PREMIUM COMPOUND INTEREST BOND]**

NO. PC-

**MATURITY
AMOUNT
\$**

**INTEREST
RATE**

**ISSUANCE
DATE**

**DATE OF
BOND**

**MATURITY
DATE**

REGISTERED OWNER:

MATURITY AMOUNT:

ON THE MATURITY DATE SPECIFIED ABOVE, CITY OF LAGO VISTA, TEXAS (the "City"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Maturity Amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on _____* and _____* of each year commencing _____. For convenience of reference a table of the "Accreted Value" per \$5,000 Maturity Amount is printed on the reverse side of this Bond. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

THE MATURITY AMOUNT of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of _____. _____, Texas, which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the City required by the order authorizing the issuance of the Bonds (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The City covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond

* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

Ordinance, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the City and the securities depository.

[FORM OF REMAINDER OF EACH BOND]

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the principal office for payment of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business (each a "Non-Business Day"), then the date for such payment shall be the next succeeding day which is not a Non-Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated as of _____* and authorized to be issued pursuant to the Bond Ordinance adopted by the City Council of the City in the principal amount of \$_____*[constituting \$_____ Current Interest Bonds and \$_____ Premium Compound Interest Bonds]** for the purpose of providing funds for (i) refunding the Refunded Obligations and (ii) paying the costs of issuing the Bonds.

ON _____* **OR ON ANY DATE THEREAFTER**, the Bonds maturing on and after _____* may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar shall determine by lot the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount).

[**THE BONDS MATURING ON** _____ are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts on the following dates and at a price of par plus accrued interest to the redemption date ("Term Bonds").

Term Bonds Maturing on _____, 20__^{*}

<u>Redemption Date</u> [*]	<u>Principal Amount</u> [*]
_____, 20__	\$ _____
_____, 20__ [†]	\$ _____ [†]

[†] Final Maturity

^{*}To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in the Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

^{**} To be included only if Current Interest Bonds and Premium Compound Interest Bonds are both issued and completed as determined in the Pricing Certificate.

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.]**

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

WITH RESPECT TO any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000 (an "Authorized

** Use of Term Bonds, if any, to be determined by the Pricing Officer.

Denomination"). As provided in the Bond Ordinance, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Bond or portion thereof shall be paid by the City, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Bond called for redemption in part.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the City, resigns or otherwise ceases to act as such, the City has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; that this Bond is payable from ad valorem taxes, within the limits prescribed by law.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the City.

IN WITNESS WHEREOF, the City has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the City, and countersigned with the manual or facsimile signature of the City Secretary of the City and the official seal of the City has been duly impressed, or placed in facsimile, on this Bond.

City Secretary, City of Lago Vista, Texas

Mayor, City of Lago Vista, Texas

(CITY SEAL)

**FORM OF REGISTRATION CERTIFICATE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Acting Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

*(To be executed if this Bond is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)*

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in exchange for a bond or bonds, or a portion of a bond or bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

_____, _____
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Bond and all rights hereunder unto _____

(Assignee's Social Security or
Taxpayer Identification Number)

(Please print or typewrite Assignee's name and address,
including zip code)

and hereby irrevocably constitutes and appoints _____
attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

DATED: _____

NOTICE: Signature(s) must be
guaranteed by a member firm of the
New York Stock Exchange or a
commercial bank or trust company.

NOTICE: The signature on this
assignment must correspond with the name
of the Registered Owner as it appears on
the face of the within Bond in every
particular.

INSERTIONS FOR THE INITIAL BONDS

(i) The initial Current Interest Bonds shall be in the form set forth in this Exhibit, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED ABOVE, the City of Lago Vista, Texas (the "Issuer"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
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* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

(Information for the Current Interest Bonds from the Pricing Certificate to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from _____* at the respective Interest Rate per annum specified above. Interest is payable on _____* and semiannually on each _____* and _____* thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The initial Bond shall be numbered "T-1."

(ii) The Initial Compound Interest Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"**THE CITY OF LAGO VISTA, TEXAS** (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Payment at Maturity on _____* in each of the years and in installments of the respective Maturity Amounts set forth in the following schedule:

Year of Maturity	Maturity Amount	Interest Rate
_____	_____	_____

(Information for the Premium Compound Interest Bonds
from the Pricing Certificate to be inserted)

The amount shown above as the respective Maturity Amounts represent the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____. For convenience of reference, a table appears on the back of this Bond showing the "Compounded

* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table."

C. the Initial Premium Compound Interest Bond shall be numbered "TPC-1."

Section 8. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the City Council shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 3% of the original principal amount of the Bonds as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. The rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Bonds or interest thereon are outstanding and unpaid; and the tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Accrued interest, if any, on the Bonds shall be deposited in the Interest and Sinking Fund.

Section 9. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bond shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the City Council also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bond and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bond and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of the Bond and such Bond shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Ordinance, the City may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Registered Owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar

such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter D of Texas Government Code, Chapter 1201, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 11. CUSTODY, APPROVAL, AND REGISTRATION OF BOND; BOND COUNSEL'S OPINION The Mayor of the City and the City Manager are hereby authorized to have control of the initial Bonds issued and delivered hereunder and all necessary records and proceedings pertaining to the Bond pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bond the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bond, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel may, at the option of the City, be printed on the Bond issued and delivered under this Ordinance, but it shall have no legal effect, and shall be solely for the convenience and information of the Registered Owner of the Bonds.

Section 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations

described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings)

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(10) to establish reasonable expectations to prevent using the proceeds of the Bonds in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the City Manager or the Mayor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for

the purposes described in Section 1 of this Order (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 13. APPROVAL OF OFFERING DOCUMENTS, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT. The Pricing Officer is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto and to deem such documents final in accordance with Rule 15c2-12. The City further approves the distribution of such Official Statement in the reoffering of a Series of Bonds by the underwriters in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

The Paying Agent/Registrar Agreement by and between the City and the Paying Agent/Registrar ("Paying Agent Agreement") in substantially the form and substance previously approved by the City Council and the Pricing Officer is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement as necessary.

The discharge and defeasance of Refunded Obligations shall be effectuated pursuant to the terms and provisions of an Escrow Agreement, in the form and containing the terms and provisions as shall be approved by a Pricing Officer, including any insertions, additions, deletions, and

modifications as may be necessary (a) to carry out the program designed for the City by the underwriters or purchaser, (b) to maximize the City's present value savings and/or to minimize the City's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Obligations and (d) to carry out the other intents and purposes of this Ordinance; and, the Pricing Officer is hereby authorized to execute and deliver such Escrow Agreement, on behalf of the City, in multiple counterparts.

To maximize the City's present value savings and to minimize the City's costs of refunding, the City hereby authorizes and directs that certain of the Refunded Obligations shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices set forth in the Pricing Certificate, and the Pricing Officer is hereby authorized and directed to take all necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrars, as appropriate, of such Refunded Obligations, in the manner required by the documents authorizing the issuance of such Refunded Obligations.

The Pricing Officer and the Escrow Agent are each hereby authorized (a) to subscribe for, agree to purchase, and purchase Defeasance Securities that are permitted investments for a defeasance escrow established to defease Refunded Obligations, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved, and (b) to authorize such contributions to the escrow fund as are provided in the Escrow Agreement.

Section 14. INSURANCE PROVISIONS. In connection with the sale of a Series of the Bonds, the City may obtain municipal bond insurance policies from one or more recognized municipal bond insurance organizations (the "Bond Insurer" or "Bond Insurers") to guarantee the full and complete payment required to be made by or on behalf of the City on the Bonds. The Pricing Officer is hereby authorized to sign a commitment letter and/or insurance agreement with any Bond Insurer or Bond Insurers and to pay the premium for the bond insurance policies at the time of the delivery of the Bonds to the underwriter out of the proceeds of sale of the Bonds or from other available funds and to execute such other documents and certificates as necessary in connection with the bond insurance policies as the Pricing Officer may deem appropriate. Printing on the Bonds covered by the bond insurance policies a statement describing such insurance, in form and substance satisfactory to the Bond Insurer and the Pricing Officer, is hereby approved and authorized. The Pricing Certificate may contain provisions related to the bond insurance policies, including payment provisions thereunder, and the rights of any Bond Insurer or Insurers, and any such provisions shall be read and interpreted as an integral part of this Ordinance.

Section 15. TAXABLE BONDS. (a) To the extent required by the Code and the regulations, it shall be the duty of the Trustee to report to the Owners of the Taxable Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Taxable Bonds and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Taxable Bonds required to be included in the gross income of the owners thereof for federal income tax purposes.

(b) It is the intention of the City that the Taxable Bonds not be obligations described in section 103 of the Internal Revenue Code of 1986 interest on which is excludable from the gross income of the holders and in that regard the City agrees not to file a form 8038-G, or any comparable information return relating to tax-exempt obligations, with the Internal Revenue Service.

Section 16. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2026, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 13 of this Ordinance, being information of the type described in each Pricing Certificate, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit "B" hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) Event Notices. The City shall file notice to notify the MSRB of any of the following events with respect to the Bonds in a timely manner and not more than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holder, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding

paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by this Ordinance of any Bond calls and defeasance that cause the Bonds to be no longer outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

(d) **Definitions.** As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(e) **Format, Identifying Information, and Incorporation by Reference.** All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to subsection (b) of this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet website or filed with the SEC.

Section 17. AMENDMENT OF ORDINANCE. The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of the Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (v) qualify this Ordinance

under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (iv) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the Bond so as to:

- (1) Make any change in the maturity of the Bond;
- (2) Reduce the rate of interest borne by the Bond;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Bond;
- (4) Modify the terms of payment of principal or of interest or redemption premium on the Bond or impose any condition with respect to such payment; or
- (5) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to the Registered Owner a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of publication of such notice the City shall receive an instrument or instruments executed by the Registered Owner, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the City may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the City and the Registered Owner shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of such consent, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of consent by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the City.

For the purposes of establishing ownership of the Bonds, the City shall rely solely upon the registration of the ownership of such Bonds on the Register kept by the Paying Agent/Registrar.

Section 18. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) declares bankruptcy, or (iii) defaults in the observance or performance of any other of the covenant, agreement or obligation of the City, the failure to perform which materially adversely affects the rights of the owner, including but not limited to, their prospect or ability to be repaid in accordance with this Section and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the following remedies shall be available:

(a) Any owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights to the owner under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the owner hereunder or any combination of such remedies.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 19. NO RECOURSE AGAINST CITY OFFICIALS. No recourse shall be had for the payment of principal of or interest on the Bonds or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Bond.

Section 20. FURTHER ACTIONS. The Mayor, the City Manager and all other officers and employees of the City are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the Bonds. In addition, prior to the initial delivery of the Bonds, the Mayor, the City Manager, the Director of Finance and Bond Counsel are hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of any bond insurer, or (iii) obtain the approval of the Bond by the Texas Attorney General's office.

In case any officer of the City whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 21. PERFECTION. Chapter 1208, Government Code, applies to the issuance of the Bond and the pledge of ad valorem taxes granted by the City under Section 8 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bond is outstanding and unpaid such that the pledge of ad valorem taxes granted by the City under Section 8 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Registered Owner of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 22. INTERPRETATIONS. All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge to secure the payment of the Bonds.

Section 23. INCONSISTENT PROVISIONS. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 24. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the Registered Owner of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the Registered Owner of the Bonds.

Section 25. SEVERABILITY. The provisions of this Ordinance are severable; and in case any one or more of the provisions of this Ordinance or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Ordinance nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 26. FUNDS AND ACCOUNTS Notwithstanding anything in this Ordinance to the contrary any funds or accounts created by this Ordinance, other than the Escrow Funds, may be subaccounts of the City's Funds held by the City's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute commingling of the monies in such funds or of

funds and the City shall keep full and complete records indicating the monies and investment credited to each such fund.

Section 27. RESERVED.

Section 28. REPEALER. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 29. EFFECTIVE DATE. This Ordinance shall become effective upon the final passage of this Ordinance.

Section 30. PAYMENT OF ATTORNEY GENERAL FEE. The City hereby authorizes the disbursement of a fee equal or lesser of (i) one-tenth of one percent of the principal amount of each Series of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of each Series of the Bonds.

[Execution Page Follows]

IN ACCORDANCE WITH SECTION 1201.028, TEXAS GOVERNMENT CODE
passed and approved on the 6th day of January 2026.

Shane Saum, Mayor, City of Lago Vista, Texas

ATTEST:

Robin Smith City Secretary, City of Lago Vista, Texas

APPROVED AS TO LEGALITY:

Brad Bullock, City Attorney, City of Lago Vista, Texas

[Signature Page]

EXHIBIT A **DEFINITIONS**

As used in this Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"*Accountant*" means an independent certified public accountant or accountants or a firm of an independent certified public accountants, in either case, with demonstrated expertise and competence in public accountancy.

"*Accreted Value*" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to a Pricing Certificate relating to the respective Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"*Accretion Table*" means the exhibit attached to a Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

"*Authorized Denominations*" means the denomination of \$5,000 or any integral multiple thereof with respect to the Current Interest Bonds and in the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Premium Compound Interest Bonds.

"*Bond Insurer*" or "*Insurer*" means the provider of a municipal bond insurance policy, if any, for a Series of the Bonds as determined by the Pricing Officer in the Pricing Certificate or any other entity that insures or guarantees the payment of principal and interest on any Bonds.

"*Bonds*" means one or more Series of Bonds and includes collectively the Premium Compound Interest Bonds and Current Interest Bonds initially issued and delivered pursuant to this Bond order and the Pricing Certificate and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"*Book-Entry-Only System*" means the book-entry system of bond registration provided in Section 6, or any successor system of book-entry registration.

"*Business Day*" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"*Cede & Co.*" means the designated nominee and its successors and assigns of The Depository Trust Company, New York.

"City" and "Issuer" mean the City of Lago Vista, Texas, and where appropriate, the City Council.

"City Council" means the governing body of the City.

"Closing Date" means the date of initial delivery of and payment for a Series of Bonds.

"Compounded Amount" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof plus all interest accrued and compounded to the particular date of calculation.

"Compounding Dates" means the dates on which interest is compounded on the Premium Compound Interest Bonds as set forth in the Accretion Table attached to a Pricing Certificate.

"Current Interest Bonds" means the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in a Pricing Certificate.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

"Depository" means one or more official depository banks of the City.

"DTC" means The Depository Trust Company, New York, New York and its successors and assigns.

"DTC Participant" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Escrow Agent" means _____, _____, Texas or any successor escrow agent under the Escrow Agreement or such other legally qualified institution as may be determined by the Pricing Officer.

"Escrow Agreement" means one or more agreements by and between the City and the Escrow Agent relating to refunding the Refunded Obligations.

"*Federal Securities*" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"*Fiscal Year*" means the twelve-month accounting period used by the City in connection with the operation of the System, currently ending on September 30 of each year, which may be any twelve consecutive month period established by the City, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

"*Holder*," "*Holders*," "*Owners*" or "*Registered Owners*" means any person or entity in whose name a Bond is registered in the Security Register, for any Parity Obligation.

"*Initial Bonds*" means the Bonds authorized, issued, and initially delivered as provided in Section 4 of this Ordinance.

"*Insurance Policy*" means an insurance policy issued by any Insurer guaranteeing the scheduled principal of and interest on the Bonds when due.

"*Interest and Sinking Fund*" means the special fund maintained by the provisions of Section 8 of this Ordinance.

"*Interest Payment Date*" means a date on which interest on the Bonds is due and payable.

"*Issuance Date*" means the date of delivery of a Series of Bonds.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Ordinance*" means this ordinance finally adopted by the City Council on January 6, 2026.

"*Outstanding*", when used with respect to Bonds, means, as of the date of determination, all Bonds theretofore delivered under this Ordinance, except:

(1) Bonds theretofore cancelled and delivered to the City or delivered to the Paying Agent/Registrar for cancellation;

(2) Bonds deemed paid pursuant to the provisions of Section 9 of this Ordinance;

(3) Bonds upon transfer of or in exchange for and in lieu of which other Bonds have been authenticated and delivered pursuant to this Ordinance

(4) Bonds under which the obligations of the City have been released, discharged or extinguished in accordance with the terms thereof.

"*Permitted Investments*" means any security or obligation or combination thereof permitted under the Public Funds Investments Act, Chapter 2256, Texas Government Code, as amended or other applicable law.

"*Premium Compound Interest Bonds*" means the Bonds on which no interest is paid prior

to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"*Pricing Certificate*" means a Pricing Certificate of the City's Pricing Officer to be executed and delivered pursuant to Section 4 hereof in connection with the issuance of a Series of Bonds.

"*Pricing Officer*" means the City Manager, acting as the designated pricing officer of the City to execute the Pricing Certificate. In the absence of the City Manager, the Mayor may act as the designated pricing officer of the City to execute the Pricing Certificate.

"*Rating Agency*" means any nationally recognized securities rating agency which has assigned, at the request of the City, a rating to the Parity Obligations.

"*Record Date*" means Record Date as defined in Section 7, the Form of Bonds.

"*Redemption Date*" means a date fixed for redemption of any Bond pursuant to the terms of this Ordinance.

"*Refunded Obligations*" means those Refundable Obligations designated by the Pricing Officer in the Pricing Certificate to be refunded.

"*Refundable Obligations*" means all or a portion of the City's outstanding debt obligations.

"*Register*" or "*Registration Books*" means the registry system maintained on behalf of the City by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"*Replacement Bonds*" means the Bonds authorized by the City to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 10 of this Ordinance.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*Series*" means a separate series of Bonds as specified by or pursuant to the terms of this Ordinance and the related Pricing Certificate.

"*Taxable Bonds*" means a Series of Bonds bearing interest at a taxable rate.

"*Tax-Exempt Bonds*" means a Series of Bonds bearing interest which is excludable from gross income for Federal taxation purposes pursuant to Section 103 of the Code.

EXHIBIT B

CONTINUING DISCLOSURE **DESCRIPTION OF ANNUAL ACCOUNTING PRINCIPLES**

The following information is referred to in Section 16 of this Ordinance.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in the paragraph above.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Paul Prince, City Council

SUBJECT: Consideration and possible action regarding Resolution No. 26-2189 resolution by the City Council of the City of Lago Vista, Texas appointing individuals to serve on the Planning & Zoning Commission.

BACKGROUND: City Council annually appoints members to Boards, Committees, and Commissions.

FINDINGS: Staff has included a matrix for appointments.

RECOMMENDATION: Appoint citizens to serve on the Planning & Zoning Commission.

ATTACHMENTS:
[Res. No. 26-2189 Appoint members P-Z.docx](#)

CITY OF LAGO VISTA, TEXAS

RESOLUTION 26-2189

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS APPOINTING FOUR INDIVIDUALS TO FILL EXPIRING TERMS AS MEMBERS OF THE PLANNING & ZONING COMMISSION.

WHEREAS, the Planning & Zoning Commission (the "Commission") has vacancies due to the expiration of terms; and

WHEREAS, it is important to appoint individuals who are objective, knowledgeable and that have acquired relevant experience; and

WHEREAS, it is prudent to fill the vacancies on the Board to maximize opportunities for a quorum and conducting business.

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

THAT, the City Council of the City of Lago Vista, Texas, does hereby appoint _____, _____, _____, and _____ as members with a term that expires December 31, 2027.

AND, IT IS SO RESOLVED.

PASSED AND APPROVED this 6th day of January 2026.

CITY OF LAGO VISTA:

Shane Saum, Mayor

ATTEST:

Robin Smith, City Secretary

On a motion by Councilmember _____, seconded by Councilmember _____, the above and foregoing instrument was passed and approved.



Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Consideration and possible action regarding Resolution No. 26-2190; resolution by the City Council of the City of Lago Vista, Texas appointing individuals to serve as members on the Board of Adjustments Commission.

ATTACHMENTS:

[Res. No. 25-2190 Appoint BOA Members.docx](#)

CITY OF LAGO VISTA, TEXAS

RESOLUTION 25-2190

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS APPOINTING FOUR INDIVIDUALS TO FILL EXPIRING TERMS AS MEMBERS OF THE BOARD OF ADJUSTMENT.

WHEREAS, the Board of Adjustment (the "Board") has vacancies due to the expiration of terms; and

WHEREAS, it is important to appoint individuals who are objective, knowledgeable and that have acquired relevant experience; and

WHEREAS, it is prudent to fill the vacancies on the Board to maximize opportunities for a quorum and conducting business.

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

THAT, the City Council of the City of Lago Vista, Texas, does hereby appoint James Peck, Jennifer Grunewald, Enrique Lopez, and Nelson Minyard as members with a term that expires December 31, 2027.

THAT, the City Council of the City of Lago Vista, Texas, does hereby appoint _____, _____, _____, and _____ as members with a term that expires December 31, 2027.

AND, IT IS SO RESOLVED.

PASSED AND APPROVED this 6th day of January 2026.

CITY OF LAGO VISTA:

Shane Saum, Mayor

ATTEST:

Robin Smith, City Secretary

On a motion by Councilmember _____, seconded by Councilmember _____,
the above and foregoing instrument was passed and approved.



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CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Councilor Saum, City Council

SUBJECT: Consideration and Possible action regarding Resolution No. 26-2191; resolution of the City Council of the City of Lago Vista, Texas appointing individual to serve as Council liaison to the Building & Standards Commission for the 2026 calendar year.

ATTACHMENTS:
[25-2191 Resolution for Council Liaison Building Standard\(1\).docx](#)

CITY OF LAGO VISTA, TEXAS

RESOLUTION NO. 25-2191

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS
APPOINTING AN INDIVIDUAL TO SERVE AS COUNCIL LIAISON TO THE
BUILDING AND STANDARDS COMMISSION FOR THE 2026 CALENDAR YEAR**

WHEREAS, in accordance with Section 7.8 of the City's Rules of Procedure, the Council may appoint individual Council Members to serve as a liaison to City boards, committees, and commissions, as well as county-wide, regional and local community organizations; and

WHEREAS, Council liaisons serve an important role to be a resource to support the committee, commission or board and to be a voice of for the Council to community organizations; and

WHEREAS, in accordance with paragraph 7.8(6)(a), after elections each November, city council members will discuss each committee, current liaison assignments, proposed changes, and make liaison assignments for the upcoming year; and

WHEREAS, Council finds it prudent to assign a member to serve as liaison to the Building and Standards Commission to fulfill the duties and responsibilities in accordance with the City's Rules of Procedure for the 2026 calendar year.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF LAGO VISTA, TEXAS:**

THAT, the City Council of the City of Lago Vista, Texas, does hereby appoint Council Member Paul Prince to serve as Council Liaison to the Building and Standards Commission for the 2026 Calendar year.

AND, IT IS SO RESOLVED.

PASSED AND APPROVED this 6th day of January 2026.

Shane Saum, Mayor

ATTEST:

Robin Smith, City Secretary

On a motion by Councilor _____, seconded by Councilor _____, the above and foregoing instrument was passed and approved.

Item Cover Page

CITY COUNCIL AGENDA ITEM REPORT

DATE: January 6, 2026

SUBMITTED BY: Eric DeLaCruz, Finance

SUBJECT: Consideration, and possible action regarding Ordinance No. 26-01-06-01; an ordinance of the City Council of the City of Lago Vista, Texas Pursuant to the Texas Local Government Code Chapter 102, Sections 102.007(b) and 102.010, Providing for Amendments to Ordinance No. 24-09-19-01, Municipal Budget for the Fiscal Year Beginning October 1, 2024 and Ending September 30, 2025; Providing for Severability, and Effective Date.

BACKGROUND: On September 19, 2024, City Council approved the Fiscal Year 2024-2025 annual budget.

The Fiscal Year 2024–2025 Budget requires amendment to address several operational and emergency needs that occurred throughout the year. During FY 2024–2025, the City experienced unanticipated personnel-related expenses, interim staffing requirements, and emergency infrastructure repairs. These items were necessary for continuity of operations.

FINDINGS: This budget amendment reflects adjustments in the Administration, City Secretary's Office, Legal Department, City Council, Water Plant 1, and the Wastewater Treatment Plant. Major factors requiring amendment include:

- Administration – City Manager: Separation costs for the former City Manager and relocation expenses for the newly hired City Manager.
- City Secretary: Higher-than-budgeted expenses for professional services due to the use of an interim City Secretary on two separate occasions during the fiscal year.
- Legal: Increased legal costs related to grievance investigations, lawsuits, and multiple employee separations.
- City Council: Additional travel-related expenses for training, TML conferences, and other professional development activities widely attended this fiscal year.

- Water Plant 1: Emergency repairs to the clarifier and electrical insufficiencies affecting barge operations. These repairs were brought to council and approved but were never codified by an ordinance.
- Wastewater Treatment Plant: Emergency clarifier repairs, generator failure requiring repairs, rental equipment, and increased sludge hauling costs due to equipment failure. These repairs were brought to council and approved but were never codified by an ordinance.

FINANCIAL IMPACT:

Total Amendment to the General Fund is \$216,000.

Total Amendment to the Utility Fund is \$787,000.

All adjustments are detailed in Exhibit A of the ordinance. Adoption of this amendment formally aligns the City's financial records with actual operational needs and ensures compliance with budget law and accounting requirements.

ATTACHMENTS:

[Exhibit A Details.pdf](#)

[City Council Meeting 2/6/2025 & 11/7/2024 Minutes.pdf](#)

[ORD No 26-01-06-01_Budget_Amendment_V2.pdf](#)

City of Lago Vista
For Year Ending 9-30-2025

EXHIBIT A

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Administration</u>				
City Manager	10-510-1100	\$ 190,575.00	\$ 75,000.00	\$ 265,575.00
City Manager Contingency	10-510-6560	\$ 15,000.00	\$ 10,000.00	\$ 25,000.00
Net Changes: The City Manager that was in place at the start of 2024 left and agreement was paid out. A new City manager was hired and had to be relocated.				

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>City Secretary</u>				
Professional Services	10-516-6100	\$ 12,000.00	\$ 100,000.00	\$ 112,000.00
Net Changes: The City Secretary that was in place at the start of 2024 left and an interim was brought in at a much higher rate. We had this interim twice this year.				

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Legal</u>				
Legal Services	10-518-6120	\$ 405,000.00	\$ 25,000.00	\$ 430,000.00
Net Changes: There have been grievance investigations, lawsuits, and multiple separations				

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>City Council</u>				
Travel	10-550-4200	\$ 10,000.00	\$ 6,000.00	\$ 16,000.00
Net Changes: Mileage, per diem & hotel stays for TML and other conferences & training. Lots of training and conferences were attended this year.				

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Water Plane One</u>				
Maintenance & Repairs	30-565-4700	\$ 55,000.00	\$ 250,000.00	\$ 305,000.00
Unanticipated Maintenance/Repairs	30-565-4715	\$ -	\$ 387,000.00	\$ 387,000.00
Net Changes: The clarifier at Water Plant 1 needed to be rebuilt. It was an emergency and was brought to council on 2/6/25 for discussion and was approved on a motion made by Councilor Prince and seconded by Councilor Owen. A formal budget amendment was not requested at the time. There was an issue with the electrical not being able to reach far enough on the barge at Water Plant 1, it was an emergency and was brought to council on 11/7/24 for discussion and was approved on a motion made by Councilor Prince and seconded by Councilor Marion. A formal budget amendment was not requested at the time.				

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Wastewater Treatment Plant</u>				
Maintenance & Repairs	30-575-4700	\$ 120,000.00	\$ 25,000.00	\$ 145,000.00
Unanticipated Maintenance/Repairs	30-575-4715	\$ -	\$ 65,000.00	\$ 65,000.00
Disposal Services	30-575-6600	\$ 150,000.00	\$ 60,000.00	\$ 210,000.00
Net Changes: The clarifier at the Wastewater Treatment Plant needed to be repaired. It was a similar situation to Water Plant 1. The generator went out at the Wastewater treatment Plant, and it was an emergency to get a rental, and it back up and running. Due to the press failing there was extra sludge to haul off, and extra expenses were incurred.				

MINUTES
City of Lago Vista
City Council Meeting
February 6, 2025
Page 1 of 10

These minutes have been prepared to satisfy the requirements of Section 551.021 of the Texas Government Code. Video recordings of most City meetings can be obtained at <https://www.lagovistatexas.gov/249/Watch-Meetings>

City of Lago Vista, Texas
Regular City Council Meeting
February 6, 2025
Meeting Duration: 5:30 PM to 12:31 AM

BE IT REMEMBERED that on the 6th day of February A.D., 2025, the City Council held a Regular meeting at 5:30 PM in City Council Chambers, 5803 Thunderbird, Lago Vista, Texas 78645, and via videoconference, there being present and acting the following:

00:00-00:10

CALL TO ORDER, CALL OF ROLL

Members of City Council Present:

Kevin Sullivan, Mayor
Shane R. Saum, Council Member; Place 1 (By Virtual)
Adam Benefield, Council Member; Place 2
Rob Durbin, Mayor Pro Tem; Place 3 (By Virtual)
Norma Owen, Council Member; Place 4
Paul Roberts, Council Member; Place 5
Paul Prince, Council Member; Place 6

Members of City Council Absent:

None

Mayor Sullivan called the meeting to order at 5:31 PM and announced that all Council Members are present.

City Staff Present: Interim City Manager, Taylor Whichard, City Attorney, Brad Bullock, Chief of Police Gary Boshears, City Secretary Maria Franco, Economic Development Director Eric Zeno, Human Resource Director Tiffany Sparks, and I.T. Staff Stan Heston.

00:15-02:05

EXECUTIVE SESSION

At 5:34 PM the Council convened into a closed Executive Session pursuant to:

- A. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed). (Texas Government Code Section 551.071)
- B. Consultation with Legal Counsel concerning legal questions related to code enforcement violations and criminal and civil enforcement thereof pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under

the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

- C. Consultation with Legal Counsel concerning legal questions related to contract with Dunnick, Inc. d/b/a Dunnick Golf pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
- D. Consultation with Legal Counsel concerning legal questions related to termination of engagement agreement for legal services with Munck Wilson Mandala/Teresa Hudson pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
- E. Deliberation regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee pursuant to Tex. Gov't Code Ann. § 551.074, concerning the position of City Manager, and pursuant to Section 551.071, consultation with Legal Counsel concerning legal questions related to City Charter requirements, Personnel Policy requirements and Ethics Policy related to City Manager duties concerning matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
- F. Consultation with Legal Counsel concerning legal questions and advice related to dormant PDD's pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
- G. Deliberation regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee pursuant to Tex. Gov't Code Ann. § 551.074, concerning review of the Interim City Manager.

02:20 – 4:30

ACTION ON EXECUTIVE SESSION ITEMS

(Action and/or vote may be taken on the following items):

AT **6:45** PM Council reconvened from Executive Session into Open Session to act as deemed appropriate in City Council's discretion regarding:

- A. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed). (Texas Government Code Section 551.071)

No action taken.

- B. Consultation with Legal Counsel concerning legal questions related to code enforcement violations and criminal and civil enforcement thereof pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

- C. Consultation with Legal Counsel concerning legal questions related to contract with Dunnick, Inc. d/b/a Dunnick Golf pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

- D. Consultation with Legal Counsel concerning legal questions related to termination of engagement agreement for legal services with Munck Wilson Mandala/Teresa Hudson pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

- E. Deliberation regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee pursuant to Tex. Gov't Code Ann. § 551.074, concerning the position of City Manager, and pursuant to Section 551.071, consultation with Legal Counsel concerning legal questions related to City Charter requirements, Personnel Policy requirements and Ethics Policy related to City Manager duties concerning matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

- F. Consultation with Legal Counsel concerning legal questions and advice related to dormant PDD's pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

- G. Deliberation regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee pursuant to Tex. Gov't Code Ann. § 551.074, concerning review of the Interim City Manager.

No action taken.

04:30 – 6:57

PLEDGE OF ALLEGIANCE, PLEDGE TO THE TEXAS FLAG

Mayor Sullivan led the Pledge of Allegiance and the Pledge to the Texas Flag.

INVOCATION

Councilor Benefield introduce Bishop Kent Cook of the Church of Jesus Christ of Latter-Day Saints and said he is the bishop of approximately 400 members here in the Jonestown Lago Vista area. Bishop Cook gave the invocation.

06:58 – 13:25

PROCLAMATION

Proclaiming February 6, 2025, as J. Maurice Duderstadt Day.

13:29 – 16:05

CITIZEN COMMENTS

Mayor Sullivan opened the citizens' comment period.

Larry Levy submitted a statement concerning the road impact fee based on LV Resolution 21-1899 enacted under Mayor Tidwell. Mayor Sullivan read Mr. Levy's statement.

Stephen R. Liebel addressed the Council regarding a non-item agenda.

16:06 – 19:04

ITEMS OF COMMUNITY INTEREST

Mayor Sullivan informed the public of the following:

- (1.) City facilities will be CLOSED on Monday, February 17th in observance of President's Day. Normal business hours will resume on Tuesday, February 18th.
- (2.) Get ready for an exciting weekend of cycling as Lago Vista welcomes riders from around the world for the 33rd Annual La Primavera Bike Race, happening March 1–2! This year, businesses, organizations, and families can be part of the action by participating in Adopt-A-Corner. By adopting a corner, you'll help marshal an intersection during the races while also showcasing your small business or volunteer organization. Don't miss this chance to support the event and engage with the community! For more details, contact info@laprimaveratx.com.
- (3.) Join us for LAGO FEST 2025!
Mark your calendars for Saturday, April 26th, and meet us at Bar-K Park from 1 PM to 8 PM for an unforgettable day of live music, delicious food, unique vendors, and family-friendly fun!
Music Lineup:
1:30 PM—American Gypsy Band kicks off the party
3:30 PM – Departure ATX keeps the energy going
6:00 PM – Our Headliner, ROGER CREAGER, takes the stage with two-stepping tunes to close out the night!
Don't miss out—visit www.lagofest.com for more details!

Mayor Sullivan noted that the Lions Club will have their Annual Chili Feast at the Lago Vista High School on Saturday, February 8, 2025, from 10 am until 2 pm they will also have baked sale and a silent auction.

Councilor Owen bragged on the Ladies Viking Basketball team and said they secured District Champs by being undefeated.

Councilor Owen gave a shout out to the Cheerleading squad and said they left for Florida this morning and wished them good luck.

21:30 – 56:20

STAFF AND COUNCIL LIAISON REPORTS

1. Routine Reports from City staff.

Mr. Whichard announced that the CIP Manager position has been filled, and they are working diligently to have the CIP dashboard up as directed by the Council.

Mr. Whichard then introduced Ed McRoy, who is the new Development Service Director.

Mr. Whichard informed the Council that the Chief Finance Officer has resigned effective earlier this week, and said an accountant has been hired to get the end of month financial reports done to prepare for the audit.

2. Routine Reports from City Council Liaison.

- Building and Standards Commission, Councilor Benefield Keep
- Lago Vista Beautiful, Councilor Benefield
- Lago Vista Starry Skies, Councilor Benefield Airport Advisory Board, Mayor Pro Tem Durbin
- Planning & Zoning Commission, Mayor Pro Tem Durbin
- Economic Development Advisory Committee, Councilor Owen
- Lago Vista Independent School District, Councilor Owen
- Lago Vista Property Owner's Association, Councilor Owen
- Turnback Canyon Trail Conservancy, Councilor Owen
- Golf Course Advisory Committee, Councilor Prince
- Library Advisory Board, Councilor Prince
- Parks & Recreation Advisory Committee, Councilor Prince
- Board of Adjustment, Councilor Roberts
- Governmental Affairs, Councilor Saum
- Water Issues; Lower Colorado River Authority Board, Texas
- Water Development Board, and other entities as appropriate, Councilor Saum
- Youth Advisory Committee, Mayor Sullivan
- Capital Area Council of Governments, Mayor Sullivan
- CapMetro, Mayor Sullivan
- Texas Department of Transportation, Mayor Sullivan

Councilor Prince gave an update on the Charter Review Committee's meeting.

41:48 – 43:41

CONSENT AGENDA

The Consent Agenda Items Are Self-Explanatory by The City Council or Have Been Previously Discussed and Will Be Enacted with One Motion. There Will Be No Separate Discussion of These Items Unless a Council Member Requests. The Consent Agenda Is for Consideration by The City Council Only and Not Subject to Public Discussion.

3. Consider approval of January 28, 2025, Special Called Council Meeting Minutes.
4. Consider approval of January 16, 2025, Regular City Council Meeting Minutes.
5. Discussion, consideration and possible action on **Resolution No. 25-2112** formally accepting the public infrastructure for Lakeside at Tessera Phase 4A which includes streets, underground storm drain, water distribution, and sewer collection systems.

Mayor Sullivan pulled Item #4 and noted that Mr. Bullock has a comment to make regarding that meeting.

MOTION: Councilor Owen made a motion seconded by Councilor Roberts to approve the Consent Agenda Items #3 & #5 with corrections. Motion carried unanimously, seven (7) ayes to zero (0) nays.

#4. Pulled from Consent; Consider approval of January 16, 2025, Regular City Council Meeting Minutes.

Mr. Bullock stated that on January 16, 2025, meeting and on agenda item no. 12 regarding dis-annexation Councilor Roberts abstained from voting. Mr. Bullock explained that according to the City's Charter requirements, when a Council abstains from voting they are to announce for the record the reason for their abstention and it needs to be noted in the minutes. Mr. Bullock said he advised Councilor Roberts to read a statement of his abstention and the basis for his abstention so that it reflects in the minutes of today's meeting, to comply with the Charter. Councilor Roberts read his statement:

"In order to avoid any perception of bias due to my personal relationship with the applicant, I made the discretionary decision to abstain out of an abundance of caution so as to avoid the appearance of potential impropriety. The City's legal counsel advises me that I was not a legally required to abstain under the City Charter, Ethics Policy, or state law, but that a discretionary abstention to avoid the appearance of impropriety was proper. This abstention was specific to the unique circumstances of this item and does not establish a precedent that precludes my participation in future votes on zoning or development matters, including those affecting the Marshalls Harbor Planned Development District (PDD) in which I reside."

MOTION: Councilor Owen made a motion seconded by Councilor Prince to approve Item #4 with corrections. Motion carried unanimously, seven (7) ayes to zero (0) nays.

ACTION ITEMS

46:53 – 1:08:35

6. Discussion, consideration and possible action on adopting the FINAL DRAFT of the Water Master Plan that was produced by Freese & Nichols.

MOTION: Councilor Prince made a motion seconded by Councilor Owen to table Item #6 and to place on the consent agenda at the next City Council meeting, February 20, 2025. Motion carried unanimously, seven (7) ayes to zero (0) nays.

Mayor Sullivan noted that Councilor Durbin is no longer online for the rest of the meeting.

4:16:12- 4:38:43

7. Discussion, consideration, and possible action regarding Ordinance No. 2025-02-06-01 establishing Quarterly Vacancy and Recruitment Status Reporting Requirements.

MOTION: Councilor Benefield made a motion seconded by Councilor Roberts to approve agenda item #7 with the addition that the Council receive the weekly report that is sent to the Interim City Manager. Motion failed with three (3) ayes to three (3) nays. Councilmembers Prince, Owen and Mayor Sullivan voted against the motion.

MOTION: Councilor Roberts made a motion seconded by Councilor Owen to table item until the next Council meeting on February 20, 2025, to give staff time to come back and propose an alternative recommendation. Motion carried unanimously with six (6) ayes to zero (0) nays.

4:48:01 – 4:50:24

MOTION: Councilor Benefield made a motion seconded by Councilor Roberts to reconsider Item #7. Motion carried unanimously six (6) ayes to zero (0) nays.

MOTION: Councilor Benefield made a motion seconded by Councilor Roberts for the weekly report provided by HR Director Tiffany Sparks to Interim City Manager is forwarded in an unredacted form immediately to the City Council and to table item #7 as is, until the next City Council meeting on February 20, 2025, where staff can make recommendations. Motion carried unanimously six (6) ayes to zero (0) nays.

3:47:56 – 4:04:45

8. Consider and take appropriate action on Ordinance No. 2025-02-06-02 amending Chapter 6, Article 6.200, Section 6.212 of the Lago Vista Code of Ordinances regarding Oak Wilt Control.

Mayor Sullivan recognized Stephen R. Liebel. Mr. Liebel addressed the Council regarding Oak Wilt Control and expressed his concerns about calling this a public nuisance.

MOTION: Councilor Owen made a motion seconded by Councilor Prince to approve Ordinance No. 2025-02-06-02 as presented. Motion carried five (5) ayes to one (1) nay. Mayor Sullivan being the dissenting vote.

4:40:56 - 4:48:01

9. Discussion, consideration, and possible action regarding **Ordinance No. 25-02-06- 03**; an ordinance of the City Council of the City of Lago Vista, Texas Pursuant to the Texas Local Government Code Chapter 102, Sections 102.007(b) and 102.010, Providing for Amendments to Ordinance No. 24-09-19-01, Municipal Budget for the Fiscal Year Beginning October 1, 2024 and Ending September 30, 2025; Providing for Savings, Severability, and Effective Date.

MOTION: Councilor Roberts made a motion seconded by Councilor Prince to approve Ordinance No. 25-02-06-03 as presented. Motion carried unanimously six (6) ayes to zero (0) nays.

3:12:02 – 3:45:38

10. Discussion, consideration and possible action regarding **Resolution No. 25-2109** to set the regular City Council meeting start times for Executive Session at 1:00 PM and Regular Session at 3:00 PM, effective for the remainder of the Current Council's term.

Mayor Sullivan recognized those that have signed up for citizen's comment on this item:

- Stephanie Smith submitted a statement regarding the new start time for the City Council meetings. Mayor Sullivan read her statement concerning community involvement if the Council changes to the new start time.
- DiAnn Tjon-Joe-Pin submitted a statement regarding the new start time. Mayor Sullivan read her statement concerning her objection to the new start time stating that the time change seriously impedes the ability of the citizens & community to participate or tune in to be informed prior to an action being approved.
- Jeff Hewgley addressed the Council and stated he is in support of the new start time for Council meetings.
- Tiffany Sparks addressed the Council and state she is in support of the new start time for Council meetings.
- Chelaine Marion joined the meeting virtually and addressed the Council regarding her objection of the new start time for City Council meetings.
- Christina Lucero addressed the Council concerning the new start time for City Council meetings and stated that she is opposed to the new time.
- Gene Harris addressed the Council and stated he is supportive of the new start time for the City Council meetings.

MOTION: Councilor Roberts made a motion seconded by Councilor Saum to approve Resolution No. 25-2109 as presented. Motion carried four (4) ayes to two (2) nays. Mayor Sullivan and Councilor Prince are the dissenting votes.

4:50:25 – 4:55:02

11. Discussion, consideration, and possible action on passing **Resolution No. 25-2110**; authorizing the City Manager to execute any resolutions, letters, and supporting documents needed for water funding applications.

MOTION: Councilor Saum made a motion seconded by Councilor Owen to table Item #11 until the next City Council meeting on February 20, 2025, to have City Manager put together a

narrative for the Community project funding letter of what the city will be applying for, and accept City Attorney Brad Bullock's recommendation to modify resolution to give the City Manager authority to prepare, execute or submit, as applicable, all necessary resolutions, letters, and supporting documents needed for water funding applications. Motion carried unanimously six (6) ayes to zero (0) nays.

1:08:34 – 1:52:37

12. Discussion, consideration, and possible action on Wildfire Preparedness and the Evacuation Planning Update.

No action taken.

4:56:52 – 5:02:54

13. Discussion, consideration, and possible action authorizing the City Manager to enter into an agreement with Rebuild-it Services Group for an emergency rebuild of the clarifier at Water Plant #1 in an amount of \$304,009.

MOTION: Councilor Prince made a motion seconded by Councilor Owen to approve agreement with Rebuild-It Services Group for an emergency rebuild of the clarifier at Water Plant #1 in an amount of \$304, 009. Motion carried unanimously six (6) ayes to zero (0) nays.

4:05:39 – 4:15:08

14. Discussion, consideration, and possible action on passing Resolution No. 25-2111; regarding support for House Bill 1189 which is no Taxpayer Funded Lobbying.

Mayor Sullivan recognized Gene Harris. Mr. Harris addressed the Council and stated he is in favor of supporting House Bill 1189.

MOTION: Councilor Saum made a motion seconded by Councilor Roberts to approve Resolution No. 25-2111; regarding support for House Bill 1189 which is no Taxpayer Funded Lobbying. Motion carried unanimously six (6) ayes to zero (0) nays.

1:54:37 – 3:12:01

15. Discussion, consideration, and possible action on approving the Consent Agreement for the creation of an In-City Municipal Utility District for Firefly Cove, LLC.

MOTION: Councilor Benefield made a motion seconded by Councilor Owen to table Item #15 instructing counsel from both parties to come to a consensus agreement and that the item come back at the next City Council meeting on February 20, 2025, as a consent agenda item. Motion carried six (6) ayes to zero (0) nays.

2:47:58

RECESS

At 9:31 PM Mayor Sullivan called for a 5-minute recess.

At 9:37 PM the Council reconvened.

5:02:56-5:03:29

EXECUTIVE SESSION

At **11:51** PM the Council convened into a closed Executive Session pursuant to:

- C. Consultation with Legal Counsel concerning legal questions related to contract with Dunnick, Inc. d/b/a Dunnick Golf pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

5:03:29 – 5:04:17

ACTION ON EXECUTIVE SESSION ITEMS

(Action and/or vote may be taken on the following items):

AT **12:31** AM the Council reconvened from Executive Session into Open Session to act as deemed appropriate in City Council's discretion regarding:

- C. Consultation with Legal Counsel concerning legal questions related to contract with Dunnick, Inc. d/b/a Dunnick Golf pursuant to Texas Government Code Section 551.071 - on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

No action taken.

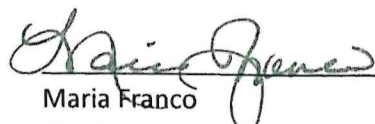
5:04:17

ADJOURNMENT

Mayor Sullivan adjourned the meeting at 12:31 AM

Respectfully submitted,

ATTEST:


Maria Franco
City Secretary, TRMC

**CITY OF LAGO VISTA, TEXAS**


Kevin Sullivan, Mayor

On a motion by Councilor Prince, seconded by Councilor Quen, the above and foregoing instrument was passed and approved this **20th** day of **February 2025**.

**OFFICIAL MINUTES OF THE CITY COUNCIL
REGULAR MEETING
THURSDAY, NOVEMBER 7, 2024; 5:30 PM
DURATION: 5:30 PM – 9:57 PM**

BE IT REMEMBERED that on the 7th day of November A.D., 2024, the City Council held a regular meeting at 5:30 p.m. in City Council Chambers, and via videoconference, there being present and acting the following:

Present:

Kevin Sullivan	Mayor
Shane Saum	Council Member, Place 1
Stephanie Smith	Council Member, Place 2
Rob Durbin	Council Member, Place 3 (Virtual)
Chelaine Marion	Mayor Pro Tem, Place 4
Paul Roberts	Council Member, Place 5
Paul Prince	Council Member, Place 6

Absent:

CALL TO ORDER, CALL OF ROLL

Mayor Sullivan called the meeting to order at 5:30 p.m. and announced that all council members are present.

0:00:24 to 01:19

EXECUTIVE SESSION

At 5:30 p.m., Council convened into a closed Executive Session pursuant to:

- A. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed). (Texas Government Code Section 551.071)
- B. Consultation with Legal Counsel and deliberation regarding consideration of the Ethics Complaint filed against Council Member Roberts. (Texas Government Code Sections 551.071 and 551.074)
- C. Consultation with Legal Counsel regarding golf irrigation contract (Texas Government Section 551.071)

0:01:30 to 0:02:58

ACTION ON EXECUTIVE SESSION ITEMS (action and/or vote may be taken on the following agenda items):

At 6:31 p.m. Council reconvened from Executive Session into open session to act as deemed appropriate in City Council's discretion regarding:

- A. Consultation with Legal Counsel concerning all regular meeting agenda items requiring confidential, attorney/client advice (as needed). (Texas Government Code Section 551.071).

No action was taken.

- B. Consultation with Legal Counsel and deliberation regarding consideration of the Ethics Complaint filed against Council Member Roberts. (Texas Government Code Sections 551.071 and 551.074).

On a motion by Councilor Marion, seconded by Councilor Prince, the City Council voted unanimously (5-0) to dismiss the ethics complaint filed against Council Member Paul Roberts, because it fails to allege violation of the ethics policy. Motion carried.

- C. Consultation with Legal Counsel regarding golf irrigation contract (Texas Government Section 551.071).

No action was taken.

0:03:00 to 0:03:28

PLEDGE OF ALLEGIANCE, PLEDGE TO TEXAS FLAG

0:03:34 to 0:03:46

CITIZEN COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting or discussing (other than factual responses to specific questions) any items not on the agenda.

To participate in the citizen comments portion of the meeting, you must submit a completed form. If you are attending the meeting in the City Council Chambers you must complete the form available at that location and provide it to the Mayor prior to the start of the meeting. If you will be participating using the online videoconferencing tool, you must complete the form and submit it by email in accordance with the instructions included within the form.

None.

0:03:51 to 0:17:00

ITEMS OF COMMUNITY INTEREST

Pursuant to Texas Government Code Section 551.0415, the City Council may report on any of the following items:

- a. Expression of thanks, gratitude, and condolences.
- b. Information regarding holiday schedules.
- c. Recognition of individuals, i.e. Proclamations.
- d. Reminders regarding City Council events.
- e. Reminders regarding community events.
- f. Health and safety announcements.

Reminders of Community Interest:

- Join the City of Lago Vista and the Lago Vista School District for the Annual Veteran's Day Ceremony on Monday, November 11, at 10 AM in the LVHS competition gym. Enjoy a

morning of entertainment and commemoration as we honor the contributions of our community's veterans. A reception will follow the ceremony. Don't miss this special event!

- The City of Lago Vista offices will be closed on Monday, November 11 for Veteran's Day.
- Travis County CDBG invites you to comment on the proposed PY23 CAPER (Consolidated Annual Performance and Evaluation Report) by attending the public hearing or sending your comments in writing via mail or e-mail.

Comments will be accepted from **November 6th, 2024**, at 8:00 A.M. to **November 21th, 2024** at 5:00 P.M.

The public hearing will be held on **November 19th, 2024**, at 9:00 a.m. at 700 Lavaca St. in the Travis County Commissioners Courtroom. This is an excellent opportunity for the public to inform us about your priorities regarding housing, infrastructure, and social services projects for Community Development Block Grant (CDBG) funds. See City website for more details.

- Please take a moment to fill out the Comprehensive Plan and Parks Master Plan Community survey by scanning the QR code or click the link located on the City website. YOUR voice matters, and your INPUT is essential to our planning process!

STAFF AND COUNCIL LIAISON REPORTS

0:17:02 to 1:02:20

WORK SESSION

- A. Discussion and direction to staff regarding the concession agreement between the City of Lago Vista and Bunker Bar and Grille, that is scheduled to expire on December 6, 2024. Staff suggest serving breakfast at 7:30 AM on Friday, Saturday and Sunday year-round. Utilities: cost of electricity is up 24 %. Maintenance needs cleaning service of facility on Mondays. Staff will present a new lease for the Council to review.

1:02:22 to 1:03:57

CONSENT AGENDA

0: All matters listed under Consent Agenda, are to be considered routine by the City Council and will be enacted by one motion. There will not be separate discussions on these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

1. Consider approving October 17, 2024, regular meeting minutes.
2. Consider authorizing the Interim City Manager to execute a service agreement between the City of Lago Vista & LJB Engineering for Phase 2 of the City's GIS Refresh- Quadrant 2 with Lidar in the amount of \$211,063.

On a motion by Councilor Roberts, seconded by Councilor Prince, Council voted unanimously (7-0) to approve the service agreement as presented. Motion carried.

3. Consider authorizing the Interim City Manager to purchase two new Ford F-150's in the amount of \$85,696.00 that was approved in FY24-25's Parks and Recreation budget for an amount of \$90,217.00.

On a motion by Councilor Prince, seconded by Mayor Pro Tem Marion, Council voted (5-2) to approve Item No. 3 as presented. Motion carried. Councilor Roberts and Councilor Saum voted against motion.

4. Consider approving **Resolution No. 24-2081** to establish the State of Texas Model Policy for Preventing Use of Prohibited Technology and Covered Applications.

Items No. 2 & 3 were pulled from the Consent Agenda.

On a motion by Councilor Prince, seconded by Councilor Marion, Council voted unanimously (7-0) to approve the Consent Agenda Items 1 & 4 with the minutes modified by Interim City Secretary Ms. Quinn. Motion carried.

ACTION ITEMS

1:21:56 to 1:56:45

5. Discussion, consideration, and possible action approving **Ordinance No. 24-11-07-01** formally adopting revisions to the City's Personnel Policies and Procedures. City Attorney Cobby Caputo presented the item and was available for questions.

No action taken.

2:08:00 to 2:18:02

6. Discussion, consideration, and possible action authorizing the Interim City Manager to proceed with hiring Team Morales as an emergency expense that is necessary to preserve or protect the public health or safety of the municipality's residents to repair unforeseen damage to public machinery, equipment, or other property, in the amount of \$372,000 to remove one (1) outdated electrical cable and install two (2) new electrical cables at Water Treatment Plant #1's intake. Interim City Manager Taylor Whichard presented the item and was available for questions.

On a motion by Councilor Prince, seconded by Councilor Marion, Council voted unanimously (7-0) to approve Item No. 7 as presented. Motion carried.

2:18:08 to 2:18:30

Recess

The Council took a short recess at 8:48 PM.

The Council came back from recess at 9:00 PM and resumed the meeting.

2:18:32 to 2:41:55

7. Discussion, consideration, and possible action awarding RFQ 24-12 to Strategic Government Resources (SGR) for Executive Recruitment Services to fill vacant Director level positions, and City Manager, and authorize the Interim City Manager to negotiate and execute an agreement for such services. Procurement Manager Eric De La Cruz presented the item and was available for questions.

No action was taken.

2:41:57 to 2:47:03

8. Discussion, consideration, and possible action awarding Lone Star Paving's bid for RFP 25-01 in the amount of \$3,825,269.26 to repave over 75 City streets and authorize the Interim City Manager to execute the contract. Interim City Manager Taylor Whichard presented the item and was available for questions.

On a motion by Councilor Prince, seconded by Mayor Pro Tem Marion, Council voted unanimously (7-0) to approve Item No. 8 as presented. Motion carried.

2:47:04 to 3:12:13

9. Discussion, consideration, and possible action approving **Ordinance No. 24-11-07-02**; amending the Sign Ordinance, Chapter 5 of the Lago Vista Code of Ordinances, regarding political expression; signs, wayfinding signs and directional signs in a public right-of-way; and variance or appeal procedures related to sign permits. Interim City Manager Taylor Whichard and City Attorney Cobby Caputo presented the item and were available for questions.

On a motion by Councilor Prince, seconded by Mayor Pro Tem Marion, Council voted (5-2) to approve **Ordinance No. 24-11-07-02** with one change to the "temporary way finding" sign permit line item to simplify that language to say not required, but their specific locations require prior written approval from the development services department staff. Motion carried. Councilor Roberts and Councilor Saum voted against the motion.

3:12:14 to 3:15:50

10. Discussion, consideration and possible action approving **Resolution No. 24-2082** casting 10 votes among the nominees on the ballot for the Travis County Appraisal District Board of Directors. Mayor Sullivan presented the item and was available for questions.

On a motion by Councilor Saum, seconded by Mayor Pro Tem Marion, Council voted unanimously (7-0) to approve **Resolution No. 24-2082** casting all 10 votes to Thomas Kilgore Mayor of Lakeway. Motion carried.

3:15:55 to 3:15:56

ADJOURNMENT

Mayor Sullivan adjourned the meeting at 9:57 p.m.

ATTEST:




Kevin Sullivan, Mayor


By Maria Franco, City Secretary for Susie Quinn, Interim City Secretary

On a motion by Councilor Benefield seconded by Councilor Owen, the above and foregoing instrument was passed and approved, this 19th day of December 2024.

ORDINANCE NO. 26-01--06-01

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS, PURSUANT TO VERNON'S TEXAS CODES ANNOTATED, LOCAL GOVERNMENT CODE, CHAPTER 102, SECTIONS 102.007(b), 102.009, AND 102.010, PROVIDING FOR AMENDMENTS TO ORDINANCE NO. 24-09-19-01, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2024 AND ENDING SEPTEMBER 30, 2025; DECLARING THAT A GRAVE PUBLIC NECESSITY EXISTS TO MEET AN UNFORESEEN AND UNUSUAL CONDITION AS REQUIRED BY SECTION 102.009 OF THE LOCAL GOVERNMENT CODE; AND PROVIDING THAT AMENDMENTS TO SAID BUDGET BY DEPARTMENT ARE SET FORTH IN "EXHIBIT A" ATTACHED TO THIS ORDINANCE.

WHEREAS, the City Council of the City of Lago Vista, Texas adopted the Fiscal Year 2024–2025 Operating Budget in accordance with state law; and

WHEREAS, various operational needs, emergency repairs, personnel changes, and unanticipated costs have necessitated amendments to the adopted budget; and

WHEREAS, pursuant to Section 102.009 of the Texas Local Government Code, the City Council finds and declares that a grave public necessity exists due to unforeseen and unusual conditions, thereby requiring amendments that serve public interest or municipal purpose; and

WHEREAS, the City Council finds the attached amendments to be necessary for the efficient operation of the City and that sufficient funds are available; and

WHEREAS, the City Council desires to amend the Fiscal Year 2024–2025 Budget to reflect the changes listed in Exhibit A;

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

SECTION I AMENDING BUDGET.

THAT, pursuant to Vernon's Texas Codes Annotated, Local Government Code, Chapter 102, Sections 102.007(b), 102.009, and 102.010, the City Council of the City of Lago Vista, Texas hereby amends the City Budget by Department for the Fiscal Year beginning October 1, 2024 and ending September 30, 2025, with said amendments being as set forth in "Exhibit A" attached to this ordinance.

SECTION II SAVINGS CLAUSE

THAT, any ordinance, or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of said conflict.

SECTION III SEVERABILITY CLAUSE

THAT, if any word, phrase, sentence, paragraph or section is found to be illegal, invalid or unconstitutional, the remaining portion of this ordinance shall remain in full force and effect.

SECTION IV EFFECTIVE DATE

THAT, this ordinance shall take effect and be in full force immediately upon its final passage and approval.

AND, IT IS SO ORDERED.

PASSED AND APPROVED this 6th day of January 2026 by a vote of the City Council of the City of Lago Vista, Texas.

Shane Saum, Mayor

ATTEST:

Robin Smith, City Secretary

On a motion by Councilmember _____ seconded by Councilmember _____, the above and foregoing instrument was passed and approved.

EXHIBIT "A"

City of Lago Vista For Year Ending 9-30-2025

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Administration</u>				
City Manager	10-510-1100	\$ 190,575.00	\$ 75,000.00	\$ 265,575.00
City Manager Contingency	10-510-6560	\$ 15,000.00	\$ 10,000.00	\$ 25,000.00

Net Changes: The City Manager that was in place at the start of 2024 left and agreement was paid out. A new City manager was hired and had to be relocated.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>City Secretary</u>				
Professional Services	10-516-6100	\$ 12,000.00	\$ 100,000.00	\$ 112,000.00

Net Changes: The City Secretary that was in place at the start of 2024 left and an interim was brought in at a much higher rate. We had this interim twice this year.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Legal</u>				
Legal Services	10-518-6120	\$ 405,000.00	\$ 25,000.00	\$ 430,000.00

Net Changes: There have been grievance investigations, lawsuits, and multiple separations

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>City Council</u>				
Travel	10-550-4200	\$ 10,000.00	\$ 6,000.00	\$ 16,000.00

Net Changes: Mileage, per diem & hotel stays for TML and other conferences & training. Lots of training and conferences were attended this year.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Non- Departmental</u>				
Contract Services	10-511-6135	\$ 328,996.00	\$ (216,000.00)	\$ 112,996.00

Net Changes: Reduction of budgeted amounts not fully expended this fiscal year, which are being reallocated to cover amendments needed in other departments. These adjustments reflect the General Fund amendments noted above.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Water Plant One</u>				
Maintenance & Repairs	30-565-4700	\$ 55,000.00	\$ 250,000.00	\$ 305,000.00
Unanticipated Maintenance/Repairs	30-565-4715	\$ -	\$ 387,000.00	\$ 387,000.00

Net Changes: The clarifier at Water Plant 1 needed to be rebuilt. It was an emergency and was brought to council on 2/6/25 for discussion and was approved on a motion made by Councilor Prince and seconded by Councilor Owen. A formal budget amendment was not requested at the time. There was an issue with the electrical not being able to reach far enough on the barge at Water Plant 1, it was an emergency and was brought to council on 11/7/24 for discussion and was approved on a motion made by Councilor Prince and seconded by Councilor Marion. A formal budget amendment was not requested at the time.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Wastewater Treatment Plant</u>				
Maintenance & Repairs	30-575-4700	\$ 120,000.00	\$ 25,000.00	\$ 145,000.00
Unanticipated Maintenance/Repairs	30-575-4715	\$ -	\$ 65,000.00	\$ 65,000.00
Disposal Services	30-575-6600	\$ 150,000.00	\$ 60,000.00	\$ 210,000.00

Net Changes: The clarifier at the Wastewater Treatment Plant needed to be repaired. It was a similar situation to Water Plant 1. The generator went out at the Wastewater treatment Plant, and it was an emergency to get a rental, and it back up and running. Due to the press failing there was extra sludge to haul off, and extra expenses were incurred.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Public Works Admin</u>				
Utility Infill Program	30-559-4650	\$ 300,000.00	\$ (257,000.00)	\$ 43,000.00

Net Changes: This program was not fully implemented, allowing the funds to be reallocated to cover emergency expenses in other departments. These adjustments are reflected in the amendments above.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Water Services</u>				
Water Tap & Extension Expense	30-560-4757	\$ 400,000.00	\$ (265,000.00)	\$ 135,000.00

Net Changes: Budgeted funds that were not needed due to lower growth than in prior years are being reallocated to cover emergency expenses in other departments. These adjustments are reflected in the amendments above.

<u>Department</u>	<u>Account Number</u>	<u>Current Budget</u>	<u>Amending to Add or Subtract</u>	<u>Ending Budget</u>
<u>Sewer Services</u>				
Water Tap & Extension Expense	30-570-4758	\$ 400,000.00	\$ (265,000.00)	\$ 135,000.00

Net Changes: Budgeted funds that were not needed due to lower growth than in prior years are being reallocated to cover emergency expenses in other departments. These adjustments are reflected in the amendments above.