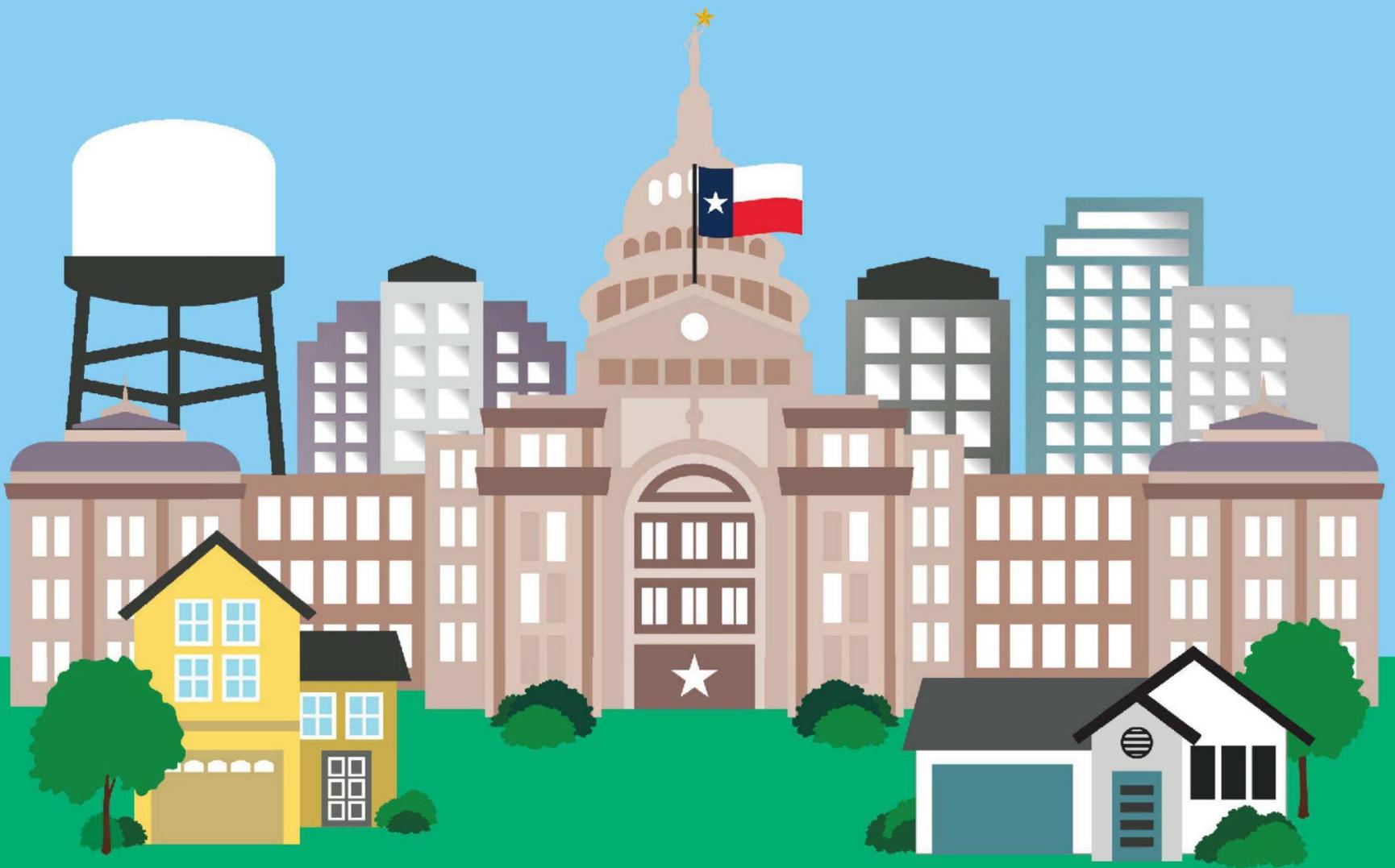


OFFICIAL PUBLICATION OF THE TEXAS MUNICIPAL LEAGUE

January 2025
VOLUME CXII
NUMBER 1

TTC

TEXAS TOWN & CITY



HOW CITIES WORK



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Mr. Bennett Sandlin has entered into an agreement with Publication Printers Corp. for the printing of *Texas Town & City* magazine. Mr. Sandlin represents the member cities of the Texas Municipal League.



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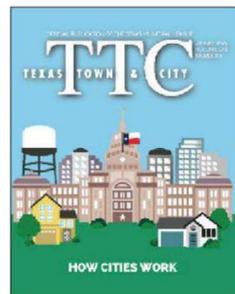
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ABOUT THE COVER

How Cities Work is the Texas Municipal League's biennial collection of articles covering the important functions and vital services that Texas cities provide.

Cover illustration: Lindy N. Jordaan



ABOUT ★ TML

The **Texas Municipal League** exists solely to provide services to Texas cities. Since its formation in 1913, the League's mission has remained the same: to serve the needs and advocate the interests of its members. Membership in the League is voluntary and is open to any city in Texas. From the original 14 members, TML's membership has grown to more than 1,150 cities. Over 16,000 mayors, councilmembers, city managers, city attorneys, and department heads are member officials of the League by virtue of their cities' participation.

The League provides a variety of services to its member cities. One of the principal purposes of the League is to advocate municipal interests at the state and federal levels. Among the thousands of bills introduced during each session of the Texas Legislature are hundreds of bills that would affect cities. The League, working through its Legislative Services Department, attempts to defeat detrimental city-related bills and to facilitate the passage of legislation designed to improve the ability of municipal governments to operate effectively.

The League employs full-time attorneys who are available to provide member cities with information on municipal legal matters. On a daily basis, the legal staff responds to member cities' written and oral questions on a wide variety of legal matters. The League annually conducts a variety of conferences and training seminars to enhance the knowledge and skills of municipal officials in the state. In addition, the League also publishes a variety of printed materials to assist member cities in performing their duties. The best known of these is the League's magazine, *Texas Town & City*. Each issue focuses on a variety of contemporary municipal issues, including survey results to respond to member inquiries.

For additional information on any of these services, contact the

Texas Municipal League at 512-231-7400 or visit our website, www.tml.org.

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MESSAGE ★ FROM THE PRESIDENT



ALLISON HEYWARD, CMO

Councilmember, Schertz
TML President

Dear Texas City Official,

This is an important issue of *Texas Town & City* magazine. Titled "How Cities Work," it's an all-in-one primer on how and why Texas cities function. That's useful for a couple of reasons. For one, each of us in city government can use a reminder now and then about all the facets of city government: utilities; franchise fees, land use, street maintenance, firefighter safety gear, you name it. Perhaps more importantly, our friends in state government often know little or nothing about the level of government closest to the people. This issue is your chance to help educate them and make them our allies!

Texas cities are unique. We often provide more to our citizens, with less state resources, than cities in most other states. None of us has a substantial revenue line in our city budgets that reads "Transfer of Revenue from the State Government." While such a revenue source sounds attractive, it's a mirage. States that substantially fund their cities routinely slash that funding when times are tight, pushing cities into precarious cycles of boom or bust. Mayors in these states are regularly at their legislators' offices begging for more state revenue, breeding distrust and often even resentment. We do it better in Texas: we ask for little or no state funds, but in exchange we receive (in theory) broad ability to raise locally the funds needed to serve our residents. It's a solid formula—as long as our friends in state government don't undermine it with needless limitations and mandates.

The key to working in harmony with our state legislators is to make them stakeholders in our communities' success stories. Voting to artificially preempt or cap cities' capacity to thrive makes a lot less sense when you deeply understand the pressures city governments are under to succeed. So as you visit with your representative or senator before or early during this 2025 session (you do have visits planned already, right?!), let them know about the challenges your city is facing and how they can help. Together, working from the basics, we can forge a better working relationship at all levels of government.

A handwritten signature in black ink that reads "Allison Heyward".

Allison Heyward, CMO
Councilmember, Schertz
TML President

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By **Bennett Sandlin**, Executive Director, Texas Municipal League

As you read this issue of *Texas Town & City*, the 89th Texas Legislature has convened and is hard at work. The 2025 regular session will not end until June 2, 2025. Between now and then, lawmakers will consider thousands of bills. Unfortunately, many of those bills would, if enacted, erode municipal authority or otherwise limit the ability of Texas cities to carry out the important functions and provide the vital services expected by municipal residents.

Cities, the government closest to the people, embody the idea that “We the People” should be able to continue making decisions based on the needs of each unique community in Texas. Cities provide the services that we cannot do without - services that reflect the will of the local taxpayers and recognize that not all laws are able to be “one size fits all.” **Because of the unique patchwork of cities in our state, we must be able to retain our ability to govern locally and continue making decisions that represent the needs of the community.**

With the idea that no two areas in the state are alike, the legislature began recognizing cities upon statehood to work closely with the community to address local needs more effectively. The locally-elected city councils in those cities decide – based on the needs of their citizens – how to provide appropriate services. Each city is different, and the needs of each community widely ranges. We often say, what works in the Piney Woods of East Texas won’t always work in the Great Plains of the Panhandle and that rings true all across the state. But that is what makes our state great – the diversity and unique needs that can be addressed by the government closest to the people.

Cities rarely seek funding from the state, and they

typically receive very little from the state. Cities instead need to be allowed to make their own decisions about how to keep their local communities thriving, benefiting the overall success of the state.

This issue of our magazine is a tool to help city officials explain how Texas cities are powerful engines of economic growth, as well as safe and pleasant places for people to grow up, raise families, and retire.

In this issue of *Texas Town & City*, we highlight:

- The sources of municipal revenue and the ways in which the legislature can damage that revenue
- The value of building codes
- Municipal economic development efforts and the ways that property tax caps threaten those efforts
- The status of municipal solid waste programs
- Municipal transportation and public works and the importance of maintaining right-of-way authority, compensation for use of rights-of-way, and funding sources for drainage utilities
- Municipal participation in utility rate cases
- The provision of municipal water and wastewater services, including funding for the State Water Plan
- The connection between infrastructure and revenue caps
- The high cost of providing public safety services
- The importance of annexation authority to the future of Texas cities and to the state's economy
- The ways in which zoning authority protects citizens and their property values
- The importance of libraries and library funding
- The value of municipal parks and recreation programs

While some state leaders will try to reduce municipal revenue or chip away at municipal authority, the vast majority of Texans know that their city leaders are trustworthy stewards and should be allowed to answer the needs of their citizens. To a very great extent, economic growth in Texas is the result of municipal efforts to ensure the availability of infrastructure, public safety, and the quality of life necessary for job creation. State policymakers should be very reluctant indeed to harm cities, because as our cities go, so goes our entire beloved state.

We look forward to working with you in these important months ahead as we advocate for municipal government in Texas. We're counting on

you, our members, to actively help in this mission.

If you have any questions, please feel free to contact a member of the TML legislative department.

Thank you for your support and assistance. ★



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SMALL CITIES' ★ CORNER



What Can Small Cities Do Legislatively?

The goings-on at the Texas Capitol every two years may seem like a big-city process since the legislature meets in Austin and many of the lobbyists and their firms are based in big cities. But 80 percent of the Texas Municipal League's (TML) member cities have a population of under 10,000 population, and a large number of legislators and their staff have roots in small cities.

The League routinely calls on mayors, councilmembers, and city managers from small cities to testify, make phone calls, or get the word out about all the issues that Texas cities face. With due respect to the larger cities, often nothing shouts "credibility" more than a small city mayor engaged on an important issue like telecommunications law or water policy. Texans like to think of themselves as small town

and rural at heart, and our legislature is no exception. It's important that city officials from small cities make their voices heard.

With this in mind, the League needs your help mobilizing our membership at key points during the 2025 legislative session. One tool that has proven to be highly effective is the Grassroots Involvement Program (GRIP). GRIP is an online survey that asks how well you know various state legislators, and if you are willing to communicate with those legislators during legislative session.

If you would like to support our advocacy work during the 2025 legislative session, please participate in the GRIP survey by visiting <https://bit.ly/GRIP2025>.



A heads-up about this program: If you're an official from a small city, it is highly likely that you will be among the first to be called! We mean what we say—small cities matter to TML and to the legislature, and we need you as a partner in our efforts to protect your ability to make decisions for your residents and community.

The best thing you can do as an elected official in a small city is to get to know your state legislators – not just during legislative sessions, but year-round. Give them a call, invite them to city hall, and share your town's concerns and successes. Ask how *you* can help *them*. Many of our legislators started out as mayors, councilmembers, commissioners, or school board members. They love to "talk shop."

For a complete list of contact information regarding your representatives, visit the state's "Who Represents Me" website at <https://wrm.capitol.texas.gov/home>. If you have any questions about the GRIP survey, contact JJ Rocha at jj@tml.org or 512-231-7400. ★



The 89th Texas Legislature Keep Your Finger on the Pulse!

TMLLEGISLATIVESERIES.ORG



Texas cities are strongest when we work together. The 89th session of the Texas Legislature begins in January. It will be a session where state lawmakers and local government leaders sort out roles and determine how cities can be partners with the state in meeting local taxpayers' needs.

WEBINARS

Thursday, January 16, 10:00 a.m. (central)

Legislative Webinar #1: Preview – What's Ahead for Texas Cities

Thursday, March 6, 10:00 a.m. (central)

Legislative Webinar #2: Keep Your Finger on the Pulse

Thursday, April 3, 10:00 a.m. (central)

Legislative Webinar #3: Be Heard at the Capitol

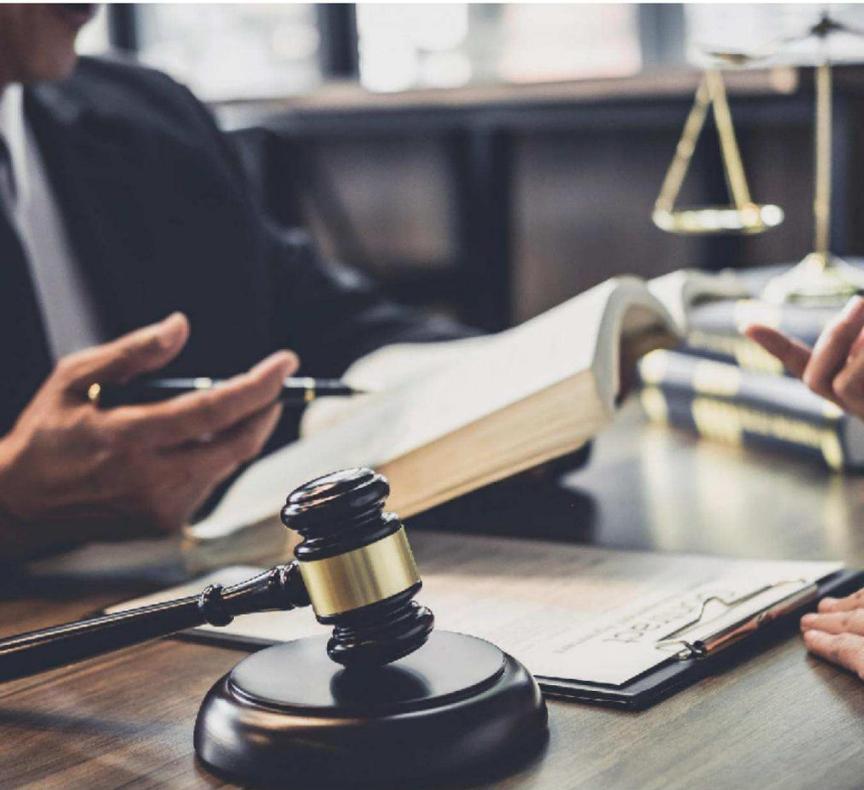
Thursday, May 1, 10:00 a.m. (central)

Legislative Webinar #4: What to Expect in the Final Days

WORKSHOP (IN-PERSON)

Thursday, June 27, 7:30 a.m.-2:00 p.m. (Georgetown)

Legislative Wrap-Up Workshop: An Insider's Perspective



Q What is the Texas Municipal League's legal services department?

A The League's legal services department was established in the 1950s when the League hired its first lawyer to provide general guidance to city officials on legal issues related to their official duties. Since that time, the department's staff has expanded to meet the growing needs of our member cities. Under the direction of the TML Director of Legal Services, the current staff of five attorneys, a part-time law clerk, and a legal assistant performs numerous functions for the League's member cities.

Q What is the background of the department's attorneys?

A The department's attorneys have diverse backgrounds. One worked previously for the Texas attorney general's

office, two have worked in-house for cities, one has also worked in private practice for a municipal law firm, another has worked as an attorney with the Texas Legislative Council, and one worked as a research attorney for a Texas membership association.

Q What is the most important service that the department provides?

A The legal services department's key service is responding to legal inquiries from member city officials. The legal staff responds to hundreds of phone calls and emails each week. In fact, over the last five years, the attorneys have provided legal advice to more than 75 percent of the League's more than 1,170 member cities. The inquiries range from simple questions to consultations on cutting-edge legal matters.

Q How does the legal department support the League's legislative activities?

A The legal staff provides support for the TML legislative services department on legislative matters throughout the legislative sessions and during the interim. That support includes conducting legal research and bill analysis, drafting of legislation and testimony on city-related bills, and summarizing city-related bills among other things. During the 2023 regular session, TML attorneys reviewed and analyzed more than 8,000 bills and resolutions and provided written testimony on bills before many committees of the Texas Legislature.

Q What other services does the department provide?

A The legal staff performs various other functions, including:

- Writing and updating numerous handbooks including the TML *Home Rule and General Law Handbooks*, the TML *Revenue Manual*, the *Economic Development Handbook*, the TML *Annexation Manual*, and the TML *Employment*

Law Manual. For the last update, the legal staff incorporated approximately 200 bills and dozens of other legal changes into the handbooks.

- In association with the Texas City Attorneys Association, providing “amicus curiae (friend of the court)” briefs in both state and federal appellate court cases and on attorney general opinion requests that could adversely affect our member cities. Over the past three years, TML has filed over 20 amicus curiae briefs.
- Preparing legal question-and-answer columns like this one and other articles for *Texas Town & City* magazine.
- Researching and writing articles for the *TML Legislative Update*.
- Preparing materials for the TML website.
- Preparing materials for and presenting at numerous TML and TML affiliate workshops, small cities’ problem-solving clinics, and other seminars, as well as providing speakers with expertise in city issues to other organizations. Over the past year, TML lawyers have spoken at many workshops and seminars.

Q How do I contact the legal department?

A The legal staff is available for phone consultation at 512-231-7400 from 8:00 a.m.-5:00 p.m. Monday through Friday. The most common way that city officials submit inquiries is through emails to legalinfo@tml.org. A great deal of information is also located on the “Legal Research” tab found under the “Policy” section of the League’s website at www.tml.org.

Q What else do I need to know about the legal department?

A City officials should remember that the League’s attorneys serve as a resource to provide general guidance on legal issues. We do not directly represent your city, and our legal guidance should never be substituted for that of your city attorney. More information on the legal department can be found on the “Ask A Texas Municipal League Attorney” tab found under the “Policy” section of the League’s website at www.tml.org. ★

Thank you local elected
officials and staff

YOU MAKE TEXAS

You deliver the essential services that bolster our state's economy, protect public health, and contribute to the unique quality of life that makes our communities home. Focused Advocacy's team of state and local government experts salute your good work and remain ready to help you advance your community's interests and priorities.

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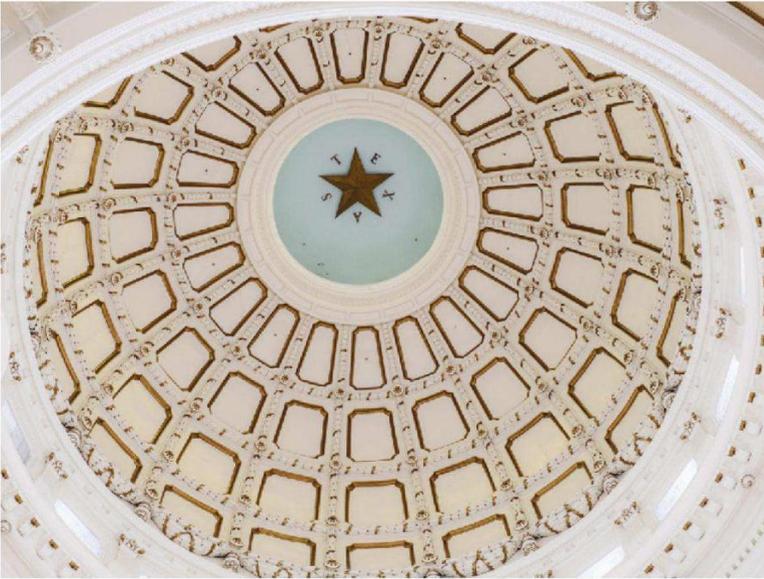
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ADVOCACY IS VITAL

The Texas 89th Legislative Session began on January 14, 2025. Before, during, and after the session, League staff works directly with legislators on items of municipal interest. However, our influence is directly affected by your city's efforts to be heard. Help your city plan an active and consistent role in the League's legislative effort.

Stay Well Informed

The League provides several ways for members to stay informed about legislative issues. The *Legislative Update* is the primary legislative communication between the League and its members. It is sent electronically as part of the *TML Exchange* email to member city officials on Fridays.

The legislative portion of the League website (www.tml.org; click on "Policy" and then "Legislative Information") is another important information source. There you will find a link to the current issue of the *Legislative Update* newsletter, as well as an index to past issues of the newsletter, summaries of legislative hot topics, and the League's legislative program.

The 2025 legislative session will address many issues that will involve Texas cities and their ability to meet citizen demands for services. The League's best advocates for protection of municipal authority are its members—elected and appointed officials from cities of all sizes and geographic areas. TML needs your participation.

Contact Legislators Early and Often

Your legislators need to hear from you, or they're forced to make decisions on local government issues without fully appreciating the impact they will have on cities in their district. Meet formally at least once a year prior to the session to review key issues. Ask if phone calls, emails, letters, or personal contact works best for them during the session. Encourage your legislators to work with League staff, too.

Keep the League Informed

The League advocating team includes Director of Grassroots and Legislative Services Monty Wynn, Grassroots and Legislative Services Manager JJ Rocha, General Counsel Bill Longley, Legislative Counsel Michael Martin, and **you**. Always send copies of your correspondence to and from legislators to the League. League staff can work more effectively with your legislators when we know what you've said and received in return. It also allows us to incorporate your local circumstances into our commentary. Emails can be forwarded to legislative@tml.org.

Stick to It

It's a fact of life in public policy that things take time. Your consistent participation in the legislative process is essential to long-term success.

The League Leads Advocacy Efforts

One of the primary functions of the League is to unify cities and speak as the voice for city government in Texas. Each legislative session, the League staff works with city officials to educate state legislators about the needs of Texas cities. The League has developed a toolkit to help city officials successfully advocate at the Capitol. The toolkit can be found at <https://bit.ly/TMLAdvocacy>.

2025 TEXAS LEGISLATIVE SESSION CALENDAR

January 14

First day of 89th Regular Session

January 16

Legislative Webinar #1: Legislative Preview – What's Ahead for Texas Cities*

March 6

Legislative Webinar #2: Keep Your Finger on the Pulse*

March 14

Deadline for filing bills

April 3

Legislative Webinar #3: Be Heard at the Capitol*

May 1

Legislative Webinar #4: What to Expect in the Final Days*

June 2

Last day of 89th Regular Session

June 27

Onsite Workshop: Legislative Wrap-Up – Georgetown*

* Register your city to participate in these essential updates on key legislative actions at <https://tmllegislativeseries.org>.



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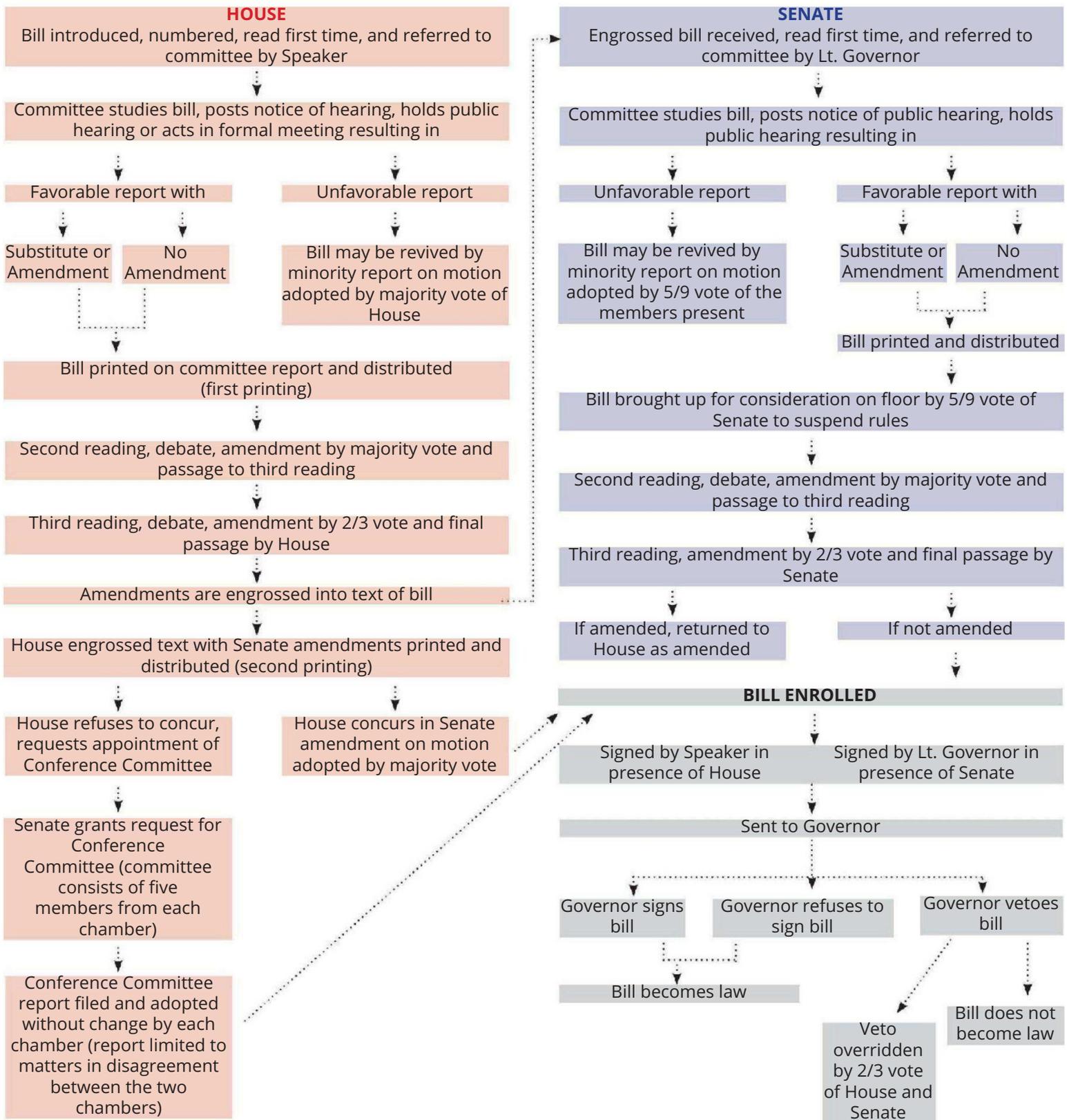


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THE TEXAS LEGISLATIVE PROCESS FOR HOUSE BILLS AND RESOLUTIONS

This diagram displays the sequential flow of a bill from the time it is introduced in the house of representatives to final passage and transmittal to the governor.



Ten Ways to Get More from TML

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4. IMPROVE Communications
5. Lower EXPENSES
6. OPTIMIZE Revenue
7. Exchange IDEAS
8. GROW Your Network
9. Find RESOURCES www.tml.org
10. ASK questions 512-231-7400





THE GROWTH OF TEXAS CITIES: NAVIGATING CHANGE IN A COMPLEX LANDSCAPE

Since the turn of the century, Texas has added more new residents than any other state – adding nearly 3 million more than Florida, the next closest. As one of the fastest-growing states in the nation, Texas continues to attract new residents drawn by economic opportunity, lower taxes, and the allure of city life. This growth has not only transformed the state’s demographic landscape but has sparked a debate about urban expansion in a rapidly changing regulatory environment.

Demographic Shifts and Urban Migration

In the early 2000s, Texas was still home to a substantial rural population, but by 2023, the majority of the state’s residents now live in urban areas. The state’s largest cities—Houston, Dallas, Austin, and San Antonio—have experienced significant population growth, often surpassing the national average. This growth is driven by a strong economy and relatively low cost of living, attracting individuals and businesses to these and other metropolitan areas. As a result, several cities in Texas are among the most culturally diverse in the country, fostering a dynamic culture that reflects the changing face of the state. The impact of these demographic changes is clear: cities have become even more important to Texas’s economy and culture.

The Role of Annexation in City Growth

Annexation has traditionally been a powerful tool for Texas cities to accommodate growth. By incorporating adjacent unincorporated areas into their city limits, cities were able to expand and regulate development, extend municipal services to more people, and expand their tax base. However, in recent years, the annexation process has faced significant legal and political challenges.

Legislative Changes and Restrictions

The authority of Texas cities to annex land changed dramatically in 2017 and 2019 when the Texas Legislature introduced new laws that required landowner consent for nearly all annexations. This shift represented a major departure from the traditional annexation process, which had allowed cities to incorporate land unilaterally under certain conditions. These reforms effectively limited the ability of cities to expand without the agreement of those being annexed, which has likely slowed the rate of growth for many Texas cities.

Further Erosion of Annexation Powers

In 2023, the Texas Legislature passed Senate Bill 2038, further complicating the annexation process. This law allows landowners within a city’s extraterritorial jurisdiction (ETJ) to unilaterally remove their property from the ETJ, even over the objections of neighbors or the city itself. This provision has raised concerns among city officials who argue that it undermines their ability to plan for future growth and provide services to areas just outside city limits. The legislation has also created tension between urban planning objectives and the individual desires of landowners.

Moving Forward: The Future of City Growth

With annexation power curtailed and unknown challenges on the horizon, Texas cities must now focus on alternative strategies to foster growth. Incentivizing landowners to join cities voluntarily will become a key tactic in maintaining growth. Offering clear benefits such as access to city services, infrastructure development, and the vibrant life that cities offer will be crucial in persuading property owners to agree to annexation. Moreover, cities will need to emphasize the long-term advantages of urban development, such as economic opportunities, improved public services, and enhanced quality of life, to counteract the reluctance of

rural and suburban landowners to be included into the city limits. Some cities will likely decide that geographic growth is not a viable strategy and will focus exclusively on their current jurisdiction. The shifting legal landscape means that the future of Texas city growth lies not just in expansion but in cultivating strong relationships with surrounding landowners and communities or shifting city priorities.

In conclusion, the growth of Texas cities has been shaped by both internal dynamics and external pressures. While cities have been the epicenter of population growth and economic development, legislative actions have introduced new complexities to the expansion process. Moving forward, Texas cities must innovate and adapt, creating strategies that align with the evolving legal framework while continuing to attract people to the benefits of city living.

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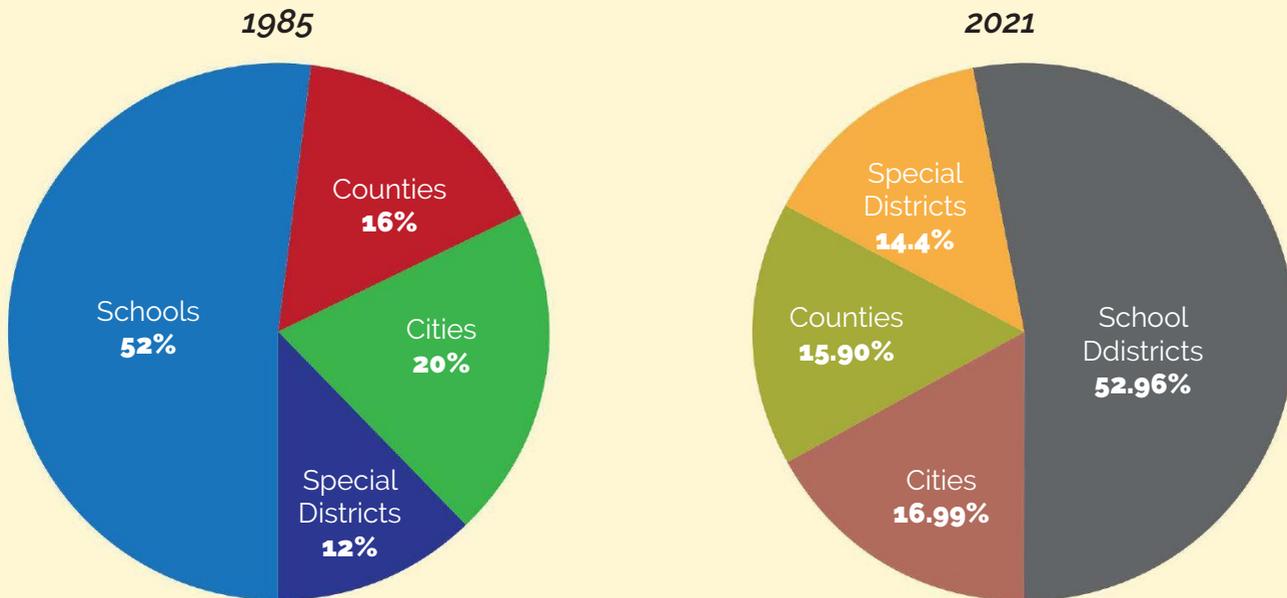
CITY PROPERTY TAXES: TREMENDOUS BANG FOR THE BUCK

Texas cities depend heavily on property tax revenue. Property taxes help fund many of the services that residents demand, including police, fire, streets, and parks. But as Chart 1 shows, city property taxes constitute a small portion of a typical homeowner’s property tax bill.

Chart 1

Distribution of Property Tax Collections

Source: Texas Comptroller’s Biennial Property Tax Report



How do Texas cities provide so many services with such a small share of a typical property tax bill? Is it with financial help from the state? Not quite.

Unlike other states, Texas provides no general-purpose state aid to cities to help pay for streets, public safety, or other city services. Cities in Texas generate their own revenue. That’s why state tax revenue to cities is relatively low, and state property tax revenue to cities is nonexistent, while local property tax revenue is comparatively high.

According to data from the United States Census Bureau, 2021 state and local tax collections in aggregate in Texas was \$4,888 per capita. Of that \$4,888, 59 percent or \$3,474 was local tax collections. That number makes Texas the 34th highest in the country for state and local tax collections.

But that census data focuses on “local governments” (cities, counties, schools, and districts). What about cities only? For this information, we turn to a publication of the National League of Cities (NLC), *Cities and State Fiscal Structure*.

One section of this report tabulates, for each state, a statistic the authors refer to as “own-source capacity.” This is a measurement of the extent to which decisions made by city officials determine the city’s fiscal direction. Since Texas cities take care of themselves without intergovernmental aid, it comes as no surprise that Texas ranks second in the nation in municipal own-source capacity.

The flip side of that coin is the report’s measure of state aid to cities. Here again, the NLC report replicates previous research: Texas trails only Georgia, Oklahoma, and West Virginia in state aid—the share of municipal revenue that comes from state government sources.

These two findings of the NLC report once again establish these facts: (1) the State of Texas relies very heavily on Texas cities to generate the revenue necessary for municipal facilities and services; (2) the state gives cities the capacity to generate that revenue; but (3) the state gives cities virtually no state financial aid.

In addition to forcing local governments to generate comparatively large amounts of tax revenue, the State of Texas also forces those local governments to rely heavily on property taxes. It essentially does this by denying them other revenue sources. While this is especially true for public schools which rely almost exclusively on property tax, it is also true for cities and counties. In fact, of the \$3,474 in tax revenue generated by local governments in Texas, a whopping 76 percent or \$2640 comes from property taxes.

These two fiscal conditions, which create the property tax mess in Texas, are unlikely to change unless the State of Texas takes one (or both) of two actions:

1. Inject more state money into public services and facilities, especially public schools. This means even more state revenue than was provided through past school funding efforts.
2. Open more revenue sources for counties and cities.

Additional attempts to reduce the property tax burden in Texas will either be ineffective or will create unintended, negative consequences.

In a nutshell:

- (1) Texas cities provide vital services that benefit their citizens;
- (2) Texas cities provide those services with less aid from the state, as compared to other states; and
- (3) Texas cities manage all of this despite a very small share of the total property tax levy and with reasonable annual increases in those taxes. ★

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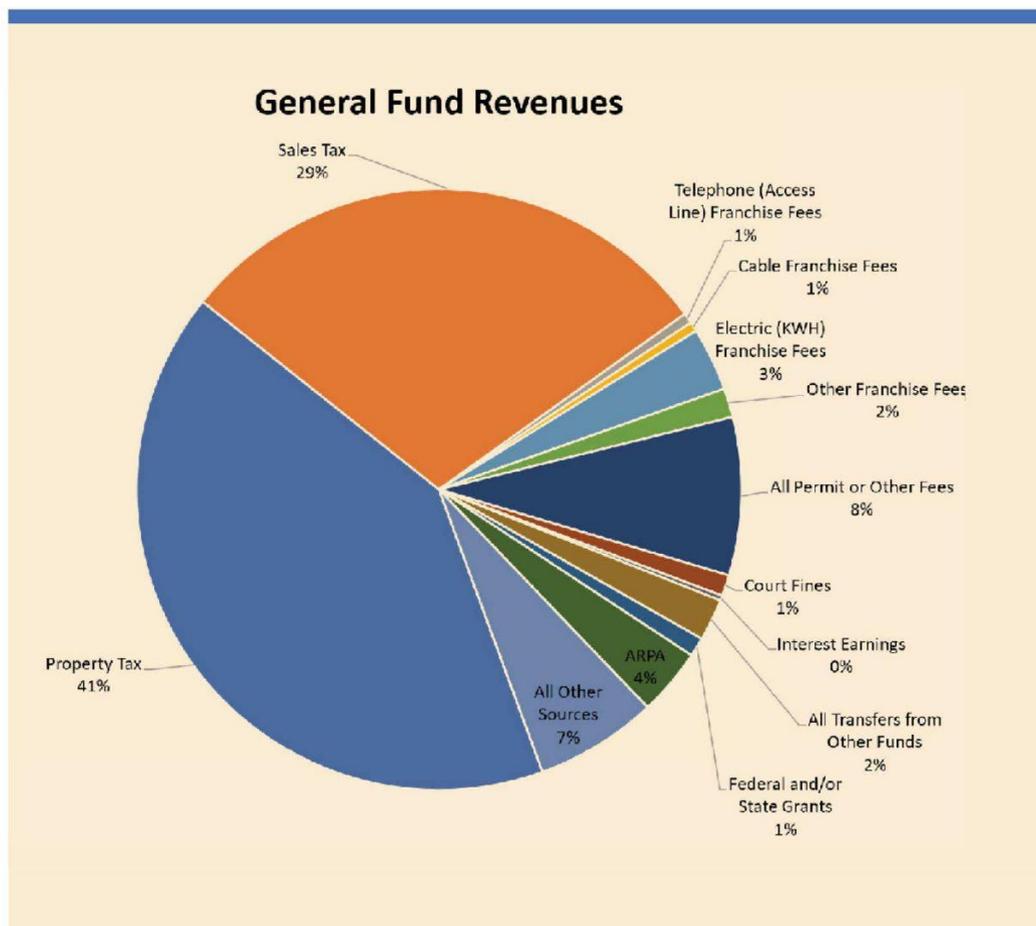
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WHERE DO TEXAS CITIES GET THEIR MONEY?

City government is where the rubber meets the road. Cities pave our streets, fight crime and fires, prepare us for disaster, bring water to our taps, take our trash away, build and maintain our parks—the list goes on and on. These services cost money. This article describes the sources of municipal revenue and expenditures.

A 2022 Texas Municipal League survey shows that municipal general fund revenue in Texas is made up of the following sources:



Conspicuously absent from this list is financial assistance from the state. This is unusual—most states provide direct financial assistance to cities in recognition of the fact that cities provide basic services on which the entire state depends.

Instead of revenue, Texas cities receive something equally important from the state—broad authority to govern themselves, including the authority to raise their own revenue. This local authority has worked to the benefit of cities and the state for many decades and should continue into the future.

HERE'S MORE INFORMATION ON EACH SOURCE OF MUNICIPAL REVENUE:

Property Taxes

Property taxes are the leading source of city revenue. Though crucial to city budgets, city property taxes make up just a fraction of a property owner's total property tax bill.

Most cities under 5,000 population have statutory authority to levy property taxes at a rate of up to \$1.50 per \$100 of assessed value. Most cities over 5,000 population have statutory authority to levy property taxes at a rate of up to \$2.50 per \$100 of assessed value. Despite this broad authority, the average city property tax rate was only \$.48 for tax year 2023.

City property tax levies are tied by law to fluctuating property tax values. As values increase, the city must adjust its rate or hold voter approval tax rate elections. Such elections are rare. City rates have held relatively steady for years, both in terms of actual rates and in terms of total levy as adjusted for inflation and rising income.

Sales Taxes

Sales taxes are a major source of city revenue. Nearly 93 percent of Texas cities levy a basic one-cent city sales tax. The revenue can be used for any purpose other than payment of debt. Many cities, though not all, also impose additional sales taxes in varying amounts of up to one cent. These additional sales taxes are known as dedicated taxes, because their proceeds may be spent only for certain purposes. Some popular dedicated sales taxes include mass transit, economic development, street

maintenance, property tax relief, and sports venue taxes. All city sales taxes, including the basic one-cent sales tax, require a local-option election of the citizens. Collection of sales taxes is performed by the Texas comptroller, who “rebates” the city share on a monthly basis. The comptroller retains a small portion of the city tax revenue to cover the state’s administrative costs.

Right-of-Way Rentals

When utilities and other industries use city property to distribute their services, cities are permitted by law to collect rental fees, also known as “franchise” fees, for the use of public property. Franchise fees are calculated by various methods, depending on industry type.

Permits and Fees

Cities may collect fees for issuing permits for building construction, environmental regulation, and other services. Because cities incur costs to regulate in these areas, the permit fees must be tied to the cost of providing the service.

Court Fines

A city that operates a municipal court may impose fines for violations of traffic laws and city ordinances. Maximum fines typically range from \$200 for traffic violations, and up to \$2,000 for city ordinance violations relating to health and safety. Much of a city’s fine revenue offsets the costs of law enforcement and operation of the municipal court system.

Did You Know? Many people mistakenly believe that cities derive substantial general revenue from their courts. In reality, the first \$84 of most traffic tickets goes directly to the state. What’s left over, if any, can be used by the city. Unfortunately, city courts are increasingly being used as a backdoor revenue source for the state.

Interest Earnings

When a city invests its funds, it must closely follow the mandates of the Public Funds Investment Act. Because of the twin concerns of safety and liquidity, investment income is a relatively small source of city revenue.

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Transfers from Other Funds

Many cities operate utilities and other optional services that generate substantial gross revenues. By law, the fees for such services must closely offset the cost of providing the service. In addition to the cost factor, cities are permitted to retain a reasonable "return," which can then be transferred to the general fund. This return amounts to less than six percent of overall city revenue.

Other Sources

City revenue can take various other forms, including user fees for some services, amusement taxes, and hotel occupancy taxes.

The Bottom Line

The state could put municipal revenue at risk in at least two ways. First, the state could increasingly look to cities for revenue to fund state programs. When a state provides direct financial assistance to its cities, such trading of revenue might be workable. Texas is not such a state. Texas cities receive virtually no direct funding from the state and cannot afford to fund the state's obligations. Second, the state could erode the statutory authority under which cities raise their own revenue. While cities are indeed subservient to the state, city officials hope that the respectful nature of the fiscal relationship between Texas cities and the state will continue for years to come. ★

Expenditures

In a survey conducted by TML, core city services like police, fire, and EMS account for the majority of expenditures. In addition, cities spend revenue on streets, municipal courts, parks, and libraries. "Other Expenditures" in the survey include primarily administrative and personnel costs.

Putting Local Debt in Context

The story about debt coming out of certain Austin think tanks goes something like this: the state has its fiscal house in order, but local governments are greedy, profligate spenders running up the taxpayers' credit card. It's a powerful narrative, but it isn't true.

A recent report issued by the Texas Bond Review Board shows total outstanding state and local debt for the past few years. From 2019-2023, total outstanding local debt increased from \$240.66 billion to \$309.77 billion, a 28.7 percent increase. Meanwhile, total outstanding city debt increased from roughly \$77 billion to \$96 billion, a 24.6 percent increase during the same time frame. For the same period, total outstanding state debt increased from \$59.9 billion to \$70.9 billion, an 18.4 percent increase. In other words, local debt (and city debt) is increasing at a similar pace as state debt in recent years.

At \$309.77 billion, the amount of total local debt is certainly significant. However, only a small portion of that—\$43 billion—is tax-supported city debt. Another \$52 billion is city debt supported by the revenues of city utilities and not by property taxes. The largest portion is tax-supported school district debt at \$119 billion.

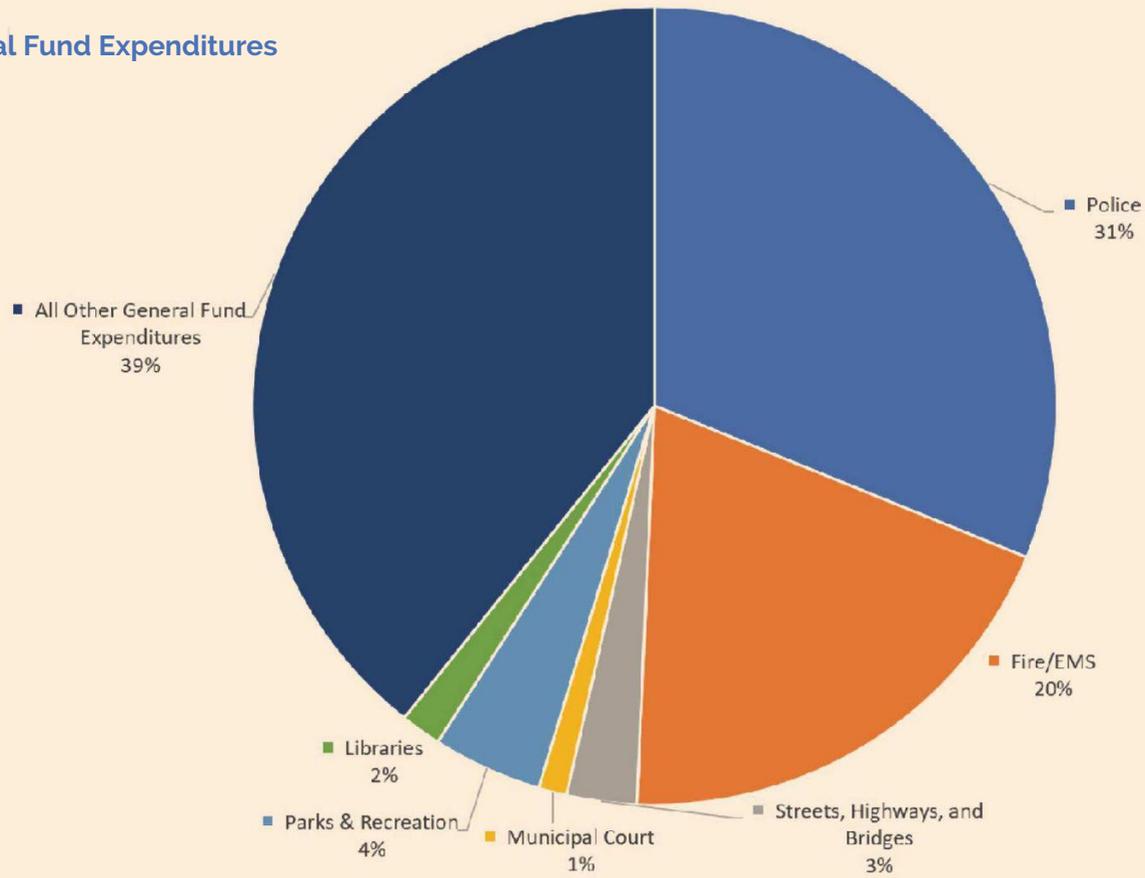
School funding is a constitutional obligation of state government. The state has chosen to discharge that obligation by creating local school districts that levy the needed taxes. The \$119 billion of school district debt ought to be thought of as a state debt because that's how the state has chosen to fund schools. Shift that \$119 billion over to the state debt column and a vastly different picture about which governments may be falling dangerously into debt emerges. In any event, the numbers clearly show that it isn't Texas cities.

The recent focus on local debt (even though state debt is growing faster) likely relates to the reality that Texas state government, for better or worse, has gotten out of the business of building new state infrastructure with state dollars. Instead, locals are expected to pick up the slack for things like roads and reservoirs.

Consider the water funding proposition that passed in November 2014—it ultimately spends zero state dollars. Instead, through the use of a revolving fund, it *encourages cities to take on debt* to build our state's important reservoirs and other water projects. This is a perfect example of the state essentially forcing locals to take on debt to do the state's work, then blaming the same locals for having taken on the debt in the first place.

Texas cities are willing to partner with state government to build infrastructure in our great State but should not be considered scapegoats in that partnership.

General Fund Expenditures



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CRACKING THE CODE:

CITIZEN SAFETY AND PROTECTION OF PROPERTY VALUES

The building code of 4,000 years ago was simple but brutal. According to an ancient Hammurabi code, "If a builder builds a house and does not make its construction firm, and the house collapses and causes the death of the owner, that builder shall be put to death."

The first building codes in the United States, established in 1625, addressed fire safety and specified materials for roof coverings. In 1630, Boston outlawed wooden chimneys and thatch roof coverings. In the late 1770s, George Washington recommended height and area limitations on wood frame buildings in his plans for the District of Columbia. In 1788, the nation's first-known formal building code was written in Winston-Salem, North Carolina. Larger United States cities began establishing building codes in the early 1800s.

Today, most populous cities in Texas have adopted modern construction codes. The professionals enforcing current building codes in Texas maintain the vigilance of the ancient code of Hammurabi, but with a significantly more civilized approach that emphasizes knowledge and education. Building code regulations enforced in Texas cities ensure minimum standards for safe homes, schools, workplaces, and other buildings.

Scott McDonald, the City of Denton's development services director, points out that "during these tough economic times, the enforcement of construction codes is even more important." According to McDonald, "The active enforcement of construction codes not only provides a minimum standard for the structural and life safety components of the homes, schools, churches, and businesses, it can also provide energy efficiency standards."

"Buildings constructed to meet updated codes and energy efficient standards protect property values for years into the future, [and] they provide a sustainable stock of housing and commercial options in a community," he adds.

City Building Codes

Prior to 2001, Texas had no statewide standard for any residential or commercial buildings. Each city chose which, if any, building codes to adopt for construction within the city limits, and each city amended its code to meet local concerns.

In 2001, the Texas Legislature adopted the International Residential Code (IRC) and the National Electrical Code (NEC) as the standard building codes for residential construction in Texas cities. Also in 2001, the Legislature adopted energy efficiency standards for residential, commercial, and industrial construction. In 2005, the Legislature adopted the International Building Code (IBC) as the municipal building code in Texas for commercial and multi-family construction. Later sessions included revisions to the International Energy Conservation Code.

In 2021, the Texas Legislature adopted the 2012 versions of the IRC and IBC as the official residential building code and commercial building code, respectively, in the state. However, a city may, by ordinance, adopt local amendments, to the IRC and IBC provided the city holds a public hearing on the local amendment before adopting the amendment.

Uniform building codes can make construction and inspection easier and more cost-effective. However, because Texas is a vast state with many different climates and topographical features, uniform codes serve only as standards, and each city is allowed to amend its codes to meet that city's needs.

In 2019, the Texas Legislature adopted legislation that impacted a city's ability to control building materials or construction methods of residential or commercial buildings within the city. Cities can continue to adopt amendments to building codes that do not conflict with the building materials law and can have limited control over building materials or construction methods if done pursuant to a written agreement. Also "Dark Sky Communities" are exempt from certain regulations regarding the use of building materials. The reality is that cities now have much less authority over building materials and aesthetic methods.

Building Permits

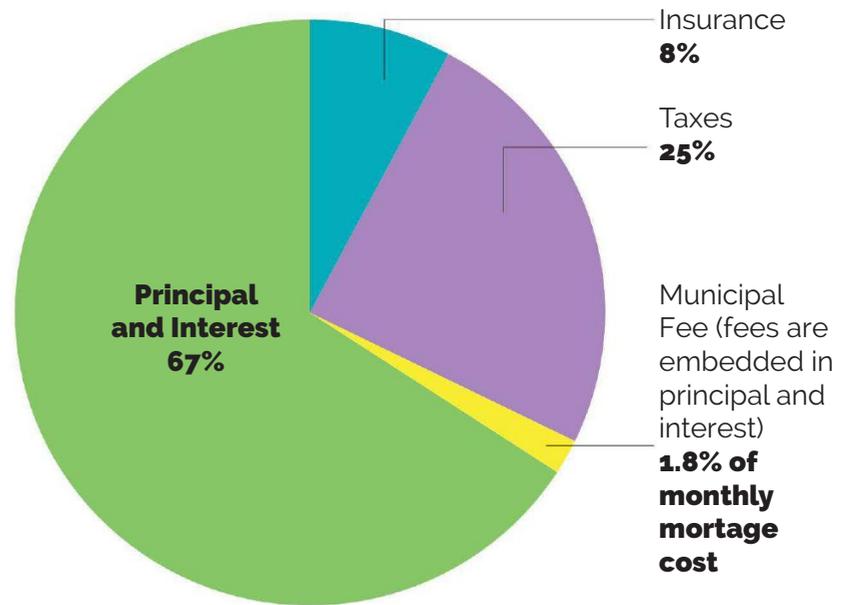
Under most cities' codes, a person who wishes to build a structure must apply for a permit. City officials review the necessary information and issue a permit if the structure complies with that city's regulations. The amount of time needed to review the permit application varies from city to city and from project to project based on several factors, including the complexity of the city's code and the project. Because of many issues affecting each individual city and building project, a blanket requirement that a permit be issued in a certain amount of time would place an untenable burden on city building officials.

Similarly, building permit fees vary widely based on several factors, including the number and type of inspections and the sophistication of the city's permitting process. While some have claimed that city fees are responsible for the rising costs of housing in Texas, a survey commissioned by the Texas Municipal League shows that building and inspection fees constitute only a

tiny fraction of a homebuyer's mortgage payment (see Chart 1). A city is not limited by law as to the amount the city can charge for building and related permits, but a city cannot charge more than is reasonably related or necessary to administer the permitting process as that could be deemed an unconstitutional tax. Additionally, a city is prohibited from basing its building permit fees on the cost of a proposed structure. Specifically, a city, in determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling, may not consider: (1) the value of the dwelling; or (2) the cost of constructing or improving the dwelling. As a result, cities have opted to use other methods to determine reasonable permit fees such as square-foot based fees, a flat fee schedule or other non-cost-based calculations.

Another recent limitation to a city's authority to impose building permit fees was adopted by the legislature in 2023. State law now abolishes a building permit fee on the 10th anniversary of the date the fee is adopted or reauthorized unless the city holds a public hearing and reauthorizes the fee. The practical effect of the bill is that cities are required to reconsider their building permit fees every ten years. ★

Chart 1
The Role of Municipal Fees in Monthly Mortgage Costs
 (Average of Eight Representative Texas Cities, 2003)




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CITY ECONOMIC DEVELOPMENT

Texas cities are the first—and often the only—engine of economic development in the state. Until the Texas Enterprise Fund was created, cities were the only entity that routinely granted incentives necessary to attract new business to the state. With the Enterprise Fund up and running, larger cities have partnered with the state to attract major developments such as a Texas Instruments facility and a Toyota plant. Smaller cities are often on their own to attract business.

Until the late 1980s, using city resources to attract business was arguably unconstitutional. However, in 1987, Article 3, Section 52-a of the Texas Constitution was added to make it clear that economic development serves a public purpose. From that point on, three major channels of city economic development began to open for cities: Chapter 380 agreements; the Type A/Type B economic development sales tax; and property tax incentives.

Chapter 380 Agreements

Chapter 380 of the Local Government Code authorizes cities to establish programs for grants and loans of city resources for economic development purposes. Although it is the broadest economic development tool for cities, Chapter 380 is often overlooked in favor of other incentives. Cities using 380 agreements must be careful not to simply present a blank check to business and industry prospects; a program providing for checks and balances on a business's use of Chapter 380 money is required by law. Examples of these checks and balances might be performance agreements tying grant money to the creation of a certain number of

jobs or requiring the business to stay in the city for a certain length of time.

Economic Development Sales Tax

More than 500 Texas cities have adopted a Type A or Type B economic development sales tax. Some cities have both taxes. The tax was created in 1989 and the authority to spend Type A/Type B tax money has gradually expanded to cover all forms of commercial, retail, and traditional industrial economic development. A list of authorized projects for which a Type A or Type B economic sales tax may be used can be found here: <https://www.tml.org/DocumentCenter/View/4112/2023-EDC-TABLE>

The Type A/Type B sales tax remains an important economic development tool for many cities that have the available land and workforce to attract industry.

Additionally, instead of a Type A or Type B economic development sales tax, some cities have adopted a municipal development district (MDD) sales tax that may be levied in a specified area in the city or in the city's extraterritorial jurisdiction. The MDD sales tax closely resembles the traditional Type A/Type B economic development sales tax, but the scope of projects that may be funded with an MDD tax is slightly broader. There are some key differences in how an MDD is administered as compared to an economic development corporation however, including a bit less statutory clarity on the city's oversight of an MDD.

Property Tax Incentives

Property taxes may be directly tapped to promote economic development in two ways: tax abatement and tax increment financing. Both function by either forgiving (abatement) or dedicating to improvements (increment financing) any **net increase** in property tax revenue as a result of a business moving to town or upgrading existing facilities. Property tax incentives can never forgive or decrease the present taxable value of the land and facilities upon which they are granted. This key feature of the incentives—that all current taxes must continue to be paid—belies the common misconception that tax incentives are “giveaways.” On the contrary, when done properly, tax incentives create new taxable value that never would have come to town absent the incentive, thus lowering the overall tax burden on other properties. ★



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CITIES KEEP THE GARBAGE FROM PILING UP

Did You Know?

Texas cities have been authorized to provide or contract with a private company to provide garbage collection services within city limits since 1971. Texas law recognizes that this authority is essential to preserve the public health and safety of all the residents of a city. Uncollected garbage can easily result in various health problems. This law routinely comes under attack from certain groups, but the bottom line is that timely, efficient, and effective garbage collection through city service prevents problems from occurring. Open piles of garbage attract disease-carrying rodents and insects, and often wash into drainage systems where they contribute to floods and waterborne disease.

"If future generations are to remember us with gratitude rather than contempt, we must leave them something more than the miracles of technology. We must leave them a glimpse of the world as it was in the beginning, not just after we got through with it."

-President Lyndon B. Johnson

Garbage collection and disposal is one of the most recognizable and widely used city services. This vital service protects the public's health and the environment. A city can choose to operate its own garbage collection and disposal system or grant a franchise to a private company (or companies) to handle those tasks.

Waste generation is a function of two variables – population and economy – both of which are growing in Texas. In Texas, the definition of "municipal solid waste" includes waste resulting from or incidental to municipal, community, commercial, institutional, and recreational activities including garbage, rubbish, ashes, street cleanings, dead animals, abandoned autos, and all other solid waste other than

industrial solid waste. According to the Texas Commission on Environmental Quality (TCEQ), Texans disposed of approximately 40.1 million tons of municipal solid waste in 2023. That's about 7.20 pounds per person per day, a slight decrease from the 2022 rate of 7.25 pounds. During this period, the state's population increased by 1.58 percent.

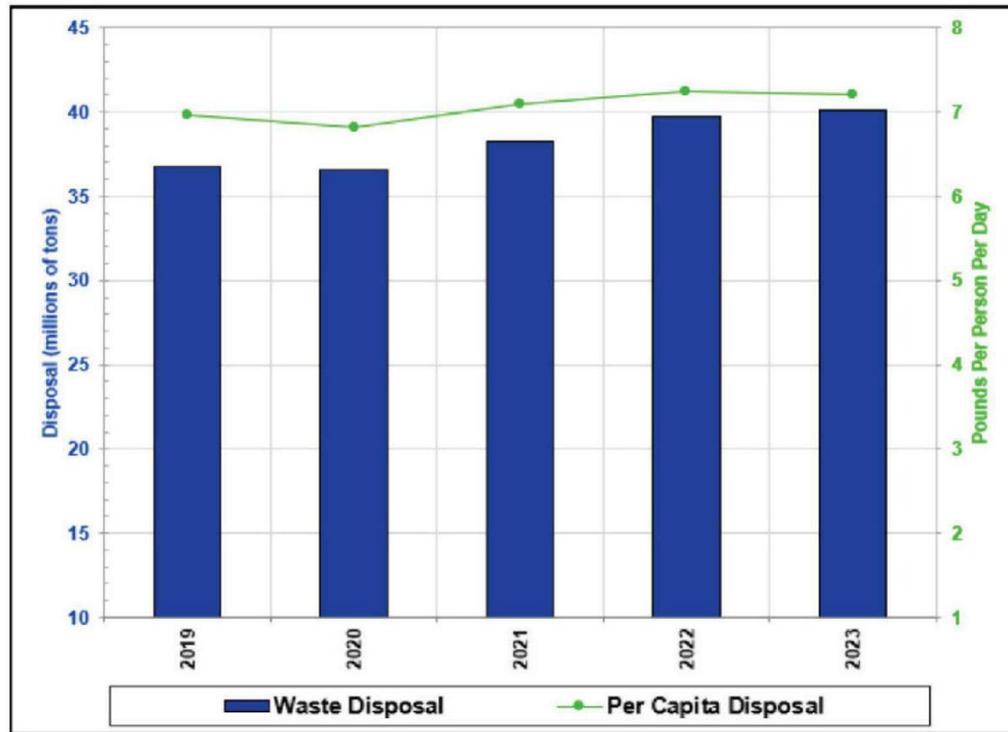
Cities have statutory authority to offer recycling programs to their citizens. Recycling helps reduce the production of solid waste that a city must dispose of and reduces the costs of operating a municipal solid waste disposal system. In addition, recycling may also create more jobs than disposal programs do. Of course, statewide recycling mandates wouldn't take into account the various factors that make different parts of Texas unique, so recycling should be implemented locally in a way that is appropriate for each city. ★

"Unless someone like you cares a whole awful lot, nothing is going to get better – It's not."

-The Lorax by Dr. Seuss

Texas Total and Per Capita for MSW Landfill Disposal

Source: TCEQ, Municipal Solid Waste in Texas: A Year in Review - FY2023 Data Summary and Analysis



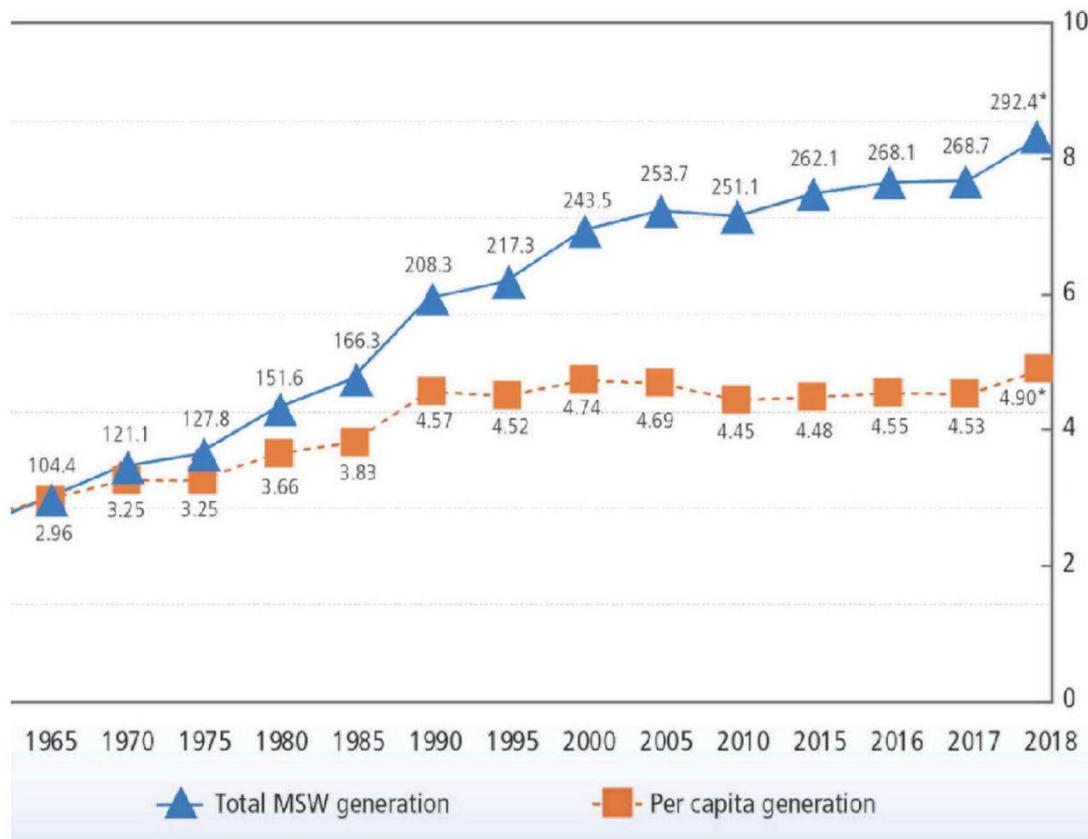
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Recycling of Municipal Solid Waste (MSW) in the United States 1960 – 2018*



Where Does It Go After I Place It at the Curb? How Much Does This Service Cost?

After household garbage is collected, it often goes to a facility known as a transfer station where waste is consolidated into larger loads for shipment to its ultimate destination: a landfill or a waste-to-energy plant. Recyclable material goes to processing facilities where it becomes raw materials for new products.

In 2018, 50.0 percent of municipal solid waste generated in the United States was ultimately disposed of in landfills; 11.8 percent was disposed of through waste incineration with energy recovery; and 32.1 percent was recovered for recycling or composting.

The cost of governmental compliance and the rising costs of fuel and equipment has led to an increase in the costs of collection and disposal in some communities. However, even with such increases, residential trash collection and disposal is still inexpensive relative to other utilities and household services, such as cell phone bills and cable television. For instance, in 2024 the cost of city waste collection in Dallas is

less than \$40 monthly, in San Antonio ranges from \$20-\$35 monthly, and in Houston there is no fee at all.

Collection and disposal costs have gone up in some communities for various reasons including the rising costs of fuel and equipment, as well as the rising costs of complying with new environmental regulations. Despite these increases, residential trash collection and disposal is still a bargain for United States consumers when compared to other utilities and services like cellular phone and cable television service.

Sources:

- EPA, Advancing Sustainable Materials Management: 2018 Fact Sheet (December 2020)
- <https://dallascityhall.com/departments/sanitation/Pages/Rate-Changes-FY-2023-24.aspx>
- <https://311.sanantonio.gov/kb/docs/private/graffiti-and-waste-collection/solid-waste-fees-and-charges>

Ask yourself this: why was TCAP written into the Texas electricity deregulation bill in 1999 and why should I care?



YOU MIGHT SAY WE'RE A HORSE OF A DIFFERENT COLOR. Yes, in 1999, TCAP was written into Texas' original deregulation legislation* designed to allow cities to join forces to pursue their collective interests. Not-for-profit TCAP partners with Texas cities, leveraging our 165 members' combined loads to save money and get great service without middleman markups. We operate transparently with our members' best interests always top of mind. **Here's how we're different:**

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* Texas Civil Practice and Remedies Code, Chapter 304, Sec. 304.001.

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Streets and Traffic

Citizens expect a smooth commute and reliable travel options. A city’s public works department makes this possible, with employees dedicated to building, maintaining, and repairing city streets. Their work extends beyond streets to include streetlights, sidewalks, and other essential infrastructure. Funding these efforts, which benefit the entire Texas economy, poses challenges for cities. Unlike other states, Texas provides no state aid to cities for street maintenance. In other states, a portion of vehicle registration fees or gasoline taxes is allocated to cities for this purpose, but not in Texas. However, the Texas Legislature has authorized Texas cities to target a portion of the local sales tax specifically towards street maintenance, which many cities have done.

Traffic Signals: Coordinating Intersections Isn’t Free.

According to the City of Austin, after a traffic signal request is granted for an intersection, it typically costs **\$500,000** to construct and install a single traffic signal.

Right-of-Way Authority and Utilities

Many Texas cities are experiencing unprecedented activity both above and below their streets and rights-of-way (ROW). This surge results from rapid advances in communications technology, increased competition in the telecommunications industry, and the expansion of electric distribution lines to new development areas.

These activities can sometimes negatively impact public safety, traffic flow, city infrastructure, and city operations. Excavations have occasionally caused major water line breaches, and other ROW activities have led to high-profile traffic disruptions. Cities have experienced utility line cuts, barricaded and damaged streets, and compromised water lines. Such actions significantly reduce the lifespan of city streets, making them unsuitable for traffic.

The latest ROW issues have emerged with the planned proliferation of “small cell nodes.” A small cell node is an antenna with related equipment designed to provide high bandwidth over a short range. They are deployed in densely populated areas to deliver the broadband capacity that people and businesses demand. One guiding principle in small cell deployment is clear: cities and businesses want improved cellular and broadband service. Everyone wants the best technology to support educational and business opportunities.

Senate Bill 1004, passed in 2017, aimed to support companies in deploying small cell facilities. The bill requires cities to allow access for cell nodes and related equipment in city rights-of-way, including permission to place equipment on city light poles, traffic poles, street signs, and other facilities. This mandate can pose public safety risks. More concerning, however, is that the bill limits cities to a rental fee of \$250 per node—significantly less than what companies would pay on the open market.

Similarly, S.B. 1152, passed in 2019, eliminated certain franchise fees. The bill allows a cable or phone company to cease paying the lesser of its state cable franchise fee or telephone access line fee, whichever is lower for the company statewide. As a result, compensation for the use of city rights-of-way is no longer based on the value of the right-of-way to the companies. Instead, this shift effectively forces city taxpayers to subsidize the companies’ business costs.

A coalition of cities filed a lawsuit challenging S.B. 1004's unconstitutional cap on small cell rental fees and S.B. 1152's elimination of certain franchise fees. The lawsuits argue that the cap and fee elimination amount to a taxpayer subsidy for the cellular and telecommunications industries, allowing nearly free or discounted use of taxpayer-owned rights-of-way and facilities. Simply put, the bill redirects tax dollars from city residents to cell phone and telecommunications providers. In November 2024, the Austin Court of Appeals issued an opinion in favor of the city coalition on its constitutional challenges to both statutes. In all likelihood, the state will appeal the decision to the Texas Supreme Court, and it is possible that legislation is pursued in 2025 to remedy the constitutional defects in the two laws.

Adding to these issues, the Federal Communications Commission (FCC) in 2017 adopted an order that preempted municipal authority over small cell installations, further limiting local control over rights-of-way and capping rental fees for small cell deployment. In response, a national coalition of cities led by the City of Portland filed a lawsuit challenging the FCC order. In August 2020, a court of

appeals upheld the FCC's provision limiting city right-of-way fees to a recurring charge of \$270 per site, per year, and restricting cities from recovering costs not directly related to right-of-way maintenance, charging above cost recovery, or covering "unreasonable" costs, such as excessive contractor or consultant fees.

Right-of-Way Compensation

The Texas Constitution prohibits cities from allowing free use of their rights-of-way. Therefore, cities collect compensation in the form of rent from utility providers, based on various state and federal statutes. Some have attempted to label this rent as a "tax," but that characterization is inaccurate. The rent is simply a business cost for a utility using city property, much like a utility would pay to rent property or obtain an easement from a private landowner. Utilities, such as satellite providers, do not pay this rent when they have no facilities on city property. In any case, the law authorizes this compensation, which provides significant revenue for cities.

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Local Participation: Cities Help Pay for State Highways

Although amendments to the Texas Constitution in 2013 and 2015 significantly increased funding for the Texas Department of Transportation (TxDOT), the agency continues to request "local participation" for many of its projects. This "pay-to-play" system, as some call it, requires local governments to contribute financially if they want highway projects in their areas to proceed. Additionally, in the summer of 2013, TxDOT sent a letter to cities with populations over 50,000, along with select smaller neighboring cities, indicating that TxDOT was considering transferring maintenance of certain non-controlled-access state highways to the cities where they are located. This proposal, called "Turnback," was later clarified by TxDOT as a "voluntary participation program." Despite this, cities contribute over \$100 million annually in cash, plus substantial additional contributions through right-of-way donations, in-kind services, and the state gasoline taxes they pay, all of which further fund the state transportation system.

to also develop storm water management programs. At a minimum, the programs must include public education and participation, detection of unwanted discharges into sewers, construction site storm water runoff controls, and pollution prevention measures.

In addition, cities operating under the Phase II permit must issue an annual report to the TCEQ that includes information regarding the status of compliance with permit conditions, an assessment of the appropriateness of best management practices, a description of progress toward reducing the discharge of pollutants to the maximum extent practicable, the measurable goals for each of the minimum control measures, and an evaluation of the program's progress. TCEQ, in compliance with federal law, reissued the Phase II general permit for small cities in 2013.

All Texas cities subject to the NPDES program are required to identify and apply management practices to reduce storm water pollution. Unsurprisingly, implementing such practices comes at a high monetary cost, especially in light of the fact that the mandate is not funded by the state.

Under state law, public and private colleges and universities are exempted from paying municipal storm water utility fees. Further, a city council can consider exempting public school districts, public agencies, and religious groups. The rationale for the exemption of public universities and colleges (presumably) is that a taxpayer-funded entity shouldn't be required to pay a fee to another taxpayer-funded entity, but the exemption of private colleges and universities has had detrimental effects on some cities. These private entities benefit from the flood prevention and storm water control provided by storm water utilities, and both public and private universities generally have very large areas of impervious cover that contribute to runoff. The exemptions result in a cost shifting to residents and businesses. ★

Federal Storm Water Mandates and Municipal Drainage Utilities

Federal Storm Water Mandates

During rainfall, storm water runs off impervious areas such as paved streets, parking lots, and rooftops. The storm water contains pollutants that may adversely affect water quality. Thus, the federal Clean Water Act requires cities to obtain a permit from the United States Environmental Protection Agency (EPA) before allowing the discharge of storm water from a storm sewer system into rivers and lakes. In Texas, the EPA has delegated the administration of the storm water permitting program (known as the "National Pollution Discharge Elimination System" or "NPDES") to the Texas Commission on Environmental Quality (TCEQ).

Most medium and large cities in Texas, such as Dallas, Houston, San Antonio, Austin, Abilene, and others, currently operate under a "Phase I" permit. Since the early 1990s, "Phase I" cities were required to develop a storm water management program that would reduce storm water pollutants. Many other Texas cities are subject to the "Phase II" general permit. The Phase II program began in 1999 and requires more than 400 of the state's smaller cities

Municipal Drainage Utilities

As a means to protect citizens from the devastating effects of flooding and to offset the costs of unfunded federal storm water mandates, state law authorizes Texas cities to establish municipal storm water drainage utilities. The utilities are generally funded by fees on properties that are benefited by the improvements. The fees must be nondiscriminatory and must be directly related to drainage.



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THE GROWING NEED FOR WATER AND WASTEWATER SERVICES

The population in Texas is expected to grow to at least 51.5 million by 2070. By 2070, municipal water use is expected to constitute the highest demand of all water uses. Providing safe, clean, and reliable drinking water to meet this demand presents a challenge for most Texas cities. Investments in drinking water and wastewater systems protect public health, aid in protecting the environment, provide fire protection, and ensure that there is an adequate water supply to support the state's growing population, businesses, and industries.

Adequate water supply is often a determining factor in economic development. Businesses and industries are going to choose locations with a stable and sufficient water supply over those states or regions without quality and adequate supplies of water.

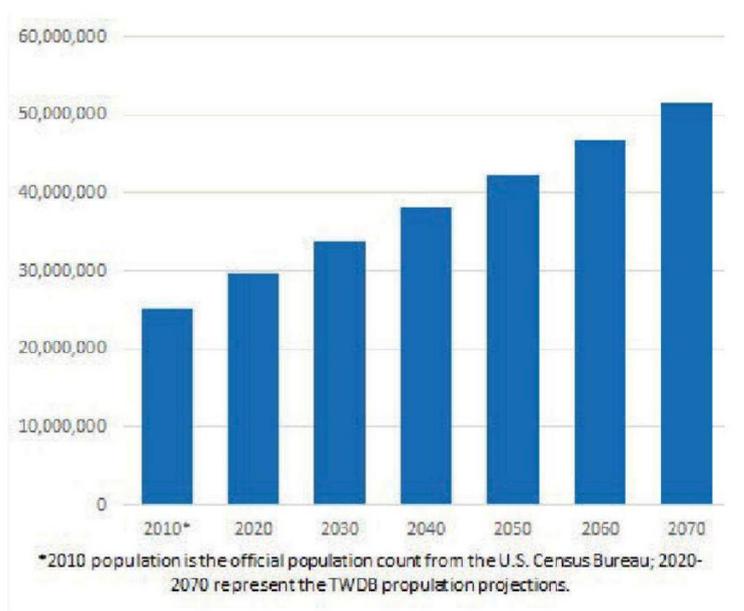
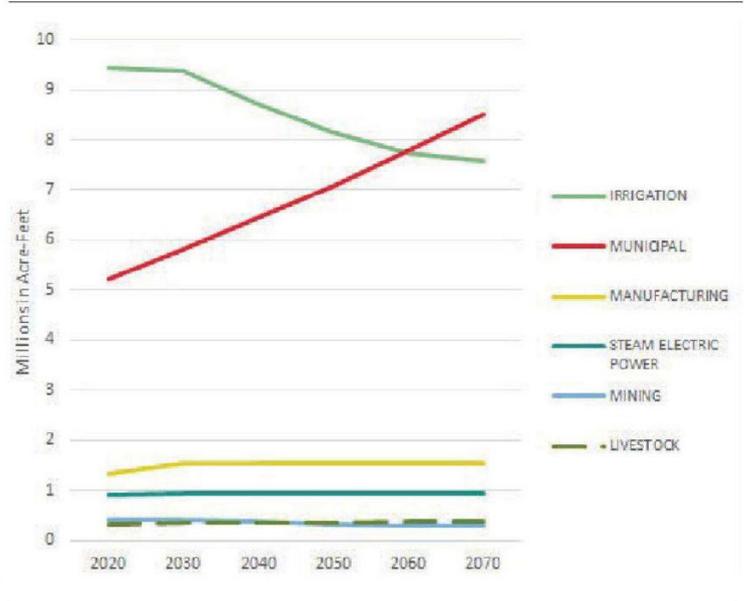
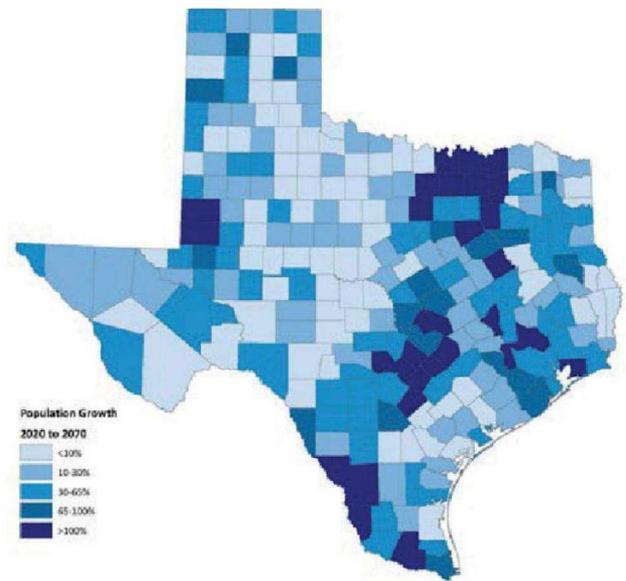
The Environmental Protection Agency (EPA) estimates that America's drinking water systems alone will have to invest up to \$625 billion over the next 20 years to keep up with the growing demand for drinking water and the nation's aging drinking water infrastructure. Over the next decade, Texas cities will have to expend millions of dollars on waste and wastewater systems to keep pace with the tremendous population growth in Texas. In addition to meeting the growing demands for water services and replacing aging infrastructure, the investment is also necessary to ensure compliance with the federally-mandated Clean Water Act and Safe Water Drinking Act.

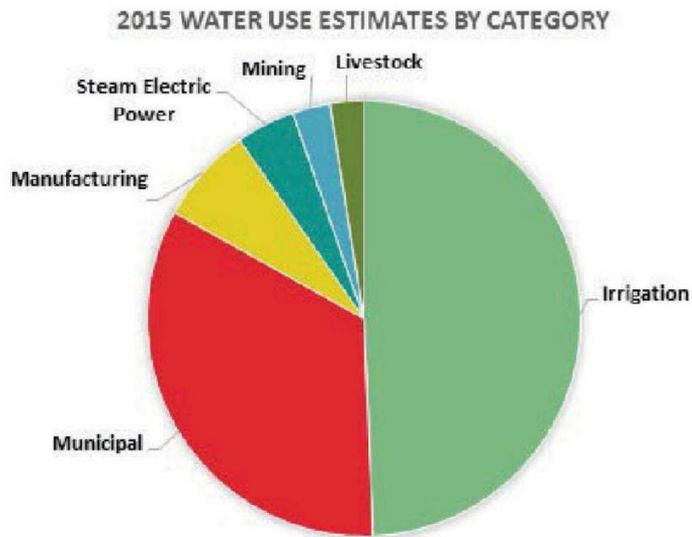
Many water utility systems in Texas are decades old. Some systems have come to the end of their useful lifespan, and upgrades may no longer be sufficient. Some cities may even have to replace these essential utilities completely. Upgrading or replacing a water or wastewater system is a costly undertaking that requires the commitment of large sums of capital investment. However, the return is generally well worth the large expenditure.

Municipal wastewater treatment plants prevent billions of gallons of pollutants from reaching our rivers and lakes each year. Additionally, the provision of safe drinking water to our suburban areas has allowed our state to grow at unprecedented levels.

Unfortunately, many Texas cities are struggling to keep up with the costs of complying with increasingly

See Funding the State Water Plan on page 40-41 for information on how some of these needed improvements should be funded.





Source: Texas Water Development Board, State and Regional Population Projection for 2020-2070

stringent federal- and state-mandated regulations. The budget pressures associated with meeting these new standards or facing stiff fines from regulating agencies often force cities to delay needed expansion of their water utility systems.

Texas cities have access to state and federal financial help to keep up with the regulations and expand their water utility systems. In 1997, the Texas legislature created the safe drinking water revolving fund, administered by the Texas Water Development Board (TWDB), to provide low-cost financial assistance for planning, acquisition, design, and construction of water infrastructure.

In addition to the state-funded programs through the TWDB, the federal government recently passed some legislation that may provide funding for cities to update and improve their drinking water and wastewater facilities, including: the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the American Rescue Plan Act (ARPA); the Infrastructure Investment and Jobs Act (IIJA); and the Inflation Reduction Act (IRA). A report from the United States Conference of Mayors concluded that CARES funding helped local utilities finances, provided a measure of stability between expenditures and infrastructure investment and continuity of critical services to the customer, and was a positive factor in the 7.3% increase in utilities expenditures from 2019 to 2020. ★

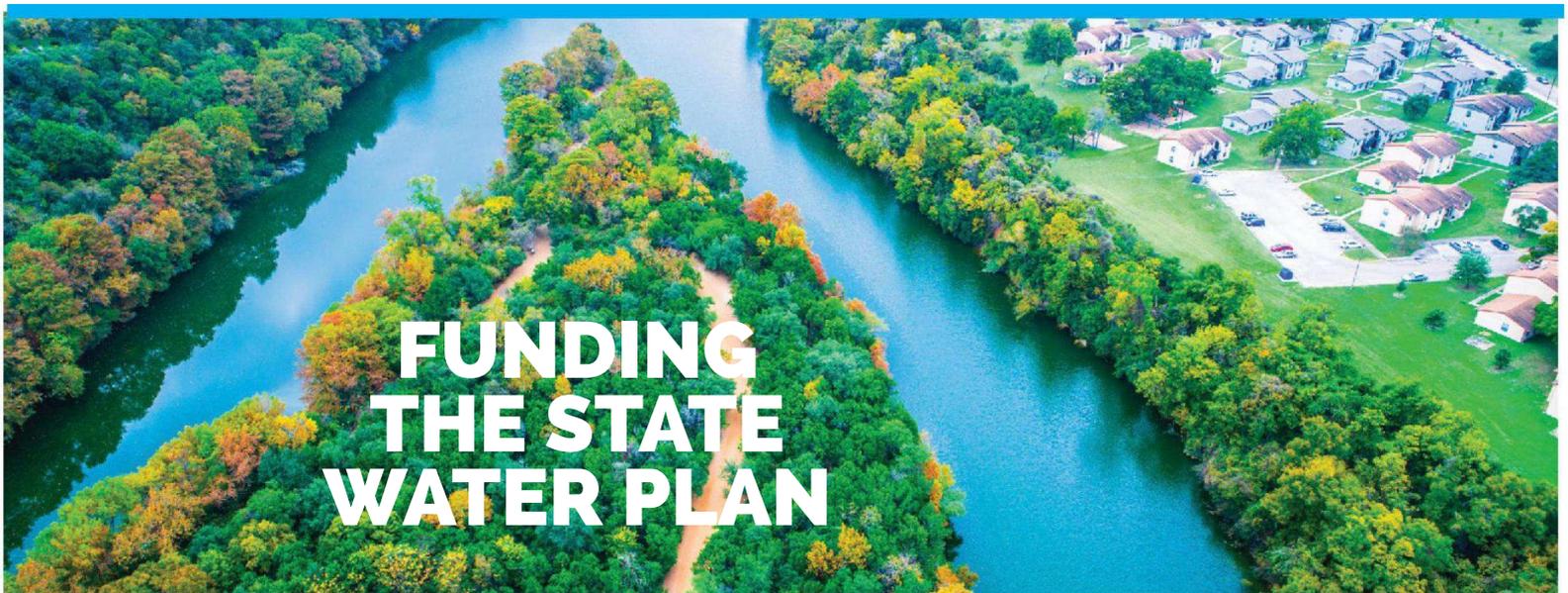


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FUNDING THE STATE WATER PLAN

The Texas State Water Plan provides for the orderly development, management, and conservation of water resources in the state. The plan's goal is to ensure that sufficient water will be available at a reasonable cost to protect public health, further economic development, and protect the agricultural and natural resources of the entire state.

The State Water Plan is the culmination of a regional planning process that the Texas Legislature established in 1997. Every five years, 16 planning groups—one for each regional water planning area—assess the projected population, water demands, and water supplies in their area for the next 50 years. Each planning group holds public hearings and meetings to develop its regional water plan, which lists the water supply projects needed to meet their water shortages. Once a regional water planning group adopts its regional water plan, the plan is then sent to the Texas Water Development Board (TWDB) for approval. The TWDB ultimately compiles the information to make the State Water Plan. The most recent iteration is the 2022 State Water Plan, adopted on July 7, 2021.

The 2022 State Water Plan tells us that our population will continue its rapid growth. Texas's population is expected to increase more than 70 percent between 2020 and 2070, from 29.7 million to 51.5 million, with over half of this growth occurring in Regions C and H. Water demands are projected to increase less significantly, by approximately nine percent between 2020 and 2070, from 17.7 million to 19.2 million acre-feet per year. This projected increase is smaller than the 2017 State Water Plan, primarily due to revised methodologies for the irrigation, manufacturing,

and steam-electric power generation sectors of water use. Notably, municipal demands are anticipated to grow by the greatest total amount, from 5.2 million acre-feet per year in 2020 to 8.5 million in 2070. Agricultural irrigation demand is expected to decrease, from 9.4 million acre-feet per year in 2020 to about 7.6 million in 2070, due to more efficient irrigation systems, reduced groundwater supplies, and the transfer of water rights from agricultural to municipal users. Manufacturing and livestock demands are expected to increase, while mining demand is expected to decline over the next 50 years. Steam-electric (power generation) demand is expected to remain constant.

Texas' existing water supplies—those that can already be relied on in the event of drought—are expected to decline by approximately 18 percent between 2020 and 2070, from 16.75 million to 13.8 million acre-feet per year. Water user groups face a potential water shortage of 3.1 million acre-feet per year in 2020 and 6.9 million acre-feet per year in 2070 in "drought of record" conditions.

The 2022 State Water Plan provides a roadmap for how to address the water needs that accompany our expected growth by identifying water management strategies and their associated costs for communities across Texas. Approximately 5,800 water management strategies recommended in the plan would provide 7.7 million acre-feet per year in additional water supplies to water user groups in 2070. The estimated capital cost to design, construct, and implement the more than 2,400 recommended water management strategy projects by 2070 is \$80 billion in 2018 dollars, without accounting for inflation. Water management

strategies can include conservation, drought management, reservoirs, wells, water reuse, desalination plants, and others.

The information in this plan is critical to ensuring that Texas has adequate and affordable water supplies now and in the future. Without employing water management strategies, approximately one-quarter of Texas's population would have less than half of the municipal water supplies they will require during a "drought of record" in 2070. If Texas does not implement the State Water Plan, estimated annual economic losses resulting from water shortages will range from approximately \$110 billion in 2020 to \$153 billion in 2070.

The Texas Legislature has taken steps to address the projected water shortfall. In 2023, the legislature created the new Texas Water Fund, which requires the acquisition or creation of 7 million acre-feet of new water supplies by December 31, 2033. The fund can be used to provide financial assistance to cities and wholesale water providers to develop water supply projects that create new water sources for the state. While this new fund will not entirely finance the projected costs of funding the State Water Plan, it is a step in the right direction.

For more information on the 2022 State Water Plan, as well as resources on how to get involved with your regional planning group and financial assistance for cities, visit the Texas Water Development Board at www.twdb.texas.gov ★

Regional Water Planning Areas

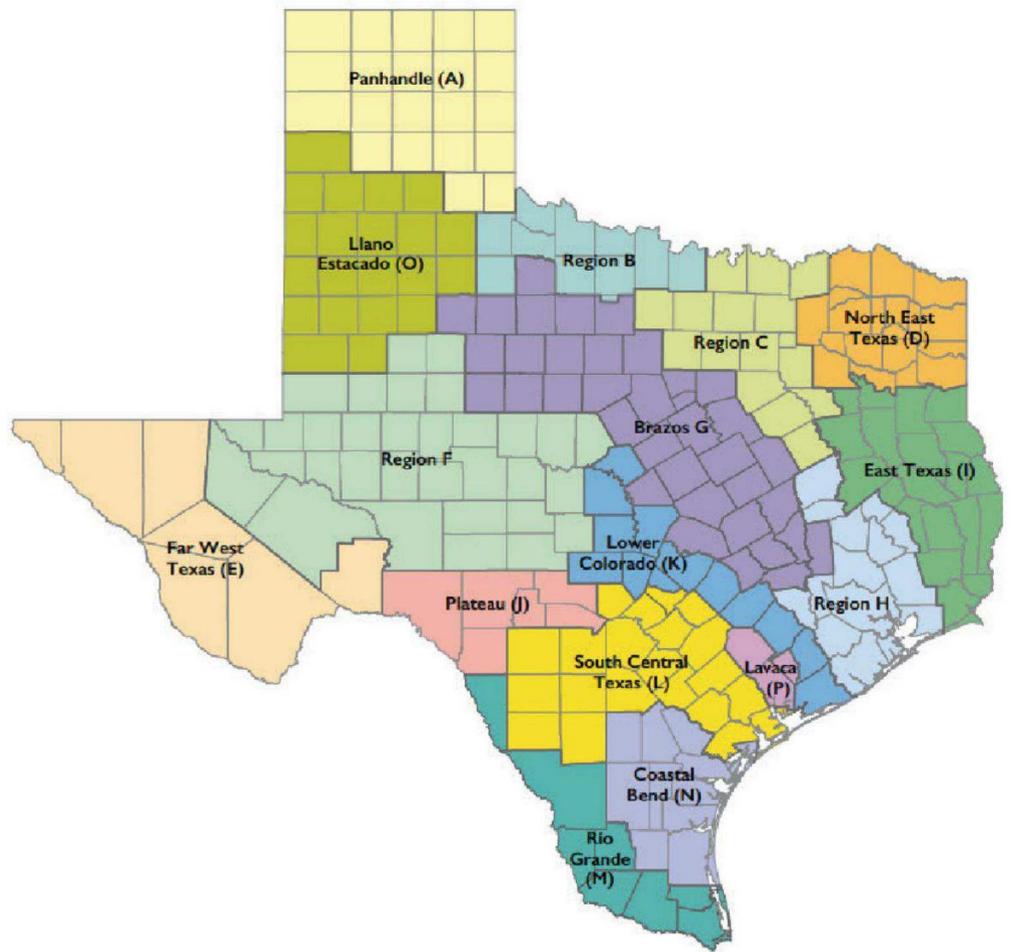
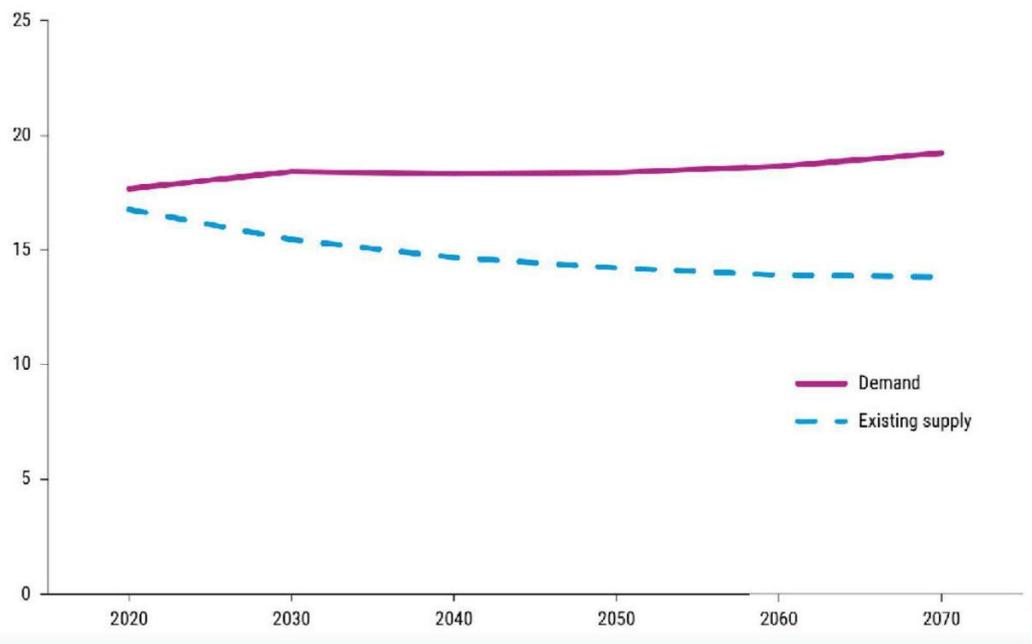
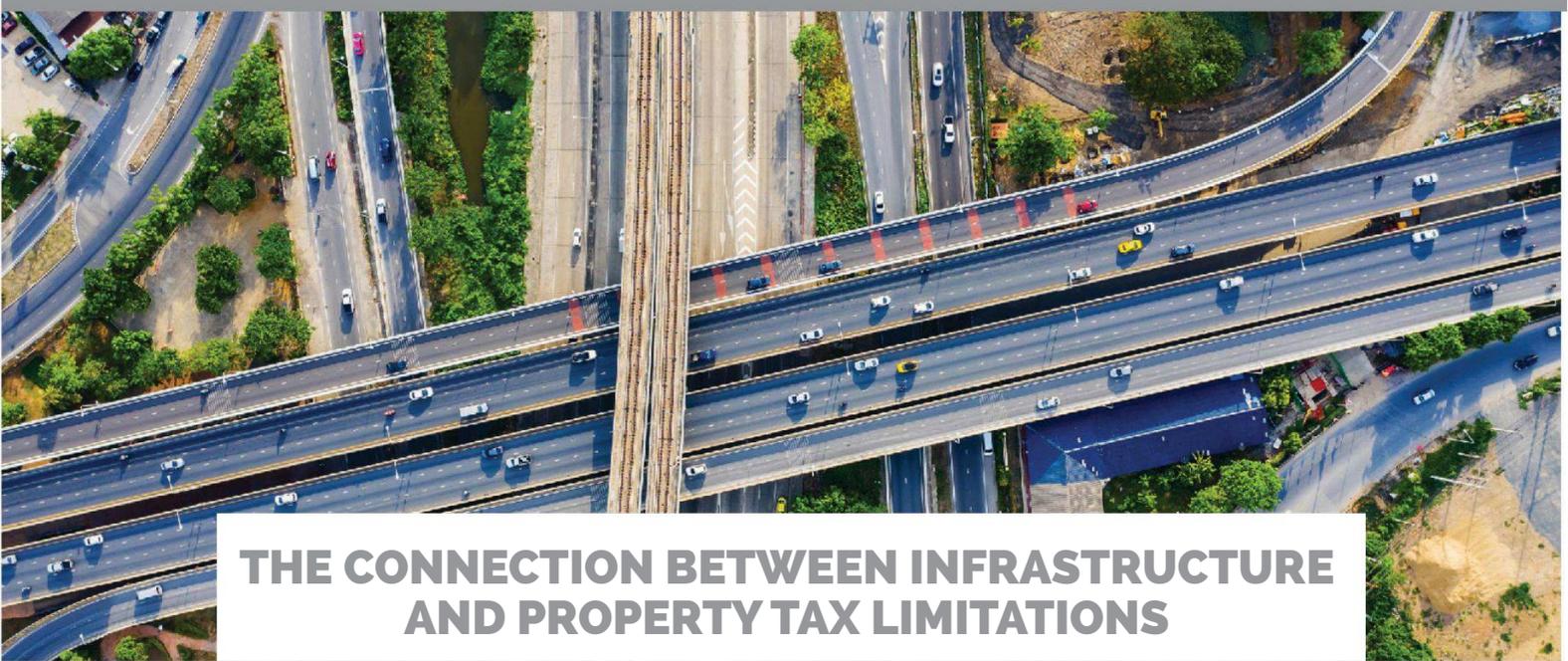


Figure ES-3. Projected total annual water demand and existing water supply for all sectors in Texas (millions of acre-feet)





THE CONNECTION BETWEEN INFRASTRUCTURE AND PROPERTY TAX LIMITATIONS

Except for construction, repair, and maintenance of the state highway system, infrastructure in Texas is primarily the responsibility of local governments. Streets, bridges, drinking water systems, and wastewater facilities are funded by local entities. Although loans and very limited grant funds are available for some water projects, the fact remains that city streets, water systems, and wastewater utilities are built and maintained with city-generated revenue.

Texas cities are virtually on their own when it comes to paying for these infrastructure projects. While recent federal programs such as the American Rescue Plan Act and the Infrastructure Investment and Jobs Act have made additional federal funding available to cities in the recent years, the paucity of state aid to Texas cities is well documented. While most states (including virtually all the most populous states) provide substantial financial assistance to cities to

Chart

Cost-Saving Measures
Percent of All Cities

	2017	2018	2019	2020	2021	2022	2023	2024
Postponed capital spending	26.4%	24.4%	22.0%	22.2%	20.6%	21.6%	20.5%	25.4%
Wage freeze	4.5%	2.9%	2.6%	1.6%	10.5%	5.9%	0.3%	2.1%
Reduced services	2.1%	2.0%	1.3%	2.0%	7.5%	0.1%	1.0%	2.6%
Hiring freeze	3.2%	4.9%	2.9%	2.1%	13.9%	5.0%	1.9%	2.1%
Laid off employees	3.2%	3.1%	1.9%	1.2%	5.2%	3.1%	2.2%	1.0%
Eliminated services	0.8%	1.3%	2.0%	1.6%	3.6%	1.2%	1.66%	1.7%
Reduced salaries	0.4%	0.2%	0.0%	0.0%	1.1%	0.8%	0.3%	0.1%

help pay for infrastructure, such grant programs generally do not exist in Texas.

It can be argued that funds flow in the opposite direction—from local entities to the state. In recent years, the Texas Department of Transportation received almost \$100 million annually in *Local Participation* revenue from cities alone. (Other entities provide local participation funds as well.) This is city money that helps pay for improvements to the state highway system.

This means that much of the local revenue that is used to fund infrastructure projects comes from local property owners through their property taxes, which raises an interesting question: if the Texas Legislature passes additional legislation that limits municipal property tax revenue, will municipal investment in infrastructure decrease?

The Texas Municipal League's *Fiscal Conditions Survey* shows that the answer is yes. When asked which cost-

cutting measures were employed to balance the current-year budgets, cities consistently identified *postponed capital spending* as the most used tactic. (See Chart on page 42.)

Similarly, when asked to identify how they would respond to diminishing revenue in future years, more than half of the respondents identified *postpone or defer capital improvements* and/or *reduce or eliminate expenditures or right-of-way contributions to TxDOT* as their top two identified areas for future spending reduction.

Any legislation that further restricts the ability of cities to generate property tax revenue will result in reduced spending on infrastructure, which could harm regional economies and the state's economy. Without continued municipal investment in the infrastructure needed for industrial and commercial activity, the *Texas Miracle* of continued job creation and economic growth will be difficult to maintain. ★

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THE HIGH COST OF PROVIDING PUBLIC SAFETY

Ensuring that citizens have a safe city in which to live and work is of the utmost importance to the state. Cities strive to promote the health, safety, and welfare of all their residents. Unfortunately, providing a high level of public safety comes with significant expense.

Most residents automatically turn to the government in times of need. In cities, that translates to spending tax dollars on public safety services. Of these public safety services, cities expend a considerable amount of their resources in anticipation of emergencies, occurrences that the public at large generally doesn't want to think about. Traditionally, public safety includes fire protection (fighting house fires), police protection (patrolling streets for traffic violations and criminal activity), and responding to numerous 911 calls.

However, in today's world, "public safety" has expanded to encompass:

- responding to hurricanes and other natural disasters;
- preventing and responding to terrorist threats and attacks;
- enforcing federal homeland security mandates;
- providing emergency medical services (EMS) and ambulance services;
- providing border security;
- responding to hazardous material issues;
- responding to public health disasters;
- participating in drug task forces; and
- conducting search and rescue operations, along with a host of other activities.

Police, fire, and EMS now must protect our homeland and be ready to respond to terrorist attacks with chemical, biological, and weapons of mass destruction. That's a tall order, considering the cost of standard public safety training and equipment.

Although it can vary greatly, it can cost nearly \$20,000 to provide basic protective equipment for a single structural firefighter. (See firefighter diagram.) Of course, other specialized equipment may be needed depending on the type of emergency, such as responding to swift water rescues, hazardous materials, and aircraft rescue and firefighting. Firefighters are also required to take continuous training that often comes with a high price tag and must be supplemented on an ongoing basis. In addition, as cities continue to grow in population and as existing equipment ages, cities face steep costs to purchase new fire apparatuses like aerial or ladder trucks, fire engines and pumpers, brush trucks, rescue trucks, and other specialized emergency vehicles. Currently, cities across Texas are seeing costs between \$1.6 million to \$2.3 million for new ladder trucks. Even maintenance costs for fire apparatuses can be expensive. For instance, in one such city – the City of Seguin – fire personnel noted that one of the reasons the City chose to purchase its new 2023 ladder truck was because the City's 2008 ladder truck became too difficult and costly to maintain.

TEXAS CITIES ASSIST WITH DISASTER RESPONSE AND RELIEF

Over the past several years, cities played a major role in disaster response, relief, and rebuilding efforts as various natural disasters hit Texas. According to the City of Houston, the City was responsible for \$500 million in the recovery effort after Hurricane Harvey. Houston rushed to repair vital infrastructure, dedicating countless resources to restoring necessary services to citizens. The City of Galveston, hard-hit by Hurricane Ike in 2008, expended \$500 million to repair and replace housing, city buildings, and utility infrastructure, not to mention millions more to repair roads and revitalize the business community. Even though the federal government ultimately reimbursed some of these expenditures, the ability of cities to react quickly and decisively during and after a natural disaster is an invaluable service. In 2013, the City of West responded to a fertilizer plant explosion that devastated its city. The City paid the price of emergency response in dollars, and lost many of its volunteer firefighters, one of whom was the city secretary. Disasters like the West explosion can lead to legislation that seeks to impose additional mandates on cities but does not provide the necessary funding.

The COVID-19 pandemic also emphasized Texas cities' important role during public health emergencies. In response to the pandemic, city police departments were tasked with enforcing the governor's orders, including the mask mandate and business capacity limitations, as well as local orders like curfews. The costs for public health emergencies will continue to fall on cities because urban populations are often the most affected. ★



Median Salary for Police Officer and Firefighter

Police Patrol Officer: \$72,280 plus benefits annually

Firefighter: \$57,120 plus benefits annually

Source: United States Bureau of Labor Statistics, Occupational Employment and Wages as of May 2023



Emergency management is a crucial function of city government. Each year, Texas cities prepare for a variety of emergencies including natural disasters (e.g., hurricanes, tornadoes, wildfires, flooding, and other severe weather events), public health emergencies, technological hazards (chemical hazmat release and dam failures), mass casualty events, and cyber-attacks, among others. Cities must ensure they are prepared to respond to and recover from disasters effectively and efficiently. This multifaceted responsibility encompasses preparedness and planning, coordination and response, and recovery.

Preparedness and Planning

In Texas, the mayor of each city is designated as the Emergency Management Director and can appoint an Emergency Management Coordinator to carry out the city's

emergency management program. Cities are required to prepare, keep current, and distribute to appropriate officials a local emergency management plan (EMP) or an interjurisdictional EMP that meets the standards set out by the Texas Division of Emergency Management (TDEM). The purpose of an EMP is to provide for disaster mitigation, preparedness, response, and recovery. In other words, it establishes a framework cities can rely on when responding to an emergency.

Although state and federal resources and assistance can be requested, cities and other local governments are expected to first use their own resources and those available through mutual aid agreements. As such, cities oftentimes enter into mutual aid agreements with surrounding cities,

counties, and other local governments to assist with personnel, equipment, services, and supplies during an emergency.

As part of the planning process, a city's emergency management team also conducts regular training sessions and drills for emergency responders, city officials, and other key personnel to ensure everyone knows their roles and responsibilities during an emergency.

Public education is also a key part of the planning process. Cities must engage with the community through workshops and informational campaigns to promote awareness and preparedness practices among residents.

Coordination and Response

When a disaster strikes, the city's emergency management team must swiftly coordinate response efforts to protect lives and property. This can include activation of an Emergency Operations Center (EOC) established to centralize command and control during an emergency. City officials and staff at the EOC facilitate and coordinate communications with various departments and agencies such as police, fire, county officials, public health officials, and community organizations to ensure a unified response. Officials also allocate resources, deploying personnel, equipment, and supplies to areas in need, while also managing shelter and evacuation operations, if necessary.

Texas cities also play an important role when responding to public health emergencies. As emphasized by the COVID-19 pandemic, city police departments were tasked with enforcing the governor's orders, including the mask mandate and business capacity limitations, as well as local orders like curfews.

Recovery

Post-disaster recovery is as important as response efforts. Cities must conduct thorough assessments to evaluate the extent of damage and the needs of affected populations. In many cases, disasters can also create a disruption in city services. This was the case when a severe ice storm hit central Texas in late January 2023 leaving more than 170,000

Austin residents without electricity. After severe weather events, cities focus their efforts on restoration of essential services, such as water, electricity, waste collection, and others to help the community return to normalcy. But cities don't just consider immediate needs, they also plan for long-term recovery efforts, including rebuilding infrastructure and offering assistance to displaced residents.

Emergency management requires adequate financial resources, and cities each year must provide dedicated funds for emergencies. Over the past several years, cities played a major role in disaster response, relief, and rebuilding efforts as various natural disasters hit Texas. Between May and July 2024, the City of Houston was impacted by a derecho (wind storm) then Hurricane Beryl, which the City estimated would cost nearly \$40 million for debris removal, repair to buildings and equipment, and other post-disaster measures. In 2017, the City was also responsible for \$500 million in the recovery effort after Hurricane Harvey. The City rushed to repair vital infrastructure, dedicating countless resources to restoring necessary services to citizens. The City of Galveston, hard-hit by Hurricane Ike in 2008, expended \$500 million to repair and replace housing, city buildings, and utility infrastructure, not to mention millions more to repair roads and revitalize the business community. Even though the federal and state government ultimately reimburses some of these expenditures, the ability of cities to react quickly and decisively during and after a natural disaster is an invaluable service. In 2013, the City of West responded to a fertilizer plant explosion that devastated its city. The City not only paid the price of emergency response in dollars, but also lost many of its volunteer firefighters, one of whom was the city secretary. In many cases, disasters like the West explosion can lead to legislation that seeks to impose additional mandates on cities but does not provide the necessary funding.

City emergency management plays a critical role in safeguarding communities against various disasters. Effective emergency management saves lives and fosters a sense of security and community trust, ensuring that residents are better equipped to face future challenges. ★



The TML Risk Pool was the first municipal risk pool in the nation and celebrated its 50th anniversary in 2024. Our focus now shifts to the next 50 years and *Building for the Future*. Read on to learn about who we are and how we serve Texas cities.

Created by Cities, for Cities

In 1973, the Texas Legislature passed legislation mandating that Texas cities provide workers' compensation coverage to their employees. At that time, most traditional insurance companies refused to write the coverage or quoted exorbitant rates. For those reasons, the legislation also authorized the creation of the first municipal risk pool in the United States, which was the predecessor of the *TML Intergovernmental Risk Pool* as we know it today.

The Texas Municipal League and several cities used the 1973 legislation to pool their resources. Using contracts called interlocal agreements, they created the "Texas Municipal League Workers' Compensation Joint Insurance Fund." The Fund began operating on July 1, 1974, with close to 100 Members.

Today, the Pool provides workers' compensation coverage

for around 200,000 local government employees, including 34,000 first responders. A 17-member Board of Trustees – composed primarily of city officials – oversees 250 Pool employees who administer the coverages.

In 1982, cities saw other coverages becoming scarce and expensive, so TML created a liability fund that year and a property fund the following year. (In the mid-1980s, the United States insurance market essentially crashed.) According to *Time Magazine*, that was "a time of frantic efforts to obtain insurance that, at best, was available only in limited amounts with high retentions at exorbitant rates."

The Pool truly came into its own during that period, and – today – TML and the Pool are separate but related entities. The Pool provides liability and property coverage to over 1,000 cities, including protecting around \$60 billion in local government property. We've also added cyber coverage to our offerings.

Why We're the Best Choice for Cities

We provide sustainable economic value. For example, the long-term cost of our coverage is less than in the commercial market because we don't generate profit for shareholders. In fact, our operating ratio (how much comes in v. how much

goes out) over the last 10 years is almost equal. Commercial insurers typically bring 10 percent or more over what they need to operate as profit for shareholders.

We build and maintain meaningful long-term relationships with our members. Our Pool reflects our members' interests because it is governed by the members we serve. Our Board of Trustees consists of seven city managers, a city attorney, two mayors, two city councilmembers, and others interested in local governments and their employees.

We act consistent with our mission statement, which is "to offer and provide Texas municipalities and other units of local government with a stable and economic source of risk financing and loss prevention services." And our core values instruct every decision we make:

- **Public Service:** Serving the public good – for the benefit of local governments and their tax-paying citizens.
- **Fiscal Responsibility:** Responsibly managing our members' pooled funds for the protection of their financial stability.
- **Operational Excellence:** Delivering excellent member service in all components of our risk financing and loss prevention services.
- **Integrity:** Serving with honesty, integrity, and professionalism.

Risk Management and Loss Prevention Services: How We Help You Save Lives, Prevent Injuries, and Protect Property

Choosing the appropriate coverage and deductibles is an important part of your risk management strategy. Our Risk Management Advisors can help with individual visits to discuss the following coverages: (1) Workers' Compensation; (2) Liability, which includes General Liability, Automobile Liability, Law Enforcement Liability, Public Officials' Errors and Omission Liability, and Airport Liability; (3) Property, which can cover buildings, contents, mobile equipment, and boilers and other machinery – we also offer turnkey recovery from property losses (which means just that: we can have people on site immediately to stabilize damage and – at your option – handle every facet of reconstruction); (4) Special Risks, including crime coverages, animal

mortality and theft, special events, fine arts, and drones; and (5) Cyber Coverage through a new cyber fund.

Loss prevention is a key component of your local government's overall risk management strategy. Essentially, it helps you identify sources of risk and take action to reduce them. Most in the industry refer to loss control. The Pool's department is called *Loss Prevention* because our goal isn't just to control losses, it's to prevent them from happening. In fact, the Pool's mission statement above speaks directly to our loss prevention focus.

To implement that mission, our Safety and Loss Control Consultants provide individual visits to discuss your city's efforts, review your loss history and current trends, and deliver practical recommendations about your exposures or operations. We also assist with specialized exposures and operations, such as natural gas utilities, electric utilities, aquatic surveys, and property valuations.

We also provide training programs at no additional cost and through various methods, including onsite training, online learning, and media channels. The goal is to grow a culture of safety at your entity.

Check out the resources available at www.tmlirp.org and reach out to your Risk Management Advisor or Safety and Loss Control Consultant today. Contact us at 512-491-2300 or TMLRiskPool@tmlirp.org to learn more about any of the above. ★

Did you know?

The Risk Pool finances the coverage needs of 95 percent of Texas Cities (over 1,000 of them) for *less* than the annual budget of *each* of the top five largest cities in Texas. The pooling mechanism is incredibly efficient, and much of that is due to the diversifying nature of the way the Pool goes about its business.



ZONING: A PRIMARY MEANS TO PROTECT PROPERTY VALUES AND THE WELFARE OF CITY RESIDENTS

What is zoning? Zoning is the division of a city into districts that permit compatible land uses, such as residential, commercial, industrial, or agricultural, and is arguably one of the most important functions of local government. Zoning authority empowers a city to protect residential neighborhoods, promote economic development, restrict hazardous land uses to appropriate areas of the city, and preserve places of historical importance. It is used to lessen street congestion; promote safety from fires and other dangers; promote health; provide adequate light and air; prevent overcrowding of land; and facilitate the provision of public facilities.

How does zoning occur? Chapter 211 of the Texas Local Government Code contains the procedural requirements that must be followed when a city zones or rezones property, including strict notice and hearing provisions. The requirements ensure that city and neighborhood residents have a strong voice anytime a zoning change is considered. In addition, Chapter 211 provides for the creation of a planning and zoning commission to make recommendations on the adoption of the original regulations, as well as to hear proposed amendments. Finally, a board of adjustment may be appointed to hear requests for appeals of decisions,

special exceptions, and variances from the regulations.

Why is there zoning? Zoning exists in cities to regulate land use and development, ensuring orderly growth and protecting public health, safety, and welfare. By dividing the city into different zones, such as residential, commercial, and industrial, zoning helps prevent incompatible land uses from abutting one another -- like factories next to homes -- and ensures that infrastructure, services, and resources are appropriately distributed. It also promotes economic development, preserves property values, and provides a framework for future urban planning.

Who decides zoning? Cities are the only governmental entities in Texas authorized to zone property. In a Texas city, zoning decisions are primarily made by the city council, which may adopt and amend zoning ordinances. The process typically involves recommendations from a planning and zoning commission, which reviews zoning requests and conducts public hearings to gather input from residents. Once the commission makes its recommendation, the city council has the final say on whether to approve, deny, or modify zoning proposals.



ZONING CHANGES AND PROPERTY VALUES

State laws that require compensation when a property's value is affected by a zoning change are extremely rare in the United States. Rather, the United States Supreme Court and various state courts have set forth tests that are used to determine whether a zoning regulation requires compensation to a property owner.

In fact, the Supreme Court of Texas has upheld city authority to make reasonable zoning changes. In one case, a city rezoned a residential area to provide for larger lot sizes. The rezoning was designed to create more open space, less traffic, greater setbacks, less noise, and similar results. The Court concluded that a city has a legitimate governmental interest in such results and in preserving the rate and character of community growth. The Court also found that no "taking" of the owner's property occurred, because the regulation did not impose a great economic impact on the owner.

Any legislative change to require compensation to be paid every time a zoning amendment could reduce the value of a property would create an unworkable situation. Cities would face the choice to continue zoning and risk potentially ruinous claims or relinquish zoning altogether. Moreover, the reality is that most zoning changes are initiated by a property owner and increase the value of land.

WHY ZONING MATTERS

A 2020 report found that having access to local arts and cultural activities along with convenient access to parks and safe employment spaces were among the main qualities that "attach" people to their communities. Zoning facilitates the development of those attributes by allowing cities to create and maintain healthy, attractive, livable, and prosperous communities.

ZONING IS LINKED TO ECONOMIC DEVELOPMENT

A 2006 study on the effect of zoning on economic development in rural areas concluded that zoning facilitated economic development. According to the authors, the economic benefits of zoning include: (1) predictability in land use for both business and residents; (2) the assurance that personal and commercial investments will be protected; (3) the ability to guide future development to prevent haphazard or harmful development; and (4) the minimization of potential conflict between industry and residents.

ZONING IS LINKED TO TOURISM

Tourism generates billions of dollars in Texas. In discussing the role that a community's image plays in tourism one author explains that the more communities "come to look and feel just like everywhere else, the less reason there is to visit. On the other hand, the more a community does to enhance its uniqueness, the more people will want to visit. This is the reason why local land use planning and urban design standards are so important."

Sources: Scott, Molly M., et al. Community Ties: Understanding What Attaches People to the Place Where They Live. Knight Foundation and Urban Institute (May 2020)

Joy Wilkins et al., Does Rural Land-use Planning and Zoning Enhance Local Economic Development? Economic Development Journal (Fall 2006)

Edward T. McMahon, Responsible Tourism: How to Preserve the Goose that Lays the Golden Egg, Virginia Town & City (May 2015) ★



KEEPING POWER ON: CITIES AND ELECTRICITY

Cities have various interests relating to how they and their residents get electric service, how cities with municipally-owned electric utilities provide service, and the prices that everyone pays for electricity. Cities also receive franchise fees from utilities that use their rights-of-way, and they have original jurisdiction over the rates of investor-owned utilities located within the cities.

How electricity is provided in Texas is complex and based on many moving parts in an always-changing puzzle. The following questions and answers provide a primer on the issues facing cities in this area.

What are the different ways that cities and their citizens get their electricity?

Cities and their residents generally get their electricity in one of three ways: (1) from a municipally-owned utility

(MOU); (2) from an investor-owned utility (IOU); or (3) from a rural electric cooperative (Co-op). Each of those providers usually has a monopoly in the areas they serve, based on a certificate from the Texas Public Utility Commission (PUC). (Note: a few areas of the state are served by river authorities and municipal power agencies. Also, regarding an IOU, only the transmission and distribution component discussed below has a geographical monopoly in the deregulated market.)

MOU and Co-op rates are governed by a city council or board of directors—the members of which are elected by the customers. The city council or board of directors is therefore directly accountable to the customers they serve.

IOUs are also governed by a board of directors, but they are accountable to their shareholders, rather than their customers. The rates of investor-owned transmission and distribution utility (discussed below) are regulated by the PUC in a way that should—in theory—cover costs of operation and allow for a reasonable profit.

How does the deregulated market system work?

In 1999, Texas adopted legislation to deregulate the portion of the state that is served by IOUs. Prior to deregulation being fully implemented in 2002, a single IOU performed all the things necessary to provide service to customers within the IOUs designated service area. In simple terms, the legislation “broke up” or “unbundled” IOU monopolies. Those utilities were divided up into different components: generation, transmission and distribution, and retail service. Some utilities sold one or two of those parts of their business, while others created subsidiary companies to run them. Generation companies make power with power plants, wind farms, solar panels, and other means. Transmission and distribution companies move power from the generators to other parts of the state through huge transmission lines, and ultimately distribute power to customers through smaller distribution lines.

Even after deregulation, MOUs and Co-ops are allowed to continue as monopolies within their geographical region, unless they choose—by a vote of their governing body—to opt in to competition. However, to date, no MOU has opted in. A decision by an MOU to opt in is irrevocable.

While the generation and retail portions of the market are now deregulated, the rates of transmission and distribution utilities are still regulated by cities for IOUs that are inside the city limits, and by the PUC for IOUs outside the city limits and in appeals over city actions. The rates of IOUs are set in a way that should, in theory, cover the costs of operation and allow for a reasonable profit. The regulation of transmission and distribution rates for IOUs allows the companies that generate power to have a reliable and transparently priced way to get power to the retail companies, which sell the power to customers.

At the retail level, IOUs set their own rates, competing for customers. The retail electric companies speculate as to how much generation will cost and offer price plans to consumers accordingly. Customers can also switch retail companies to try to get the best possible rate. For instance, City of Houston residents can choose between nearly one hundred retail electricity plans.

Certain areas of the state—including the Panhandle, El Paso, and certain areas in the northeast and southeast portions of the state—are served by IOUs but have not been deregulated. Those areas are not a part of the main transmission grid in Texas, so deregulation is impractical.

Whether deregulation has been beneficial to cities and their citizens remains the subject of heated debate. One thing is certain: deregulation has changed the way cities in the deregulated market purchase power for city facilities. One of the ways cities and other political subdivisions do that is by a process called aggregation. Aggregation means just what it says: cities come together or "aggregate" to purchase energy at a better price than they could obtain themselves. (Note: state law also authorizes citizens to aggregate, but the logistics of that process have made it all but useless. Previous legislative efforts to allow cities to automatically bundle-up their citizens and negotiate on the citizens' behalf have failed.) The most well-known aggregation group is called the Texas Coalition for Affordable Power, which represents more than 100 cities.

Why aren't MOUs opting into the deregulated market?

Even though they are not required to do so, MOUs have the discretion to opt into the deregulated market. Many state leaders continue to applaud the Texas deregulated market

as one that has created lower prices. That is questionable for several reasons. It would also appear that MOUs aren't convinced, and that their citizens prefer the consistently lower prices and better service that they provide. It's a case of "if it ain't broke, don't fix it." MOUs can wait and see if opting into deregulation would really benefit their customers. Also, an MOU that opts in is essentially stuck with that decision. Further, opting into competition would require an MOU to undertake the complex and expensive process of breaking up its service into the three components of the deregulated market (generation, transmission and distribution, and retail).

What are recent criticisms levied against MOUs?

Some MOUs have been recently criticized for transferring some of their profits to the city's general fund. Interestingly, even larger cities that transfer significant amounts of revenue have electric rates that are comparable to, or lower than, IOUs serving the deregulated market.

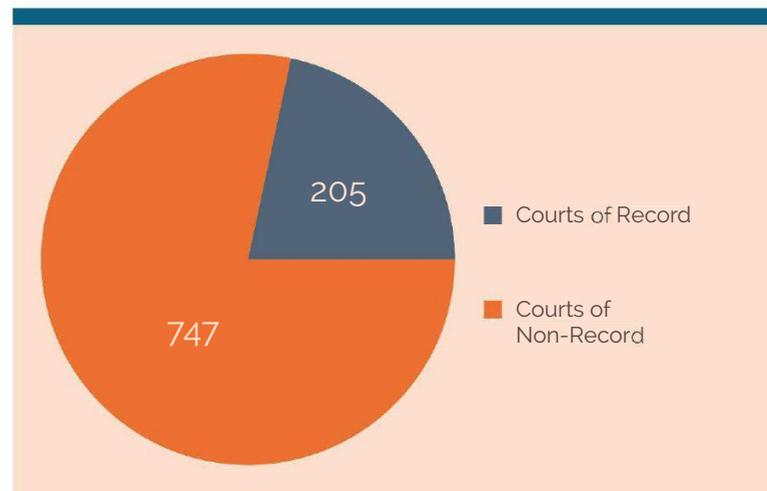
Because cities may or may not charge their MOUs franchise fees for the use of the city's rights-of-way, the transfer is often viewed as analogous to a franchise payment that the city would receive from an IOU that uses the city's rights-of-way. Another way to look at transfers is that they are very similar to the return on investment that IOUs give back to their shareholders. But in the case of an MOU, the "shareholders" are the taxpayers of the city. In any case, it is up to each city's council to decide how to handle transfers. Transferred revenue is generally used to pay for services (police, fire, EMS, and streets) that are used by the customers of the MOU and to keep property tax rates low, which benefits the taxpayers served by the MOU.

What are electric franchise fees?

Electric franchise fees are fees paid by IOUs or Co-ops (and in some cases, MOUs that provide service in other cities) that use a city's rights-of-way to provide electric service. Some argue that franchise fees of any type are a "hidden tax" on utility service. Of course, the municipal position is that the fees are authorized by state law. In fact, the Texas Constitution prohibits a city from giving away anything of value (for example, the use of city property) to a private entity. Thus, the city's position is that the fees are nothing more than "rental" payments for the use of city property. ★



Municipal judges of a court of record are appointed by city council and serve a term of two or four years, depending on the city's ordinance. In cities with courts of non-record, judges can either be elected or appointed and generally



serve two-year terms, unless the council provides for a longer term. Judges in municipal courts are responsible for presiding over jury and non-jury trials, interpreting the law and making evidentiary rulings, issuing subpoenas and warrants, administering justice, among other duties outlined in state law and by city ordinance. To assist in managing court operations, maintaining records, and facilitating communication with the public, municipal courts also employ clerks and administrative staff.

Jurisdiction

All municipal courts in Texas have original and exclusive jurisdiction over violations of city ordinances, such as those involving building codes, zoning, and traffic or parking. Ordinance violations involving litter, fire safety, zoning, public health, and sanitation are punishable by fine only, up to a maximum of \$2,000. Punishment for violations of other types of city ordinances is limited to fines only, not to exceed \$500. However, in cases of illegal dumping, a city may impose fines of up to \$4,000. Municipal courts also have concurrent jurisdiction with justice of the peace courts for Class C misdemeanor state law criminal offenses occurring within the city limits where the punishment upon conviction is by fine only and not confinement. Some of these offenses include theft of property valued at less than \$50, public intoxication, disorderly conduct, speeding, driving with no driver's license, parking within 15 feet of a fire hydrant, among others. With regard to civil matters, municipal courts have limited jurisdiction and may hear only specific cases such as those involving dangerous dogs, substandard buildings, and nuisance abatement.

MUNICIPAL COURTS

Texas municipal courts are an integral part of the state's judicial framework and are often the first interaction that citizens encounter with the justice system. Addressing minor offenses and enforcing city ordinances, these courts play a crucial role in maintaining public order and safety, providing access to justice for residents, and ensuring the effective administration of local laws.

Structure of Municipal Courts

After realizing a need for municipal courts (first called "corporation courts") to enforce city ordinances, the Texas Legislature eventually passed The Municipal Courts Act of 1899. This Act established a municipal court for each incorporated city. Although not required by law to operate a municipal court, a city may not enforce city ordinances that impose a criminal penalty if it does not operate a municipal court.

One distinct feature of municipal courts is that they may either be courts of non-record as originally created by the legislature or *courts of record* upon passage of a city ordinance. Municipal courts of record differ in that they create and preserve a record of their court proceedings. This means that these cases may be appealed more expeditiously by defendants on specific points of error as contained in the record. On the other hand, appeals from courts of non-record (where a record is not preserved) must be tried *de novo*, meaning that the case is retried from the beginning in which all the evidence and witnesses must be presented again typically in a county court. According to the Office of Court Administration, as of May 2023, there are a total of 952 municipal courts operating in Texas cities, 205 of which are courts of record while 747 are courts of non-record.

Court Costs and Fines

According to the Office of Court Administration (OCA), municipal courts in Texas resolved more than four million cases in fiscal year 2023 (September-August). As part of the process in adjudicating cases and to recoup costs associated with judicial operations, municipal courts also collect fines and court costs associated with each case. This amounts to hundreds of millions of dollars in fines and court costs annually that are remitted to the state and the city. Some of the city's portion of fines and court costs may support the general fund and have few restrictions on what they can be spent on, but some of these funds like the Local Consolidated Fee are statutorily earmarked for certain purposes such as municipal court building security, juvenile case managers and local youth diversion programs, municipal court technology, and juror reimbursements and jury services. Although fines and court costs support city budgets, they are not treated as revenue generating opportunities as state law specifically prohibits governmental entities, including cities, from imposing traffic revenue quotas on judges.

Role in the Justice System

Municipal courts serve several vital functions within the Texas justice system and benefit Texas cities immeasurably in various ways by providing:

Access to Justice: They provide a forum for individuals to contest fines, seek legal recourse, and resolve disputes related to minor offenses. This accessibility is essential for upholding the rule of law in communities.

Public Safety Enforcement: By adjudicating minor offenses and enforcing local ordinances, municipal courts contribute to public safety, ensuring compliance with laws designed to protect residents.

Community Engagement:

Municipal courts often engage in outreach programs, educating the public about local laws and the judicial process. This fosters a better understanding of the legal system and encourages civic participation.

Diversion Programs:

Municipal courts implement diversion programs aimed at rehabilitation rather than punishment, particularly for first-time offenders. These programs can help reduce recidivism and promote positive behavioral changes. ★

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THRIVING LIBRARIES REFLECT THRIVING CITIES

Libraries allow children to ask questions about the world and find the answers. And the wonderful thing is that once a child learns to use a library, the doors to learning are always open.

– Laura Bush

The Texas State Library and Archives Commission's (TSLAC) Current Library Directory lists 514 public libraries and 351 branches and bookmobiles in Texas. Taxpayers consistently give public libraries – both city and county – a high rank among community services.

Libraries impact the local economy and workforce development. Public libraries in the State of Texas provide significant economic benefits for their communities. According to a study prepared for TSLAC by the Bureau of Business Research Institute at the University of Texas at Austin, in 2015, Texas public libraries produced \$967 million in local economic activity. Additionally, some businesses – particularly those requiring a highly skilled workforce – look to the city's library as a barometer of local commitment to workforce readiness.

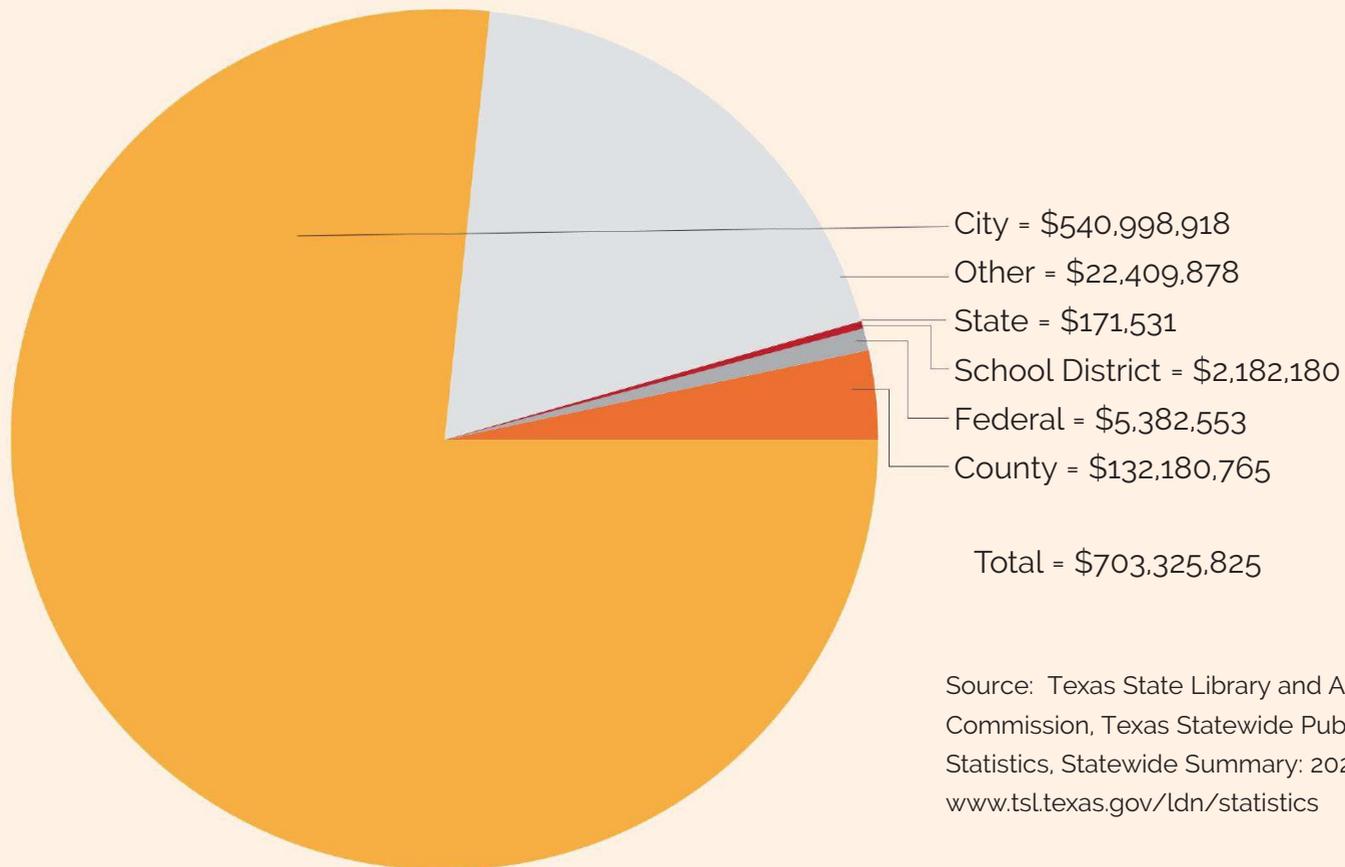
Libraries impact literacy and education. Public library patrons include preschoolers, afterschoolers, homeschoolers, distance learners, and researchers. Through story time hours, reading programs, ESL classes,

and other local services, libraries represent the public's bridge to structured educational campuses. A poll conducted by the Pew Research Center found that 80 percent of Americans believe that libraries contribute to educational opportunities.

Libraries impact communities. Communities value their city libraries as centers of information and learning and as gathering places for ideas and discussion. The Pew Research Center poll found that 89 percent of Americans believe that public libraries help spark creativity among young people, 69 percent believe that libraries are a trusted place to learn about new technology, and 73 percent believe libraries promote a sense of community in their local areas. Approximately 75 percent of public libraries serve communities smaller than 25,000 in population. In small Texas cities, the library may be the only community gathering place.

As shown in the accompanying chart, cities are the largest source of income for public libraries in Texas. ★

Texas Public Libraries: 2023 Revenue by Source



Source: Texas State Library and Archives Commission, Texas Statewide Public Library Statistics, Statewide Summary: 2023 <https://www.tsl.texas.gov/ldn/statistics>

Did you know Americans are happier in states that spend more on “public goods” such as libraries?

In a study published in 2019 in the journal *Social Science Research*, Dr. Patrick Flavin of Baylor University found that Americans are happier in states where governments spend more on things that you can't exclude people from using (“public goods”). He found another benefit of spending money on public goods is that such amenities generally boost home values.

Baylor University. “Americans are happier in states that spend more on libraries, parks and highways: Such ‘public goods’ also are less likely to spark political conflict.” *ScienceDaily*. *ScienceDaily*, 7 January 2019. www.sciencedaily.com/releases/2019/01/190107075713.htm.



TEXANS KEEP HEALTHY IN CITY PARKS

City parks play a vital role in promoting healthier lifestyles for Texans, and they help keep Texans and visitors feeling their best at home and while traveling. However, Texas cities face challenges in encouraging fitness, including extreme weather, modern sedentary lifestyles, and funding difficulties. In 2024, *WalletHub* included several Texas cities on its list of the nation's least healthy communities, ranking them based on factors such as the percentage of obese adults, availability of parks and recreation facilities, fruit and vegetable consumption, and high cholesterol rates.

Despite these challenges, Texas cities are stepping up with programs that improve the quality of life for individuals and strengthen the entire community. These initiatives offer benefits for all Texans – youth, adult, and seniors alike – by providing opportunities to increase their health and reduce stress. Additionally, parks create space to build partnerships, promote diversity, and encourage tolerance and teamwork, which help build stronger, more connected communities.

Studies show that access to parks is crucial for maintaining a healthy lifestyle. Youth with access to places for physical activity are less likely to be overweight or obese, and individuals who live closer to parks use them more frequently than those who live farther away. Furthermore, evidence suggests

that regularly using parks and recreation facilities may lead to healthier lifestyle choices, including choosing alternative modes of transportation like biking or walking.

According to the American Planning Association, providing parks can make communities safer. City parks encourage youth to step away from their screens and computer games and engage in real social interaction through activities like basketball, softball, tennis, soccer, or simply enjoying the outdoors.

City parks provide outdoor recreation resources such as pools, skate parks, and Frisbee golf courses. Cities also provide indoor recreation activities for sports, arts, dance, and nature programs. While many cities have hiking trails, some cities are investing in new interests such as parks for all abilities, dog parks, and pickleball courts. In addition to physical activities, many cities also provide self-improvement classes such as tax preparation and language learning courses, to support residents building life skills. ★

The Texas Economy Keeps Healthy in Local Parks – Figures from 2021

- Local parks across the state supported 77,722 jobs (3rd in the United States).
- By adding the effects of operations and maintenance, capital spending, and tourism, a total gross impact can be derived. Across the state, the total impact of local parks leads to an addition to business activity including \$13.75 billion in economic activity (3rd in the United States).
- The labor income to the state from local parks activity is approximately \$4.3 billion per year (2nd in the United States).

Source: National Recreation and Park Association. *The Economic Impact of Parks: An Examination of the Fiscal Effects of Operations and Capital Spending by Local Park and Recreation Agencies on the U.S. Economy A*. NRPA, 2023.

THE ROLE OF PARKS AND MENTAL HEALTH

Parks and trails have long been a place for enjoyment and relaxation, but their importance extends far beyond recreation. Today, parks play an essential role in supporting not only physical, but mental health. The National Recreation and Park Association (NRPA) reports that numerous studies demonstrate the mental health benefits of spending more time in parks and green spaces, helping combat mental health issues such as depression, anxiety, and stress. In fact, mental health was of particular concern to the Center for Disease Control and Prevention during the COVID-19 outbreak.

During the first three months of the pandemic, 190 million people in the United States went to parks, trails, or open spaces. In fact, two-thirds of park and recreation leaders reported a significant increase in park use compared to the previous year (with a median rise of 25 percent), while more than 80 percent reported increased use of their trails (with a median rise of 35 percent).

In response to the pandemic and statistics showing that one in five adults and one in six youth (ages 6 to 17) suffer from some form of mental illness each year, parks and recreation created programming focused on improving mental well-being. According to a recent NRPA survey, more than half of all park and recreation agencies will continue mental health programs that were initially launched during the pandemic. Popular offerings include yoga, tai chi, mindfulness training, and opportunities for social connection, particularly for older adults. Virtual health and wellness programs have also become a valuable resource, ensuring that communities continue to have access to these vital services.

Sources: *Joint Statement on Using Parks and Open Space While Maintaining Physical Distancing* (March 18, 2020); *2023 NRPA Engagement with Parks Report*; *2022 NRPA Engagement with Parks Report*; *NRPA Parks Snapshot May 2020*; *NRPA Parks and Improved Mental Health and Quality of Life Fact Sheet*; *2021 NRPA Parks and Recreation: Advancing Community Health and Well-Being*.



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INVESTING IN TOMORROW'S LEADERS: CITY GOVERNMENTS INVOLVE YOUTH

Many Texas cities have created special programs to engage and involve youth. These programs can take many different forms – presentations at local schools, special recognition programs, mentoring or internship initiatives, and formal youth advisory commissions. At the heart of these programs is a desire to educate youth on the mechanics of city government, provide an outlet for youth to voice their ideas and concerns, and make sure that the city is nurturing their future leaders.

Some of the most comprehensive youth programs are formal youth advisory commissions (YACs). YACs are often

authorized by city ordinance; have a well-defined mission statement, bylaws, and application process; and meet regularly. YAC commissioners participate in community service projects, provide input to city staff and elected officials on city policy matters, develop and organize youth activities, and serve as role models to their peers.

City officials know that whatever the format, developing relationships with the city's youth is an investment in tomorrow's leaders and in the city's future. ★

THE TEXAS MUNICIPAL RETIREMENT SYSTEM: PROVEN SUCCESS

Many states around the country are faced with huge deficits in public worker pension plans. That has prompted lawmakers in those states to seek large-scale reforms in their retirement systems. Over the last few years, many states have undertaken major efforts to address those deficits by converting public pensions from defined benefit to defined contribution plans, which are similar to a 401(k). As those funding crises across the country continue, the drumbeat for “reform” in Texas pensions will continue to grow louder.

In Texas, the Texas Municipal Retirement System (TMRS) is responsible for the administration of a majority of city retirement plans covering both public safety and civilian city employees. The system is made up of 936 member cities, 225,000 active and retired city employees and their beneficiaries.

TMRS has taken great strides in recent legislative sessions

to make improvements in the system that provides retirement benefits to a majority of Texas city employees. The reforms have stabilized benefits and lowered city contribution rates, while ultimately using fewer tax dollars to fund pensions. They will also require training by pension system employees.

There are numerous reasons why TMRS has been so successful. TMRS relies on an advisory board of 10 members, including TMRS retirees, elected officials, pension experts, as well as representatives from both labor and employer groups. This advisory group thoroughly vets all legislative proposals while moving forward only with those that have consensus. The unified front during session provides for easy passage of the needed reforms.

TMRS has proven to be a well-funded model for pensions around the country. It should not be included in discussions about other, improperly funded pensions. ★



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Empowering Texas cities to serve their citizens

BE ACTIVE IN TML

Whether you are new to city government or a veteran, the Texas Municipal League (TML) is here to help you succeed in your leadership role. Since its formation in 1913 by 14 cities, the League exists to serve the needs and advocate the interests of member cities.

Today, TML serves more than 1,170 member cities. That means about 16,000 mayors, councilmembers, city managers, city attorneys, and city department heads are member officials through their cities' participation.

Your city is a member. Now what? It's time to get involved.

Grow Your Knowledge Base: Attend a TML Training Event

TML conducts a variety of conferences, workshops, and webinars to enhance policymaking and leadership skills. These events connect you to solutions, innovation, and inspiration. And in between presentations and panels, you will have many opportunities to network with peers.

The TML Annual Conference and Exhibition is one of the nation's largest gatherings of city officials. Held in October, the conference includes keynote sessions, workshops, the annual business meeting, and an impressive exhibit hall with more than 350 companies representing products and services that benefit Texas cities.

The League also offers a variety of other training opportunities throughout the year, including the Midyear Conference (March), Newly Elected Officials' Orientations (July and August), Economic Development Conference (November), Leadership Academy (April and May), Small Town Conference (May), Small Cities' Problem-Solving Clinics (multiple times a year), Public Funds Investment Act Training (March and December), Budget and Tax Rate Workshops (even-numbered years), Legislative Webinars and Workshop

(odd-numbered years), as well as virtual webinars and workshops throughout the year. Check out the full calendar of training opportunities at tml.org by clicking on "Upcoming Events" on the home page.

Network: Attend a TML Region Meeting

TML has 15 regions that were formed in 1958 and are the League's grassroots. Regions work to foster the exchange of information among cities and help the TML Board develop policy that represents the state's diverse interests. Each region elects officers, including a representative who serves on the TML Board, and conducts meetings at least twice each year.

Focus Your Training: Get Involved in a TML Affiliate

The League also has 21 affiliate organizations that represent specific professional disciplines in municipal government. Each affiliate group has its own membership criteria and fee structure that is separate from the League's and offers a variety of professional development and networking opportunities throughout the year. For a listing of all TML affiliates, go to www.tml.org/35/Affiliates

Represent Your Community: Advocate for Your City

One of the principal purposes of the League is to advance and represent the interests of Texas cities at the state and federal levels.

At the state level, more than 25 percent of the thousands of bills filed each session would affect cities in some substantial way. The League makes every effort to assure that bad-for-city bills are defeated and bills that help cities operate more effectively are passed. Your voice before, during, and after a legislative session is a critical part of that effort.

In addition to communicating with your state leaders, TML encourages you to engage in the League's policy development process. That process begins a full year before the regular legislative session convenes. In non-legislative years, the TML president appoints delegates to a two-day Legislative Policy Summit, where attendees deliberate and make policy recommendations. The final report of the policy summit and any resolutions submitted by the general membership are then considered by the TML general membership at the annual business meeting held during the annual conference. Finally, the TML Board adopts a legislative program based on these approved resolutions.

At the federal level, TML and city officials coordinate efforts through the National League of Cities, the Southern Municipal Conference, and other similar organizations, to ensure Texas cities have a voice in Washington, D.C.

Lead with Confidence: Reach out to the TML Legal Team

The League employs full-time attorneys who are available to provide legal information on municipal issues to member cities, as well as example documents to assist cities in drafting ordinances and other required legal notices. You can reach out to a TML attorney at 512-231-7400 or legalinfo@tml.org.

Keep Up with Municipal Information and Trends: Information, Research, and Communications

Members receive timely and pertinent information through the TML website (www.tml.org), the *Texas Town & City* magazine and other publications, the Friday TML Exchange email that includes a legislative update, social media posts, and other emails. The League also offers the Connect News service, a daily email of newspaper clippings of interest across the state.

If there is something that you need but aren't sure where to look, contact TML staff at 512-231-7400 or members@tml.org.

Discover Solutions: Connect to Private Sector Solutions and Resources

Through the League's Business Development Department, TML connects cities with private sector products and services. You can connect to these solutions in the exhibit hall and sponsor wall

at the TML Annual Conference and Exhibition and the Municipal Marketplace on the TML website.

BUT WAIT, THERE'S MORE

Certified Municipal Official Program (CMO)

Calling all elected officials: The Certified Municipal Official (CMO) program is a voluntary certification program that recognizes and rewards elected officials who commit to continuing their professional development. This recognition encourages elected officials to learn about their governance roles and city government through a variety of educational opportunities offered by TML and TML affiliate organizations.

TML Board and Committees

Consider service on the TML Board or a committee to guide the League's important mission to *Empower Texas cities to better serve their citizens*. TML has a rich history of exemplary service to Texas cities, and that tradition begins with the talents and vision of its extraordinary members.

Surveys

Participate in TML surveys. TML sends several annual surveys that collect information on salaries, water and wastewater rates, taxation and debt levels, and general fiscal conditions.

Don't miss the best party at TML'25!

EMERALDCITYBAND

WASTE CONNECTIONS
Connect with the Future

Steve.Berry@WasteConnections.com

The advertisement features a green background with a pattern of concentric, wavy lines. In the center, there is a photograph of the Emerald City Band, a group of about ten people dressed in red jackets and sunglasses, posing together. Below the photo, the band's name 'EMERALDCITYBAND' is written in white capital letters. To the left of the photo is the Waste Connections logo, which consists of a stylized 'W' and 'C' intertwined within a blue diamond shape. Below the logo, the text 'WASTE CONNECTIONS' is written in a large, purple, serif font, with the tagline 'Connect with the Future' in a smaller, italicized, purple font below it. At the bottom right, the email address 'Steve.Berry@WasteConnections.com' is displayed in a white box.

Municipal Excellence Awards

Share your city's success stories and apply for a TML Municipal Excellence Award. These best practice awards celebrate the best of city innovation in public works, public safety, communications, management, and city spirit. Applications open at the beginning of each year and close in early June.

Small Cities Advisory Council

Did you know that 84 percent of Texas cities have populations below 15,000? The Small Cities Advisory Council (SCAC) is made up of dedicated city elected officials and staff who are committed to spending TML's limited resources in ways that help small cities. Current programs include training scholarships, Small Cities' Problem-Solving Clinics, and training sessions at other TML events.

Youth Advisory Commission Summit

In February, TML sponsors a summit of youth advisory commissions, providing an opportunity for youth to network, celebrate, and learn. The summit is also open to city officials who are curious about starting a program in their communities.

Career Center

TML hosts a job board on its website, and member cities can post for free.

Directories

TML maintains online directories of city officials, associate (business) members, and exhibitors and sponsors at tml.org.

TML Risk Pool

For more than 50 years, the TML Risk Pool has provided Texas cities with quality coverage specifically designed to meet municipal needs. The Risk Pool is a separate entity but maintains a close working relationship with TML.

The TML Risk Pool works to reduce the cost of workers' compensation, property, and liability risks in Texas cities. In addition to providing a stable risk financing system, the Pool offers education to its members to avoid and reduce risks, control losses, and stay informed on other aspects of risk management.

Ready. Set. Engage.

TML is committed to helping city leaders meet today's governing challenges. The League prides itself on its 112 years of service to Texas cities and looks forward to providing the resources, knowledge, and advocacy to support city officials into the future. If you have questions about the opportunities described in this article, visit tml.org, call 512-231-7400, or email members@tml.org.

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TML Affiliate Organizations

- American Planning Association Texas Chapter (APATX)
- Association of Hispanic Municipal Officials (AHMO)
- Building Officials Association of Texas (BOAT)
- Government Finance Officers Association of Texas (GFOAT)
- Texas Association of Black City Council Members (TABCCM)
- Texas Association of Governmental Information Technology Managers (TAGITM)
- Texas Association of Mayors, Councilmembers and Commissioners (TAMCC)
- Texas Association of Municipal Health Officials (TAMHO)
- Texas Association of Municipal Information Officers (TAMIO)
- Texas Chapter of American Public Works Association (Texas Chapter of APWA)
- Texas City Attorneys Association (TCAA)
- Texas City Management Association (TCMA)
- Texas Court Clerks Association (TCCA)
- Texas Fire Chiefs Association (TFCA)
- Texas Municipal Clerks Association, Inc. (TMCA)
- Texas Municipal Human Resources Association (TMHRA)
- Texas Municipal Library Directors Association (TMLDA)
- Texas Municipal Utilities Association (TMUA)
- Texas Police Chiefs Association (TPCA)
- Texas Public Purchasing Association (TxPPA)
- Texas Recreation and Park Society (TRAPS)

TML Regions

- Region 2 Amarillo Area
- Region 3 Caprock – Lubbock Area
- Region 4 Permian Basin Region – Odessa Area
- Region 5 Red River Valley – Wichita Falls Area
- Region 6 Hub of Texas – Abilene Area
- Region 7 Alamo Region – San Antonio Area
- Region 8 Where the West Begins – Fort Worth Area
- Region 9 Heart of Texas Region – Waco Area
- Region 10 Highland Lakes Region – Austin Area
- Region 11 Coastal Bend Region – Corpus Christi Area
- Region 12 Lower Rio Grande Valley – Rio Grande Valley Area
- Region 13 North Central Texas Region – Dallas Area
- Region 14 San Jacinto Region – Houston Area
- Region 15 Tyler-Longview Area
- Region 16 Golden Pine and Oil Region – Beaumont-Lufkin Area

CONTINUING EDUCATION FROM THE COMFORT OF YOUR HOME OR OFFICE

What do annexation, grant writing, and open government have in common? They are all popular webinars in the TML On Demand library. Check TML On Demand for the training and professional development you've been looking for without leaving your home or office!



TML ON DEMAND

View the TML On Demand training options at:
<https://www.tml.org/218>

RESOLVE TO BE YOUR BEST

By **Bill Stark**, Co-Founder, LeaderGov

As a leader influencing your local government, it's important to set strategic goals or resolutions for yourself each year – you might call them resolutions for your city or department. While you probably have a council or city manager who works to set goals, it's important to pursue a few that you see as vital to your team's success.

The first step is to document your resolutions in writing. People are 50 percent more likely to achieve a goal if it's written down.

A Look Back: Look back on the past year and consider what you did well and what you didn't do so well. Consider which projects and initiatives succeeded and why they succeeded. What projects floundered and why did that happen? It's important to look back before you look forward in case there are obvious hurdles that could hurt next years' chance for success.

Team Development Goals: Think about setting resolutions or goals with respect to the people on your team. For instance, you may want to dedicate a total of eight hours per month to support, coach, or mentor those on your team. Consider this dedicated time to be with your direct reports and coach or mentor them in areas that will make them more successful.

Accountability to Resolutions: Many people make new year's resolutions yet fail to maintain them. As a best practice, pair up with another person - a trusted friend or peer at work - to discuss and update each other on the goals you've set. The American Society of Training and Development says that you have a 65 percent greater chance of achieving your goal if you have an accountability partner and a 95 percent greater chance of completing your goal if you set an appointment to share your goal status with another person.

Work-Life Balance Goals: It's important that you set

realistic goals that support a healthy balance between your time at work and your time at home. Far too many city leaders spend excessive hours at the office, at council or other public-facing meetings at the expense of their family and friends. Set work boundaries and talk to your elected officials or city manager about your goals to have a healthy work-life balance.

Process Goals: Poor processes can waste time, and create frustration and poor results. There are likely processes within your organization that need attention. What are the critical citizen-facing processes that don't work well today? You may also have process improvement resolutions around internal activities that affect your departments. Consider one or two that you want to work on with your team in the coming year.

Local Government Culture Goals: What parts of your culture do you want to improve this year and what parts of your culture do you want to emphasize this year? Perhaps there are attitudes, behaviors, or habits your team displays that need to be altered next year. Make a list of those you want to affect and talk to your team about them to set specific objectives. Improving the culture of your local government can have a broad positive effect in many areas.

Citizen Engagement Goals: Having an engaged citizenry is important for your long-term success and, at this time of year, it's important to consider ways to stimulate the involvement and engagement of your community in local government activities; perhaps participation on local government committees, local boards, or participation in important community activities. Engaged citizens create the kind of culture you want in your community.

Once you've completed your resolutions, we encourage you to challenge your team to set their own resolutions. Here's to a successful and productive new year! ★

Bill Stark is the co-founder and vice president of client engagement at LeaderGov which helps local government leaders fulfill purpose and results by helping others become their best. To learn more, visit <https://www.leadergov.com>.

OPPORTUNITIES ABOUND IN THE STATE OF TEXAS

Founded in 1828, Bureau Veritas is a global leader in building, civil, and fire and life safety code compliance solutions. Our expanding team of exceptional code experts are here to partner with you as Texas enters into a prosperous future.

BUREAU VERITAS is welcoming strong professionals to our team as our flourishing state continues to attract numerous high profile projects and benefits from sustained economic development. Recent projects the firm has been a part of include:

- Texas Instruments Facility (City of Sherman)
- Google Data Center (City of Midlothian)
- SpaceX Raptor Engine Facility (City of McGregor)
- Globe Life Field (City of Arlington)
- Amazon Distribution and Fulfillment Centers (Houston and Waco)
- And more...



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TABCCM

TEXAS ASSOCIATION OF BLACK CITY COUNCIL MEMBERS