

## CITY COUNCIL AGENDA ITEM & RECOMMENDATION SUMMARY

MEETING DATE:	October 14, 2024	
PRESENTED BY:	Andy Garcia, Assistant City Manager/Interim Purchasing Director	
AGENDA ITEM:	Approval of Resolution #	Amending Resolution # 1599 establishing a policy

guideline for utility fund transfers to the general fund – A.Garcia

## NATURE OF REQUEST:

Resolution # 1599, adopted by the City Council on May 20<sup>th</sup> 2019, established a policy guideline for Utility Fund transfers to the General Fund. This resolution emphasizes the services provided by general fund departments to the utility fund including: City Council, City Secretary, Human Resources, Finance, IT, Purchasing, Planning, Facilities, Fleet, Streets, Organizational Development, Media, Legal, Fire, and Police. Resolution # 1599 stated that an assessment was conducted valuing the administrative services provided by the City's General Fund to Utility Fund departments is equivalent to 10% of the General Fund expenditures. This resolution further emphasizes that the City shall annually budget an administrative fee transfer out from Utility Fund and transfer in to General Fund in an amount "equal to 10%" of General Fund expenditures. This Amending Resolution recommends the change of this language to state an amount "not to exceed 10%" and allow for such determination to budget less than 10% to be made in the annual budget review process to allow the Utility Fund to improve its working capital balance and fiscal health.

Texas Supreme Court has also found that a city: (1) can make a reasonable profit from operating its utility system and (2) can transfer the reasonable profit amount to the city's general fund, subject to the applicable state laws and bond covenants, including Texas Local Government Code (TLGC) Section 1502.058, governing the transfer of revenue to general fund, and TLGC Section 1502.058, governing the limitation on the use of utility revenue.

## STAFF RECOMMENDATION: Approval Departmental Approval: Finance Advisory Board Recommendation: N/A City Manager's Recommendation: Approval MEP RECORD OF VOTE: APPROVED: \_\_\_\_\_ DISAPPROVED: \_\_\_\_\_ TABLED: \_\_\_\_\_ AYES \_\_\_\_\_AYES \_\_\_\_\_NAYS \_\_\_\_DISSENTING