

**COUNCIL POLICY & VALUATION COUNCIL COMMITTEE**  
**January 22, 2025**  
**DRAFT MINUTES**

Council present:

Dan McClendon, Chair

Adam Russell

Council Absent:

Larry Scott

Staff present

Tommy Ludwig, City Manager  
Harlan Jefferson, Deputy City Manager  
Eric Oscarson, Deputy City Manager  
Amanda Campos, City Secretary  
Monica Solko, Deputy City Secretary  
Matt Ribitzki, Deputy City Attorney

**1. CALL TO ORDER – Time: 9:00 a.m.**

Chair Dan McClendon called the meeting to order. **Time: 9:03 a.m.**

**2. CITIZEN APPEARANCES**

- None.

**3. GENERAL**

- A. Consider approval of the minutes from the August 21, 2024 Council Policy and Valuation Committee meeting. (Staff Contact: Monica Solko, Deputy City Secretary)**

Motion made by Adam Russell and seconded by Dan McClendon to approve.

Motion passed 2-0, with Larry Scott absent.

**4. REPORTS AND PRESENTATIONS**

- A. Receive a report, hold a discussion, and provide a recommendation regarding amendments to City Council Policy 36 and the Procurement Procedures. (Staff Contact: Lauren Seay, Deputy Director of Administrative Services)**

Lauren Seay, Deputy Director of Administrative Services, reported on Council Policy #36 to the committee.

Discussion included:

- Increase City Manager approval authority from \$50,000 to \$75,000.

- Propose to change reporting
- Propose to remove section 3.0, 4.0 and 5.0-5.7 to bring in alignment
- Reference the attorney
- Consider increasing others approval authority Deputy CM at \$50,000, keep directors at \$3,000 and Purchasing at \$10,000
- Proposed revisions to Emergency Purchases
- Signature Authority change
- Legal Definition remove 6.0
- Add council reject bids
- Rename 8.0 purchasing manual to Purchasing Procedure
- Major proposed changes to purchasing procedures add travel policy

After a brief discussion and questions, the committee would like the approval authority for the City Manager to be increased to \$100,000 and were in favor of the changes presented. The committee requested an item be brought forward to the full council for consideration.

**B. Receive a report, hold a discussion, and provide a recommendation regarding the Equipment Replacement Fund (ERF) Policy, which is designed to provide financial stability to the purchase of vehicles and equipment. (Staff Contact: Harlan Jefferson, Deputy City Manager)**

Harlan Jefferson, Deputy City Manager, reported on the Equipment Replacement Fund (ERF) Policy to the committee.

Discussion included equipment replacement fund purpose, establish policy and procedures to ensure the availability of funds for replacement (vehicles, equipment), options to increase funding levels to a proposed 65% to 75% range goal, debt funding of equipment with replacement cost of \$300,000 or higher, consideration of test case for shorter replacement of certain vehicles, exclusion of non-rolling equipment except generators, stabilize budgeting for future replacements, fund ERF-related purchases, facilitate timely replacements and purchases, and administer the disposition of replaced assets.

Propriety equipment replacement recommendations:

- Consider one-time transfer from Water and Wastewater Fund to bring their portion of funding to 70% (\$1,564,003)
- Current estimated working capital of Water and Wastewater Fund at 9/30/2024 - \$12,045,387 (\$14,241,182 with impact fees)
- Current estimated working capital as % of expenditures - 40%
- Would reduce Water and Wastewater Fund working capital to \$10,481,384 and require a budget amendment
- Would reduce estimated working capital as a % of expenditures to 35%
- Exclusion of non-rolling equipment except for generators

Governmental equipment replacement fund recommendations:

- Set contribution levels beginning with FY 25-26 budget to bring funding level to 70% over five years
- Consider pilot program of potential early replacement
- Continue to fund Fire Apparatus, Ambulances, Police Command and Tactical Vehicles and Streets large equipment with debt (term of debt tied to life of asset)
- Exclusion of non-rolling equipment, except generators

The committee was in favor of the changes and asked staff to bring an item forward to the full council for consideration.

### **RECESS AND BACK TO ORDER**

Chair Dan McClendon recessed for a short break at 10:44 a.m. and called the meeting back to order at 10:53 a.m.

#### **C. Receive a report, hold a discussion, and provide a recommendation regarding new policies for Municipal Utility Districts, Municipal Management Districts, and Public Improvement Districts. (Staff Contact: Tony McIlwain, AICP, CFM, Development Services Director)**

Tony McIlwain, Development Services Director, reported on new policies for Municipal Utility Districts, Municipal Management Districts and Public Improvement Districts to the committee.

Discussion included city's existing Public Improvement District (PID) policy and prepare a policy for Municipal Utility Districts (MUDs) and Municipal Management Districts (MMDs).

Proposed revisions to PID policy:

- The draft revisions to the PID policy include the removal of the "Types of PIDs" section detailing Capital PIDs and Operation and Maintenance (O&M) PIDs. Staff is of the determination that this is overly restrictive for a developer.
- Staff has revised the initial deposit of the "Professional Services Reimbursement Agreement" to reflect an initial amount of \$7,500, with additional \$10,000 increments when deposit balance reaches \$2,500.
- The "PID Petition" and "Service and Assessment Plans" sections have been removed. These sections simply referenced state law.
- Staff has removed the tax cap, to allow council more discretion when evaluating PID petitions.

MUD and MMD policy:

- Staff has prepared a draft special purpose district policy for MUDs and MMDs.

- The policy has three broad sections: conditions for city consent; certificate of convenience and necessity (CCN); and voluntary annexation.
- The draft policy provides a general framework that establishes expectations of the developer and city council.

The committee was in favor of the changes and asked staff to bring an item forward to the full council for consideration.

**5. BOARD REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS**

- None.

**6. EXECUTIVE SESSION**

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

**A. Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071**

- No executive session needed.

**7. ADJOURN**

There being no further business Chair Dan McClendon adjourned the meeting.

**Time: 11:51 a.m.**

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Monica Solko  
Deputy City Secretary