



City Council Regular Meeting

Dripping Springs City Hall

511 Mercer Street - Dripping Springs, Texas

Tuesday, March 17, 2026, at 6:00 PM

AMENDED AGENDA

CALL TO ORDER & ROLL CALL

City Council Members

Mayor Bill Foulds, Jr.

Mayor Pro Tem Taline Manassian

Council Member Place 2 Wade King

Council Member Place 3 Geoffrey Tahuahua

Council Member Place 4 Travis Crow

Council Member Place 5 Sherrie Parks

Staff, Consultants & Appointed/Elected Officials

City Administrator Michelle Fischer

Deputy City Administrator Ginger Faught

Deputy City Administrator Shawn Cox

Deputy City Attorney Aniz Alani

City Secretary Diana Boone

Planning Director Tory Carpenter

IT Director Jason Weinstock

Parks & Community Services Director Andy Binz

People & Communications Director Lisa Sullivan

PLEDGE OF ALLEGIANCE

PRESENTATION OF CITIZENS

A member of the public that wishes to address the City Council on any issue, regardless of whether it is posted on this agenda, may do so during Presentation of Citizens. It is the request of the City Council that individuals wishing to speak on agenda items with a public hearing hold their comments until the item is being considered. Individuals are allowed two (2) minutes each to speak regarding issues not on the agenda and two (2) minutes per item on the agenda and may not cede or pool time. Those requiring the assistance of a translator will be allowed additional time to speak. Individuals are not required to sign in; however, it is encouraged. Individuals that wish to share documents with the City Council must present

the documents to the City Secretary or City Attorney providing at least seven (7) copies; if seven (7) copies are not provided, the City Council will receive the documents the following day. Audio Video presentations will not be accepted during Presentation of Citizens. By law no action shall be taken during Presentation of Citizens; however, the Mayor may provide a statement of specific factual information, recitation of existing policy, or direction or referral to staff.

PROCLAMATIONS & PRESENTATIONS

Proclamations and Presentations are for discussion purposes only and no action shall be taken.

- 1. Proclamation of the City of Dripping Springs for the Daughters of the American Revolution Sarah Pound and Jacob's Well Chapters, commemorating the semiquincentennial anniversary of the signing of the Declaration of Independence. Sponsor: Mayor Bill Fouls, Jr.**

CONSENT AGENDA

The following items will be acted upon in a single motion and are considered to be ministerial or routine. No separate discussion or action on these items will be held unless pulled at the request of a member of the City Council or City staff.

- 2. Approval of the February 3, 2026 City Council regular meeting minutes.**
- 3. Approval of Amendment No. 2 to Task Order No. 3 issued pursuant to the Professional Services Agreement between the City of Dripping Springs and HDR Engineering, Inc. for Downtown Parking. Sponsor: Mayor Pro Tem Manassian**
- 4. A Resolution of the City of Dripping Springs, Texas Approving the Design and Location of Two Gateway Monuments Along US 290 and One Gateway Monument Along RM 12 Within the Texas Department of Transportation (TxDOT) Rights-Of-Way; Authorizing the City Administrator to Negotiate and Execute the Related TxDOT Gateway Monument Agreement for the Construction and Maintenance of the Gateway Monuments and Other Related Documents; And Declaring an Effective Date. Sponsor: Council Member Sherrie Parks**
- 5. Approval of the Co-Sponsorship and Brand Use Agreement between the City of Dripping Springs and the Dripping Springs Vocational Ag Boosters Association Inc., dba Dripping Springs Ag Boosters for the 2026 Dripping Springs Rodeo. Sponsor: Council Member Sherrie Parks**
- 6. Approval of a Dripping Springs Ranch Park Use Agreement between the City of Dripping Springs and Dripping Springs Vocational Ag Boosters Association Inc. dba Dripping Springs Ag Boosters for a term of 3 years. Sponsor: Council Member Sherrie Parks**

- 7. Approval of the Tractor Sponsorship and Lease Agreement between the City of Dripping Springs and Tellus Equipment Solutions, LLC for a duration of 24 months.**
Sponsor: Council Member Sherrie Parks

BUSINESS AGENDA

- 8. Discussion and possible action on the Fiscal Year 2025-2026 Audit Report.**

CLOSED SESSION

The City Council has the right to adjourn into closed session on any item on this agenda and at any time during the course of this meeting to discuss any matter as authorized by law or by the Open Meetings Act, Texas Government Code Sections 551.071 (Consultation With Attorney), 551.072 (Deliberation Regarding Real Property), 551.073 (Deliberation Regarding Prospective Gifts), 551.074 (Personnel Matters), 551.076 (Deliberation Regarding Security Devices or Security Audits), 551.0761 (Deliberation Regarding Critical Infrastructure Facility), and 551.087 (Deliberation Regarding Economic Development Negotiations), and 551.089 (Deliberation Regarding Security Devices or Security Audits). Any final action or vote on any Closed Session item will be taken in Open Session.

- 9. Consultation with attorney and deliberation regarding financing and real property for parcels involved in current and potential TIRZ Priority Projects including Old Fitzhugh Road, Town Center/Civic Complex, Stephenson Building, and other strategic real property acquisitions related to current and potential TIRZ Priority Projects.** (*Consultation with Attorney, 551.071; Deliberation Regarding Real Property, 551.072*).
- 10. Consultation with Attorney regarding legal issues, rights, and obligations related to political candidate and political party participation, signage, and speech activities during the Founders Day Festival.** (*Consultation with Attorney, 551.071*)

UPCOMING MEETINGS

City Council & Board of Adjustment Meetings

April 7, 2026, at 6:00 p.m.
April 21, 2026, at 6:00 p.m.
May 5, 2026, at 6:00 p.m.
May 19, 2026, at 6:00 p.m.
June 2, 2026, at 6:00 p.m.
June 16, 2026, at 6:00 p.m.

Board, Commission & Committee Meetings

Farmers Market Committee, March 19, at 10:00 a.m.
Emergency Management Committee, March 19, at 12:00 p.m.
Transportation Committee, March 23, at 3:30 p.m.
Founders Day Committee, March 23, at 6:30 p.m.
Planning & Zoning Commission, March 24, at 6:00 p.m.

Historic Preservation Commission, April 2, 2026, at 4:00 p.m.

ADJOURN

TEXAS OPEN MEETINGS ACT PUBLIC NOTIFICATION OF MEETING

I certify that this public meeting is posted in accordance with Texas Government Code Chapter 551, Open Meetings. This meeting agenda is posted on the bulletin board at the City of Dripping Springs City Hall, located at 511 Mercer Street, and on the City website at, www.cityofdrippingsprings.com, on March 11, 2026 at 4:30 p.m.

**Amendment was completed on 3/12/26 at 8:30 AM. No items were added and no agenda captions were changed. A sponsor was added to item 4.*

Diana Boone, City Secretary

This facility is wheelchair accessible. Accessible parking spaces are available. Request for auxiliary aids and services must be made 48 hours prior to this meeting by calling (512) 858-4725.



**PROCLAMATION
OF THE CITY OF DRIPPING SPRINGS
COMMEMORATING THE SEMIQUINCENTENNIAL ANNIVERSARY OF THE SIGNING OF
THE DELCARATION OF INDEPENDENCE**

- WHEREAS,** on July 4, 2026, our nation will commemorate the semiquincentennial anniversary of the signing of the Declaration of Independence; and
- WHEREAS,** the journey toward this historic milestone is an opportunity to reflect on our nation's past, honor the contributions of all Americans, and look ahead to future generations who will carry forward the ideals of democracy and individual liberty that make the United States a unique nation in the world community; and
- WHEREAS,** the National Society Daughters of the American Revolution (DAR) is a non-political women's service organization, established in 1890, whose members are lineally descended from Patriots of the American Revolution; and
- WHEREAS,** through the DAR President General's leadership, Daughters are spending the next three years Illuminating Our Legacy by celebrating our nation's rich history and diversity, promoting belonging through membership and dedicated service to God, Home, and Country, and by completing projects in unique, local, and impactful ways; and
- WHEREAS,** from the 250th anniversary of the Boston Tea Party in 2023 to the 250th anniversary of the signing of the Treaty of Paris in 2033, Daughters are celebrating our nation's rich history and diversity of experience by honoring all men and women who achieved American independence. These Patriots, believing in the noble cause of liberty, fought valiantly to establish a new nation; and
- WHEREAS,** on April 25, 2026, the Jacob's Well Chapter DAR will dedicate an America 250! DAR Patriots Marker at EmilyAnn Veterans Memorial Plaza to honor and commemorate the service and sacrifice of patriots of the Revolutionary War; and
- WHEREAS,** on November 12, 2023, the Sarah Pound Chapter NSDAR planted a lacebark elm tree at the Pound House Farmstead in dedication to America 250, establishing a living memorial to the brave patriots who contributed to the founding of the United States through their participation in the American Revolutionary War,
- NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY OF DRIPPING SPRINGS CITY COUNCIL:** that the City Council of the City of Dripping Springs recognizes and honors the profound historical significance of this anniversary, commemorating the momentous signing of the Declaration of Independence, which established the foundational principles of liberty and self-governance.

Bill Foulds, Jr., Mayor



City Council Regular Meeting

Dripping Springs City Hall

511 Mercer Street - Dripping Springs, Texas

Tuesday, February 03, 2026, at 6:00 PM

MINUTES

CALL TO ORDER & ROLL CALL

With a quorum of city council members present, Mayor Foulds called the meeting to order at 6:03 p.m.

City Council Members

Mayor Bill Foulds, Jr.
 Mayor Pro Tem Taline Manassian
 Council Member Place 2 Wade King
 Council Member Place 3 Geoffrey Tahuahua
 Council Member Place 4 Travis Crow
 Council Member Place 5 Sherrie Parks

Staff, Consultants, & Appointed/Elected Officials

City Administrator Michelle Fischer
 Deputy City Administrator Ginger Faught
 Deputy City Administrator Shawn Cox
 City Attorney Aniz Alani
 City Secretary Diana Boone
 IT Director Jason Weinstock
 Planning Director Tory Carpenter
 Parks & Community Services Director Andy Binz
 People & Communications Director Lisa Sullivan

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council Member Tahuahua.

PRESENTATION OF CITIZENS

A member of the public that wishes to address the City Council on any issue, regardless of whether it is posted on this agenda, may do so during Presentation of Citizens. It is the request of the City Council that individuals wishing to speak on agenda items with a public hearing hold their comments until the item is being considered. Individuals are allowed two (2) minutes each to speak regarding issues not on the agenda and two (2) minutes per item on the agenda and may not cede or pool time. Those requiring the assistance of a translator will be allowed additional time to speak. Individuals are not required to sign in; however, it is encouraged. Individuals that wish to share documents with the City Council must present the documents to the City Secretary or City Attorney providing at least seven (7) copies; if seven (7) copies are not provided, the City Council will receive the documents the following day. Audio Video presentations

will not be accepted during Presentation of Citizens. By law no action shall be taken during Presentation of Citizens; however, the Mayor may provide a statement of specific factual information, recitation of existing policy, or direction or referral to staff.

No one spoke during Presentation of Citizens.

CONSENT AGENDA

The following items will be acted upon in a single motion and are considered to be ministerial or routine. No separate discussion or action on these items will be held unless pulled at the request of a member of the City Council or City staff.

- 1. Approval of the January 6, 2026 City Council regular meeting minutes.**
- 2. Approval of the Joint Election Agreement between the City of Dripping Springs and Dripping Springs Independent School District for the May 2, 2026 Municipal General Election.**
- 3. Approval of the Joint Election Agreement between the City of Dripping Springs and Hays County for the May 2, 2026 Municipal General Election.**
- 4. Approval of the Election Agreement and Contract for election services between the City of Dripping Springs and the Elections Administrator for Hays County to conduct and administer the May 2, 2026 Dripping Springs Municipal General Election.**
- 5. Approval of the December 2025 Treasurer's Report.** *Deputy City Administrator, Shawn Cox*

A motion was made by Council Member Tahuahau and seconded by Council Member Parks, to approve items 1 through 5 on the Consent Agenda.

The motion to approve carried unanimously 5 to 0.

BUSINESS AGENDA

A motion was made by Council Member Tahuahua and seconded by Council Member Parks, to move agenda item 10 to be considered first on the Business Agenda. The motion carried unanimously 5 to 0.

- 10. Discussion and consideration of approval of a request from the Dripping Springs Independent School District to allow the delayed payment of Site Development Permit Application Fees for Dripping Springs High School #2.** *Sponsor: Mayor Bill Foulds, Jr.*

A motion was made by Council Member Tahuahua and seconded by Council Member Parks, to approve a request from Dripping Springs Independent School District for delayed payment of Site Development Permit Application Fees for Dripping Springs High School #2 to May 20, 2026.

The motion carried unanimously 5 to 0.

6. **Discussion and possible action to award RFQ No. 2025-18 for Bond Counsel to provide assistance with respect to possible loan and/or principal forgiveness funding through the Texas Water Development Board and to provide objective legal advice with respect to the validity of any evidences of indebtedness issued by the City for capital financing, to McCall Parkhurst & Horton LLP, and authorize the City Administrator to negotiate an agreement with the selected respondent subject to approval by City Council. Sponsor: Mayor Bill Foulds, Jr.**

A motion was made by Council Member Tahuahua and seconded by Mayor Pro Tem Manassian, to award RFQ No. 2025-18 for Bond Counsel to provide assistance with respect to the loan or principal forgiveness through the Texas Water Development Board awarding that to McCall Parkhurst & Horton LLP, and authorize the City Administrator to negotiate an agreement with the selected respondent.

The motion carried unanimously 5 to 0.

7. **Discussion and possible action to award RFQ No. 2025-19 for Financial Advisor services, including providing advice and professional recommendations to the City for capital financing and to provide assistance with possible loan, grant or disadvantaged funding through the Texas Water Development Board, to SAMCO Capital Markets Inc., and authorizing the City Administrator to negotiate an agreement with the selected respondent subject to approval by the City Council. Sponsor: Mayor Bill Foulds, Jr.**

A motion was made by Mayor Pro Tem Manassian and seconded by Council Member Crow, to award RFQ No. 2025-19 for Financial Advisor services, including providing advice and professional recommendations to the City for capital financing and to provide assistance with possible loan, grant or disadvantaged funding through the Texas Water Development Board, to SAMCO Capital Markets Inc., and authorize the City Administrator to negotiate an agreement with the selected respondent.

The motion carried unanimously 5 to 0.

8. **Discussion and possible action to select Burgess & Niple, Inc. as the most qualified Engineering Firm pursuant to RFQ No. 2025-20 for Engineering Firms, and authorizing the City Administrator to negotiate terms of an agreement subject to approval by the City Council. Sponsor: Mayor Bill Foulds, Jr.**

A motion was made by Mayor Pro Tem Manassian and seconded by Council Member Tahuahua, to select Burgess & Niple, Inc. as the most qualified Engineering Firm pursuant to RFQ No. 2025-20 for Engineering Firms, and authorize the City Administrator to negotiate terms of an agreement.

The motion carried unanimously 5 to 0.

9. **Discussion and possible action on a Resolution of the City of Dripping Springs amending the City's Purchasing Policy to clarify and expand requirements for soliciting competitive bids and proposals. Sponsor: Mayor Bill Foulds, Jr.**

This item was postponed. No action was taken.

11. Public Hearing and consideration of approval on an Ordinance Ordering the City of Dripping Springs 2026 Municipal General Election.

No one spoke during the Public Hearing.

A motion was made by Council Member Tahuahua and seconded by Council Member Parks, to approve the ordinance ordering the City of Dripping Springs 2026 Municipal General Election.

The motion to approve carried unanimously 5 to 0.

CLOSED SESSION

A motion was made by Mayor Pro Tem Manassian and seconded by Council Member Parks, to go into Closed Session for items 12 through 16, under sections 551.071 and 551.072.

The motion carried unanimously 5 to 0.

Closed Session began at 6:46 p.m.

The City Council has the right to adjourn into closed session on any item on this agenda and at any time during the course of this meeting to discuss any matter as authorized by law or by the Open Meetings Act, Texas Government Code Sections 551.071 (Consultation With Attorney), 551.072 (Deliberation Regarding Real Property), 551.073 (Deliberation Regarding Prospective Gifts), 551.074 (Personnel Matters), 551.076 (Deliberation Regarding Security Devices or Security Audits), and 551.087 (Deliberation Regarding Economic Development Negotiations), and 551.089 (Deliberation Regarding Security Devices or Security Audits). Any final action or vote on any Closed Session item will be taken in Open Session.

- 12. Consultation with City Attorney regarding legal considerations, risks, and feasibility of alternative law enforcement and public safety service delivery models for the City, including potential changes to policing structure, service scope, interlocal arrangements, contracting options, regulatory requirements, liability exposure, and compliance with applicable state law. (Consultation with Attorney, Section 551.071).**
- 13. Consultation with City Attorney regarding legal strategies and risks for engaging with and motivating the State of Texas, including the Texas Department of Transportation, to address infrastructure and regulatory constraints limiting growth in the City of Dripping Springs, including transportation, utilities, drainage, and related intergovernmental disputes, litigation risks, and the potential need for growth-management measures, including a development moratorium. (Consultation with Attorney, 551.071).**
- 14. Consultation with attorney and deliberation regarding financing and real property for parcels involved in current and potential TIRZ Priority Projects including Old Fitzhugh Road, Town Center/Civic Complex, Stephenson Building, and other strategic real property acquisitions related to current and potential TIRZ Priority**

Projects. (*Consultation with Attorney, 551.071; Deliberation Regarding Real Property, 551.072*).

15. **Consultation with Attorney regarding legal issues related to the South Regional Water Reclamation Project, Wastewater, and Amendment 2 Permits, Wastewater Service Area and Agreements, Water Service and Agreements, Wastewater Fees, Wastewater Infrastructure Agreements, facility liability coverage, and related items.** (*Consultation with Attorney, 551.071*)
16. **Consultation with attorney and deliberation regarding interlocal agreements concerning the application and enforcement of City ordinances.** (*Consultation with Attorney, 551.071*).

Closed Session ended at 7:27 p.m.

No action was taken during Closed Session.

ADJOURN

A motion was made by Mayor Pro Tem Manassian and seconded by Council Member Parks, to adjourn the meeting. The motion carried unanimously 5 to 0.

The meeting was adjourned at 7:28 p.m.

APPROVED ON: *Month, XX, 202X*

Bill Foulds, Jr., Mayor

ATTEST:

Diana Boone, City Secretary

**Staff Report- Keenan Smith, TIRZ Project Manager
HDR / Doucet Task Order #3 / PSA Amendment #2
Downtown Parking: Plans Specifications and Estimates
March 11, 2026**

Overview & Background:

HDR /Doucet continues to serve as directed and in good faith, to diligently advance the Downtown Parking / Stephenson Parking Lot Project towards construction completion scheduled Substantial Completion by October 2026.

While initially conceived and developed as a separate TIRZ Priority Project, the Downtown Parking Project was combined with the City's Stephenson Building Renovation project for the purposes of unifying Permits, Bid Packages and Contract Awards, and both are currently under construction with a single General Contractor, with an expected opening date of 10/26.

The Downtown Parking Project was designed and engineered under scopes and fees defined in Task Order (T.O.) #3 of HDR/Doucet's their original "TIRZ Engineering and Surveying Support" Professional Services Agreement (PSA). These scopes and fees have evolved over time, responding to changing project needs.

In 2020, TIRZ Project needs and priorities were changing, and Task Order #3 was written to address those current needs. Downtown Parking Project was scoped to move forward from the approved Concept Plan into a Preliminary Design Package including Plans, Specifications and Estimates (PSE's). Doucet provided Surveying and basic Civil Engineering, with HDR supporting Project Management and coordination. T.O. #3 also included project scopes, fees and tasks for other TIRZ Priority Projects also advancing at that time, including Town Center Support, Old Fitzhugh Road Implementation Funding Support, the Triangle Project, and Overall Project Management Support.

By 2024 TIRZ Project priorities continued to evolve and change. The Downtown Parking PSEs were proceeding apace, while other projects were effectively on hold (Town Center), and others were either discontinued (Triangle) or being undertaken under separate Professional Service Agreements (Old Fitzhugh Road).

Thus, in July '24, Amendment 1 (A.1) of T.O. #3 worked to revise scopes and subtasks and associated fees by conserving and consolidating funds from projects no longer needed, into bolstered Downtown Parking tasks and fee allocations, thus enabling the continuing development and expected completion of Downtown Parking Lot PSE's by utilizing existing contract and fee allocations, without encumbering additional TIRZ or City Budget funds.

HDR/Doucet Downtown Parking- Contract / Timeline / Fees:

- Original T.O.#3 PSA scope 07/07/2020; Original Fee: \$139,502
- T.O. #3 Amendment 1: revised tasks & scopes 08/07/2024; Added Fee: \$0
- Total Fee Through Amendment #1: \$139,502 (unchanged)
- Billings 88% Complete (Invoices through current Billings- 9/26/25: \$123,366)
- Contract Balance Remaining: \$16,136 (allows for un-billed work completed & Doucet's remaining Civil Engineering Phase Services)

Background for Task Order #3 / Amendment 2:

TIRZ Stephenson Lot - HDR PSA Task Order #3 / Amendment 2 on Consent Agenda for approval

HDR has presented a proposal for \$28,480 in additional services costs for the following evolving project tasks:

- Added hard-wired Parking Lot Lighting circuitry, photometrics and controls
- Added (12) Parking Lot Electrical receptacle stubs, to facilitate downtown City and civic festivals & events, including a possible permanent location for the Farmers Market
- PEC electrical service provider & circuitry changes to enable these Parking Lot Electrical features
- HDR's Parking Lot Electrical & Lighting Construction Administration (for CA services remaining)

City Council directed staff to keep the Parking Lot Lighting in the construction plans when value engineering options were considered after QA Construction Services was selected as the contractor. The approved TIRZ FY '26 Budget anticipated such an Amendment and allocated \$20K to help defray these costs.

HDR/Doucet have continued to provide services, rising to project challenges and evolving scopes, resolving design issues and assisting the City's Bid process and dealing with PEC complications. Compensation for these additional tasks and scopes of work are anticipated in the executed PSA Task Order #3 nor Amendment #1. The TIRZ Project Manager and Staff has disallowed billings for Additional Services not covered by the Existing contract & Amendment.

HDR has prepared the Amendment #2 Proposal, in order to be reimbursed for uncompensated efforts on the necessary & expanded project tasks and scopes, and to serve the project through the Substantial Completion.

Amendment #2 Proposal – Task & Fee Breakdown:

- Design Package Changes ~10.4k
- PEC Changes ~\$9.7k
- Construction Support ~\$4.4k
- Project Management & Coordination ~\$3.4k
- Misc. & Expenses ~\$0.6k

•Total ~\$28.5k (70% Completed / 30% projected needed up to completion of construction)

TIRZ Board Action at its March 9th meeting:

- Approved the HDR OFR PSE Amendment #2- as submitted- \$28,480
 - \$20,000 from Downtown Parking
 - Transfer of \$8.5K from FY '26 TIRZ Misc. Consulting (leaving \$21.5K available that is unused)

Amendment #2 for Task Order 3 may be administratively approved but is on the Consent Agenda to keep City Council informed.

Staff Recommendation:

- Approval of the HDR OFR PSE Amendment #2- as submitted- \$28,480
 - \$20,000 from Downtown Parking
 - Transfer \$8.5K from FY '26 TIRZ Misc. Consulting

Respectfully Submitted,

Keenan E. Smith, AIA
Dripping Springs TIRZ Project Manager
 Principal

City Lights Design Alliance
 P.O. 1166
 Dripping Springs, TX 78620
 (512) 659-5062 US mobile



HDR / Doucet: Task Order #3

TIRZ PM Review: 250930- KES Item 3. Invoice

HDR Engineering, Inc. Austin, TX 78701 Phone: (512) 912-5100

Please send remittance with copy of invoice to HDR Inc/US Engineering Accounts Receivable P.O.Box 74008202 Chicago, IL 60674-8202

HDR Invoice No. 1200755759 Invoice Date 9/26/2025 Month Ending 8/23/2025

City of Dripping Springs City P.O. Box 384 Dripping Springs, Texas 78620 Attn: TIRZ Project Manager Keenan Smith

Client No.: 4896 # Project No.: 10248905 \$ 5,902.50 \$ 5,902.50

For professional consulting services in connection with: City of Dripping Springs TIRZ Task Order 3

Billing Summary

Table with 7 columns: Tk #, Task Description, Total Fee, Fee Earned, Est. % Comp, Previously Billed, Currently Due. Rows include Town Center Improvements, Old Fitzhugh, Downtown Parking/Stephenson Lot, Triangle, Project Management and Project Coordination, Expenses, Subtotals, and TOTALS.

New Fee/Phase Caps per T. O #3- PSA Amendment No.1

\$16,135.86 Fee Bal. Remaining as of 9/30/25:

OK



Invoice

HDR Engineering, Inc.
 Austin, TX 78701
 Phone: (512) 912-5100

Please send remittance with copy of invoice to
HDR Inc/US Engineering Accounts Receivable
 P.O.Box 74008202
 Chicago, IL 60674-8202

HDR Invoice No. 1200755759
Invoice Date 9/26/2025
Month Ending 8/23/2025

City of Dripping Springs City
P.O. Box 384
Dripping Springs, Texas 78620

Task 1-Town Center Improvements

Personnel	Hours This Period	Hourly Rate	Total Cost
Total Hours/Labor Cost			\$ -
Sub Doucet			\$ -
Task 1-Town Center Improvements Total			\$ -
Contract Amount		\$ 1,578.00	
Amount Previously Invoiced		\$ 1,577.50	
Amount Currently Due		\$ -	
Total Billed to Date		\$ 1,577.50	
Fee Remaining		\$ 0.50	

- N/A

Task 2-Old Fitzhugh

Personnel	Hours This Period	Hourly Rate	Total Cost
Project Manager		\$ 225.00	\$ -
Senior Engineer		\$ 230.00	\$ -
CADD Technician		\$ 110.00	\$ -
Total Hours/Labor Cost			\$ -
Sub Doucet			\$ -
Task 2-Old Fitzhugh Total			\$ -
Contract Amount		\$ 4,740.00	
Amount Previously Invoiced		\$ 4,740.00	
Amount Currently Due		\$ -	
Total Billed to Date		\$ 4,740.00	
Fee Remaining		\$ -	

- N/A



Invoice

HDR Engineering, Inc.
Austin, TX 78701
Phone: (512) 912-5100

Please send remittance with copy of invoice to
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Chicago, IL 60674-8202

HDR Invoice No. 1200755759
Invoice Date 9/26/2025
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City of Dripping Springs City
P.O. Box 384
Dripping Springs, Texas 78620

Task 3-Downtown Parking/Stephenson Lot

Personnel	Hours This Period	Hourly Rate	Total Cost
Total Hours/Labor Cost			\$ -
Sub Doucet			\$ 2,282.50

Task 3-Downtown Parking/Stephenson Lot Total \$ 2,282.50 OK

Contract Amount	\$ 110,830.00
Amount Previously Invoiced	\$ 101,305.00
Amount Currently Due	\$ 2,282.50
Total Billed to Date	\$ 103,587.50
Fee Remaining	\$ 7,242.50 OK

Task 4-Triangle

Personnel	Hours This Period	Hourly Rate	Total Cost
Total Hours/Labor Cost			\$ -
Sub Doucet			\$ -

Task 4-Triangle Total \$ - N/A

Contract Amount	\$ -
Amount Previously Invoiced	\$ -
Amount Currently Due	\$ -
Total Billed to Date	\$ -
Fee Remaining	\$ -



HDR Engineering, Inc.
Austin, TX 78701
Phone: (512) 912-5100

Invoice

Please send remittance with copy of invoice to
HDR Inc/US Engineering Accounts Receivable
P.O.Box 74008202
Chicago, IL 60674-8202

City of Dripping Springs City
P.O. Box 384
Dripping Springs, Texas 78620

HDR Invoice No. 1200755759
Invoice Date 9/26/2025
Month Ending 8/23/2025

Task 5-Project Management and Project Coordination

Personnel	Hours This Period	Hourly Rate	Total Cost
Total Hours/Labor Cost			\$ -
Sub Doucet			\$ 3,445.00

Task 5-Project Management and Project Coordination Total \$ 3,445.00 OK

Contract Amount	\$ 20,905.00
Amount Previously Invoiced	\$ 9,266.25
Amount Currently Due	\$ 3,445.00
Total Billed to Date	\$ 12,711.25
Fee Remaining	\$ 8,193.75 OK



HDR Engineering, Inc.
Austin, TX 78701
Phone: (512) 912-5100

Invoice

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P.O.Box 74008202
Chicago, IL 60674-8202

City of Dripping Springs City
P.O. Box 384
Dripping Springs, Texas 78620

HDR Invoice No. 1200755759
Invoice Date 9/26/2025
Month Ending 8/23/2025

Expenses

Printing/Photocopying	\$ -
Travel	\$ -
GRAM	\$ -
Sub Doucet	\$ 175.00
Previously Billed	\$ 574.89

Expenses Total \$ 175.00 OK

Total Contract

Contract Amount	\$ 139,502.00
Amount Previously Invoiced	\$ 117,463.64
Amount Currently Due	\$ 5,902.50
Total Billed to Date	\$ 123,366.14
Fee Remaining	\$ 16,135.86

Total HDR:
Total Doucet: 5,902.50

TOTAL DUE THIS INVOICE: \$ 5,902.50 OK

☆ Billings Consistent w/Work Effort? Y/N = Y

Progress Report for Period? Y/N = Y

Tasks / Fees Within Budget? Y/N = Y

Overall Fees/Phase per Cap? Y/N = Y

Any Fee/Phase Caps Exceeded? Y/N = N

Invoice Approved for Payment? Y/N = Y

KES- 250930



INVOICE

TERMS: NET 30 DAYS or Contract Terms
 Finance Charge on Past Due Amount
 1.5%/month (18% APR) may apply

Remit To: **Doucet & Associates, Inc.**
P. O. Box 51958
Los Angeles, CA 90051-6258

Leslie Pollack
PTOE
HDR, Inc.
leslie.pollack@hdrinc.com
Katie.wright@hdrinc.com

Invoice Date: 8/25/2025
 Invoice No: 000004786
 Client No: 138997
 Project No: 01577009.C00R
 Bill Thru Date: 8/10/2025
Project Manager: Joe Grasso

Total Due This Invoice: \$5,902.50

Project Name: Dripping Springs TIRZ Task Order 3

Description of Services:

1. Prepare civil plans including combining parking lot plans with Building plans.
2. Permitting.
3. Coordination on bidding.
4. Attend pre-bid meeting.

THIS INVOICE REPLACES INVOICE 3855 AND ALSO INCLUDES CHARGES THROUGH AUGUST 10, 2025.

Task 40-3000 Task 3 - Downtown Parking/Stephenson Lot

Professional Personnel

	Hours	Rate	Amount	
Sr. Construction Manager	.75	150.00	112.50	
Project Coordinator	4.00	140.00	560.00	
Senior Project Manager	7.00	230.00	1,610.00	
Sub-Total	11.75		2,282.50	
Sub-Total (Direct Labor)				2,282.50
		Total this Task		\$2,282.50

Task 40-5000 Task 5 - Project Mgmt and Coordination

Professional Personnel

	Hours	Rate	Amount	
Sr. Civil Technician	9.00	140.00	1,260.00	
Senior Project Manager	9.50	230.00	2,185.00	
Sub-Total	18.50		3,445.00	
Sub-Total (Direct Labor)				3,445.00
		Total this Task		\$3,445.00

Kleinfelder prefers to receive payments via Automated Clearing House (ACH). Please include the above invoice number on your payment. For additional information regarding ACH payments, email efremitt@kleinfelder.com.

Task	90-0000	Expenses		
Reimbursable Expenses				
Permits				
6/10/2025	Perkins, Meranda	29-17390-30JUN25_TDLR Project Registrati	175.00	
	Total Reimbursables		175.00	175.00
		Total this Task		\$175.00

Please Pay This Invoice Amount: \$5,902.50

Project Budget Summary	Amount
Total Amount Budgeted	\$85,975.00
Amount Due This Invoice	\$5,902.50
Amount Previously Invoiced	\$62,528.64
Total Invoiced to Date	\$68,431.14
Budgeted Amount Remaining	\$17,543.86

Progress Report

City of Dripping Springs TIRZ Task Order 3

June - August 2025

Description of Work Performed During the Past Period

- TASK 1. TOWN CENTER SUPPORT
 - No Tasks

- TASK 2. OLD FITZHUGH ROAD
 - No Tasks

- TASK 3. DOWNTOWN PARKING / STEPHENSON LOT
 - Finalize Permitting
 - Support City and ArchiTexas in development of bid documents
 - Attend pre-bid meeting

- TASK 4. TRIANGLE
 - No Tasks

- TASK 5. PROJECT MEETING AND COORDINATION
 - Project management and administration

- TASK 6. EXPENSES
 - TDLR Registration

Project Challenges and Resolutions During the Past Period

None during the past period

Anticipated Work to be Performed Next Period

- TASK 1. TOWN CENTER SUPPORT
 - No Tasks

- TASK 2. OLD FITZHUGH ROAD
 - No Tasks

- TASK 3. DOWNTOWN PARKING / STEPHENSON LOT
 - Address RFIs from contractor

- TASK 4. TRIANGLE
 - No Tasks

- TASK 5. PROJECT MEETING AND COORDINATION
 - Project management and administration

- TASK 6. EXPENSES
 - None

PROFESSIONAL SERVICES AGREEMENT

**AMENDMENT NO. 2 TO ADDENDUM HDR07212020
(DRIPPING SPRINGS TIRZ PRIORITY PROJECTS: TASK ORDER 3)**

This Amendment No. 2 (“Amendment”) to the Addendum dated July 21, 2020 (the “2020 Addendum”), as amended, is made and entered into this _____ by and between the **City of Dripping Springs**, Texas (hereinafter referred to as the “City”) and **HDR Engineering, Inc.**, (hereinafter referred to as “**HDR**”), is understood and agreed to be as set forth herein:

WHEREAS, the Parties entered into a Professional Services Agreement on September 12, 2017 (the "2017 Agreement"), and the 2020 Addendum to Task Order 3 on July 21, 2020, for engineering services related to Tax Increment Reinvestment Zones (TIRZ) Priority Projects; and

WHEREAS, the Parties amended the 2020 Addendum on October 4, 2024 to modify the scope of work for Task Order 3, which pertained to Town Center Support, Old Fitzhugh Road, the Downtown Parking/Stephenson Lot, and Triangle Project with total compensation not to exceed \$139,502 (“2024 Amendment”).

WHEREAS The Parties now desire to further amend the 2020 Addendum to modify the scope of work for Task Order 3 as outlined in the amended Scope of Work dated August 7, 2024 (attached hereto as Attachment “A”).

1. Amendment to Task Order 3 Scope of Work

The scope of work for Task Order 3 is hereby amended as described in Attachment “A”, attached hereto.

2. Compensation

The total compensation, fee schedule and billing rates for the additional services described in Attachment “A” remain unchanged. For greater certainty and without restricting the generality of the foregoing, total compensation will not exceed \$167,982.

3. Effect of Amendment

Except as modified by this Amendment, all terms and conditions of the 2020 Addendum remain in full force and effect. In the event of any conflict between the terms of this Amendment and the 2020 Addendum, the terms of this Amendment shall control.

4. Entire Agreement

This Amendment, together with the 2020 Addendum and the original Agreement, constitutes the entire agreement between the Parties with respect to Task Order 3 and supersedes all prior agreements, understandings, and negotiations concerning the same including the 2024 Amendment.

CITY OF DRIPPING SPRINGS

HDR ENGINEERING, INC.

Date

Date

ATTACHMENT "A"



**DRIPPING SPRINGS TIRZ PRIORITY PROJECTS:
TASK ORDER 3, AMENDMENT 2**

February 24, 2026

SCOPE OF WORK

Task 1: Town Center Support

- No additional tasks will be performed on the Town Center project.

Task 2: Old Fitzhugh Road

- No additional tasks will be performed on the Old Fitzhugh Road project under this contract.

Task 3: Downtown Parking/Stephenson Lot

The following additional tasks are required to support the Downtown Parking / Stephenson Lot project:

3.1 Site Survey

- No additional tasks will be performed under this contract.

3.2 Design Package

- HDR: Provide support services to City of Dripping Springs and Doucet for preparation of revised Plans, Specification & Estimates for Downtown Park/ Stephenson Lot. Design changes include the following:
 - Develop new electrical plans, specifications, and estimates to include electrical service power for custom parking lot food vendor outdoor plugging box pedestals. The new parking lot electrical will include multiple electrical services, multiple panelboards, multiple equipment racks, underground branch circuit ductbanks, handholes, equipment grounding, food vendor outdoor plugging box pedestals, and steel reinforced concrete pedestal foundation bases. Design tasks include the following:
 - Redevelop the parking lot illumination design for 90% and 100% design submittals that will include the following: wired parking lot illumination assembly layout, underground branch circuit ductbanks layout, Illumination assembly pole foundation base detail, illumination assembly pole grounding, installation details, diagrams, schedules, schematics, quantities, photometric analysis, and specifications.
 - Develop parking lot electrical design for 90% and 100% design submittals that will include the following: multiple metered electrical services and wired food vendor outdoor plugging box pedestals layout, underground branch circuit ductbanks layout, custom outdoor plugging box pedestals and foundation base detail, equipment

grounding, installation details, diagrams, schematics, schedules, quantities, load analysis, and specifications.

- Redevelop the electrical plans, specifications, and estimates in response to the PEC field review after project awarded. PEC has changed their design approach to the quantity of metered electrical services for the City of Dripping Springs Downtown Stephenson Lot project. PEC has directed the design team to proceed with a single metered electrical service for powering the food vendor outdoor plugging box pedestals. The redesigned parking lot electrical will include a single metered electrical service, single panelboard, single equipment rack, handhole(s), equipment grounding, underground branch circuit ductbanks, food vendor outdoor plugging box pedestals, and steel reinforced concrete pedestal foundation bases. Design tasks include the following:
 - Redevelop parking lot electrical design for 100% design – PEC design changes submittal that will include the following: single metered electrical service and wired food vendor outdoor plugging box pedestals layout, underground branch circuit ductbanks layout, custom outdoor plugging box pedestals and foundation base detail, equipment grounding, installation details, diagrams, schematics, schedules, quantities, load analysis, and specifications.
 - Contact PEC for coordinating electrical service(s) power requirements, available voltages, service drop locations, electrical service types, and electrical service loads.
 - Attend virtually the PEC field review meeting.
 - Attend virtually the PEC coordination meeting.
- Design Exclusions: Develop existing parking lot illumination removal plans, revising or adding new electrical loads to any existing electrical systems within the project limits, final selective coordination study, arc flash analysis, multiple design alternatives, site visits/ meetings, extensive illumination assembly selection alternatives and presentations, and additional construction administration services (change orders, weekly progress meetings, and estimate reviews).
- Doucet:
 - No additional tasks are required.

3.3 Permits & Bidding

- No tasks assumed

3.4 Construction Support

- HDR:
 - Review shop drawing submittals. Four (4) submittals are assumed.
 - Answer questions (RFI) related to illumination during project construction. Four (4) RFIs are assumed.
 - No Change Orders are assumed.
 - No field reviews are assumed.
- Doucet:

- No additional tasks are required.

Task 4: Triangle Project

- No additional tasks will be performed on the Triangle project.

Task 5: Project Meetings, Coordination, and Team Work Sessions

The following additional tasks are anticipated on the project.

5.1: TIRZ Board Meetings

- No tasks assumed

5.2: Stakeholder Engagement and Public Outreach

- No tasks assumed

5.3: Team Work Sessions

- No tasks assumed

5.4: Project Schedule and Invoicing

- HDR/Doucet:
 - Monthly progress reports with invoices (4 assumed)
 - Project coordination (telephone conferences) with TIRZ Project Manager (2 assumed)

		APPROVED			ADDITIONAL TASKS			UPDATED		
		HDR	DOUCET	TOTAL	HDR	DOUCET	TOTAL	HDR	DOUCET	TOTAL
1	Town Center Improvements									
	Hours				0	0	0			0
	Fee	\$1,578	\$0	\$1,578	\$0	\$0	\$0	\$1,578	\$0	\$1,578
2	Old Fitzhugh									
	Hours				0	0	0			0
	Fee	\$4,740	\$0	\$4,740	\$0	\$0	\$0	\$4,740	\$0	\$4,740
3	Downtown Parking/Stephenson Lot									
	Hours				144	0	144			0
	Fee	\$33,420	\$77,410	\$110,830	\$25,040	\$0	\$25,040	\$58,460	\$77,410	\$135,870
4	Triangle									
	Hours				0	0	0			0
	Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Project Management and Project Coordination									
	Hours				14	0	14			0
	Fee	\$13,040	\$7,865	\$20,905	\$3,440	\$0	\$3,440	\$16,480	\$7,865	\$24,345
6	Expenses									
	Hours						0			0
	Fee	\$749	\$700	\$1,449	\$0	\$0	\$0	\$749	\$700	\$1,449
	TOTAL HOURS	0	0	0	158	0	158	0	0	0
	TOTAL FEE	\$53,527	\$85,975	\$139,502	\$28,480	\$0	\$28,480	\$82,007	\$85,975	\$167,982

		HDR		DOUCET		TOTAL
		Hours	Fee	Hours	Fee	
1	Town Center Improvements					
		0	\$0	0	\$0	\$0
2	Old Fitzhugh					
		0	\$0	0	\$0	\$0
3	Downtown Parking/Stephenson Lot					
3.1	Survey	0	\$0	0	0	
3.2	Design Package	118	\$20,060	0	0	
3.3	Permits and Bidding	0	\$0	0	0	
3.4	Construction Support	0	\$4,380	0	0	
	Total	144	\$25,040	0	\$0	\$25,040
4	Triangle					
		0	\$0	0	\$0	\$0
5	Project Management and Project Coordination					
5.1	TIRZ Board Meetings	2	\$600	0	0	
5.2	Stakeholder Engagement/Public Outreach	0	\$0	0	0	
5.3	Team Work Sessions and Coordination	2	\$600	0	0	
5.4	Project Schedule and Invoicing	10	\$2,240	0	0	
	Total	14	\$3,440	0	\$0	\$3,440
6	Expenses					
		-	\$0		\$0	\$0
	TOTAL	158	\$28,480	0	\$0	\$28,480

HDR Engineering, Inc.

		Proj Principal	Sr. Env Lead	Proj Manager	QC Manager	Public Involvement Manager	Sr. Real Estate Lead	Se. Utility Engr	Sr. Drain Engr	Sr. Light Engr	Sr. Env. Scientist	Sr. Engr	Proj Engr	Sr. Real Estate Spec	Real Estate Spec	EIT	Env Scientist	GIS Analyst	Graphic Designer I	Sr Tech	CADD Tech	Arch/Historian	Admin Asst	TOTAL
		\$330	\$235	\$300	\$290	\$235	\$300	\$250	\$230	\$260	\$150	\$255	\$175	\$200	\$125	\$135	\$120	\$145	\$115	\$170	\$130	\$110	\$110	
1	Town Center Improvements																							
	Task Subtotal Hours	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Task Subtotal Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Old Fitzhugh																							
	Task Subtotal Hours	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Task Subtotal Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0	\$0
3	Downtown Parking/Stephenson Lot																							
3.1	Survey																							0
3.2	Design Package																							0
3.2a	Conceptual Design																							0
3.2b	30% Design Plans																							0
3.2c	Illumination & Electrical (90% & 100% Illumination Redesign)																							0
	Illumination & Electrical (90% & 100% Electrical Design)			2																				2
	Custom Outdoor Plugging Pedestal Selection & Options									1			2			2								5
	Voltage Drop Analysis, Load Analysis, Short Circuit Analysis & Overcurrent Protection									2														2
	Electrical Summary & General Notes									1			2			2								5
	Electrical Layout Plans									1			4			2								7
	Electrical Details, Diagrams, Schedules & Schematics									1			8			4								13
	Standards, Specifications & Cost Estimate									2			2			2								6
	QAQC Reviews									1			2			2								5
	Design Review Comment Responses									2			4			8								14
	Attend Design Review Meetings (virtually)												2											2
	Illumination & Electrical (100% Electrical Redesign - PEC Changes)			2																				2
	Voltage Drop Analysis, Load Analysis, Short Circuit Analysis & Overcurrent Protection												2			2								4
	Electrical Layout Plans									1			8			8								17
	Electrical Details, Diagrams, Schedules & Schematics									1			16			8								25
	QAQC Reviews									1			2			2								5
	Attend PEC Field Review Meeting (virtually)												2											2
	Attend PEC Coordination Meeting (virtually)												2											2
3.2d	Landscape plan and specifications (Coordination)																							0
3.2e	Final Design Plans and specifications																							0
3.3	Permits and Bidding																							0
3.4	Construction Support																							0
	Shop Drawing Submittals												8											8
	RFIs									2			4			8				4				18
	Task Subtotal Hours	0	0	4	0	0	0	0	0	16	0	0	70	0	0	50	0	0	0	4	0	0	0	144
	Task Subtotal Fee	\$0	\$0	\$1,200	\$0	\$0	\$0	\$0	\$0	\$4,160	\$0	\$0	\$12,250	\$0	\$0	\$6,750	\$0	\$0	\$0	\$680	\$0	\$0	\$0	\$25,040
4	Triangle																							
4.1	TxDOT Project Planning Support																							0
4.2	FEMA Flood Plain Mapping Support																							0
	Task Subtotal Hours	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Task Subtotal Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Project Management and Project Coordination																							
5.1	TIRZ Board Meetings			2																				2
5.2	Stakeholder Engagement/Public Outreach																							0
5.3	Team Work Sessions			2																				2
5.4	Project Schedule and Invoicing			6																			4	10
	Task Subtotal Hours	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	14
	Task Subtotal Fee	\$0	\$0	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$440	\$3,440
6	Expenses																							
	Turning Movement Counts																							\$0
	Tube Counts																							\$0
	Printing																							\$0
	Mileage																							\$0
	Task Subtotal Fee																							\$0
	TOTAL HOURS	0	0	14	0	0	0	0	0	16	0	0	70	0	0	50	0	0	0	4	0	0	4	158
	TOTAL FEE	\$0	\$0	\$4,200	\$0	\$0	\$0	\$0	\$0	\$4,160	\$0	\$0	\$12,250	\$0	\$0	\$6,750	\$0	\$0	\$0	\$680	\$0	\$0	\$440	\$28,480

\$10,380

\$9,680

\$4,380

\$3,440

HDR09122017

PROFESSIONAL SERVICES AGREEMENT

This Agreement, made and entered into this, the 12th day of Sept., 2017 and between the **City of Dripping Springs**, Texas (hereinafter referred to as the "City") and - **HDR Engineering, Inc**, (hereinafter referred to as "Contractor"), is understood and agreed to be as set forth herein:

1. **Description of Services:** Services will be provided through a series of Task Orders separately approved:
 - (a) Contractor shall deliver reports to the Dripping Springs Tax Increment Reinvestment Zone (TIRZ) Project Manager via mail, in person, facsimile, or other electronic means as appropriate and in the format described in the Scope of Services in **Attachment B**.
 - (b) If the TIRZ's assignment of duties for a specific project is declined by Contractor, then the City may assign said duties to another employee or Contractor at the City's discretion. Contractor does not have the authority to unilaterally select another contractor to perform the work the Contractor was assigned. Contractor shall assist the City in the selection of additional contractors when requested by the TIRZ. No minimum amount of work is guaranteed by this Agreement.
 - (c) Contractor may from time to time be called upon to perform the following services:
 - (1) Attend meetings of the TIRZ Board, City Council, when requested by the TIRZ Project Manager, Mayor, or City Administrator; and/or
 - (2) Attend other public or private meetings involving TIRZ and Town Center matters related to the duties performed under this Agreement.
 - (d) On a monthly basis, the Firm will provide the TIRZ Project Manager and City Administrator with a written report describing the progress on each of the TIRZ Engineering and Surveying Services Task Orders and the overall status of all work under this Agreement.
 - (e) Contractor shall conduct business in good faith displaying professionalism and a courteous manner in dealings with the staff, citizens, and customers of the City.

- (f) Contractor will report to the City Administrator and Chair of the TIRZ Boards, verbally or in writing, any conflicts between Contractor and any citizen or customer in the course of performing said duties and responsibilities.
 - (g) The Contractor shall assign to the City a minimum of one (1) staff person, as “Project Manager,” who is a Professional Engineer licensed to practice in the State of Texas. The Project Manager will be the City’s primary point of contact.
 - (h) Contractor shall maintain complete and accurate records of work performed for the City. Contractor shall manage both public and confidential records that Contractor obtains pursuant to this Agreement with the understanding that some records may be subject to state open records laws. Contractor shall comply with the City’s public information policies.
 - (i) Performs other related duties as needed.
2. **Payment for Services:** The TIRZ shall compensate Contractor in accordance with the fee structure contained in Contractor’s fee proposal attached as **Attachment “A”** and the series of Task Orders separately approved, but included in this Agreement for all purposes. Contractor shall invoice City in accordance with Contractor’s attached proposal and approved Task Orders. The TIRZ shall compensate the Contractor within thirty (30) days of approving the Contractor’s invoice.
 3. **Duration:** This Agreement shall be in effect for a period of two (2) years unless terminated as provided below.
 4. **Renewal:** This Agreement shall automatically renew after two (2) years unless: (a) terminated, as set out below, or (b) either party provides notice of intent not to renew to the other party thirty (30) days prior to the end of the current term.
 5. **Termination:** Either party may terminate this Agreement by a thirty (30) day written notice.
 6. **Relationship of Parties:** It is understood by the parties that Contractor is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Contractor. The City may contract with other individuals for firms for engineering, surveying, and TIRZ services.
 7. **Limitations:** Pursuant to Section 2.02.002 of the City of Dripping Springs Code of Ordinances, if the Contractor has a substantial interest in a business entity, or represents a person or business entity that has any pending applications with the city,

shall file a notice with the city secretary stating such interest or representation at least two weeks prior to the date of any consideration of such application by the appropriate body of the city. If such body desires such city contractor to continue to advise such body regarding such application, a written acknowledgement and waiver shall be executed by the presiding officer of such body.

- 8. Employees:** Contractor employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Contractor shall provide adequate evidence that such persons are Contractor's employees.
- 9. Injuries/Insurance:** Contractor acknowledges his/her obligation to obtain appropriate insurance coverage for the benefit of Contractor's employees, if any. Contractor waives the rights to recovery from City for any injuries that Contractor and/or Contractor's employees may sustain while performing services under this Agreement. Contractor to provide a copy of proof of insurance coverage to City at least ten (10) days prior to end of any existing coverage period if Contractor uses the services of any of Contractor's employees for the provision of services to the City.
- 10. Indemnification:** Contractor agrees to indemnify and hold City harmless from all claims, losses, expenses, fees, including reasonable attorney's fees, costs, and judgments that may be asserted against City, Dripping Springs Tax Increment Reinvestment Zones, Dripping Springs Independent School District, Hays County, or Dripping Springs Library District that result from negligent acts or omissions of Contractor, Contractor's employees, if any, and Contractor's agents.
- 11. Assignment:** Contractor's obligation under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City. The City has given its consent for HDR Engineering to use Doucet Engineering for some services.
- 12. Notice:** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows:

For the City:

TIRZ Project Manager
City of Dripping Springs City
P.O. Box 384
Dripping Springs, TX 78620
512-858-4725

For the Contractor:

HDR Engineering, Inc.
504 Lavaca St. Suite 1175
Austin, TX 78701
c/o Rashed Islam, P.E. (512)
904-3700

Either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

13. Entire Agreement: This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written other than separately approved Task Orders specifically referencing this Agreement and all exhibits attached to this Agreement. This Agreement supersedes and prior written agreements between the parties.

14. Amendment: This Agreement may be modified or amended only if the amendment is made in writing and is signed by both parties.

15. Severability: If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

16. Waiver of Contractual Right: The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.

17. Applicable Law: The laws of the State of Texas shall govern this Agreement.

18. Venue: The venue for any and all legal disputes arising under this Agreement shall be Hays County, Texas.

CITY OF DRIPPING SPRINGS:


Mayor Todd Purcell

CONTRACTOR:


Contractor

Sept. 22, 2017

Date

9/27/17

Date

ATTEST:

Andrea Cunningham
Andrea Cunningham, City Secretary



170906-KS

DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
 TASK ORDER 1
 SUMMARY OF FEE PROPOSAL
 SEPTEMBER 6, 2017

Task Order #1
 Base Scope Fees:

BASE FEE		MAS	HDR	DOUCET	TOTAL
Task 1	Project Management and Coordination	\$18,360	\$13,820	\$17,220	\$49,400
Task 2	Regional Detention/Water Quality Strategy	\$0	\$0	\$7,810	\$7,810
Task 3	Old Fitzhugh Road	\$12,140	\$34,170	\$32,930	\$79,240
Task 4	Town Center Improvements	\$77,240	\$35,400	\$55,610	\$168,250
Task 5	Triangle	\$5,240	\$10,840	\$10,685	\$26,765
Expenses		\$1,400	\$2,242	\$700	\$4,342
TOTAL BASE FEE		\$114,380	\$96,472	\$124,955	\$335,807
ADDITIONAL TASKS		MAS	HDR	DOUCET	TOTAL
Task 1:	Meetings	\$0	\$1,590	\$0	\$1,590
Task 4.1	Survey	\$0	\$0	\$9,080	\$9,080
Task 4.7	Draft and Final Solicitation Document	\$24,500	\$0	\$0	\$24,500
Task 5:	Triangle	\$0	\$25,240	\$7,490	\$32,730
Task 6:	Downtown Parking	\$6,280	\$9,090	\$0	\$15,370
Expenses		\$400	\$324	\$0	\$724
TOTAL ADDITIONAL TASKS		\$31,180	\$36,244	\$16,570	\$83,994
TOTAL ALL TASKS		\$145,560	\$132,716	\$141,525	\$419,801

CITY OF DRIPPING SPRINGS
TIRZ

TASK ORDER 1

HDR/Doucet
Base Scope Fees:

9/6/17
170906- KS

		HDR	HDR ADD	DOUCET	DOUCET	TOTAL
1	Project Management and Project Coordination					
	Hours	80	12	90	0	182
	Fee	\$13,820	\$1,590	\$17,220	\$0	\$32,630
2	Regional Detention and Water Quality Strategy					
	Hours	0	0	50	0	50
	Fee	\$0	\$0	\$7,810	\$0	\$7,810
3	Old Fitzhugh					
	Hours	290	0	242	0	532
	Fee	34170	0	\$32,930	\$0	\$67,100
4	Town Center Improvements					
	Hours	249	0	422	74	745
	Fee	\$35,400	\$0	\$55,610	\$9,080	\$100,090
5	Triangle					
	Hours	80	227	79	50	436
	Fee	\$10,840	\$25,240	\$10,685	\$7,490	\$54,255
6	Downtown Parking					
	Hours	0	67	0	0	67
	Fee	\$0	\$9,090	\$0	\$0	\$9,090
6	Expenses					
	Hours	-	-	-	-	-
	Fee	\$2,242	\$324	\$700	\$0	\$3,265
TOTAL HOURS		699	239	883	124	1945
TOTAL FEE		\$96,472	\$36,244	\$124,955	\$16,570	\$274,240

Total HDR/Doucet
Base Scope Fees:
\$221,427



HDR Labor Schedule
Hourly Rates
City of Dripping Springs

Effective September 6, 2017

Project Principal	\$280.00
Senior Environmental Lead	\$220.00
Project Manager (Pollack)	\$190.00
QC Manager	\$200.00
Senior Real Estate Lead	\$275.00
Senior Utility Engineer	\$220.00
Senior Drainage Engineer	\$210.00
Senior Lighting Engineer	\$190.00
Senior Environmental Scientist	\$195.00
Senior Engineer	\$185.00
Project Engineer (Walker)	\$130.00
Senior Real Estate Specialist	\$150.00
Real Estate Specialist	\$120.00
EIT	\$115.00
Environmental Scientist	\$110.00
GIS Analyst	\$110.00
Graphic Design	\$150.00
CADD Technician	\$90.00
Archeology/Historian	\$85.00
Administrative Assistant	\$75.00
Expenses	100% of cost
Mileage	Current IRS Rate



hdrinc.com

504 Lavaca Street, Suite 1175, Austin, TX 78701-2817
(512) 904-3700



7401B Highway 71 West, Suite 160
Austin, TX 78735
Office: 512.583.2600
Fax: 512.583.2601

Doucetengineers.com

Schedule A

Doucet & Associates 2017 Fee Schedule (effective 01/01/2017)

<u>Personnel</u>	<u>Hourly Fee</u>	<u>Personnel</u>	<u>Hourly Fee</u>
Principal Engineer (PE)	\$225.00	Principal Surveyor (RPLS)	\$215.00
Senior Project Manager	\$200.00	Survey Project Manager (RPLS)	\$170.00
Project Manager	\$185.00	Project Surveyor (RPLS)	\$140.00
Senior Project Engineer (PE)	\$160.00	Sr. Survey Technician	\$110.00
Staff Engineer	\$120.00	Survey Technician	\$ 95.00
Engineer Associate II	\$115.00	GIS Specialist	\$ 90.00
Engineer Associate I	\$ 95.00	One-Person Field Crew	\$110.00
Sr. Construction Technician	\$139.00	Two-Person Field Crew	\$150.00
Sr. Civil Technician	\$130.00	Three-Person Field Crew	\$170.00
Civil Technician	\$115.00	Party Chief-Time Basis	\$ 95.00
Assistant Civil Technician	\$105.00	Lidar Scanner	\$100.00
CADD Operator II	\$ 90.00	Ground Targets	\$20/ea
CADD Operator I	\$ 80.00	Concrete Monuments	\$250/ea
		ATV/Boat/Sonar	\$100/day
Senior Planner (AICP)	\$155.00		
Project Planner	\$140.00	Sr. Operations Assistant	\$ 85.00
Staff Planner	\$110.00	Operations Assistant	\$ 65.00
Planning Technician	\$ 95.00	Administrative Assistant	\$ 65.00
Expert Witness (research, depositions, testimony, with a 4-hour minimum for court appearances)	\$430.00	Mileage	Current IRS Rate

Reimbursable Expenses

Direct non-salary expenses incurred and not applicable to general overhead are billed at cost plus fifteen percent (15%) for administrative and handling charges. Please note that physical backup for reimbursable expenses will not be included with invoices unless a written request to do so is submitted to D&A's accounting department.

Reimbursable Expenses include, but are not limited to, the following:

Travel and lodging, including out of town transportation by D&A's vehicles at standard rates; mail, delivery, courier and express charges; legal and accounting fees (including attorney's fees charged by D&A's attorney for review or negotiation of any certificates or similar documents requested by Client or a lender doing business with Client); in-house reproduction costs (to be charged at prevailing commercial rates); subconsultants; photographs; environmental fees; late fees caused by Client; charges incurred in stopping or resuming work in accordance with this

COMMITMENT YOU EXPECT.
EXPERIENCE YOU NEED.
PEOPLE YOU TRUST.



mccann adams studio

MEMORANDUM

TO: Keenan Smith, City of Dripping Springs TIRZ Program Manager

FROM: Jim Adams AIA, LEED AP, Principal, McCann Adams Studio

RE: Dripping Springs TIRZ Priority Projects Task Order 1 Scope of Work

CC: Leslie Pollack PE, HDR; Tom Hegemier PE, Doucet; Ed Prince RPLS, Doucet

DATE: September 6, 2017

Keenan,

Attached is the revised scope of work and schedule for the TIRZ Priority Projects, based upon our meeting on August 29th. The scope and schedule is based upon coordination with HDR and Doucet. A summary of our fee proposal and the breakdowns by firm are also attached. The following provides a summary of the changes that we've made since our original scope of work dated August 25th:

General: Labor rates were adjusted as per attached rate sheets.

Task 2: Regional Detention/Water Quality Study: We have accelerated Doucet's drainage analysis to the first ten weeks of the work so that they can help us identify opportunities for regional detention and water quality facilities that will reduce the on-site burden on individual properties within the historic districts and the planned Town Center area. This work will inform the conceptual plans being prepared for Old Fitzhugh Road, the Triangle and the Town Center.

Task 3: Old Fitzhugh Road: We have streamlined this task. Rather than two alternatives we will focus on one preferred solution based upon our walk-through in early September and the input we receive from a stakeholder workshop held in early October. McCann Adams Studio will prepare typical cross sections and a sketch concept of the alignment and provide it to HDR for delineation in CAD.

Task 4: Town Center Improvements: The only change made in this task is the potential designation of the Solicitation Document Task 4.9 as optional, allowing this

effort to be deferred to the next year. MAS will still prepare development standards that could be incorporated within a Planned Development District as part of Task 4.8 Final Development Plan.

Task 5: Triangle: This task has been streamlined. We are assuming that following preparation of the regional drainage strategy and property survey by Doucet and the traffic study by HDR, the design team will conduct a work session with the Program Manager and other stakeholders to develop a preliminary concept, taking into account: right-of-way needs along US290, RR12 and Mercer Street; and flooding parameters from the ongoing FEMA floodplain mapping process. Following this session, MAS will prepare a site plan concept for consideration by the TIRZ board. The preparation of engineering concept plans, on-site detention, on-site water quality, and technical memorandum for the Triangle is presented as an optional task for HDR and Doucet.

Task 6: Downtown Public Parking: We have made this an optional task, and reduced the level of effort, with the assumption that the site plans for new parking facilities will be focused solely on public rights-of-way and City-owned property within the Downtown.

Please feel free to call either myself, Leslie, Tom or Ed if you have any questions.

**DRIPPING SPRINGS TIRZ PRIORITY PROJECTS:
TASK ORDER 1
September 6, 2017**

SCOPE OF WORK

Task 1: Project Meetings and Work Sessions

1.1: Project Schedule and Invoicing

- Monthly progress reports with invoice
- Project coordination (telephone conferences) with TIRZ Project Manager

1.2: Team Work Sessions

- A total of nine monthly team meetings (TIRZ Program Manager, MAS, HDR, Doucet) in Dripping Springs
- TIRZ Project Manager and MAS will prepare agenda and meeting notes
- Invitees to meeting could include stakeholders (e.g., representatives from DSISD, Fire Department, Historic Preservation Board etc.)
- Meetings could include stakeholder workshops.
- Meetings will involve progress on one or more of the four project tasks per schedule

1.3: TIRZ Board/Stakeholder Meetings (5 total)

- Kick-Off meeting with TIRZ Board and other stakeholders in early September
- TIRZ Board will host a total of four additional work sessions (roughly on eight week intervals)
- MAS will prepare agenda and meeting notes
- Meetings will provide updates and describe work in progress
- Stakeholder meetings should be combined whenever feasible
- Board will provide direction and approvals as required

1.4: Additional Meetings and Presentations (up to 6)

- Three rounds of meetings/presentations at key milestone points (e.g. following completion of Town Center and Old Fitzhugh Concept Plans, at completion of Draft Town Center Development Plan and Triangle Concept Plan, and at completion of Draft Development Solicitation Document and Downtown Parking Strategy)
- Meetings could be with policy making boards and committees (e.g., Transportation Committee, Historic Preservation Board, DSISD Board, City Council)

Task 2: Regional Detention/Water Quality Strategy (Doucet)

2.1: Regional Detention Assessment

- In parallel with the conceptual design studies for Old Fitzhugh Road and the Town Center, Doucet in consultation with the City engineer will prepare a regional detention and water quality strategy aimed at reducing on-site requirements for detention and water quality within the historic districts of Dripping Springs and in the future Town Center. Doucet will evaluate existing

reports, studies, and development plans to **develop one potential regional detention improvement project** that can mitigate impervious cover increases at the Town Center, Old Fitzhugh Road, and the Triangle. We will also assess the potential of redevelopment projects on Old Fitzhugh Road to participate in a regional detention program. This will include the consideration of a participation fee. The advantage of a regional program is that redevelopment projects will not be encumbered with on-site detention and water quality improvements to maximize their economic potential.

2.2: Regional Water Quality Assessment

- Doucet will evaluate existing reports, studies, and development plans to **develop one potential regional water quality improvement project** that could mitigate impervious cover increase at the Town Center, Old Fitzhugh Road, and the Triangle. We will consider the TCEQ Edwards Aquifer Protection Program and City of Dripping Springs Water Quality Ordinance requirements. We will assess the potential of redevelopment projects on Old Fitzhugh Road to participate in a regional water quality program and will include the consideration of a participation fee. The City Water Quality Ordinance will be evaluated in this process.

2.3: Technical Memorandum

- Technical Memorandum to summarize findings and recommendations.

Task 3: Old Fitzhugh Road

3.1: Survey (Doucet)

- Doucet will perform a topographic survey for conceptual planning per the *TIRZ-Task1-SurveyLimits-D&A170824.pdf* exhibit. The survey will be based on NAD 83 (2011) using NAVD88 vertical datum with Geoid 12A. Doucet will establish geodetic control on site and contact Texas 811 to coordinate a utility locate. The survey will field locate found visible features, both horizontally and vertically, including existing on-site structures, drainage features, sidewalks, curb lines, pavement, protected trees in accordance with the current Municipal Code, visible above-ground utility appurtenances and utility locate designations. The topographic survey will obtain field elevations throughout the project site and will be utilized in developing a digital terrain model.
- Doucet will perform a ROW verification survey per the abovementioned exhibit to generally locate property lines for conceptual planning reference.

3.2: Preliminary Base Map

- Prior to completion of the survey, MAS will prepare a preliminary base map based on existing HCAD information and aerial photography.
- Doucet and HDR will add additional layers based on their initial files.
- As survey information is compiled, Doucet will provide it to the team to aid in conceptual planning.

3.3: Site Reconnaissance and Brainstorm Session

- Walk through with TIRZ Project Manager to map key opportunities and constraints including: property access and parking, heritage trees, pedestrian/bicycle connections, overhead electrical/communication lines etc.

3.4: Traffic Analysis (HDR)

- Obtain and review available data
- Collect traffic data:
 - 24-hour tube count on Old Fitzhugh Road
 - AM and PM peak turning movement counts at Mercer and Old Fitzhugh Road
- Operational Analysis and Recommendations

3.5: Preliminary Concept(s)

- Prepare one preliminary concept for Old Fitzhugh Road.
 - 3.5.1 *Preliminary Alignment: MAS to prepare sketch concept for HDR to finalize*
 - 3.5.2 *Typical Sections: MAS to prepare*
 - 3.5.3 *Streetscape Concepts: MAS to prepare.*
 - 3.5.4 *Intersection layout (two intersections): HDR to prepare*
 - 3.5.5 *Drainage Strategy: Doucet will use the findings from Task 2 and Tasks 3.7 and 3.8 to coordinate with the Design Team to align drainage, detention, water quality alternatives with the transportation and street concepts. Will identify the preferred conveyance system for one street section.*

3.6: Engineering Memorandum (HDR/Doucet)

Prepare a draft and final memorandum summarizing the following information:

- 3.6.1 *Existing Conditions (survey, utilities, drainage, traffic operations)*
- 3.6.2 *Proposed Improvements (design criteria, roadway cross-section, intersection treatments, drainage, traffic operations)*
- 3.6.3 *Right-of-Way requirements*
- 3.6.4 *Construction cost estimates*

3.7 Local Drainage/Detention Assessment

Localized detention for Old Fitzhugh Road will also be evaluated for two street sections. A brief technical memorandum will summarize findings and can be inserted into the Engineering Memorandum.

3.8 Local Water Quality Assessment

Localized water quality protection will be evaluated for two street sections and include potential LID measures such as rain gardens, filter strips, grassy swales, and permeable pavements/trails. A technical memorandum will summarize findings and can be inserted into the Engineering Memorandum.

Task 4: Town Center Improvements

4.1: Survey (Doucet)

- Doucet will perform a topographic survey for conceptual planning per the *TIRZ-Task 3-SurveyLimits-D&A170905.pdf* exhibit following the same guidelines from Task 3.1.
- Doucet will perform a boundary verification survey per the abovementioned exhibit to generally locate property lines for conceptual planning reference.
- Expanded survey limits to include Walnut Springs Elementary School **(Optional)**

4.2: Preliminary Base Map

- MAS will prepare preliminary base map based on existing HCAD information and aerial photography
- Doucet and HDR will add additional layers based on their internal files.
- As survey information is compiled, Doucet will provide it to the team to aid in conceptual planning.

4.3: Parking/Traffic Analysis (HDR)

- Trip Generation and Distribution
- School Parking Requirements and Drop Off Operations
- Shared Parking Analysis
- Site Circulation
- Roadway Alignment Recommendations
- On-Site/Off-site Transportation Improvements

4.4: Preliminary Work-Out of Vision Plan

- MAS will coordinate plan preparation with HDR and Doucet
- Plan will build on original TIRZ vision and concept diagram, and overlay proposed solutions to parking, drainage, school field, etc.
- Plan will be reiterated through successive team work sessions with TIRZ Project Manager and key stakeholders (see 1.2 above)
- Alternatives will be identified and depicted as appropriate
- TIRZ/stakeholder input will be solicited in November as a kick-off to preparation of refined development plan and developer solicitation.

4.4.1 Site Plan at 1"= 20'

4.4.2 Drainage Strategy (Doucet):

4.4.3 Site Circulation and Parking Diagram (HDR)

4.4.4 Parcelization Diagram and Development Program (MAS)

4.4.5 Preliminary 3D Model and Renderings (MAS)

4.5: Refined Development Plan (with Survey)

- MAS will coordinate plan preparation with HDR and Doucet

4.5.1 Site Plan at 1"= 20'

4.5.2 Drainage Detention and Water Quality Plan (Doucet): See Tasks 4.6 and 4.7 below

4.5.3 Site Circulation and Parking Plan (HDR)

4.5.4 Off-Site Transportation Improvements (HDR)

- 4.5.5 *Intersection layout and signal plans along US 290 (HDR)*
- 4.5.6 *Utility Plan (Doucet)*
- 4.5.7 *Parcelization Plan and Development Program (MAS)*
- 4.5.8 *3D Model and Renderings (MAS)*
- 4.5.9 *Cost Estimate (HDR)*

4.6: Drainage and Detention Assessment/Conceptual Designs

- Doucet will evaluate existing reports, studies, and development plans to **develop one localized drainage and detention alternative for the Town Center**. A conceptual drainage plan will be prepared to illustrate conveyance system options and the detention basin option. A brief technical memorandum will summarize findings and can be inserted into the Preliminary Engineering Report.

4.7: Water Quality Assessment Including LID Measures/Conceptual Designs

- Doucet will evaluate existing reports, studies, and development plans to **develop one localized water quality improvement alternative**. We will consider the TCEQ Edwards Aquifer Protection Program and City of Dripping Springs Water Quality Ordinance requirements. We will assess the potential of low impact development (LID) measures such as rain gardens, permeable pavements, rainwater collection, etc. to help meet water quality requirements. A technical memorandum will summarize findings and can be inserted into the Preliminary Engineering Report.

4.8: Preparation of Final Development Plan and Draft Development Standards

- MAS will coordinate preparation of final plan including all of the items described in 4.5 above, and the draft development standards that would be included in a PDD.

4.9: Preparation of Draft and Final Development Solicitation Document (**OPTIONAL**)

- MAS will coordinate with TIRZ Project Manager and TIRZ Board to prepare solicitation documents.
- MAS will rely on others to provide market, financial and legal inputs to the solicitation.
- MAS will prepare development standards and urban design guidelines for inclusion within the solicitation document.
- City will be responsible for distribution

- 4.9.1 *Market Overview (Others)*
- 4.9.2 *Financial Pro Forma (Others)*
- 4.9.3 *Legal Review (Others)*
- 4.9.4 *Draft Text and Design Standards (MAS)*
- 4.9.5 *Draft Document*
- 4.9.6 *Final Document*

Task 5: Triangle

5.1: Survey and Site Analysis (Doucet)

- Doucet will perform a topographic survey for conceptual planning per the *TIRZ-Task 4-SurveyLimits-D&A170824.pdf* exhibit following the same guidelines from Task 4.1.
- Doucet will perform a boundary & ROW verification survey per the abovementioned exhibit to generally locate property lines for conceptual planning reference.

5.2: Traffic Analysis (HDR)

- Obtain and review available data
- Trip Generation and Distribution (one base scenario)
- Traffic Circulation
- Operational Analysis and Recommendations
- On-Site/Off-site Transportation Improvements

5.3: Plan and Program Concept

- In one work session, the project team in consultation with the Program Manager will develop a preliminary concept for the Triangle site, taking into consideration the right-of-way needs established in Task 5.2, and the regional drainage strategy established in Task 2.
- MAS will prepare a site plan graphic depicting the preliminary design concept for consideration of the TIRZ board.

5.4: FEMA Floodplain Coordination

- Coordinate with the City Engineer and staff, attend meetings with FEMA, and provide an assessment of the proposed FEMA floodplain impacts to the site and the potential for map revisions to reduce the level of flooding. A brief technical memorandum will summarize findings.

5.5: Preliminary Concept(s) (Optional)

5.5.1. Preliminary Concept: HDR to finalize

5.5.2. Intersection layout (three intersections): HDR to prepare

5.5.3. Drainage, detention, and water quality design (one concept for each)

5.6: Engineering Memorandum (HDR/Doucet) (Optional)

Prepare a draft and final memorandum summarizing the following information:

5.6.1. Existing Conditions (survey, utilities, drainage, traffic operations)

5.6.2. Proposed Improvements (design criteria, roadway cross-section, intersection treatments, drainage, traffic operations)

5.6.3. Right-of-Way requirements

5.6.4. Construction cost estimates

Task 6: Downtown Public Parking (Optional)

6.1: Parking Analysis (HDR) (Optional)

- Existing Parking Inventory
- Existing Parking Demand Assessment

- Future Parking Demand Assessment (1 option)
- Shared Parking Analysis
- Parking lot/Garage location identification
- Parking Study Report

6.2: Preliminary Parking Site Plan (MAS) (Optional)

- Site Plan Layouts for Parking Facilities (MAS) (1 option assumed)
- Drainage analysis will not be performed for the Downtown Parking Strategy

Note that optional/additional services are for considerations by the City of Dripping Springs and are not included in the base budget. Additional services budgets are summarized separately.

TIRZ PRIORITY PROJECTS
TASK ORDER 1: September 6, 2017

- Task 1. Project Meetings and Work Sessions**
- 1.1 Project Schedule & Invoicing
- 1.2 Team Work Sessions (9)
- 1.3 TIRZ Board/Stakeholder Meetings (5)
- 1.4 Additional Meetings/Presentations (6)

Task 2. Regional Detention/Water Quality Strategy

- 2.1 Regional Detention Assessment
- 2.2 Regional Water Quality Assessment
- 2.3 Technical Memorandum

Task 3. Old Fitzhugh Road

- 3.1 Survey (Doucet)
- 3.2 Preliminary Base Map
- 3.3 Site Reconnaissance & Brainstorm Session
- 3.4 Traffic Analysis
- 3.5 Preliminary Concept
- 3.6 Engineering Memorandum
- 3.7 Local Drainage/Detention Assessment
- 3.8 Local Water Quality Assessment

Task 4. Town Center Improvements

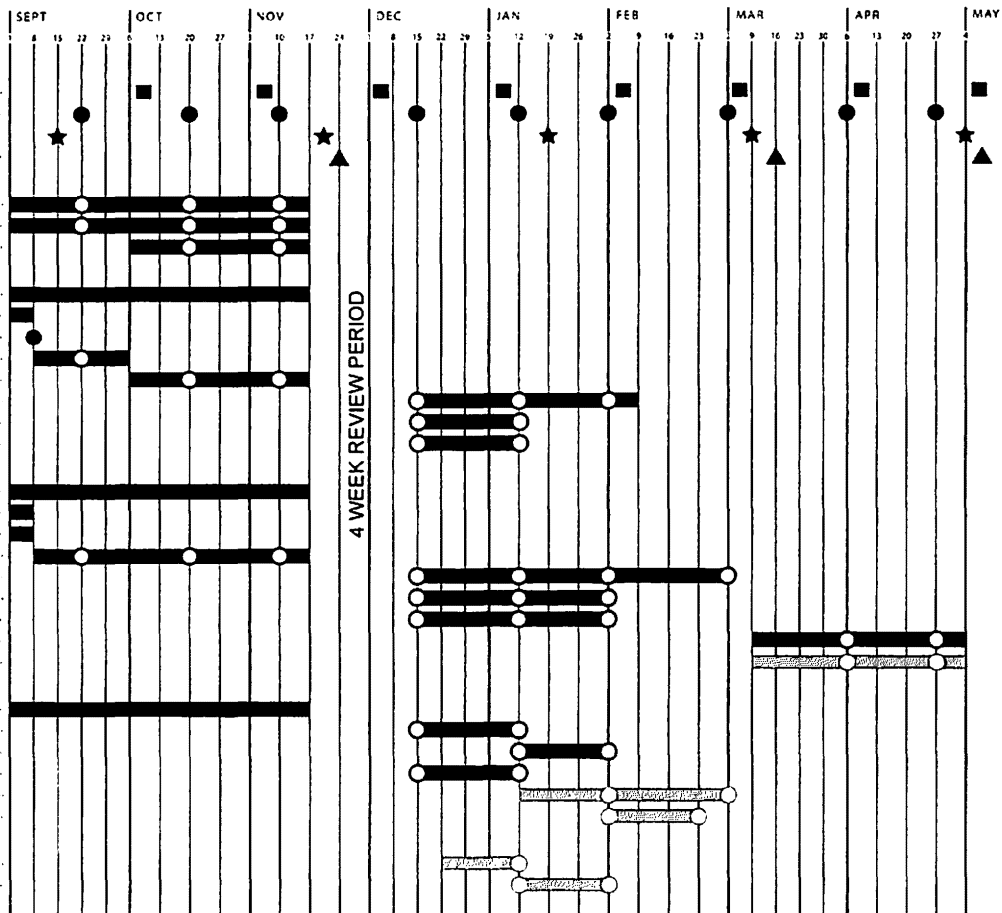
- 4.1 Survey
- 4.2 Preliminary Base Map
- 4.3 Parking/Traffic Analysis
- 4.4 Preliminary Work-Out of Vision Plan
- 4.5 Refined Development Plan (with Survey)
- 4.6 Drainage & Detention Assessment/Conceptual Designs
- 4.7 Water Quality Assessment/Conceptual Designs
- 4.8 Final Development Plan
- 4.9 Preparation of Draft & Final Development Solicitation Document (Optional)

Task 5. Triangle

- 5.1 Survey & Site Analysis
- 5.2 Traffic Analysis
- 5.3 Plan and Program Concepts
- 5.4 FEMA Floodplain Coordination
- 5.5 Preliminary Concept(s) (Optional)
- 5.6 Engineering Memorandum (Optional)

Task 6. Downtown Public Parking (Optional)

- 6.1 Parking Analysis (Optional)
- 6.2 Preliminary Parking Strategy with Site Plans (Optional)



Survey Limits

Dripping Springs TIRZ
Task 1. Old Fitzhugh
HDR/Doucet - 8/24/2017



Google earth

© 2017 Google

1000 ft



Survey Limits
Dripping Springs TIRZ
Task 3, Triangle
HDR/Doucet - 8/24/2017



**PROFESSIONAL SERVICES AGREEMENT
AMENDMENT NO.1 TO ADDENDUM HDR07212020
(Dripping Springs TIRZ Priority Projects: Task Order 3)**

This Amendment No. 1 (“Amendment”) to the Addendum dated July 21, 2020 (the “2020 Addendum”) is made and entered into on this 4th day of October, 2024, by and between the **City of Dripping Springs**, Texas, a Type-A General Law Municipality (the "City"), and **HDR Engineering, Inc.**, (the "Contractor"), together referred to as the “Parties”.

WHEREAS, the Parties entered into a Professional Services Agreement on September 12, 2017 (the "Agreement"), and the 2020 Addendum to Task Order 3 on July 21, 2020, for engineering services related to Tax Increment Reinvestment Zones (TIRZ) Priority Projects, attached for ease of reference hereto as Exhibit A, and

WHEREAS The Parties now desire to amend the 2020 Addendum to modify the scope of work for Task Order 3 as outlined in the amended Scope of Work dated August 7, 2024 (attached hereto as Exhibit B).

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the City and the Contractor agree as follows:

1. Amendment to Task Order 3 Scope of Work

The scope of work for Task Order 3 is hereby amended as described in Exhibit B, attached hereto.

2. Compensation

The total compensation, fee schedule and billing rates for the additional services described in Exhibit B remain unchanged. For greater certainty and without restricting the generality of the foregoing, total compensation will not exceed \$139,502.

3. Effect of Amendment

Except as modified by this Amendment, all terms and conditions of the 2020 Addendum remain in full force and effect. In the event of any conflict between the terms of this Amendment and the 2020 Addendum, the terms of this Amendment shall control.

[THIS SPACE INTENTIONALLY BLANK]

4. Entire Agreement

This Amendment, together with the 2020 Addendum and the original Agreement, constitutes the entire agreement between the Parties with respect to Task Order 3 and supersedes all prior agreements, understandings, and negotiations concerning the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE CITY:
City of Dripping Springs

THE CONTRACTOR:
HDR Engineering, Inc.

Michelle Fischer

Justin A. Word
Justin A. Word (Oct 4, 2024 12:29 CDT)

Michelle Fischer
City Administrator

Name: Justin A. Word
Title: Vice President

10/04/24

Date

10/04/24

Date

**EXHIBIT A
2020 Addendum**

HDR07212020

**PROFESSIONAL SERVICES AGREEMENT
ADDENDUM**

This Addendum for services ("Addendum") is made and entered into as of this the July 21, 2020, by and between **City of Dripping Springs** ("Client"), and **HDR Engineering, Inc.** ("Contractor") together referred to as the "Parties":

WHEREAS, the City and the Contractors entered into Professional Service Agreement for engineering services related to the Tax Increment Reinvestment Zones on September 12, 2017; and

WHEREAS, tasks have changed during the course of the projects; and

WHEREAS, the Parties desire to add new tasks, creating a new task order which increases the total not to exceed costs:

NOW, THEREFORE, the CLIENT and the CONTRACTORS, in consideration of the mutual covenants set forth in the original Professional Service Agreements dated September 12, 2017 and this Addendum, hereby amend the contract to incorporate the Summary of Task Order No. 3 Scope of Work and Fee Proposal attached as Attachment "A" to supplement and add to the Summary of Fee Proposal in the original Professional Service Agreements. The attached proposal is accepted by the Client and is incorporated herein as an addendum and as part of the Agreement.

1. The attached proposal is accepted by the Client and is incorporated herein as an addendum and as part of the Agreement.
2. The HDR Proposal additional services (with Doucet & Associates) shall not exceed \$139,502.
3. This Addendum is agreed to and accepted by both parties to the Agreement and shall be effective as of the 21st day of July 2020.

CITY OF DRIPPING SPRINGS:

HDR ENGINEERING, INC.:

Bill Foulds
Bill Foulds, Jr., Mayor

Rashed Islam, P.E., PTOE, Vice President

July 21, 2020
Date

Date

ATTEST:

Andrea Cunningham
Andrea Cunningham, City Secretary



City of Dripping Springs
Professional Services Agreement Addendum

TIRZ Priority Projects - Engineering & Surveying
Page 2 of 12

HDR07212020

**PROFESSIONAL SERVICES AGREEMENT
ADDENDUM**

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CITY OF DRIPPING SPRINGS:

HDR ENGINEERING, INC.:

Bill Foulds
Bill Foulds, Jr., Mayor

Rashed Islam
Rashed Islam, P.E., PTOE, Vice President

July 21, 2020
Date

7/22/2020
Date



Attachment "A"

**DRIPPING SPRINGS TIRZ PRIORITY PROJECTS:
TASK ORDER 3**

July 7, 2020

SCOPE OF WORK

Task 1: Town Center Support

1.1: Stakeholder Planning and Design Support

- HDR/Doucet:
 - Provide support services for Town Center planning
 - Support services includes answering questions and providing clarification on design assumptions for the Town Center development
 - Support includes project write ups (one page maximum) for drainage and transportation design

1.2: Development Standards/Design Guidelines

- HDR/Doucet:
 - Support MAS in preparation of Development Standards / Design Guidelines document
 - City of Dripping Springs and/or Hays County standards will be followed

1.3: Transportation Coordination and TxDOT Submittal

- HDR:
 - Update the Traffic Study, dated May 2018, to incorporate the latest land use mix for the Town Center
 - New traffic data will not be collected
 - Submit Traffic Study to TxDOT Austin District and TxDOT South Area Office
 - Address TxDOT comments on Traffic Study
 - Prepare final Traffic Study for submittal to TxDOT and TIRZ Board

Task 2: Old Fitzhugh Road

2.1 Implementation Funding Support

- HDR:
 - Provide support services during acquisition of funding for Old Fitzhugh Road
 - Identify potential funding opportunities and attend two (2) meetings to discuss these opportunities with the TIRZ Board and/or funding entities
 - Compile technical documents for submittal in a grant application, as required
 - Grant writing/application services are not included in this scope of work

2.2 Drainage Easements and Consulting

- Doucet:
 - Provide support services for acquisition of drainage easements on Old Fitzhugh Road
 - Recommend drainage easement widths along Old Fitzhugh Road (4 locations)

hdrinc.com 504 Lavaca Street Suite 900 Austin, TX 78701-2939
(512) 904-3700

City of Dripping Springs
Professional Services Agreement Addendum

TIRZ Priority Projects - Engineering & Surveying
Page 3 of 12



- Services include coordination with the City, property owners, or developers along Old Fitzhugh Road (2 meetings assumed)
- Services include review of preliminary plats or site plans for drainage easements (4 sites)
- Support HDR in the compilation of documents as required for a grant application

Task 3: Downtown Parking/Stephenson Lot

3.1 Site Survey

- Doucet:
 - Doucet will prepare a boundary survey of three tracts totaling approximately 1.4 acres performed in accordance with the Texas Society of Professional Surveyors Standards for a Category 1A Land Title Survey and will be based on the Texas Coordinate System NAD 83 (2011).
 - The survey will show listed record easements and restrictions to the extent they include a plottable description.
 - The survey will tag and locate trees, 8 inches and greater in diameter, within the survey limits of said site.
 - The topographic design survey will be performed in accordance with Texas Society of Professional Survey standards for a Category 6 Condition II Topographic survey and will be based on NAD 83 (2011) using NAVD88 vertical datum with Geoid 12A and tied to existing TIRZ project survey control data.
 - The survey will field locate found visible features, both horizontally and vertically, including existing on-site structures, buildings, drainage features, adjacent and onsite sidewalks, curb lines, pavement, and visible above-ground utility appurtenances.
 - The topographic survey will obtain field elevations throughout the survey limits on the project site which will be utilized in developing a digital terrain model. One-foot contours will be shown on the survey.
 - Doucet will contact Texas 811 for utility locate, markings placed by purveyors will be surveyed at time of design survey.
 - The survey drawing will be signed and sealed by a Texas Registered Professional Land Surveyor and provided in hard copy, PDF and DWG formats.
 - Client is to provide site right-of-entry access upon notice-to-proceed.

3.2 Design Package

- HDR:
 - Provide support services to City of Dripping Springs and Doucet for preparation of Plans, Specifications & Estimates for Downtown Park / Stephenson Lot.
 - Design parking lot lighting that will include steel poles with fixtures, steel reinforced concrete pole base detail, underground ductbank with concrete encased PVC conduit, and lighting control system.
 - Design calculations will include a photometric analysis.
 - Light design will incorporate Dark Skies features, including minimum light emission required per Illumination Engineering Standards of North America (IESNA), no light spill over property boundary, 'house side'

2



- shields if necessary, LEDs specified will minimize blue light emissions, zero light emission skyward, programmable/automatic lighting control system (with override controls).
- Electrical design will include: overcurrent protection, branch circuit (breaker, conductor, conduit) sizing, panel schedule, short circuit analysis, preliminary arc flash analysis, grounding, and load analysis.
 - Exclusions: new electrical service/coordination with utility, selective coordination study, final arc flash analysis (will be specified to be provided by installing contractor), multiple design alternatives, extensive fixture selection alternatives and presentations.
- Doucet:
 - Prepare conceptual design plan in coordination with MAS, HDR, and the Dripping Springs downtown plan. Share the plan with the project team and the City staff.
 - We will presume that a concrete parking lot will be constructed to align with the nearby parking lot at the corner of Mercer Street and Old Fitzhugh Road. We will rely on City standards and other nearby geotechnical information if available. Thus, a geotechnical assessment is not included in this proposal.
 - Respond to comments and update the conceptual design plan.
 - Prepare the 30% design plan including parking lot layout, preliminary stripping plan, stormwater quality and detention plan, preliminary construction details, notes, cover sheet, and standard details. Perform value engineering to assess alternatives. Share the plan with the project team and City staff.
 - Respond to comments and incorporate into the final design (100% plans) construction plans. Prepare specifications, final project details, erosion and sediment control plan, Stormwater Pollution Prevention Plan (SWPPP), traffic control plan, electrical plan/lighting, and landscape plan.
 - The electrical/lighting plan will be prepared by a vendor in alignment with the very specific requirements of the City. We will complete the Compliance Worksheet for the City and include the plan with the engineering plan set.
 - The landscape plan will be prepared by MAS or an alternative landscape architect. The fee includes incorporation of the landscape plan into the Doucet construction plans to the City for permitting.
 - Submit construction plans to the City for a City of Dripping Springs permit and obtain a construction permit. Based on our review of the TCEQ Contributing Zone Plan requirements, an application is not required to be submitted to TCEQ.
 - Support the City in the bidding process. Doucet will prepare the project manual and bid documents. This proposal assumes that the City will host the bid and perform the contracting services with the contractor.
 - Provide construction observation during the construction period and respond to contractor requests for information (RFI). Once the project is completed per the approved plans and specifications, Doucet will provide a concurrence letter to the City. This proposal assumes that the City will manage the contract administration with the contractor.



Task 4: Triangle Project

4.1 TxDOT Project Planning

- HDR:
 - Provide updates to the TIRZ Board on the TxDOT US 290 planning study as the project progresses

4.2 FEMA Flood Plain Mapping

- Doucet:
 - Review preliminary and final FEMA flood plain maps and provide guidance to the TIRZ Board on impact on the Triangle development
 - Coordinate with the City Floodplain Administrator regarding the FEMA floodplain map amendment in Hays County
 - Provide input on TxDOT concepts as the US 290 project progresses

Task 5: Project Meetings, Coordination, and Team Work Sessions

5.1: TIRZ Board Meetings (2 total)

- HDR/Doucet:
 - Meetings will provide updates and describe work in progress
 - Board will provide direction and approvals as required

5.2: Stakeholder Engagement and Public Outreach

- HDR/Doucet:
 - Attend one (1) stakeholder meeting

5.3: Team Work Sessions (8 total)

- HDR/Doucet:
 - A total of eight (8) team meetings or work sessions (TIRZ Program Manager, HDR, Doucet, MAS, EPS, CMR, Master Developer) in Dripping Springs, Austin, or virtual
 - Meetings will involve progress on Town Center or Stephenson Lot/Downtown Parking

5.4: Project Schedule and Invoicing

- HDR/Doucet:
 - Monthly progress reports with invoices (15 assumed)
 - Project coordination (telephone conferences) with TIRZ Project Manager

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DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
 TASK ORDER 3
 7/7/2020

		HDR	DOUCET	TOTAL
1	Town Center Improvements			
	Hours	180	36	216
	Fee	\$27,440	\$6,380	\$33,820
2	Old Fitzhugh			
	Hours	16	16	32
	Fee	\$3,080	\$3,680	\$6,760
3	Downtown Parking/Stephenson Lot			
	Hours	49	386	435
	Fee	\$8,970	\$61,520	\$70,490
4	Triangle			
	Hours	28	20	48
	Fee	\$4,860	\$4,600	\$9,460
5	Project Management and Project Coordination			
	Hours	51	43	94
	Fee	\$9,525	\$7,865	\$17,390
6	Expenses			
	Hours	-	-	-
	Fee	\$882	\$700	\$1,582
	TOTAL HOURS	324	501	825
	TOTAL FEE	\$54,757	\$84,745	\$139,502

DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
TASK ORDER 3
7/7/2020

		HDR	DOUCET	TOTAL
1	Town Center Improvements			
1.1	Stakeholder Planning and Design Support	12	20	\$32
1.2	Development Standards/Design Guidelines	36	16	\$52
1.3	Transportation Coordination and TxDOT Submittal	132	0	\$132
	Hours	180	36	216
	Fee	\$27,440	\$6,380	\$33,820
2	Old Fitzhugh			
2.1	Implementation Funding Support	16	0	16
2.2	Drainage Easement Consulting	0	16	16
	Hours	16	16	32
	Fee	\$3,080	\$3,680	\$6,760
3	Downtown Parking/Stephenson Lot			
3.1	Survey	0	56	56
3.2	Design Package	45	258	303
3.3	Permits and Bidding	2	42	44
3.4	Construction Support	2	30	32
	Hours	49	386	435
	Fee	\$8,970	\$61,520	\$70,490
4	Triangle			
4.1	TxDOT Project Planning Support	28	0	28
4.2	FEMA Flood Plain Mapping Support	0	20	20
	Hours	28	20	48
	Fee	\$4,860	\$4,600	\$9,460
5	Project Management and Project Coordination			
5.1	TIRZ Board Meetings	3	3	6
5.2	Stakeholder Engagement/Public Outreach	2	2	4
5.3	Team Work Sessions and Coordination	16	8	24
5.4	Project Schedule and Invoicing	30	30	60
	Hours	51	43	94
	Fee	\$9,525	\$7,865	\$17,390
6	Expenses			
	Hours	-	-	-
	Fee	\$882	\$700	\$1,582
	TOTAL HOURS	324	501	825
	TOTAL FEE	\$54,757	\$84,745	\$139,502

DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
 TASK ORDER 3
 7/17/2020

HDR Engineering, Inc.																							
		Proj Principal	Sr. Env Lead	Proj Manager	QC Manager	Public Involvement Manager	Sr. Real Estate Lead	Sr. Utility Engr	Sr. Drain Engr	Sr. Light Engr	Sr. Env. Scientist	Sr. Engr	Proj Engr	Sr. Real Estate Spec	Real Estate Spec	EIT	Env Scientist	GIS Analyst	Graphic Designer	CADD Tech	Arch/Historian	Admin Asst	TOTAL
1	Town Center Improvements	\$310	\$260	\$225	\$230	\$175	\$300	\$290	\$230	\$250	\$160	\$230	\$160	\$150	\$120	\$125	\$115	\$130	\$105	\$110	\$95	\$95	
1.1	Stakeholder Planning and Design Support			8									4										12
1.2	Development Standards/Design Guidelines			12									8			16			4				36
1.3	Transportation Coordination and TxDOT Submittal			40									60			40			20				132
	Task Subtotal Hours	0	0	28	0	0	0	0	0	0	0	0	72	0	0	56	0	0	4	20	0	0	180
	Task Subtotal Fee	\$0	\$0	\$6,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,520	\$0	\$0	\$7,000	\$0	\$0	\$420	\$2,200	\$0	\$0	\$27,440
2	Old Fitzhugh																						
2.1	Implementation Funding Support			8									8										16
2.2	Drainage Easement Consulting			8									8										0
	Task Subtotal Hours	0	0	8	0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	0	0	0	16
	Task Subtotal Fee	\$0	\$0	\$1,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,280	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,080
3	Downtown Parking/Stephenson Lot																						
3.1	Survey																						0
3.2	Design Package																						0
3.2a	Conceptual Design			8																			8
3.2b	30% Design Plans																						0
3.2c	Illumination											9		28									37
3.2d	Landscape plan and specifications (Coordination)																						0
3.2e	Final Design Plans and specifications																						0
3.3	Permits and Bidding			2																			2
3.4	Construction Support			2																			2
	Task Subtotal Hours	0	0	12	0	0	0	0	0	0	0	9	0	28	0	0	0	0	0	0	0	0	49
	Task Subtotal Fee	\$0	\$0	\$2,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,070	\$0	\$4,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,970
4	Triangle																						
4.1	TxDOT Project Planning Support			13																			28
4.2	FEMA Flood Plain Mapping Support			12									8							8			0
	Task Subtotal Hours	0	0	12	0	0	0	0	0	0	0	0	8	0	0	0	0	0	0	8	0	0	28
	Task Subtotal Fee	\$0	\$0	\$2,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,280	\$0	\$0	\$0	\$0	\$0	\$0	\$880	\$0	\$0	\$4,860
5	Project Management and Project Coordination																						
5.1	TIRZ Board Meetings (1 meeting)**			3																			3
5.2	Stakeholder Engagement/PUBLIC Outreach (1 meeting)**			2																			2
5.3	Team Work Sessions (8 Meetings) and coordination			16																			16
5.4	Project Schedule and Invoicing			15																			30
	Task Subtotal Hours	0	0	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	51
	Task Subtotal Fee	\$0	\$0	\$9,160	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,425	\$9,525
6	Expenses																						
	Turning Movement Counts																						\$0
	Tube Counts																						\$0
	Printing																						\$500
	Miscage																						\$382
	Task Subtotal Fee																						\$882
	TOTAL HOURS	0	0	96	0	0	0	0	0	0	0	9	88	28	0	56	0	0	4	28	0	15	324
	TOTAL FEE	\$0	\$0	\$21,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,070	\$14,080	\$4,200	\$0	\$7,000	\$0	\$0	\$420	\$3,080	\$0	\$1,425	\$54,757

** Fee estimate assumes two meetings can be attended under Work Authorization 2

DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
 TASK ORDER 3
 7/7/2020

Doucet and Associates, Inc.

		Principal	Sr. PM	Senior Project Engineer	Staff Engineer	Engineer Associate II	Genior Civil Technicia n	Civil Technicia n	Survey Project Manager (RPLE)	Senior Survey Technicia n	GIS Specialist	Two-Person Field Crew	Three-Person Field Crew	Party Chief-Time Basis	Administrative Assistant	LIDAR Scanner	GIS Analyst	TOTAL
		\$250	\$230	\$185	\$145	\$130	\$140	\$125	\$210	\$130	\$130	\$160	\$210	\$95	\$95	\$100		
1	Town Center Improvements																	
1.1	Stakeholder Planning and Design Support		8		8										4			20
1.2	Development Standards/Design Guidelines		8		8													16
1.3	Transportation Coordination and TxDOT Submittal																	0
	Task Subtotal Hours	0	16	0	16	0	0	0	0	0	0	0	0	0	4	0	0	36
	Task Subtotal Fee	\$0	\$3,680	\$0	\$2,320	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$380	\$0	\$0	\$6,380
2	Old Fitzhugh																	
2.1	Implementation Funding Support																	0
2.2	Drainage Easement Consulting		16															16
	Task Subtotal Hours	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
	Task Subtotal Fee	\$0	\$3,680	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,680
3	Downtown Parking/Stephenson Lot																	
3.1	Survey								8	24		24						56
3.2	Design Package (Site development plans, water quality, QACQ, etc.)																	0
3.2a	Conceptual Design	2	8		16		16											42
3.2b	30% Design Plans	2	16		24		40											82
3.2c	Illumination		1		4													5
3.2d	Landscape plan and specifications (Coordination)		2		8													10
3.2e	Final Design Plans and specifications	1	8		50		60											119
3.3	Permits and Bidding		10		16		16											42
3.4	Construction Support		16		10		4		8	24	0	24	0	0	0	0	0	30
	Task Subtotal Hours	5	61	0	128	0	136	0	8	24	0	24	0	0	0	0	0	386
	Task Subtotal Fee	\$1,250	\$14,030	\$0	\$18,560	\$0	\$10,040	\$0	\$1,680	\$3,120	\$0	\$3,840	\$0	\$0	\$0	\$0	\$0	\$61,520
4	Triangle																	
4.1	TxDOT Project Planning Support																	0
4.2	FEMA Flood Plain Mapping Support and input on TxDOT options		20															20
	Task Subtotal Hours	0	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20
	Task Subtotal Fee	\$0	\$4,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,600
5	Project Management and Project Coordination																	
5.1	TIRZ Board Meetings (1 meeting)**		3															3
5.2	Stakeholder Engagement/Public Outreach (1 meeting)**		2															2
5.3	Team Work Sessions (4 Meetings) and coordination **		8															8
5.4	Project Schedule and Invoicing		15												15			30
	Task Subtotal Hours	0	28	0	0	0	0	0	0	0	0	0	0	0	15	0	0	43
	Task Subtotal Fee	\$0	\$6,440	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,425	\$0	\$0	\$7,865
6	Expenses																	
	Turning Movement Counts																	\$0
	Tube Counts																	\$0
	Printing																	\$500
	Mileage																	\$200
	Task Subtotal Fee																	\$700
	TOTAL HOURS	5	141	0	144	0	136	0	8	24	0	24	0	0	19	0	0	501
	TOTAL FEE	\$1,250	\$32,430	\$0	\$20,880	\$0	\$19,040	\$0	\$1,680	\$3,120	\$0	\$3,840	\$0	\$0	\$1,805	\$0	\$0	\$84,745

** Fee estimate assumes five meetings can be attended under Work Authorization 2



HDR Labor Schedule
Hourly Rates
City of Dripping Springs

Effective January 14, 2020

Project Principal	\$310.00
Senior Environmental Lead	\$260.00
Project Manager	\$225.00
QC Manager	\$230.00
Public Involvement Manager	\$175.00
Senior Utility Engineer	\$290.00
Senior Drainage Engineer	\$230.00
Senior Lighting Engineer	\$250.00
Senior Environmental Scientist	\$180.00
Senior Engineer	\$230.00
Project Engineer	\$160.00
EIT	\$125.00
Environmental Scientist	\$115.00
Public Involvement Coordinator	\$125.00
GIS Analyst	\$130.00
Graphic Designer I	\$105.00
CADD Technician	\$110.00
Archeology/Historian	\$95.00
Administrative Assistant	\$95.00
Expenses	100% of cost
Mileage	Current IRS Rate

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Schedule A

Doucet & Associates 2020 Fee Schedule (effective 3/30/2020)

Personnel	Hourly Fee	Personnel	Hourly Fee
Principal Engineer (PE)	\$250.00	Principal Surveyor (RPLS)	\$250.00
Senior Project Manager	\$230.00	Project Manager (RPLS)	\$210.00
Project Manager	\$200.00	Project Coordinator	\$140.00
Senior Project Engineer (PE)	\$185.00	Survey Specialist	\$130.00
Project Engineer III	\$170.00	Survey Technician	\$105.00
Project Engineer II	\$160.00	GIS Specialist	\$130.00
Project Engineer I	\$145.00	GIS Technician	\$100.00
Engineer Associate II	\$130.00	LiDAR Specialist	\$130.00
Engineer Associate I	\$115.00	LiDAR Technician	\$100.00
Sr. Construction Manager	\$150.00	Aerial Mapping Specialist	\$130.00
Construction Manager	\$110.00	Aerial Mapping Technician	\$100.00
Program Manager	\$110.00	Utility Specialist	\$130.00
Sr. Civil Technician	\$140.00	Utility Technician	\$100.00
Civil Technician	\$125.00	Field Coordinator	\$140.00
Assistant Civil Technician	\$115.00	Field Specialist	\$110.00
		Crew of 1	\$115.00
Senior Planner (AICP)	\$170.00	Crew of 2	\$160.00
Project Planner	\$155.00	Crew of 3	\$210.00
Staff Planner	\$115.00	Division Administrator	\$100.00
Planning Technician	\$105.00	LiDAR Scanner	\$100.00/hr
		Drone	\$600.00/hr
Sr. Operations Assistant	\$100.00	Ground Targets	\$25/ea
Operations Assistant	\$ 75.00	Concrete Monuments	\$250/ea
		ATV/Boat/Sonar	\$100/day
Expert Witness	\$525.00	Mileage	Current IRS rate

D&A reserves the right to periodically adjust our fee schedule.

EXHIBIT B

Task Order 3 Amendment



**DRIPPING SPRINGS TIRZ PRIORITY PROJECTS:
TASK ORDER 3, AMENDMENT 1**

August 7, 2024

SCOPE OF WORK

Task 1: Town Center Support

- No additional tasks will be performed on the Town Center project.

Task 2: Old Fitzhugh Road

- Old Fitzhugh Road tasks are underway on another contract. No additional tasks will be performed on the Old Fitzhugh Road project under this contract.

Task 3: Downtown Parking/Stephenson Lot

The following additional tasks are required to support the Downtown Parking / Stephenson Lot project:

3.1 Site Survey

- No additional tasks will be performed under this contract.

3.2 Design Package

- HDR:
 - Provide support services to City of Dripping Springs and Doucet for preparation of Plans, Specifications & Estimates for Downtown Park / Stephenson Lot.
 - Design parking lot lighting that will include custom solar-powered illumination assemblies with integrated programmable/automatic lighting controls, integrated motion/occupancy sensor, and steel reinforced concrete pole foundation bases.
 - Design calculations will include a photometric analysis (project limits). The photometric analysis will be utilized to determine the illumination assembly optic distribution and spacing for the parking lot illumination.
 - Perform Google Earth site survey and analysis of existing site conditions.
 - Parking Lot Illumination design will incorporate Dark Skies features, including minimum light emission required per Illumination Engineering Standards of North America (IESNA), no light trespass over property boundary, 'house side' shielding if necessary, LEDs specified will minimize blue light emissions, zero light emission skyward, and will have integrated programmable/automatic lighting controls (including motion/occupancy sensor).
 - Develop parking lot illumination design for 90% and 100% design submittals that will include the following: parking lot illumination layout, illumination assembly pole foundation base, illumination assembly pole grounding, installation details, diagrams, and specifications.

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- Coordinate parking lot illumination assembly locations with parking lot landscape concept design.
- Attend virtually the 90% and 100% design submittal review meetings.
- Exclusions: separate new parking lot illumination electrical service/coordination with utility coordination, wired parking lot illumination assemblies, existing parking lot illumination removal plans, revising or adding new electrical loads to any existing electrical systems within the project limits, voltage drop analysis, load analysis, overcurrent protection design, selective coordination study, arc flash analysis, multiple design alternatives, site visits/ meetings, extensive illumination assembly selection alternatives and presentations, and additional construction administration services (change orders, weekly progress meetings, and estimate reviews).
- Doucet:
 - Doucet will prepare site development plans and submit to the City of Dripping Springs. Doucet will assist the client with obtaining a Site Development construction permit. To address water quality and detention pond requirements, Doucet will design a drainage system for the new parking lot using permeable pavement. Doucet will use infiltration information provided in the Geotech report to design for City of Dripping Springs Water Quality requirements. A rain garden will also be designed for storm runoff from the Stephenson building addition. For flood control, the permeable pavement section void space will be used to provide detention volume meeting the City of Dripping drainage criteria.

3.3 Permits & Bidding

- HDR:
 - Answer questions related to illumination during the project bid phase.
- Doucet:
 - Doucet will assist to respond to review comments and prepare the final plat for City approval and recordation as requested by the project engineer. Doucet assumes, plat application and coordination with reviewers will be a separate "Plat Processing" Task to be performed by others.

3.4 Construction Support

- HDR:
 - Answer questions (RFI) related to illumination during project construction.

Task 4: Triangle Project

- No additional tasks will be performed on the Triangle project.

Task 5: Project Meetings, Coordination, and Team Work Sessions

The following additional tasks are anticipated on the project.

5.1: TIRZ Board Meetings (1 total)

- HDR/Doucet:
 - Meetings will provide updates and describe work in progress



- Board will provide direction and approvals as required
- 5.2: Stakeholder Engagement and Public Outreach
 - None assumed
- 5.3: Team Work Sessions (2 total)
 - HDR/Doucet:
 - A total of two (2) team meetings or work sessions in Dripping Springs, Austin, or virtual
 - Meetings will involve progress on Stephenson Lot/Downtown Parking
- 5.4: Project Schedule and Invoicing
 - HDR/Doucet:
 - Monthly progress reports with invoices (4 assumed)
 - Project coordination (telephone conferences) with TIRZ Project Manager (4 assumed)

DRIPPING SPRINGS TIRZ PRIORITY PROJECTS
 TASK ORDER 3
 8/7/2024

		ORIGINAL			ADDITIONAL TASKS			ADJUSTMENT			UPDATED		
		HDR	DOUCET	TOTAL	HDR	DOUCET	TOTAL	HDR	DOUCET	TOTAL	HDR	DOUCET	TOTAL
1	Town Center Improvements												
	Hours	180	36	216	0	0	0						0
	Fee	\$27,440	\$6,380	\$33,820	\$0	\$0	\$0	-\$25,863	-\$6,380	-\$32,243	\$1,578	\$0	\$1,578
2	Old Fitzhugh												
	Hours	16	16	32	0	0	0						0
	Fee	\$3,080	\$3,680	\$6,760	\$0	\$0	\$0	\$1,660	-\$3,680	-\$2,020	\$4,740	\$0	\$4,740
3	Downtown Parking/Stephenson Lot												
	Hours	49	386	435	140	90	230	140	90	230	\$33,420	\$77,410	\$110,830
	Fee	\$8,970	\$61,520	\$70,490	\$24,450	\$15,890	\$40,340	\$24,450	\$15,890	\$40,340	\$0	\$0	\$0
4	Triangle												
	Hours	28	20	48	0	0	0						0
	Fee	\$4,860	\$4,600	\$9,460	\$0	\$0	\$0	-\$4,860	-\$4,600	-\$9,460	\$0	\$0	\$0
5	Project Management and Project Coordination												
	Hours	51	43	94	15	0	15	15	0	15	\$13,040	\$7,865	\$20,905
	Fee	\$9,525	\$7,865	\$17,390	\$3,515	\$0	\$3,515	\$3,515	\$0	\$3,515	\$0	\$0	\$0
6	Expenses												
	Hours			0			0	0	0	-	\$749	\$700	\$1,449
	Fee	\$882	\$700	\$1,582	\$0	\$0	\$0	-\$133	\$0	-\$133	\$0	\$0	\$0
	TOTAL HOURS	324	501	825	155	90	245	155	90	245	0	0	0
	TOTAL FEE	\$54,757	\$84,745	\$139,502	\$27,965	\$15,890	\$43,855	-\$1,231	\$1,230	-\$1	\$53,527	\$85,975	\$139,502



STAFF REPORT
City of Dripping Springs
 PO Box 384
 511 Mercer Street
 Dripping Springs, TX 78620

Submitted By: Michelle Fischer, City Administrator

Council Meeting Date: March 17, 2026

Agenda Item Wording: **A Resolution of the City of Dripping Springs, Texas Approving the Design and Location of Two Gateway Monuments Along US 290 and One Gateway Monument Along RM 12 Within the Texas Department of Transportation (TxDOT) Rights-Of-Way; Authorizing the City Administrator to Negotiate and Execute the Related TxDOT Gateway Monument Agreement for the Construction and Maintenance of the Gateway Monuments and Other Related Documents; And Declaring an Effective Date.**

Agenda Item Requestor: Michelle Fischer, City Administrator

Summary/Background: The City of Dripping Springs is implementing a comprehensive wayfinding signage program to improve navigation, strengthen community identity, and enhance the visitor experience. As part of the overall Wayfinding Signage, gateway monument signs are proposed at key entrances into the city.

Because the proposed gateway monuments will be located within TxDOT right-of-way, TxDOT requires the City to enter into a Gateway Monument Agreement prior to commencement of construction. This agreement establishes the City's responsibility for the design, construction, and ongoing maintenance of the monument structures and associated safety elements.

The Gateway Monument design plans have been submitted to the TxDOT District Engineer. The resolution needs to be submitted to him before official approval is granted.

The attached Resolution authorizes the City Administrator to negotiate and execute the required agreement with TxDOT once monument design plans and locations are finalized and approved.

Background

Gateway monuments serve as visual entry markers that welcome residents and visitors to Dripping Springs. The monuments are being developed as part of the City's broader wayfinding signage program.

In the fall, City Council approved the bidding process for the Wayfinding signage. Staff wanted to include the Gateway Monument Signage within the same bid package in order to provide City Council with a comprehensive view of the project scope and associated costs. Staff now has TxDOT’s approval of the initial design for the monument signs and this is the final step needed before the bidding process begins.

TxDOT requires local governments to enter into a formal agreement when monuments or similar features are constructed within or adjacent to state highway right-of-way. The agreement outlines responsibilities related to:

- Submission and approval of monument design plans;
- Construction according to TxDOT-approved specifications;
- Installation of appropriate traffic control and safety measures;
- Ongoing inspection and maintenance of the structures; and
- Removal and restoration of the site if the agreement is terminated.

Approval of this resolution allows the City to move forward with the agreement process and continue implementation of the Gateway Monument portion of the Wayfinding Project.

The Wayfinding and Gateway Monument Signage Project is anticipated to be funded through Local Hotel Occupancy Tax (HOT) funds.

Approval of this resolution does not authorize project expenditures. It allows the City to meet TxDOT requirements so that the project may proceed to the bidding phase. Any construction contract resulting from the bidding process will be presented to City Council for approval prior to the expenditure of funds.

The project is anticipated to be implemented in phases over multiple years, allowing the City to prioritize key locations and distribute costs over time. The bid package will have a base bid for the most important wayfinding signs, an alternate bid for additional wayfinding signs, and an alternate for the monument signs.

The location for a Gateway Monument on RM 12 south near the intersection of FM 150 is on hold and will be considered when construction plans for the intersection are completed.

**Commission
Recommendations:**

N/A

**Recommended
Council Actions:**

Staff recommends approval of the Resolution authorizing the City Administrator to negotiate and execute a Gateway Monument Agreement

with TxDOT for the installation and maintenance of gateway monument signage.

- Attachments:** Resolution Gateway Monuments
24.1145 Dripping Springs City Signage TxDOT Gateway Review Package
2026.03.02
Interlocal Gateway Monument Guide
- Next Steps/Schedule:** Once approved, City will work with Studio 16:19 on the bidding process.

CITY OF DRIPPING SPRINGS

RESOLUTION NO. 2026-__

A RESOLUTION OF THE CITY OF DRIPPING SPRINGS, TEXAS APPROVING THE DESIGN AND LOCATION OF TWO GATEWAY MONUMENTS ALONG US 290 AND ONE GATEWAY MONUMENT ALONG RM 12 WITHIN THE TEXAS DEPARTMENT OF TRANSPORTATION (TXDOT) RIGHTS-OF-WAY; AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE THE RELATED TXDOT GATEWAY MONUMENT AGREEMENT FOR THE CONSTRUCTION AND MAINTENANCE OF THE GATEWAY MONUMENTS AND OTHER RELATED DOCUMENTS; AND DECLARING AN EFFECTIVE DATE.

- WHEREAS,** the Texas Department Transportation (TxDOT) has a requirement that local entities enter into an Agreement with TxDOT to construct Gateway Monuments and provide long term maintenance of such structures; and
- WHEREAS,** the City of Dripping Springs agrees to provide Gateway Monument design plans to the State before execution of the Agreement according to State policy and, upon final approval, furnish and construct the Gateway Monuments according to the plans approved by the State; and
- WHEREAS,** the City of Dripping Springs agrees to furnish, erect, and maintain any barricades, signs, and traffic handling devices, in accordance with the latest Texas Manual of Uniform Traffic Control Devices (MUTCD) and to the satisfaction of the State related to these projects, as may be required to protect the safety of the public; and
- WHEREAS,** the City of Dripping Springs agrees to conduct periodic inspections of the Gateway Monuments as deemed necessary; and
- WHEREAS,** the City of Dripping Springs agrees to provide for the construction and maintenance of all associated appurtenances that are considered by the State to be part of the project; and
- WHEREAS,** the City of Dripping Springs agrees to remove such items from the project's location and restore the area to the satisfaction of the State upon termination of the Gateway Monument Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City of Dripping Springs City Council:

1. The City Council approves the design and location of the Gateway Monuments described in the exhibit attached to this Resolution as Attachment A.
2. The City Administrator is authorized to negotiate and execute the related TxDOT Gateway Monument Agreement for the construction and maintenance of the Gateway Monuments and other related documents on behalf of the City.
3. This resolution shall be in full force and effect immediately from and after its passage.

PASSED AND APPROVED this, the ___ day of _____ 2026, by a vote of __ (ayes) to __ (nays) to __ (abstentions) of the City Council of Dripping Springs, Texas.

CITY OF DRIPPING SPRINGS:

By: _____

Bill Foulds, Jr., Mayor

ATTEST:

Diana Boone, City Secretary

Attachment A

GATEWAY MONUMENTS DESIGN AND LOCATIONS

CITY OF DRIPPING SPRINGS

City Signage Master Plan
TXDOT Review Package
March 2026



DRIPPING SPRINGS
Texas

CLIENT
City of Dripping Springs
511 W Mercer Street
Dripping Springs, TX 78620



DESIGN TEAM
Studio16:19, llc
305 W. Liberty Ave, Suite 100
Round Rock, TX 78664

GATEWAY MONUMENT SIGN LOCATIONS

DRIPPING SPRINGS NORTH MAP



SCALE: NTS

KEY LEGEND:

- GATEWAY MONUMENT SIGN
- - - HISTORIC DISTRICT
- CITY LIMITS

NOTES:

1. Contractor to provide demolition, as needed, at all sign locations, and to repair/replace any concrete removed or damaged during construction.
2. Contractor to coordinate with City and TXDOT to schedule any required traffic controls.
3. Contractor to provide new footings for all signs.
4. Contractor to contact 811 prior to installation.
5. Contractor to field locate and stake all signage for landscape architect and owner approval. Locations to comply with TxDOT distance regulations.
6. Contractor to provide shop-drawings and mock-ups for all signage prior to construction for landscape architect and owner approval.
7. Design Development drawings only.

IMAGE PROVIDED TO SHOW INTENT / APPROX. LOCATION



Design Development Drawings only.
Contractor to provide shop drawings and mock-ups for Landscape Architect's approval.

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GATEWAY MONUMENT SIGN LOCATIONS

DRIPPING SPRINGS EAST MAP



SCALE: NTS

KEY LEGEND:

- GATEWAY MONUMENT SIGN
- - - HISTORIC DISTRICT
- CITY LIMITS

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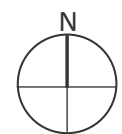
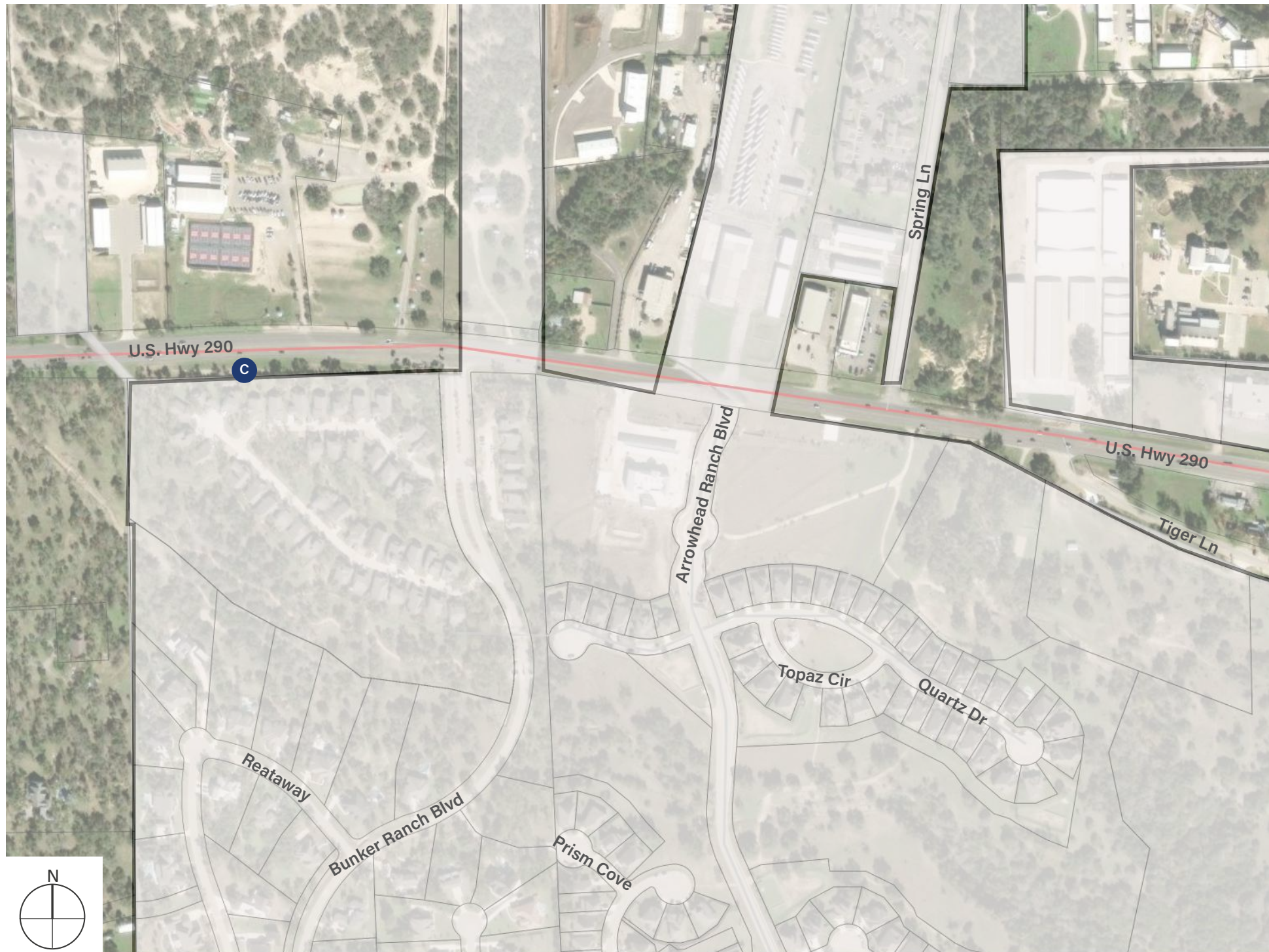


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GATEWAY MONUMENT SIGN LOCATIONS

DRIPPING SPRINGS WEST MAP



SCALE: NTS

KEY LEGEND:

- GATEWAY MONUMENT SIGN
- - - HISTORIC DISTRICT
- CITY LIMITS

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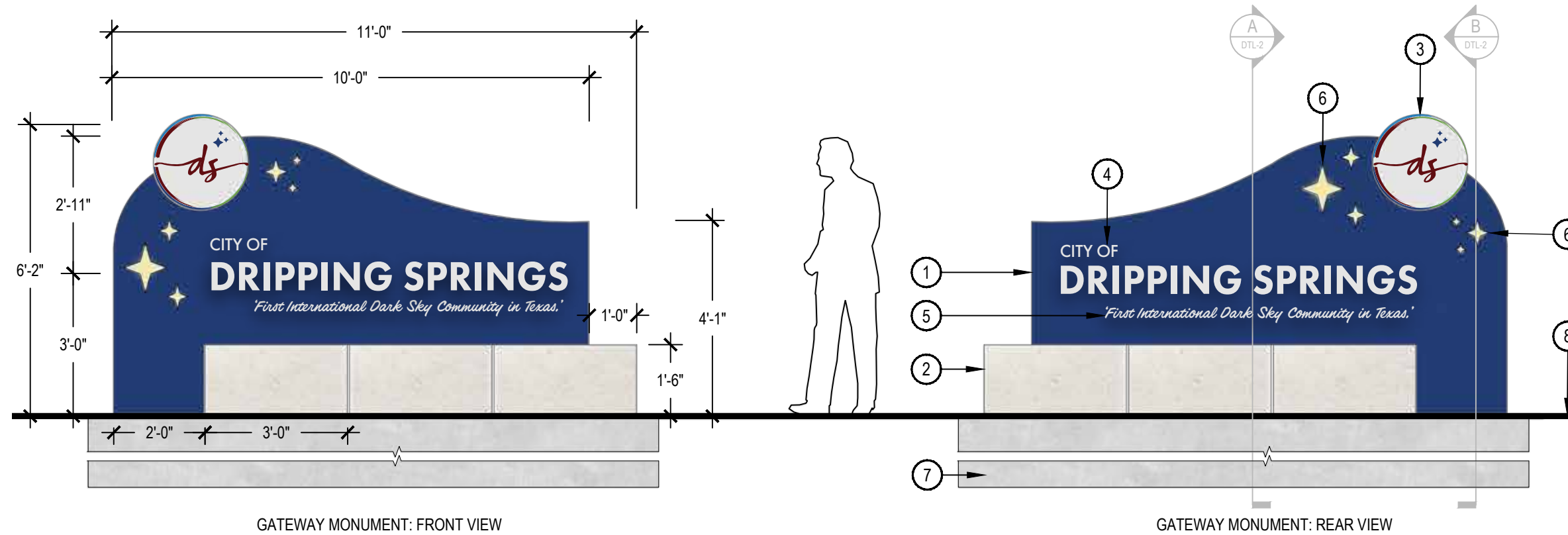


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GATEWAY MONUMENT SIGN

SIGN DETAILS & NOTES



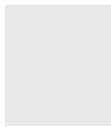




- ① 1/4" THICK CUT (CORTEN OR POWDER-COATED/PAINTED) STEEL CABINET W/ INTERNAL STEEL FRAMING, CONTRACTOR TO PROVIDE STRUCTURAL DRAWINGS TO LANDSCAPE ARCHITECT FOR APPROVAL; SEAL W/ PROSOCO, INC. SURE KLEAN® WEATHER SEAL BLOK-GUARD® AND GRAFFITI CONTROL, TO BE APPLIED TO ALL VERTICAL SIGN SURFACES AND CAPS.
- ② MORTARED LIMESTONE QUARRY BLOCK BASE (5 EA), MORTAR COLOR TO MATCH STONE. REF DETAIL FOR SIZING
- ③ 24" DIA. ALUMINUM CABINET, INTERNALLY ILLUMINATED W/ CITY SEAL PRINTED ON TRANSLUCENT WHITE ACRYLIC SHEET DESIGN AS INDICATED IN DRAWINGS, PIN MOUNTED TO SIGN FACE ON 1" STANDOFFS
- ④ PIN MOUNTED ALUMINUM REVERSE CHANNEL CUT LETTERING ON 1" STANDOFFS, BACKLIT, COLOR AND FONT AS INDICATED IN DRAWINGS.
- ⑤ PIN MOUNTED ALUMINUM FLAT CUT LETTERING ON 1" STANDOFFS, COLOR AND FONT AS INDICATED IN DRAWINGS.
- ⑥ LASER CUT STARS WITH TRANSLUCENT WHITE ACRYLIC SHEET MOUNTED ON INSIDE OF PANEL, INTERNAL LIGHTING, 3,000K MAX TO COMPLY WITH SEC. 24.06.011 LIGHTING CURFEW BY PHOTOCCELL
- ⑦ CONCRETE FOOTING, CONTRACTOR TO PROVIDE STRUCTURAL DRAWINGS TO LANDSCAPE ARCHITECT FOR APPROVAL
- ⑧ FINISHED GRADE, SLOPE AWAY 2% FROM SIGN, BERMUDA SOD REVEGETATION WITH TEMPORARY IRRIGATION FOR ALL DISTURBED AREAS



1 CITY GATEWAY MONUMENT SIGN

SCALE: 3/8" = 1'-0"






COLOR SCHEME:

	SIGN MAIN RGB 32 / 59 / 113 Web #203b71 Pantone		SIGN ACCENT RGB 98 / 14 / 16 Web #620e10 Pantone
	SIGN ACCENT RGB 230 / 231 / 232 Web #e6e7e8 Pantone		SIGN ACCENT RGB 25 / 123 / 189 Web # 197bbd Pantone
	SIGN ACCENT RGB 109 / 163 / 77 Web #6da34d Pantone		

MATERIALS:

	LIMESTONE
	POWDERCOAT ALUMINUM

INSPIRATION IMAGERY:

	Internal Illumination		Pin Mounted Lettering - Backlit
	Laser Cut Design		SYMBOLS: City Seal
			Stars

FONTS:

Futura PT - Heavy (8"), Medium (4")
 ABCDEFGHIJKLMNOPQRSTUVWXYZ
 abcdefghijklmnopqrstuvwxyz

Filmotype Lucky - Regular (4")
 ABCDEFGHIJKLMNOPQRSTUVWXYZ
 abcdefghijklmnopqrstuvwxyz

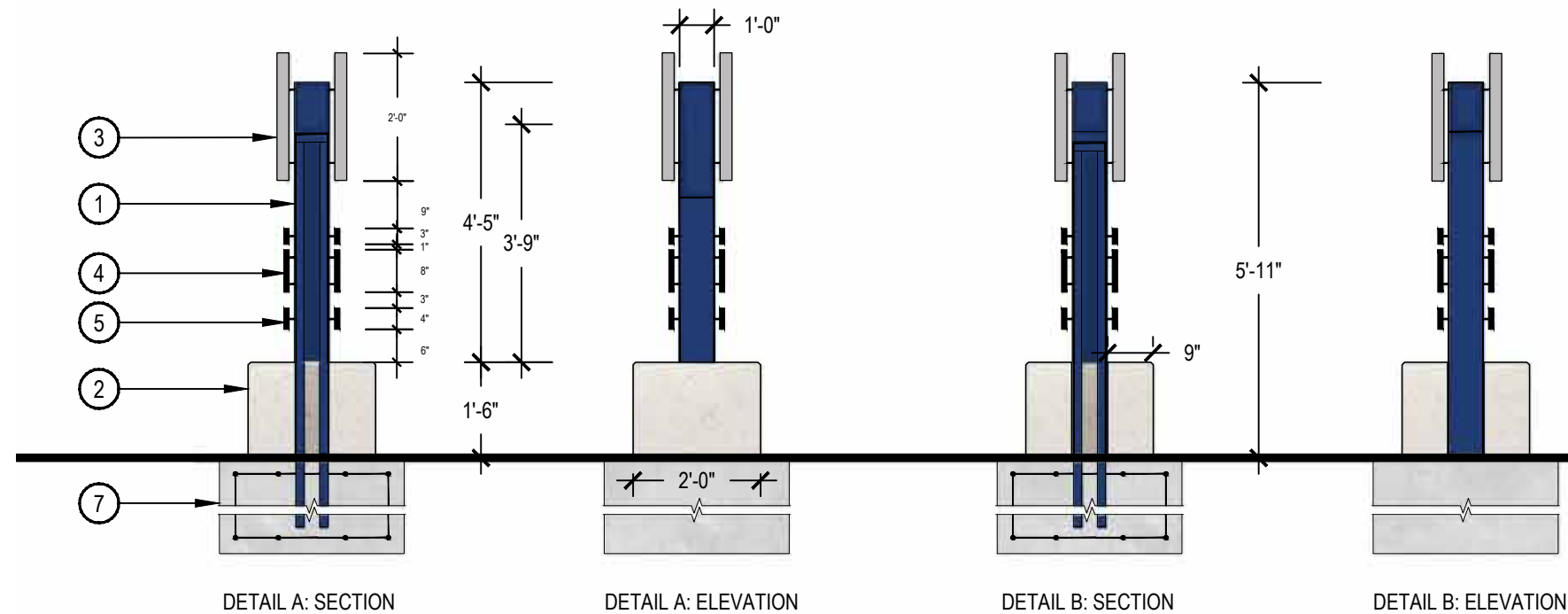
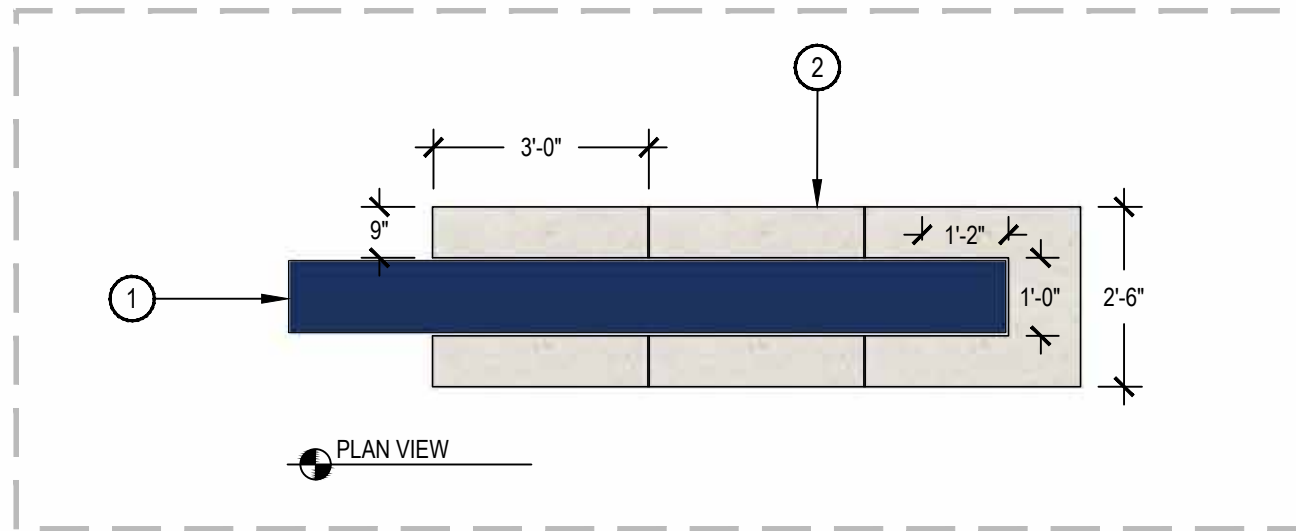
NOTES:

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GATEWAY MONUMENT SIGN

SIGN DETAILS & NOTES



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- ⑧ FINISHED GRADE, SLOPE AWAY 2% FROM SIGN, BERMUDA SOD REVEGETATION WITH TEMPORARY IRRIGATION FOR ALL DISTURBED AREAS

NOTES:

- 1. CONTRACTOR TO PROVIDE DETAILED SHOP DRAWINGS AND MOCK-UPS FOR APPROVAL BY LANDSCAPE ARCHITECT AND OWNER PRIOR TO CONSTRUCTION.
- 2. CONTRACTOR TO CONTACT TEXAS 811 PRIOR TO CONSTRUCTION TO CONFIRM SIGN LOCATIONS.
- 3. CONTRACTOR TO COORDINATE WITH LANDSCAPE ARCHITECT FOR SIGNAGE ARTWORK.
- 4. CONTRACTOR TO ENSURE THAT LETTERING AND DIRECTIONAL SYMBOLS ARE NOT OBSTRUCTED FROM MOUNTING HARDWARE.
- 5. PROSOCO, INC. SURE KLEAN® WEATHER SEAL BLOK-GUARD® AND GRAFFITI CONTROL TO BE APPLIED TO ALL VERTICAL SIGN SURFACES AND CAPS.
- 6. CONTRACTOR TO PROVIDE SAMPLE SUBMITTAL FOR EACH MATERIAL TYPE AND ELEMENT FOR REVIEW AND APPROVAL BY LANDSCAPE ARCHITECT.

NOTES:

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2 CITY GATEWAY MONUMENT SIGN

SCALE: 3/8" = 1'-0"

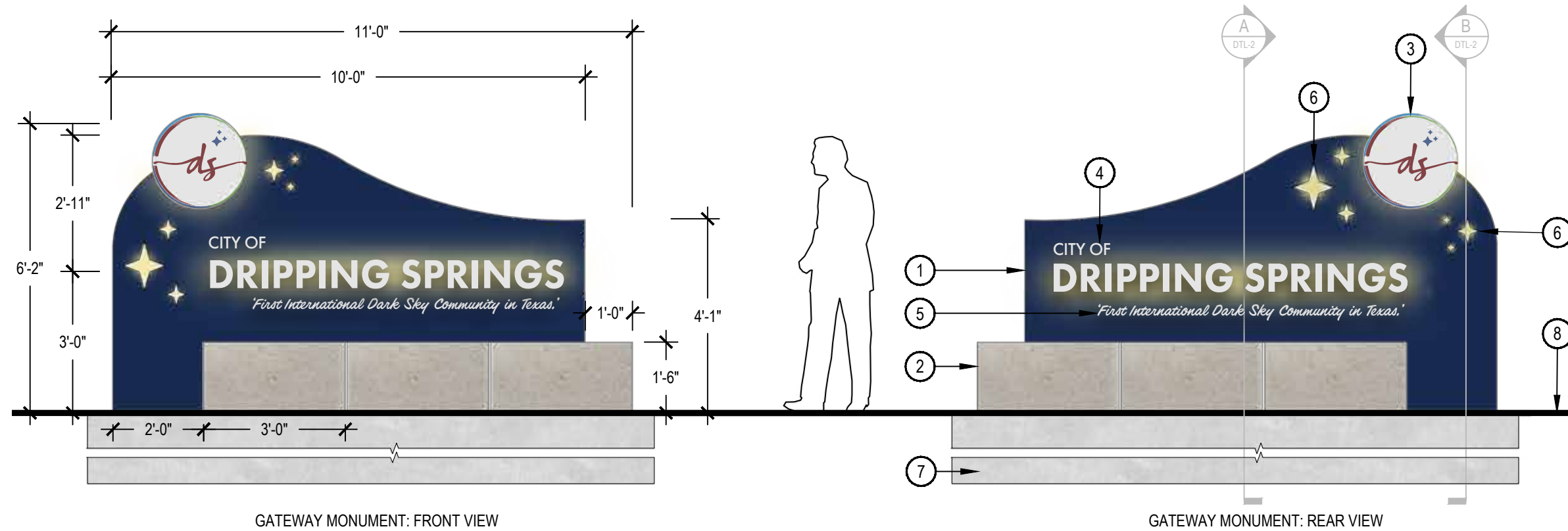
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GATEWAY MONUMENT SIGN

Item 4.

SIGN DETAILS & NOTES: NIGHT VIEW



- ① 1/4" THICK CUT (CORTEN OR POWDER-COATED/PAINTED) STEEL CABINET W/ INTERNAL STEEL FRAMING, CONTRACTOR TO PROVIDE STRUCTURAL DRAWINGS TO LANDSCAPE ARCHITECT FOR APPROVAL; SEAL W/ PROSOCO, INC. SURE KLEAN® WEATHER SEAL BLOK-GUARD® AND GRAFFITI CONTROL, TO BE APPLIED TO ALL VERTICAL SIGN SURFACES AND CAPS.
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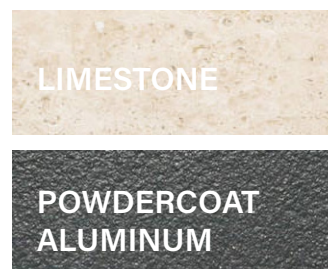
1 CITY GATEWAY MONUMENT SIGN

SCALE: 3/8" = 1'-0"

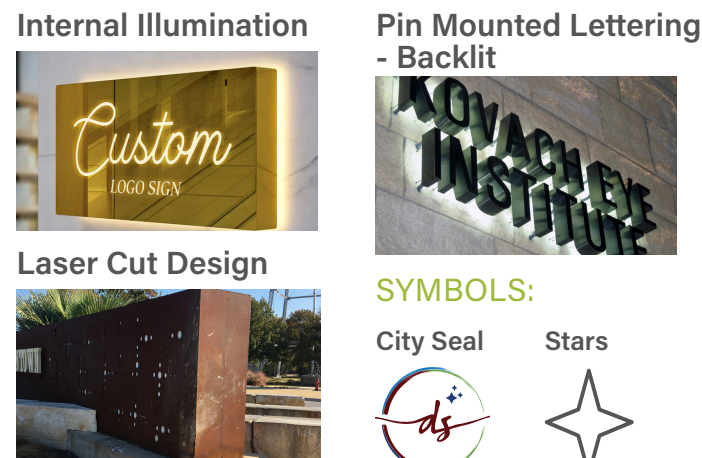
COLOR SCHEME:

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	SIGN ACCENT RGB 109 / 163 / 77 Web #6da34d Pantone		

MATERIALS:



INSPIRATION IMAGERY:



FONTS:

Futura PT - Heavy (8"), Medium (4")
 ABCDEFGHIJKLMNOPQRSTUVWXYZ
 abcdefghijklmnopqrstuvwxyz

Filmotype Lucky - Regular (4")
 ABCDEFGHIJKLMNOPQRSTUVWXYZ
 abcdefghijklmnopqrstuvwxyz

NOTES:

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GATEWAY MONUMENT SIGN

SIGN MOCKUP: NIGHT VIEW



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Gateway Monument Program Guidelines

General

Integration of the transportation system to reflect community values may be achieved through enhancements that include Gateway Monuments. This program provides a method for the Texas Department of Transportation (TxDOT) to permit enhancement of transportation facilities by local entities.

A Gateway Monument is defined as any freestanding structure, nonintegral or nonrequired highway feature that will communicate the name of a city, county, or town (Local Entity) within TxDOT right of way. A Gateway Monument may include the name of the Local Entity and/or the officially adopted seal. The approval of a Gateway Monument proposal shall be made with due consideration to safety (location, potential for motorist distraction, accessibility for maintenance, etc.), aesthetics, community support, and maintainability. Proposals for the placement of Gateway Monuments must comply with these guidelines.

Gateway Monuments differ from aesthetic treatments incorporated into engineered highway features (sound walls, retaining walls, or other highway features).

Guidance

Local Entities often desire transportation facilities to provide identification and a favorable image of the communities in which they are located. TxDOT encourages and promotes enrichment of the cultural and visual environment for transportation system users and local communities by facilitating and coordinating the integration of Gateway Monuments within the operational highway right-of-way, through the Gateway Monument Agreement process.

Gateway Monuments are to be solely funded and maintained by a Local Entity. TxDOT will collaborate with the responsible Local Entity supporting the proposed Gateway Monument.

Gateway Monuments are discretionary features within the transportation corridor. Only one Gateway Monument will be allowed per State route in each direction into a town. The incorporation of a Gateway Monument will be evaluated for its potential for creating a distraction to motorists. TxDOT retains sole discretion for determining the location, appropriate size, content, colors, and other elements of the Gateway Monument. TxDOT shall have responsibility for approval of all Gateway Monuments on the State highway system and in addition, the Federal Highway Administration (FHWA) must approve Gateway Monuments on the interstate system.

Gateway Monuments shall be located beyond the clear recovery zone or otherwise placed to minimize the likelihood of being struck by an errant vehicle.

Other improvements such as landscaping or accent lighting may be considered in conjunction with the Gateway Monument proposal. Any improvements will be the responsibility of the Local Entity. TxDOT will collaborate with the Local Entity for appropriateness of the Gateway Monument proposal in context with existing, proposed, and future improvements.

Review/Approval Process

Gateway Monument submittals shall be reviewed with primary considerations to safety (location), appropriateness, aesthetics and access for maintenance purposes.

The Local Entity shall submit a Gateway Monument proposal to the District Engineer. The District Engineer has approval authority for these proposals. If the Gateway Monument is proposed for the interstate facility, the District shall coordinate with the Maintenance Division for additional processing and FHWA review and approval.

The Gateway Monument Agreement must be fully executed by both TxDOT and the Local Entity prior to the commencement of any construction associated with the project.

Financial Responsibilities

All costs for proposed Gateway Monument design, construction, access for maintenance, maintenance, and if required, removal of the Gateway Monument shall be the responsibility of the Local Entity and stipulated in detail within the Preliminary and Final Gateway Monument submittals.

The Gateway Monument Agreement shall stipulate that the Local Entity shall hold harmless, indemnify, and defend the State against any action associated with a Gateway Monument. TxDOT will assume the administrative costs associated with Gateway Monument proposal reviews, and developing, issuing, and monitoring the Gateway Monument Agreement for approved Gateway Monument projects. All other costs, including labor, materials, supplies, and traffic control (if required) for design, engineering, testing, construction, installation, maintenance, and removal of the Gateway Monument shall be the responsibility of the Local Entity. Coordination and resolution of any utility issues will be the responsibility of the Local Entity.

Maintenance

The Local Entity shall be required to provide for regularly scheduled maintenance, as described in the Gateway Monument Agreement, for its projected lifespan. Maintenance shall include, but not be limited to, restoration work to maintain the integrity of the approved Gateway Monument, maintenance of any associated landscaping or lighting and graffiti removal. Gateway Monuments shall be kept clean, free of graffiti, and in good repair. Graffiti removal shall conform to current TxDOT policies and guidelines, which require prompt removal of offensive messages and timely removal of all other graffiti.

Maintenance access shall be as stipulated by TxDOT in the Gateway Monument Agreement and should be provided from outside the highway right-of-way, wherever possible. For projects located on interstate highways, access shall not be from the mainlanes. Maintenance practices shall protect air and water quality as required by federal and state law.

Removal

The Local Entity shall remove Gateway Monuments, which in the opinion of TxDOT create safety or operational concern due to deterioration or inadequate maintenance. TxDOT will notify the Local Entity when it has determined that the Gateway Monument requires special attention. In the event the Local Entity fails to maintain, repair, rehabilitate, or remove the Gateway Monument in a timely manner, TxDOT may remove the Gateway Monument after 60 days following notification to the Local Entity, and bill the Local Entity for all costs of removal and restoration of the area.

TxDOT reserves the right to remove the Gateway Monument due to construction, rehabilitation, or other necessary activities affecting the transportation facilities without any obligation, compensation to, or approval of the Local Entity. TxDOT will strive to notify the Local Entity of its intent to remove the Gateway Monument to allow for timely removal and salvage by the Local Entity (if possible).

TxDOT reserves the right to remove or alter any Gateway Monument that presents an immediate safety hazard to the public without delay or advanced notification to the Local Entity.

Design and Placement of Gateway Monuments

Proposed Gateway Monuments shall:

1. Be freestanding.
2. Feature only the letters of the community name and/or officially adopted seal.
3. Include, if required by TxDOT, approved protective graffiti coatings.
4. Be appropriate to its proposed setting and community context.
5. Be in proper size and scale with its surroundings. The maximum size of the gateway monument face shall not exceed 400 square feet in total. The height shall not exceed 20 feet above existing grade. Monument widths exceeding 20 feet will not be allowed for gateway monuments on the Interstate, although the FHWA may consider waiving this limitation on a case-by-case basis.
6. Be composed of materials that are durable for the projected life span of the project.
7. Be located beyond the clear zone, for both main lane traffic and frontage road traffic
8. Be located where maintenance can be safely performed, as specified in the Gateway Monument Agreement and in conformance with TxDOT procedures.
9. Be subject to the review and approval of TxDOT in consideration of design, size, and scale for appropriate integration on urban or rural highway features.

Proposed Gateway Monuments shall not:

1. Be allowed within the center median areas of interstate highway right-of-way.
2. Contain religious, political, special interest, private, or commercial messages of any sort, including, but not limited to, symbols, logos, business names, trade names, jingles, or slogans.
3. Contain any displays of any sort, advertising, decorative banners, flags, or flag poles.
4. Display telephone numbers, street addresses, or Internet addresses.
5. Interfere with airspace above the roadway.
6. Create a distraction to the motoring public, for example, the proposed Gateway Monument shall be large enough to interpret at highway speed, but not be so large that it demands attention from the motorist.
7. Include reflective or glaring surface finishes.
8. Include illumination that impairs or distracts the vision of transportation system users. Other lighting may be permitted.
9. Display blinking or intermittent or moving lights, including changeable message signs, digital displays or lighted static displays such as LED. Ground mounted uprights to illuminate the gateway monument itself will be acceptable.
10. Include moving elements (kinetic art) or simulate movement.
11. Include water features of any sort.
12. Interfere with official traffic control devices nor interfere with the operational right-of-way above the roadway.
13. Be placed within State right-of-way upon trees, or painted or drawn upon rocks or other existing natural features.
14. Make use of or simulate colors or combinations of colors usually reserved for official traffic control devices described in the Texas Manual on Uniform Traffic Control

Devices.

15. Require the removal of trees or other vegetation for visibility, or harm trees during construction. Pruning of tree branches or roots, and removal of shrubs should be avoided.
16. Negatively impact existing highway features, including existing signs, irrigation systems, necessary drainage patterns, and facilities.

Submittal Requirements for Gateway Monument Proposals

A Gateway Monument proposal must be supported by the Local Entity that has jurisdiction in the area where the Gateway Monument will be incorporated. The Local Entity shall issue an adopted resolution or other official document recommending approval of the proposed design of the Gateway Monument and requesting installation within the operational highway right-of-way.

The Local Entity shall provide the Department an adopted resolution or other official documentation that describes the Local Entity's:

1. Jurisdiction over the area of the project site.
2. Approval of the Gateway Monument content.
3. Funding responsibility.
4. Commitment to ensure maintenance of the Gateway Monument (and any associated landscaping and/or lighting), including timely graffiti removal/repair, and removal (or restoration) of the Gateway Monument as needed.
5. Proposed schedule for commencing and completing project installation.

A licensed landscape architect, architect, or professional engineer shall professionally prepare, sign and seal submittals for a Gateway Monument Proposal. Exhibits, plans, and details shall include, but are not limited to the following:

1. A full description of the proposed Gateway Monument, including location, construction, and installation techniques, details necessary to convey construction methods, proposed color scheme, proposed materials, including, but not limited to, paint and protective coatings.
2. Specifications for proposed materials, including material data sheets.
3. A scaled drawing indicating the placement of the proposed Gateway Monument.
4. Elevations and details clearly illustrating and dimensioning the proposal (the Gateway Monument must be aesthetically pleasing on all visible sides).
5. Landscape, irrigation and lighting plans if required.
6. Construction schedule.
7. Cost estimate.
8. Traffic control plans and provisions if required.
9. Proposed maintenance plan and schedule (including proposed access for maintenance purposes).
10. Environmental documentation.

The Local Entity shall adhere to and maintain compliance with departmental rules, regulations, state and federal laws, and any additional requirements TxDOT may apply to the project. If, at any time during the process, TxDOT recommends any changes for a proposal that has not yet received final approval, the proposal may be returned to the Local Entity for revision. Once TxDOT approves a Gateway Monument proposal, no changes shall be made to the Gateway Monument without prior written approval of the District Engineer. For Gateway Monuments located on interstate highways, changes must be submitted to FHWA for approval.



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Lily Sellers, Dripping Springs Ranch Park Manager

Council Meeting Date: March 17th, 2026

Agenda Item Wording: **Approval of the Co-Sponsorship and Logo Use Contract between the City of Dripping Springs and the Dripping Springs Ag Boosters for the 2026 Dripping Springs Rodeo.** *Sponsor: Council Member Sherrie Parks*

Agenda Item Requestor: Lily Sellers

Summary/Background: Dripping Springs Ag Boosters would like to create a Co-Sponsorship and Logo Use Contract for the 2026 Rodeo occurring May 22-25, 2026. This will be a repeat contract from previous years.

Commission Recommendations: Dripping Springs Ranch Park Board voted unanimously to approve.

Recommended Council Actions: Staff recommends approving the Co-Sponsorship and Logo Use Contract

Attachments: 2026 - DS Ag Booster Sponsorship and Logo Use Agreement

Next Steps/Schedule: Upon City Council approval, execute agreement.

SPONSORSHIP AND BRAND USE AGREEMENT

This Sponsorship and Brand Use Agreement, made and entered into this _____ by and between the **City of Dripping Springs**, Texas (hereinafter referred to as the “City”) and **Dripping Springs Vocational Ag Boosters Association Inc. dba Dripping Springs Ag Boosters**, a recognized 501(c)(3) tax-exempt organization (hereinafter referred to as “Association”), is understood and agreed to be as set forth herein:

1. Purpose and Scope

The purpose of this Agreement is to set forth the rights and obligations of the Parties regarding City’s sponsorship of the 2026 Dripping Springs Fair & Rodeo, taking place at the Dripping Springs Ranch Park and Event Center, and the Association’s use of City Marks in connection with such sponsorship.

2. Term

This Agreement commences on January 1, 2026, and expires on December 31, 2026 (“Term”), unless terminated earlier in accordance with this Agreement.

3. Renewal

The Parties may renew upon mutual written agreement, subject to appropriation and City approval.

4. Sponsorship

The City shall provide the following sponsorship and/or in-kind support:

- (a) **Facility Use & Cost:** Association shall have use of the Dripping Springs Ranch Park and Event Center for the event at the cost of the greater of seven thousand nine hundred dollars (\$7,900) for the Full Facility Rental or one-third (1/3) of the profits generated from the event (excluding staff time or equipment rentals).
- (b) **Payment Terms:** A statement showing final income from the Rodeo is due to the City within 45 days after the event. Once the statement is approved by both parties, the City will make a payment to the Association within 30 days. City may withhold payment for nonconforming or incomplete deliverables pending cure.

5. Brand Use License

- (a) **Controls License Grant:** Subject to compliance with this Agreement and the Brand Book (Attachment “A”), City grants Association a limited, non-exclusive, non-transferable, revocable license during the Term to use the City name, logos, insignia, seals, and other brand elements related to the Rodeo and identified in Attachment “A” (“City Marks”).

- (b) **Quality:** Association must strictly comply with Attachment “A”, specifically utilizing approved fonts (Angie Sans STD Condense, Barbaro Western, Modesto Condensed) and the exact hex color codes outlined in the Brandbook.
- (c) **Approvals:** Association must give the City Communications Department at least seven (7) business days to approve designs prior to the release date of flyer distribution or social media posts.
- (d) **Rights to City Marks:** City retains all right, title, and interest in the City Marks. All goodwill arising from use inures solely to the City’s benefit.
- (e) **Location Condition:** The license granted under this Agreement is conditioned on the Dripping Springs Fair & Rodeo being held at the Dripping Springs Ranch Park and Event Center pursuant to a fully executed facility rental agreement. Any relocation or use of City Marks in connection with an event not held at this facility without written City approval is strictly prohibited.

6. Association Obligations

The Association must list the City of Dripping Springs as the main sponsor for the event in all marketing materials. Association shall not sublicense or assign rights to the City Marks without prior written consent.

7. City Obligations

City will furnish the current versions of the City Marks and provide timely approvals within the seven-day review window. City will make reasonable, good-faith efforts to participate in agreed promotional activities.

8. Publicity and Media

Any press release referencing City must be submitted to City for prior written approval. Digital and social media usage must adhere strictly to Attachment “A” for placement, clear space, and accessibility requirements.

9. Intellectual Property

Except for City Marks, Association retains ownership of materials it creates. Association grants City a non-exclusive license to use its name and event materials to promote civic engagement. Materials must not include defamatory, unlawful, or partisan political content.

10. Brand Materials Provided “As Is”

The City provides the City Marks, Brand Book, artwork files, and related materials “AS IS” without any warranties, express or implied, including warranties of merchantability, fitness for a particular purpose, or non-infringement.

11. Post-Termination Use of City Marks

Upon expiration or termination of this Agreement, Association shall immediately cease use of all City Marks and shall stop producing, distributing, or advertising any materials or merchandise bearing City Marks as soon as commercially feasible. Association may fulfill only those existing, bona fide customer orders for merchandise already in stock as of the termination date. Upon reasonable written notice, the City may verify the existence and validity of any such pending orders and inventory.

12. Relationship of Parties

It is understood by the parties that Association is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Association. The City may contract with other individuals or firms for services of any kind.

13. Mandatory Disclosures

Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Association has submitted to the City a copy of the Conflict of Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176). Association also confirms it is in compliance with all Texas requirements related to government contracts including: (1) no boycott of Israel; (2) not listed as a foreign terrorist organization by the Texas Comptroller of Public Accounts; (3) Association does not have a policy or practice of discriminating against firearm entities or firearm trade associations; (4) Association does not boycott energy companies; and Association is compliant with all other Texas laws including any additional disclosure requirements.

14. Indemnification

Despite anything to the contrary in this Agreement, and in accordance with applicable law and the *Texas Constitution*, the City does not agree to indemnify Association for any expenses in any way connected with this Agreement. ASSOCIATION AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY OF DRIPPING SPRINGS FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH CLAIMS ARE CAUSED BY THE CITY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

15. Defense and Settlement

In connection with any claim subject to Association's indemnification obligations, the City shall have the right to select counsel and control the defense at Association's expense. Association shall not settle any claim involving the City Marks, the City's reputation, or any non-monetary obligations of the City without the City's prior written consent.

16. Assignment

Association may not assign, delegate, or transfer any rights or obligations under this Agreement without the City’s prior written consent. Any attempted assignment without consent is void. The City may assign this Agreement to any successor governmental entity without Association’s consent.

17. Notice

All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows, provided that either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

To the City:
City of Dripping Springs
Attn: City Administrator
PO Box 384
Dripping Springs, TX 78620
(512) 858-4725

To Association:
Dripping Springs Ag Boosters
Attn: Stephanie Kirkey, President
P.O. Box 1008
Dripping Springs, TX 78620
(863) 447-6878

18. Entire Agreement

This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes and prior written agreements between the parties. If a conflict exists between this Agreement and the attachments, this Agreement shall prevail.

19. Amendment

This agreement may be modified or amended only if the amendment is made in writing and is signed by both parties.

20. Severability

If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

21. Waiver of Contractual Right

The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.

22. Governing Law and Venue

This Agreement shall be construed under and in accordance with the laws of The State of Texas. The venue for any and all legal disputes arising under this Agreement shall be a court of competent jurisdiction located in Hays County, Texas. Despite anything to the contrary in this Agreement, no disputes arising out of or related to this Agreement shall be subject to arbitration or non-binding mediation unless both parties agree in writing to submit a specific dispute to arbitration or non-binding mediation after such dispute arises.

23. Consequential Damages

Neither party shall be liable to the other for loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; or for any special, consequential, indirect, punitive, or exemplary damages.

24. Force Majeure

Neither Party shall be liable for any delay or failure in performance to the extent caused by a Force Majeure Event, provided that the affected Party promptly notifies the other in writing and uses diligent efforts to resume performance. A “Force Majeure Event” means an event or circumstance beyond the reasonable control of the affected Party, including acts of God, war, terrorism, pandemics, natural disasters, or governmental actions prohibiting performance, but excluding (a) changes in market conditions, (b) increases in the cost of materials, labor, or transportation, (c) tariffs, duties, taxes, or other governmental assessments imposed after the Effective Date, and (d) shortages or delays caused by Association’s subcontractors or suppliers.

25. Termination for Extended Force Majeure

If a Force Majeure Event prevents performance for more than thirty (30) consecutive days, the City may terminate this Agreement without liability, penalty, or further obligation by providing written notice to Association.

26. Default and Cure

If Association materially breaches this Agreement, including failure to comply with the Brand Book, failure to obtain required approvals, or failure to list the City of Dripping Springs as the main sponsor in all required marketing materials, the City may provide written notice describing the breach. Association shall have ten (10) business days from receipt of the notice to cure, unless a cure is not feasible. If Association fails to cure within that period, the City may terminate this Agreement immediately upon written notice, in addition to any other remedies available at law or in equity.

27. Site Access and Safety

Association will be responsible for supervision and site safety measures for its own employees, but shall not be responsible for the supervision or health and safety precautions for any third parties, including City’s contractors, subcontractors, or other parties present at the site.

CITY OF DRIPPING SPRINGS

DRIPPING SPRINGS AG BOOSTERS

Date

Date

ATTACHMENT "A"



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Lily Sellers, Dripping Springs Ranch Park Manager

Council Meeting Date: March 17th, 2026

Agenda Item Wording: **Approval of the Co-Sponsorship Agreement between the City of Dripping Springs and Dripping Springs Ag Boosters.** *Sponsor: Council Member Sherrie Parks*

Agenda Item Requestor: Lily Sellers

Summary/Background: Dripping Springs Ranch Park and the Dripping Springs Ag Boosters have a long history of working together. Dripping Springs Ag Boosters have been co-sponsored the Dripping Springs Rodeo for 15 years, hosted Fall Classic, provided concessions at many internal and external events, and many other involvements in Dripping Springs Ranch Park. This agreement had a complete updating in 2023 to make it relevant to current DSRP operations. This is a repeat agreement from 2023.

Commission Recommendations: Dripping Springs Ranch Park Board voted unanimously to approve.

Recommended Council Actions: Staff recommends approving the Co-Sponsorship Agreement

Attachments: 2026 – DS Ag Boosters_Co-Sponsorship Agreement

Next Steps/Schedule: Upon City Council approval, execute agreement.

DRIPPING SPRINGS RANCH PARK USE AGREEMENT

This Agreement, made and entered into this _____ by and between the **City of Dripping Springs**, Texas (hereinafter referred to as the “City”) and **Dripping Springs Vocational Ag Boosters Association Inc. dba Dripping Springs Ag Boosters**, a recognized 501(c)(3) tax-exempt organization (hereinafter referred to as “**Ag Boosters**”), is understood and agreed to be as set forth herein:

1. **Purpose and Public Benefit.** The City find that the use of the Dripping Springs Ranch Park (DSRP) Premises by the Ag Boosters serves a vital public purpose by providing community events that benefit local residents. The Ag Boosters agree that all use of the DSRP shall be in furtherance of this community service.
2. **Authorized Use of Facilities.** The City grants the Ag Boosters the right to use the DSRP Event Center for the following:
 - (a) Ag Booster Fall Classic Stock Show: Held annually during the third weekend of November for a total of four (4) days (two days for setup, two days for the event).
 - (b) Additional Events: Two additional weekend events totaling four (4) days, subject to facility availability.
 - (c) Assignments: If the Ag Boosters assign a scheduled weekend to another organization, that organization must comply with all terms of this Agreement
3. **Scheduling & Priority.** To ensure the fiscal health of the DSRP, the following scheduling rules apply:
 - (a) **100% Rate Priority:** If a third party willing to pay the full (100%) rental rate requests a date currently held by the Ag Boosters, and such request is made at least thirty (30) days prior to the Ag Booster event, the Ag Boosters agree to reschedule their event around the paying entity.
 - (b) **City Commitment:** Once an event is scheduled, the City shall not move the Ag Boosters' date within thirty (30) days of the event without the Ag Boosters' express consent.
4. **Fees and Financial Responsibilities.**
 - (a) **Facility Rental:** Ag Boosters shall receive a **50% discount** on standard facility rental fees for authorized events.
 - (b) **Non-Discounted Fees:** Ag Boosters are responsible for 100% (no discount) of the following:
 - (i) Custodial and cleaning fees.
 - (ii) Equipment rental and staffing fees for setup and breakdown.

- (iii) Bathroom Porters: Required for events with large attendance.
 - (iv) Staffing & After-Hours: Applicable if the rental period exceeds 12 hours, ends after midnight, or requires more than two (2) staff members.
- (c) **Livestock Specifics:** Ag Boosters must purchase all shavings from DSRP. Stall and pen cleaning fees will be charged at the sole discretion of the Facility Manager.

5. Operations: Concessions & Shavings

- (a) **Concession Option:** Ag Boosters may operate and supply the concession stand at a 50% discount on facility fees when requested by a scheduled user. Ag Boosters retain all profits from these sales.
- (b) **Shavings Sales:** When requested by DSRP staff, Ag Boosters may sell shavings at the official fee schedule rate. The Ag Boosters shall retain \$1.00 per bag sold. The City remains responsible for inventory counts and sales tax.

6. Care of Premises

- (a) **Condition:** Ag Boosters must leave the DSRP in as clean and orderly a state as found.
- (b) **Alterations:** Nothing may be affixed to buildings or fixtures without written consent.
- (c) **Prohibitions:** Ag Boosters shall not injure, mar, or deface any part of the premises. No flammable materials are allowed without prior notification and City approval.

7. Term. This Agreement is valid for three (3) years from the effective date.

8. Termination. Either party may terminate this Agreement by a thirty (30) day written notice.

9. Relationship of Parties. It is understood by the parties that Ag Boosters is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Ag Boosters. The City may contract with other individuals or firms for services of any kind.

10. Employees. Ag Boosters's employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Ag Boosters shall provide adequate evidence that such persons are Ag Boosters's employees.

11. **Mandatory Disclosures.** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Ag Boosters has submitted to the City a copy of the Conflict of Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176). Ag Boosters also confirms it is in compliance with all Texas requirements related to government contracts including: (1) no boycott of Israel; (2) not listed as a foreign terrorist organization by the Texas Comptroller of Public Accounts; (3) Ag Boosters does not have a policy or practice of discriminating against firearm entities or firearm trade associations; (4) Ag Boosters does not boycott energy companies; and Ag Boosters is compliant with all other Texas laws including any additional disclosure requirements.
12. **Injuries/Insurance.** Ag Boosters acknowledges the Ag Boosters's obligation to obtain appropriate insurance coverage with the City named as an additional named insured. Required insurance in Attachment "A". Ag Boosters waives the rights to recovery from City for any injuries that Ag Boosters may sustain while performing services under this Agreement. Ag Boosters is to provide a copy of insurance coverage to City at least ten (10) days prior to the end of any existing coverage period if Ag Boosters uses the services of any of Ag Boosters's employees for the provision of services to the City. The City shall be named as an additional named insured on the Insurance.
13. **Indemnification.** Despite anything to the contrary in this Agreement, and in accordance with applicable law and the *Texas Constitution*, the City does not agree to indemnify Ag Boosters for any expenses in any way connected with this Agreement. AG BOOSTERS AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY OF DRIPPING SPRINGS FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH CLAIMS ARE CAUSED BY THE CITY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.
14. **Assignment.** Ag Boosters's obligations under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City.
15. **Notice.** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows, provided that either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

To the City:

City of Dripping Springs
Attn: City Administrator
PO Box 384
Dripping Springs, TX 78620
(512) 858-4725

To Ag Boosters:

Dripping Springs Ag Boosters
Attn: Stephanie Kirkey, President
P.O. Box 1008
Dripping Springs, TX 78620
(863) 447-6878

16. **Entire Agreement.** This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes and prior written agreements between the parties. If a conflict exists between this Agreement and the attachments, this Agreement shall prevail.
17. **Compliance with Laws and City Rules.** Failure of Ag Boosters or its participants to comply with applicable law, City ordinances, or applicable City rules or policies constitutes a material breach of this Agreement and may result in immediate suspension of facility use, removal from the premises, or termination of this Agreement at the City's sole discretion.
18. **Amendment.** This agreement may be modified or amended only if the amendment is made in writing and is signed by both parties.
19. **Severability.** If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.
20. **Waiver of Contractual Right.** The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.
21. **Governing Law and Venue.** This Agreement shall be construed under and in accordance with the laws of The State of Texas. The venue for any and all legal disputes arising under this Agreement shall be a court of competent jurisdiction located in Hays County, Texas. Despite anything to the contrary in this Agreement, no disputes arising out of or related to this Agreement shall be subject to arbitration or non-binding mediation unless both parties agree in writing to submit a specific dispute to arbitration or non-binding mediation after such dispute arises.
22. **Consequential Damages.** Neither party shall be liable to the other for loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; or for any special, consequential, indirect, punitive, or exemplary damages.
23. **Site Access and Safety.** Ag Boosters will be responsible for supervision and site safety measures for its own employees, but shall not be responsible for the supervision or health and safety precautions for any third parties, including City's contractors, subcontractors, or other parties present at the site.

CITY OF DRIPPING SPRINGS

DRIPPING SPRINGS AG BOOSTERS

Date

Date

ATTACHMENT “A”**CITY OF DRIPPING SPRINGS INSURANCE REQUIREMENTS:**

Firm providing goods, materials and services for the City of Dripping Springs shall, during the term of the contract with the City of Dripping Springs or any renewal or extension thereof, provide and maintain the types and amounts of insurance set forth herein. All insurance and certificate(s) of insurance shall contain the following provisions:

1. Name the City of Dripping Springs as additional named insured as to all applicable coverage.
2. Provide for at least ten (10) days prior written notice to the City of Dripping Springs for cancellation, non-renewal, or material change of the insurance.
3. Provide for a waiver of subrogation against the City of Dripping Springs for injuries, including death, property damage, or any other loss to the extent the same is covered by the proceeds of insurance.

Insurance Company Qualification: All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least “A” by AM Best or other equivalent rating service.

Certificate of Insurance: Certificates of Insurance evidencing all of the required insurance coverages shall be submitted with the Firm’s submission. Copies of any modifications, amendments, renewals, or terminations of any coverage shall be promptly submitted to the City. If the contract is extended by the City of Dripping Springs, certificates of insurance evidencing all of the required insurance coverages shall be provided to the City prior to the date the contract is extended.

Type of Contract and Amount of Insurance:

- Statutory Workers Compensation insurance as required by state law.
- Commercial General Liability minimum limits of \$500,000 per occurrence for bodily injury, personal injury, and property damage.
- Automobile Liability with a minimum of \$500,000 Dollars combined single limit.



STAFF REPORT
City of Dripping Springs
PO Box 384
511 Mercer Street
Dripping Springs, TX 78620

Submitted By: Lily Sellers, Dripping Springs Ranch Park Manager

Council Meeting Date: March 17th, 2026

Agenda Item Wording: **Approval of the Sponsorship Agreement between the City of Dripping Springs and Tellus Equipment Solutions for a duration of 24 months.**
Sponsor: Council Member Sherrie Parks

Agenda Item Requestor: Lily Sellers

Summary/Background: Dripping Springs Ranch Park Staff has been in conversation with Tellus Equipment Solutions to renew a sponsorship agreement. Dripping Springs Ranch Park has valued our relationship with Tellus and is excited to potentially continue the partnership. Having two tractors at our facility plays a crucial role in event success and productivity at our facility.

After trading in both Kioti Tractors (\$22,000 and \$23,000) for a total value of \$45,000, Dripping Springs Ranch Park purchased a John Deere tractor a total of \$30,464.64 in 2023.

Tellus John Deere supplied Dripping Springs Ranch Park with another tractor as the sponsorship tractor for 2 years. This agreement is brought forward for renewal with the following updates:

- Tractor provided will be a 5090E or 5100E to be utilized a maximum of 75 hours. Tellus will switch out the equipment upon maximum hours utilized or on an as needed basis.
- Additional Tellus signage on the announcer's booth.
- Additions to the Article 3 Item 2. Mention/ announcements of Tellus as a sponsor at events and on social media posts.
- Additions to Article 3 Item 3. Tellus reserves the right to display pricing of equipment on the leased tractor as well as any other equipment brought in for events.

Commission Recommendations:

Dripping Springs Ranch Park Board voted unanimously to approve.

Recommended Council Actions: Staff recommends approving the Sponsorship Agreement

Attachments: 2026 – Tellus Sponsorship Agreement

Next Steps/Schedule: Upon City Council approval, execute agreement.

TRACTOR SPONSORSHIP AND LEASE AGREEMENT

This Agreement, made and entered into this _____ by and between the **City of Dripping Springs**, Texas (hereinafter referred to as the “City”) and **Tellus Equipment Solutions, LLC**, (hereinafter referred to as “Sponsor”), is understood and agreed to be as set forth herein:

1. **Statement of Sponsorship.** The Sponsor shall lease equipment to the City for use at Dripping Springs Ranch Park (“Ranch Park”).
2. **Sponsor’s Duties.**
 - (a) **Equipment Lease:** Sponsor shall lease to the City, at no charge, one (1) John Deere 5090E or 5100E tractor without a loader.
 - (b) **Exchange & Replacement:** The leased tractor shall be exchanged by Sponsor upon every 75 hours of use or on an as-needed basis. Sponsor shall provide a replacement tractor if any equipment requires off-site repair.
 - (c) **Logos:** Sponsor shall provide logos within seven (7) days. The City is responsible for funding only one set of logo signs.
3. **City’s Duties.**
 - (a) **Signage:** The City shall allow signage (4 ft x 8 ft maximum) at mutually agreed locations. Additional signage is permitted on the announcer’s booth.**Digital Promotion:** The City shall display the Sponsor’s logo and link on the Ranch Park Facebook page and website and include Tellus in social media event posts.
 - (c) **Verbal Promotion:** The City shall provide verbal announcements of Tellus as a sponsor during events.
 - (d) **Equipment Display:** Sponsor shall be provided space to display tractors at co-sponsored events. Sponsor reserves the right to display pricing on the leased tractor and display equipment.
 - (e) **Liability & Maintenance:** The City shall maintain liability coverage for the leased tractor and is responsible for physical damage. The City will perform standard maintenance and arrange for Tellus technicians.
 - (f) **Event Benefits:** The City shall provide up to six (6) tickets to co-sponsored events and allow facility use for training up to four (4) times per year (Mon–Thu) at no charge.
4. **Duration.** This Agreement is effective for twenty-four (24) months.
5. **Termination.** Either Party may terminate this Agreement for material breach upon thirty (30) days’ written notice if the breach is not cured within that period, or by mutual written consent.

6. **Relationship of Parties.** It is understood by the parties that Sponsor is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Sponsor. The City may contract with other individuals or firms for services of any kind.
7. **Employees.** Sponsor's employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Sponsor shall provide adequate evidence that such persons are Sponsor's employees.
8. **Mandatory Disclosures.** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Sponsor has submitted to the City a copy of the Conflict of Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176). Sponsor also confirms it is in compliance with all Texas requirements related to government contracts including: (1) no boycott of Israel; (2) not listed as a foreign terrorist organization by the Texas Comptroller of Public Accounts; (3) Sponsor does not have a policy or practice of discriminating against firearm entities or firearm trade associations; (4) Sponsor does not boycott energy companies; and Sponsor is compliant with all other Texas laws including any additional disclosure requirements.
9. **Indemnification.** Despite anything to the contrary in this Agreement, and in accordance with applicable law and the *Texas Constitution*, the City does not agree to indemnify Sponsor for any expenses in any way connected with this Agreement. Sponsor agrees to indemnify and hold harmless the City of Dripping Springs from and against any claims, damages, losses, liabilities, costs, and expenses (including reasonable attorney's fees) arising out of or in connection with this Agreement, except for: (a) claims arising from or related to the City's possession, use, operation, maintenance, or storage of the leased equipment; or (b) claims caused by the City's negligence or willful misconduct. Notwithstanding anything to the contrary in this Agreement, Sponsor's total aggregate liability under this Agreement, whether in contract, tort, or otherwise, shall not exceed Five Hundred Thousand Dollars (\$500,000).
10. **Assignment.** Sponsor's obligations under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City.
11. **Notice.** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows, provided that either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

To the City:

City of Dripping Springs
Attn: City Administrator
PO Box 384
Dripping Springs, TX 78620
(512) 858-4725

To Sponsor:

Tellus Equipment Solutions, LLC
Attn: Dustin Howren
9080 IH 35 N Frontage Rd.
New Braunfels, TX 78130
dhowren@tellusequip.com

12. **Entire Agreement.** This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes and prior written agreements between the parties. If a conflict exists between this Agreement and the attachments, this Agreement shall prevail.
13. **Amendment.** This agreement may be modified or amended only if the amendment is made in writing and is signed by both parties.
14. **Severability.** If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.
15. **Waiver of Contractual Right.** The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.
16. **Governing Law and Venue.** This Agreement shall be construed under and in accordance with the laws of The State of Texas. The venue for any and all legal disputes arising under this Agreement shall be a court of competent jurisdiction located in Hays County, Texas. Despite anything to the contrary in this Agreement, no disputes arising out of or related to this Agreement shall be subject to arbitration or non-binding mediation unless both parties agree in writing to submit a specific dispute to arbitration or non-binding mediation after such dispute arises.
17. **Consequential Damages.** Neither party shall be liable to the other for loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; or for any special, consequential, indirect, punitive, or exemplary damages.

CITY OF DRIPPING SPRINGS

**TELLUS EQUIPMENT SOLUTIONS,
LLC**

Date

Date

CITY OF DRIPPING SPRINGS, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025



CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Dripping Springs, Texas

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dripping Springs, Texas, (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Dripping Springs, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dripping Springs, Texas, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Restatements of Beginning Net Position and Fund Balance

As described in Note 13 to the financial statements, the City restated its beginning net position and fund balances as of October 1, 2024 to correct material misstatements identified in previously issued financial statements. The restatement relates primarily to revenue recognition and old dormant balance sheet items. Accordingly, amounts reported for the prior period have been adjusted to reflect these corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, pension information, and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

San Antonio, Texas
March 17, 2026



CITY OF DRIPPING SPRINGS, TEXAS

MANAGEMENT’S DISCUSSION AND ANALYSIS

September 30, 2025

As management of the City of Dripping Springs, Texas (the City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2025 by \$141,771,009 (net position). The unrestricted net position, which represents the amounts available to meet the City’s ongoing obligations to citizens and creditors, was \$17,826,531.
- The City’s total net position increased by \$35,782,777. The increase is primarily due to increased property taxes, miscellaneous revenue, and capital contributions of \$19,780,274 during the current period.
- At September 30, 2025 the City’s governmental funds reported combined ending fund balances of \$30,090,521, a net increase of \$15,304,786 in comparison with the prior year. Most of this increase is due to the issuance of Certificates of Obligation, Series 2025 in the amount of \$13,435,000.
- At September 30, 2025 the unassigned fund balance for the general fund was \$6,536,909 or 51% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) component unit financial statements, and (4) notes to the financial statements and required supplementary information.

Government-wide financial statements – The government-wide financial statements are comprised of the statement of net position and the statement of activities. These two statements are designed to provide readers with a broad overview of the City’s finances utilizing the full accrual method of accounting, in a manner similar to private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs. Therefore, assets, liabilities, revenue and expenses are reported in these statements for some items that will result in cash flows in future periods.

The statement of net position presents information on all of the City’s assets and liabilities, including capital assets, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (*business-type activities*). The governmental activities of the City include general government, development, public safety, public works, and culture and recreation. The business-type activities of the City include water and wastewater.

The tax increment reinvestment zone number one and tax increment reinvestment zone number two are included as blended component units.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, which are defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities.

Governmental funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City’s general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in the reconciliation schedules found within the governmental fund statements.

The City maintained seventeen (17) individual governmental funds during the 2025 fiscal year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the Dripping Springs Ranch Park fund, and the capital improvements fund which are considered to be major funds. Data from the other fourteen (14) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the governmental funds. Budgetary comparison statements of the general fund and Dripping Springs Ranch Park are included in the required supplementary information of this report.

Proprietary funds – The City uses a propriety (business-type) fund to account for its water and wastewater operations. The full-accrual basis of accounting is used for the proprietary type fund.

Fiduciary funds – The City uses a fiduciary fund to account for the funds the City holds on a custodial basis. The full-accrual basis of accounting is used for the fiduciary type fund.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide other postemployment benefits, pension information, general fund, and Dripping Springs Ranch Park budgetary comparisons. Required supplementary information can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and supporting schedules can be found immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position serves as one useful indicator of a government’s financial position. The City’s net position increased from \$105,880,686 to \$141,771,009. The \$115,962,818 portion of the City’s net position consists of net investment in capital assets; land, buildings, infrastructure, and equipment, less any outstanding debts used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

SUMMARY OF STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 31,715,655	\$ 16,534,227	\$ 62,198,005	\$ 60,866,108	\$ 93,913,660	\$ 77,400,335
Capital assets, net	<u>59,696,279</u>	<u>42,327,702</u>	<u>48,561,030</u>	<u>33,977,776</u>	<u>108,257,309</u>	<u>76,305,478</u>
Total assets	<u>91,411,934</u>	<u>58,861,929</u>	<u>110,759,035</u>	<u>94,843,884</u>	<u>202,170,969</u>	<u>153,705,813</u>
Deferred outflows of resources	<u>204,467</u>	<u>220,540</u>	<u>30,553</u>	<u>28,040</u>	<u>235,020</u>	<u>248,580</u>
Liabilities:						
Other liabilities	1,656,070	1,717,785	5,119,537	3,006,118	6,775,607	4,723,903
Long-term liabilities	<u>16,408,171</u>	<u>3,269,631</u>	<u>37,337,266</u>	<u>40,018,850</u>	<u>53,745,437</u>	<u>43,288,481</u>
Total liabilities	<u>18,064,241</u>	<u>4,987,416</u>	<u>42,456,803</u>	<u>43,024,968</u>	<u>60,521,044</u>	<u>48,012,384</u>
Deferred inflows of resources	<u>99,124</u>	<u>54,405</u>	<u>14,812</u>	<u>6,918</u>	<u>113,936</u>	<u>61,323</u>
Net position:						
Net investment in capital assets	58,099,388	39,782,460	57,863,430	38,844,352	115,962,818	78,626,812
Restricted	5,338,822	4,010,461	2,642,838	-	7,981,660	4,010,461
Unrestricted	<u>10,014,826</u>	<u>10,247,727</u>	<u>7,811,705</u>	<u>12,995,686</u>	<u>17,826,531</u>	<u>23,243,413</u>
Total net position	<u>\$ 73,453,036</u>	<u>\$ 54,040,648</u>	<u>\$ 68,317,973</u>	<u>\$ 51,840,038</u>	<u>\$ 141,771,009</u>	<u>\$ 105,880,686</u>

The largest portion of the City’s net position (82%) is reflected in its net investment in capital assets. Since the City uses these capital assets to provide services to its citizens, they are not available for future spending. Net position is subject to external restriction on how it may be used comprises 6% of the City’s net position. Unrestricted net position comprises 12% of net position. Unrestricted net position may be used to meet the City’s ongoing obligations to its citizens and creditors.

Statement of Activities

The City’s overall net position increased \$35,890,323 from the prior fiscal year. The reasons for this overall increase are discussed below.

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 3,404,705	\$ 4,170,884	\$ 5,153,640	\$ 4,115,418	\$ 8,558,345	\$ 8,286,302
Operating grants and contributions	794,238	27,315	-	-	794,238	27,315
Capital grants and contributions	15,519,461	8,174,964	12,536,434	4,328,290	28,055,895	12,503,254
General revenues						
Property taxes	5,094,936	3,332,892	-	-	5,094,936	3,332,892
Other taxes	5,163,461	5,149,211	1,392,200	1,303,383	6,555,661	6,452,594
Interest income	634,265	396,248	2,118,111	2,456,341	2,752,376	2,852,589
Miscellaneous	1,864,336	1,087,057	1,865,532	177,222	3,729,868	1,264,279
Total revenues	<u>32,475,402</u>	<u>22,338,571</u>	<u>23,065,917</u>	<u>12,380,654</u>	<u>55,541,319</u>	<u>34,719,225</u>
Expenses:						
General government	3,979,983	4,863,060	-	-	3,979,983	4,863,060
Development services	2,973,582	1,910,251	-	-	2,973,582	1,910,251
Public safety	210,445	87,303	-	-	210,445	87,303
Public works	1,331,594	3,675,178	-	-	1,331,594	3,675,178
Parks and community	4,077,124	3,857,116	-	-	4,077,124	3,857,116
Interest on debt	596,301	18,556	-	-	596,301	18,556
Water and wastewater	-	-	6,589,513	5,484,886	6,589,513	5,484,886
Total expenses	<u>13,169,029</u>	<u>14,411,464</u>	<u>6,589,513</u>	<u>5,484,886</u>	<u>19,758,542</u>	<u>19,896,350</u>
Increase (decrease) in net position before transfers	<u>19,306,373</u>	<u>7,927,107</u>	<u>16,476,404</u>	<u>6,895,768</u>	<u>35,782,777</u>	<u>14,822,875</u>
Transfers	<u>50,545</u>	<u>37,936</u>	<u>(50,545)</u>	<u>(37,936)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>19,356,918</u>	<u>7,965,043</u>	<u>16,425,859</u>	<u>6,857,832</u>	<u>35,782,777</u>	<u>14,822,875</u>
Net position - beginning	<u>54,040,648</u>	<u>46,075,605</u>	<u>51,840,038</u>	<u>44,982,206</u>	<u>105,880,686</u>	<u>91,057,811</u>
Restatement of net position	<u>55,470</u>	<u>-</u>	<u>52,076</u>	<u>-</u>	<u>107,546</u>	<u>-</u>
Net position - ending	<u>\$ 73,453,036</u>	<u>\$ 54,040,648</u>	<u>\$ 68,317,973</u>	<u>\$ 51,840,038</u>	<u>\$ 141,771,009</u>	<u>\$ 105,880,686</u>

Net position in governmental activities increased \$19.4 million over the prior year mainly due to a significant increase in revenues. Total governmental revenues increased approximately \$10.1 million from the previous year. The increase was caused primarily by developer contributions of \$15.5 million in the current year, compared to \$8.2 million in the prior year. Total governmental expenses decreased approximately \$1.2 million over the previous year. The decreases were due mainly to decreases in general government and public works expenses.

Net position in business-type activities increased \$16.5 million over the prior year mainly due to an increase in other revenues, including a capital contribution of \$8.2 million offset by an increase in expenses. Total business-type revenues increased approximately \$10.7 million from the previous year. The increase in revenues is due to a \$12.5 million dollar contribution from developers, compared to \$4.3 million in the prior year. Business-type expenses increased significantly from the prior year due to increased payroll costs and general maintenance expenses.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental funds – The City has seventeen governmental funds – the general fund, the debt service fund, capital improvements fund, and fourteen special revenue funds. For the year ended September 30, 2025, the governmental fund balances increased by \$15.3 million to \$30 million. The restricted portion of the fund balance totaled \$19.7 million; \$3.8 million in fund balance is committed; and \$6.5 million in fund balance is unassigned. The general fund accounts for all the unassigned portion of fund balance at year end.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance amounted to \$6.5 million, a decrease of \$1.3 million from the prior fiscal year. This decrease was due to an increase in expenditures during the fiscal year. As a measure of the general fund’s liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 51% of total general fund expenditures.

The fund balance of the Dripping Springs Ranch Park fund was \$110,462, a decrease of \$14,517 from the prior fiscal year.

Proprietary fund – The proprietary fund is used to account for operating activity of the water and wastewater system. The proprietary fund net position increased \$16.5 million to \$68.3 million total. The increase is due to an increase in investment income and over \$12 million in developer contributions.

Fiduciary fund – The fiduciary fund is used to account for funds the City holds on a custodian basis. For the year ended September 30, 2025, the Heritage Trust Fund has a net position of \$48,377.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – At September 30, 2025, the City had \$108,257,309, net of depreciation/amortization, invested in capital assets. Capital assets increased by \$32 million in the current year. The increase is due to developer contributions offset by depreciation/amortization during the year. Capital assets, net of depreciation/amortization are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 8,280,224	\$ 8,049,186	\$ 174,453	\$ -	\$ 8,454,677	\$ 8,049,186
Construction in progress	821,139	-	1,706,353	-	2,527,492	-
Buildings	2,684,438	1,801,059	-	-	2,684,438	1,801,059
Improvements	5,967,483	5,701,490	-	-	5,967,483	5,701,490
Machinery and equipment	568,617	435,020	85,640	79,605	654,257	514,625
Infrastructure	41,330,320	26,276,580	46,114,671	33,249,043	87,444,991	59,525,623
Right-to-use lease asset	-	-	479,913	649,128	479,913	649,128
Right-to-use SBITA asset	44,058	64,367	-	-	44,058	64,367
Total capital assets	\$ 59,696,279	\$ 42,327,702	\$ 48,561,030	\$ 33,977,776	\$ 108,257,309	\$ 76,305,478

More information on capital assets can be found in note 5 to the financial statements.

Debt – The City’s debt increased \$10,403,987 during the year. The increase is due to the issuance of the Series 2025 Certificates of Obligations. The City’s debt is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ -	\$ -	\$ 655,000	\$ 1,310,000	\$ 655,000	\$ 1,310,000
Certificates of obligation	13,035,000	325,000	36,125,000	37,990,000	49,160,000	38,315,000
Tax notes	2,145,000	2,500,000	-	-	2,145,000	2,500,000
Bond premium	745,041	-	-	-	745,041	-
SBITA payable	29,545	42,726	-	-	29,545	42,726
Lease payable	-	-	498,414	661,287	498,414	661,287
Total	\$ 15,954,586	\$ 2,867,726	\$ 37,278,414	\$ 39,961,287	\$ 53,233,000	\$ 42,829,013

More information on debt can be found in note 6 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The largest single revenue source is sales tax revenue collected and was estimated at \$4.9 million for 2025. Licenses and permits were budgeted at \$2.4 million while property taxes were budgeted at \$3.7 million. Overall, the City’s actual revenues were approximately \$119 thousand over budget. General fund expenditures were budgeted at \$12.9 million for fiscal year 2025. For the year ended September 30, 2025, the City’s actual expenditures were approximately \$12.8 million, \$110 thousand under legally adopted appropriations.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

For fiscal year 2024-2025, the City’s total appraised value rose \$99,252,834 from \$2,077,013,756 to \$2,176,266,590. The City anticipates continued residential and commercial growth, adding to the City’s ability to provide a unique living experience for its residents. The City anticipates completing its Comprehensive Plan – Reimagining Dripping Springs, establishing priorities for the City’s future land use and development projects.

The City resolved all issues relating to its approved TCEQ Wastewater Discharge Permit. Bidding on construction of the new plan is scheduled to happen in Spring of 2026, with construction anticipated to begin in June. Phase I of construction has already been funded through the Texas Water Development Board (TWDB). Phase II is currently being evaluated by the TWDB as the funding application is processed. The City currently has 496 retail water customers, which is an increase of 298 customers since the same time in 2025.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and creditors with a general overview of the City’s resources and to show the City’s accountability for the money it receives and disburses.

If you have any questions about this report or need additional financial information, contact the City Administrator of the City of Dripping Springs, Texas.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Government Accounting Standards Board (GASB). The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



STATEMENT OF NET POSITION

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 30,860,282	\$ 8,966,497	\$ 39,826,779
Restricted assets - cash and cash equivalents	-	46,716,624	46,716,624
Receivables (net of allowance for uncollectables)	2,282,677	5,087,580	7,370,257
Internal balances	(1,427,304)	1,427,304	-
Capital assets not subject to depreciation/amortization	9,101,363	1,880,806	10,982,169
Capital assets, net of accumulated depreciation/amortization	<u>50,594,916</u>	<u>46,680,224</u>	<u>97,275,140</u>
Total assets	<u>91,411,934</u>	<u>110,759,035</u>	<u>202,170,969</u>
Deferred outflows of resources:			
Deferred outflows of resources - pension	193,223	28,872	222,095
Deferred outflows of resources - OPEB	<u>11,244</u>	<u>1,681</u>	<u>12,925</u>
Total deferred outflows of resources	<u>204,467</u>	<u>30,553</u>	<u>235,020</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,258,882	3,183,562	4,442,444
Accrued liabilities	242,046	-	242,046
Accrued interest payable	51,596	135,810	187,406
Deposits payable	103,546	1,800,165	1,903,711
Noncurrent liabilities:			
Due within one year	732,239	2,729,509	3,461,748
Due in more than one year	<u>15,675,932</u>	<u>34,607,757</u>	<u>50,283,689</u>
Total liabilities	<u>18,064,241</u>	<u>42,456,803</u>	<u>60,521,044</u>
Deferred inflows of resources:			
Deferred inflows of resources - pension	81,856	12,232	94,088
Deferred inflows of resources - OPEB	<u>17,268</u>	<u>2,580</u>	<u>19,848</u>
Total deferred inflows of resources	<u>99,124</u>	<u>14,812</u>	<u>113,936</u>
Net position:			
Net investment in capital assets	58,099,388	57,863,430	115,962,818
Restricted for:			
Debt service	107,299	-	107,299
Development	3,853,579	-	3,853,579
Culture and recreation	124,501	-	124,501
Tourism	1,253,443	-	1,253,443
Impact fees	-	2,642,838	2,642,838
Unrestricted net position	<u>10,014,826</u>	<u>7,811,705</u>	<u>17,826,531</u>
Total net position	<u>\$ 73,453,036</u>	<u>\$ 68,317,973</u>	<u>\$ 141,771,009</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary governmental activities:				
General government	\$ 3,979,983	\$ 459,415	\$ 155,369	\$ -
Development	2,973,582	2,628,060	-	-
Public safety	210,445	-	-	-
Public works	1,331,594	-	638,869	15,519,461
Culture and recreation	3,956,730	317,230	-	-
Tourism	120,394	-	-	-
Interest on long-term debt	596,301	-	-	-
Total primary governmental activities	13,169,029	3,404,705	794,238	15,519,461
Business-type activities:				
Water and wastewater	6,589,513	5,153,640	-	12,536,434
Total business-type activities	6,589,513	5,153,640	-	12,536,434
Primary government	\$ 19,758,542	\$ 8,558,345	\$ 794,238	\$ 28,055,895

General revenues and transfers:

Taxes:

Property taxes

Sales and use taxes

Other taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Restatement of net position

Net position at end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,365,199)	\$ -	\$ (3,365,199)
(345,522)	-	(345,522)
(210,445)	-	(210,445)
14,826,736	-	14,826,736
(3,639,500)	-	(3,639,500)
(120,394)	-	(120,394)
(596,301)	-	(596,301)
<u>6,549,375</u>	<u>-</u>	<u>6,549,375</u>
<u>-</u>	<u>11,100,561</u>	<u>11,100,561</u>
<u>-</u>	<u>11,100,561</u>	<u>11,100,561</u>
<u>6,549,375</u>	<u>11,100,561</u>	<u>17,649,936</u>
5,094,936	-	5,094,936
5,081,419	994,904	6,076,323
82,042	397,296	479,338
634,265	2,118,111	2,752,376
1,864,336	1,865,532	3,729,868
<u>50,545</u>	<u>(50,545)</u>	<u>-</u>
<u>12,807,543</u>	<u>5,325,298</u>	<u>18,132,841</u>
19,356,918	16,425,859	35,782,777
<u>54,040,648</u>	<u>51,840,038</u>	<u>105,880,686</u>
<u>55,470</u>	<u>52,076</u>	<u>107,546</u>
<u>\$ 73,453,036</u>	<u>\$ 68,317,973</u>	<u>\$ 141,771,009</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2025

	General Fund	Dripping Springs Ranch Park	Capital Improvements	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 7,056,257	\$ 345,838	\$ 14,409,291	\$ 9,048,896	\$ 30,860,282
Property taxes receivables	20,660	-	-	-	20,660
Sales tax receivable	791,606	-	-	-	791,606
Other receivables	1,470,411	-	-	-	1,470,411
Due from other funds	<u>60,911</u>	<u>-</u>	<u>-</u>	<u>204,987</u>	<u>265,898</u>
Total assets	<u>\$ 9,399,845</u>	<u>\$ 345,838</u>	<u>\$ 14,409,291</u>	<u>\$ 9,253,883</u>	<u>\$ 33,408,857</u>
Liabilities:					
Accounts payable	\$ 875,193	\$ 224,035	\$ -	\$ 159,654	\$ 1,258,882
Accrued liabilities	231,584	10,462	-	-	242,046
Due to other funds	1,631,953	879	-	60,370	1,693,202
Developer deposits	<u>103,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,546</u>
Total liabilities	<u>2,842,276</u>	<u>235,376</u>	<u>-</u>	<u>220,024</u>	<u>3,297,676</u>
Deferred inflows of resources:					
Unearned revenue - property taxes	<u>20,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,660</u>
Total deferred inflows of resources	<u>20,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,660</u>
Fund balances:					
Restricted for:					
Debt service	-	-	-	107,299	107,299
Development	-	-	-	3,853,579	3,853,579
Culture and recreation	-	110,462	-	14,039	124,501
Tourism	-	-	-	1,253,443	1,253,443
Capital projects	-	-	14,409,291	-	14,409,291
Committed:					
Other	-	-	-	466,671	466,671
Reserve	-	-	-	3,338,828	3,338,828
Unassigned	<u>6,536,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,536,909</u>
Total fund balances	<u>6,536,909</u>	<u>110,462</u>	<u>14,409,291</u>	<u>9,033,859</u>	<u>30,090,521</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,399,845</u>	<u>\$ 345,838</u>	<u>\$ 14,409,291</u>	<u>\$ 9,253,883</u>	<u>\$ 33,408,857</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

**RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION**

For the year ended September 30, 2025

Total fund balances - governmental funds	\$	30,090,521
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Amounts reported in governmental funds and in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		59,696,279
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Certain long-term assets (property taxes) are not available to pay current period expenditures, and therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		20,660
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Some liabilities and deferred outflows and inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.

Bonds and premium payable		(15,925,041)
SBITA payable		(29,545)
Interest payable		(51,596)
Compensated absences		(390,718)
Deferred inflows/outflows related to pensions		111,367
Deferred inflows/outflows related to OPEB		(6,024)
Net pension liability		(22,342)
Total OPEB liability		<u>(40,525)</u>

Total net position of governmental activities	\$	<u>73,453,036</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended September 30, 2025

	General Fund	Dripping Springs Ranch Park	Capital Improvements	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem taxes	\$ 3,195,917	\$ -	\$ -	\$ 1,910,146	\$ 5,106,063
Sales and use taxes	3,979,650	-	-	1,101,769	5,081,419
Franchise taxes	40,978	-	-	14,087	55,065
Mixed drink tax	26,977	-	-	-	26,977
Licenses and permits	2,642,556	-	-	-	2,642,556
Intergovernmental revenues	794,238	-	-	-	794,238
Charges for services	444,919	249,611	-	67,619	762,149
Interest income	212,077	7,737	178,479	235,972	634,265
Donations	7,876	-	-	81,857	89,733
Miscellaneous	484,274	531,872	-	758,457	1,774,603
Total revenues	<u>11,829,462</u>	<u>789,220</u>	<u>178,479</u>	<u>4,169,907</u>	<u>16,967,068</u>
Expenditures:					
General government	3,532,433	-	-	-	3,532,433
Public safety	186,779	-	-	-	186,779
Public works	1,181,854	-	-	-	1,181,854
Development	2,135,026	-	-	504,173	2,639,199
Culture and recreation	2,097,365	841,486	-	572,941	3,511,792
Tourism	-	-	-	106,855	106,855
Capital outlay	2,742,465	260,345	83,366	147,672	3,233,848
Debt service:					
Principal	693,181	-	-	400,000	1,093,181
Interest and fiscal charges	242,955	-	200,975	114,483	558,413
Total expenditures	<u>12,812,058</u>	<u>1,101,831</u>	<u>284,341</u>	<u>1,846,124</u>	<u>16,044,354</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(982,596)	(312,611)	(105,862)	2,323,783	922,714
Other financing sources (uses):					
Transfers in	-	330,000	-	1,022,826	1,352,826
Transfers out	(300,000)	(31,906)	-	(970,375)	(1,302,281)
Bonds issued	-	-	13,435,000	-	13,435,000
Premium	-	-	757,669	-	757,669
Total other financing sources (uses)	<u>(300,000)</u>	<u>298,094</u>	<u>14,192,669</u>	<u>52,451</u>	<u>14,243,214</u>
Net change in fund balances	(1,282,596)	(14,517)	14,086,807	2,376,234	15,165,928
Fund balance - beginning of year	<u>7,841,784</u>	<u>124,979</u>	<u>322,484</u>	<u>6,496,488</u>	<u>14,785,735</u>
Restatement of fund balance	<u>(22,279)</u>	<u>-</u>	<u>-</u>	<u>161,137</u>	<u>138,858</u>
Fund balance - end of year	<u>\$ 6,536,909</u>	<u>\$ 110,462</u>	<u>\$ 14,409,291</u>	<u>\$ 9,033,859</u>	<u>\$ 30,090,521</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

**RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO CHANGE IN STATEMENT OF ACTIVITIES**

For the year ended September 30, 2025

Net change in fund balances - governmental funds	\$ 15,165,928
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Amounts reported in governmental funds and in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization.	3,233,848
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Developers contributions are not reported in governmental funds.	15,519,461
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Depreciation and amortization expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.	(1,384,732)
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Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(11,127)
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Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceed proceeds.

Debt service principal	1,093,181
Bond premium amortization	12,628

Tax notes and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This is the amount of proceeds from issuance of certificates of obligation.	(14,192,669)
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Total OPEB expense is not recognized in governmental funds.	(5,775)
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Total pension expense is not recognized in governmental funds.	33,782
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Increase in compensated absences	(57,091)
Increase in accrued interest	(50,516)

Change in net position of governmental activities	<u>\$ 19,356,918</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

**STATEMENT OF NET POSITION
ENTERPRISE FUNDS**

September 30, 2025

	<u>Water and Wastewater Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,966,497
Restricted cash, cash equivalents	46,716,624
Accounts receivable, net of allowance for doubtful accounts	5,087,580
Due from other funds	<u>1,427,304</u>
Total current assets	<u>62,198,005</u>
Noncurrent assets:	
Capital assets:	
Land	174,453
Infrastructure	57,255,010
Equipment	227,956
Right-to-use lease asset	846,075
Construction in progress	1,706,353
Less accumulated depreciation/amortization	<u>(11,648,817)</u>
Total noncurrent assets	<u>48,561,030</u>
Total assets	<u>110,759,035</u>
Deferred outflows of resources:	
Deferred outflows of resources - pension	28,872
Deferred outflows of resources - OPEB	<u>1,681</u>
Total outflows of resources	<u>30,553</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 110,789,588</u>

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

**STATEMENT OF NET POSITION
ENTERPRISE FUNDS**

September 30, 2025

	<u>Water and Wastewater Fund</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,183,562
Accrued interest payable	135,810
Customer deposits	1,800,165
Bonds payable - current	655,000
Certificates of obligation - current	1,905,000
Lease payable - current	<u>169,509</u>
Total current liabilities	<u>7,849,046</u>
Noncurrent liabilities:	
Compensated absences	49,458
Certificate of obligation	34,220,000
Lease payable	328,905
Net pension liability	3,338
OPEB liability	<u>6,056</u>
Total noncurrent liabilities	<u>34,607,757</u>
Total liabilities	<u>42,456,803</u>
Deferred inflows of resources:	
Deferred inflows of resources - pension	12,232
Deferred inflows of resources - OPEB	<u>2,580</u>
Total inflows of resources	<u>14,812</u>
NET POSITION	
Net investment in capital assets	57,863,430
Restricted - Impact Fees	2,642,838
Unrestricted	<u>7,811,705</u>
Total net position	<u>68,317,973</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 110,789,588</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS**

For the year ended September 30, 2025

	<u>Water and Wastewater Fund</u>
Operating revenues:	
Charges for services	\$ 3,318,260
Franchise fees	397,296
Impact Fees	1,835,380
Miscellaneous	<u>1,865,532</u>
Total operating revenues	<u>7,416,468</u>
Operating expenses:	
Personnel	819,043
Supplies and materials	225,224
Contracted services	776,976
Other services	1,290,738
Repairs and maintenance	1,136,684
Depreciation/amortization	<u>1,911,460</u>
Total operating expenses	<u>6,160,125</u>
Operating income	<u>1,256,343</u>
Nonoperating revenues (expenses):	
Interest expense	(429,388)
Sales taxes	994,904
Interest income	<u>2,118,111</u>
Total nonoperating revenues (expenses)	<u>2,683,627</u>
Income before contributions and transfers	<u>3,939,970</u>
Contributions and transfers	
Capital contributions	12,536,434
Transfer in	-
Transfers out	<u>(50,545)</u>
Total contributions and transfers	<u>12,485,889</u>
Change in net position	16,425,859
Net position at beginning of year	<u>51,840,038</u>
Restatement of net position	<u>52,076</u>
Net position at end of year	<u>\$ 68,317,973</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

For the year ended September 30, 2025

	<u>Water and Wastewater Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 5,024,220
Payments to suppliers and service providers	(2,241,306)
Payment to employees for salaries and benefits	<u>(813,553)</u>
Net cash provided by (used in) operating activities	<u>1,969,361</u>
Cash flows from noncapital financing activities:	
Other revenue received	994,904
Transfers to other funds	<u>(50,545)</u>
Net cash provided by (used in) noncapital financing activities	<u>944,359</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,958,280)
Principal paid on capital debt	(2,520,000)
Principal paid on lease	(162,873)
Interest paid on capital debt	<u>(423,830)</u>
Net cash provided by (used in) capital and related financing activities	<u>(7,064,983)</u>
Cash flows from investing activities:	
Interest income	<u>2,118,111</u>
Net increase (decrease) in cash and cash equivalents	(2,033,152)
Cash and cash equivalents - beginning	<u>57,716,273</u>
Cash and cash equivalents - ending	<u>\$ 55,683,121</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	\$ 1,256,343
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation/amortization expense	1,911,460
Increase in accounts receivable	(1,958,104)
Increase in due from others	(824,269)
Increase in pension related deferred outflows of resources	(2,468)
Increase in OPEB related deferred outflows of resources	(45)
Increase in accounts payable	1,311,195
Increase in deposits payable	266,066
Increase in compensated absences	11,178
Decrease in net pension liability	(11,547)
Increase in net OPEB liability	1,658
Increase in pension related deferred inflows of resources	7,736
Increase in OPEB related deferred inflows of resources	<u>158</u>
Net cash provided by (used in) operating activities	<u>1,969,361</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Contributions of capital assets	<u>\$ 12,536,434</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

For the year ended September 30, 2025

	Heritage Road Trail Trust Fund
ASSETS	
Cash and cash equivalents	\$ <u>48,377</u>
TOTAL ASSETS	\$ <u><u>48,377</u></u>
NET POSITION	
Unrestricted	\$ <u>48,377</u>
TOTAL NET POSITION	\$ <u><u>48,377</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF DRIPPING SPRINGS, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FIDUCIARY FUNDS

For the year ended September 30, 2025

	<u>Heritage Road Trail Trust Fund</u>
Additions	
Investment earnings	\$ <u>1,475</u>
Deletions	
Development services	<u>-</u>
Change in net position	1,475
Net position at beginning of year	<u>(1,867,305)</u>
Restatement of net position	<u>1,914,207</u>
Net position at end of year	<u>\$ 48,377</u>

The accompanying notes are an integral part of these financial statements.



CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies

Reporting entity

The financial statements of the City of Dripping Springs, Texas (“the City”) provides a full range of municipal services including public safety, public works, development, culture and recreation, and general administrative services. In addition, the City provides water and wastewater as a proprietary function of the City. The accounting policies of the City of Dripping Springs conform to generally accepted accounting principles (GAAP) issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City’s basic financial statements.

The City is a general law city governed by an elected Mayor and a five-member City Council. The City’s financial statements include its component units. The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, in that the financial statements include all organizations, activities, functions, and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization’s governing body and either (1) the City’s ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Blended component units

The City of Dripping Springs Tax Increment Reinvestment Zone No. 1 (TIRZ#1) is fiscally dependent on the City, as the City approves their budgets and any debt issuances; TIRZ#1 is also financially dependent on the City. TIRZ#1 is reported as a blended component unit of the City and does not issue separate financial statements.

The City of Dripping Springs Tax Increment Reinvestment Zone No. 2 (TIRZ#2) is fiscally dependent on the City, as the City approves their budgets and any debt issuances; TIRZ#2 qualifies for blending because the City’s Council controls the Board as they appoint the majority of the Board. TIRZ#2 is also financially dependent on the City. TIRZ#2 is reported as a blended component unit of the City and does not issue separate financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports the assets and liabilities of the primary government. The net position section of this statement represent the residual amount of assets less their associated liabilities. The net position section is divided into three categories. The first category is net investment in capital assets, which includes all capital assets, net of accumulated depreciation, less any outstanding debt associated with the assets. Capital assets cannot readily be sold and converted into cash.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

The second category is restricted net position, which includes those assets that have a constraint placed on their use. The constraints are either: (1) externally imposed by creditors, such as through debt covenants, contributors, or laws and regulations of other governments, (2) imposed by law through constitutional provisions or enabling legislation. The final section is unrestricted net position, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, like cash.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on a general long-term debt, including subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

Governmental funds (continued)

The government reports the following major governmental funds:

The **General Fund** – is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the City.

Dripping Springs Ranch Park Fund – is one of the City’s special revenue funds. It accounts for all financial resources for the Dripping Springs Ranch Park, a park and event center.

Capital Improvements Fund – is used to account for construction in progress capital outlay or long-term repair expenditures.

Nonmajor governmental funds include the debt service fund, which accounts for the accumulation of resources that are for the payment of principal and interest on the City’s general long-term debt. The City also reports fourteen special revenue funds that are considered nonmajor. These funds account for specific revenue sources that are restricted or committed to expenditures for particular purposes.

Proprietary funds

Proprietary funds are those used to account for the City’s ongoing organizations and activities which are similar to those found in the private sector and accounted for using an economic resources measurement focus. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City has one proprietary fund and it is reported as a major fund.

The **Water and Wastewater Fund** – this fund accounts for the activities for which outside users are charged a fee roughly equal to the cost of providing water and wastewater services.

Fiduciary funds

Fiduciary funds are used to account for assets held on behalf of outside parties by the City. The City uses custodial funds to account for assets held in the agent capacity for other developers for which the City disburses funds on behalf of the development.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

Public improvement districts

Special assessment revenue bonds are issued by the City for the public improvement districts (PID) and are secured solely from assessment revenues generated by each PID. The City is not obligated in any manner for this special assessment debt but merely acts as the developer’s agent in handling the debt service by each PID and forwarding to the trustee for payment to the bond holders. The bond proceeds were deposited into trust accounts with Wilmington Trust National Association for the purpose of funding improvements in the projects. Wilmington Trust National Association serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the trustee.

Budgetary information

The City Mayor submits an annual budget to the City Council. In September, the City Council adopts annual fiscal year budgets for specific City funds. Budgets for the general fund are adopted on a basis consistent with U.S. generally accepted accounting principles. The budget is properly amended throughout the year.

The appropriated budget is prepared by fund, function, and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Use of estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses / expenditures during the reporting period. Actual results could differ from those estimates.

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position

Deposits and investments

The purposes of the statement of cash flows, the City’s cash and cash investments are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less from the date of acquisition. The depository bank pays the City interest on all funds on deposit.

As of September 30, 2025, the City does not hold any investments and only has interest bearing cash accounts.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2025, the City does not have an allowance for uncollectable tax receivables as the total balance of the taxes receivable is not significant to the financial statements.

Accounts receivables

The City has entered into various agreements with developers and vendors under which under which the City advanced construction and engineering costs related to projects within the City. In accordance with the terms of these agreements, the City is entitled to reimbursement of these upfront expenditures. Amounts advanced under these arrangements are recorded as accounts receivable in the accompanying financial statements. Because these amounts represent reimbursements of previously incurred expenditures, no revenue has been recognized in connection with these transactions.

As of September 30, 2025, management has evaluated the outstanding receivable balances and determined that they are fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Restricted assets

In accordance with applicable covenants of bond issues or other agreements, appropriate assets have been restricted.

Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets, right-to-use lease assets, and right-to-use SBITA assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City has established a lease and SBITA recognition threshold of \$5,000 and \$5,000 respectively. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized but are charged to operations as incurred. Improvement and betterments which materially extend the useful lives of capital assets are capitalized.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Contributions of capital assets from external sources are recorded as capital contribution revenue. Property, plant, equipment, the right-to-use lease assets, and right-to-use SBITA assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings	15-40 years
Building improvements	15-40 years
Infrastructure	10-40 years
Machinery and equipment	5-10 years
Right-to-use lease asset	lease term
Right-to-use SBITA asset	subscription term

Compensated absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is accrued depending on level of employment and years of service. Vacation can be accrued depending on years of service with the City. Accrued vacation is paid upon retirement or termination of employment in accordance with City policy. As of October 1, 2024 the City has implemented GASB Statement No. 101 *Compensated Absences*. This required all vacation and sick leave carried by employees at the City as well as the fringe benefits associated with the leave balances to be included in the calculation of compensated absences and required a restatement of net position of \$84,368.

Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Leases (continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rates as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase options price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-based information technology arrangements (SBITA)

The City is under contract for SBITA for various software. The arrangement/contract are noncancellable and the City recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rates as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase options price that the City is reasonably certain to exercise.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Subscription-based information technology arrangements (SBITA) (continued)

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Pensions and other postemployment benefits (OPEB)

The City has pension and OPEB for supplemental death benefits fund (SBDF) with the Texas Municipal Retirement System (TMRS). For purposes of measuring the net pension and total OPEB liability from TMRS pension/OPEB related deferred outflows and inflows of resources, and pension/OPEB expense, City specific information about its fiduciary net position in TMRS and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions to TMRS are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City’s total pension and total OPEB liabilities is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with governmental accounting standards board (GASB) statements number 68 and 75. The OPEB for health benefits is an unfunded plan. The same actuaries used for pensions and OPEB from TMRS are used to provide the reporting information for the OPEB health benefits.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the financial position as described below.

A *deferred outflow of resources* is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The City has two items that qualify for reporting in this category:

- Deferred outflows of resources for pension – reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the City’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other postemployment benefits (OPEB) other than pension – reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the total OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the City’s proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB investments will be amortized over a closed five-year period. The remaining postemployment related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Deferred outflows/inflows of resources (continued)

A *deferred inflow of resources* is an acquisition of a government’s net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The City has three items that qualify for reporting in this category.

- Deferred inflows of resources for unavailable revenues – reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual experiences and (3) changes in the City’s proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for OPEB – reported in the government-wide financial statement of net position, this deferred inflow results primarily from (1) changes in actuarial assumptions; and (2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

Fund balance

The City has adopted the provisions of GASB Statement No. 54, “*Fund Balance Reporting and Government Fund Type Definitions*”. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are nonspendable, restricted, committed, assigned, and unassigned.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Assets, liabilities, deferred inflows/outflows of resources and fund balances/net position (continued)

Fund balance (continued)

In accordance with GASB 54, the City classifies governmental fund balances as follows:

- *Committed fund balance* – includes amounts that can be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority (City Council). Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally (i.e., park acquisition and improvement, recreation, etc.)
- *Restricted fund balance* – fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Unassigned fund balance* – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of expenditure of funds – when multiple categories of fund balances are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Net position

Restricted – the City restricts net position to serve different purposes. In the City’s governmental funds, net position is restricted for the retirement of long-term debt, development, and parks and community.

(2) Deposits and investments

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the investment policy include: depository limitations require Federal Deposit Insurance Corporation (“FDIC”) insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

State statutes require all time and demand deposits to be fully insured or collateralized. Cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity, they present insignificant risk or changes in value because of changes in interest rates.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(2) Deposits and investments (continued)

At September 30, 2025, the carrying amount of deposits was \$86,591,776 and the respective bank balances were \$86,735,921. The City’s bank balances were fully insured or collateralized with securities held by the City’s agent in the City’s name.

Custodial credit risk for deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complied with this law for the year ended September 30, 2025, it had no custodial credit risk for deposits.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the state maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in compliance with all requirements of the Act and with local policies.

As of September 30, 2025, the City does not hold any investments.

(3) Property taxes

The appraisal of property within the City is the responsibility of the of the Hays Central Appraisal District (the Appraisal District). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. The Texas Legislature enacted new legislation for property taxes which calculates the no new revenue tax rate (the rate will raise the same amount of property tax revenue from same properties as prior year). The voter approved rate is the highest tax rate the City may adopt without holding an election. The City’s property taxes are levied annually in October on the basis of the Appraisal District’s assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Appraisal District Board of Review. The City’s property taxes are billed and collected by the City’s Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(3) Property taxes (continued)

Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The property tax rates to finance general governmental services for fiscal year 2025 was \$0.1794 per \$100 of assessed valuation. The 2025 assessed value and total tax levy as adjusted through September 30, 2025 were \$2,070,364,108 and \$3,714,233, respectively.

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Appraisal District establishes appraisal values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

(4) Receivables

Receivables as of September 30, 2025 for the City’s individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Wastewater Fund	Total
Receivables			
Property taxes	\$ 20,660	\$ -	\$ 20,660
Sales taxes	791,606	-	791,606
Customers	-	5,087,580	5,087,580
Other	1,470,411	-	1,470,411
Total receivables	\$ 2,282,677	\$ 5,087,580	\$ 7,370,257

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(5) Capital assets

Capital assets activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Additions	Retirements and Transfers	Balance September 30, 2025
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,049,186	\$ 231,038	\$ -	\$ 8,280,224
Construction in progress	-	821,139	-	821,139
Total capital assets not being depreciated	8,049,186	1,052,177	-	9,101,363
Capital assets being depreciated:				
Buildings	2,402,210	986,974	-	3,389,184
Improvements other than buildings	9,236,290	559,875	-	9,796,165
Machinery and equipment	1,906,941	241,637	-	2,148,578
Infrastructure	28,268,518	15,912,646	-	44,181,164
Right-to-use SBITA asset	101,543	-	-	101,543
Total capital assets being depreciated	41,915,502	17,701,132	-	59,616,634
Less accumulated depreciation:				
Buildings	(601,151)	(103,595)	-	(704,746)
Improvements other than buildings	(3,534,800)	(293,882)	-	(3,828,682)
Machinery and equipment	(1,471,922)	(108,039)	-	(1,579,961)
Infrastructure	(1,991,937)	(858,907)	-	(2,850,844)
Right-to-use SBITA asset	(37,176)	(20,309)	-	(57,485)
Total accumulated depreciation	(7,636,986)	(1,384,732)	-	(9,021,718)
Total capital assets being depreciated (net)	34,278,516	16,316,400	-	50,594,916
Governmental activities capital assets (net)	\$ 42,327,702	\$ 17,368,577	\$ -	\$ 59,696,279

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(5) Capital assets (continued)

	Balance October 1, 2024	Additions	Retirements and Transfers	Balance September 30, 2025
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ 174,453	\$ -	\$ 174,453
Construction in progress	-	<u>1,706,353</u>	-	<u>1,706,353</u>
Total capital assets, not being depreciated	-	<u>1,880,806</u>	-	<u>1,880,806</u>
Capital assets being depreciated:				
Infrastructure	42,683,319	14,571,691	-	57,255,010
Machinery and equipment	185,739	42,217	-	227,956
Right-to-use lease asset	<u>846,075</u>	-	-	<u>846,075</u>
Total capital assets being depreciated	<u>43,715,133</u>	<u>14,613,908</u>	-	<u>58,329,041</u>
Less accumulated depreciation:				
Infrastructure	(9,434,276)	(1,706,063)	-	(11,140,339)
Machinery and equipment	(106,134)	(36,182)	-	(142,316)
Right-to-use lease asset	<u>(196,947)</u>	<u>(169,215)</u>	-	<u>(366,162)</u>
Total accumulated depreciation	<u>(9,737,357)</u>	<u>(1,911,460)</u>	-	<u>(11,648,817)</u>
Total capital assets being depreciated (net)	<u>33,977,776</u>	<u>12,702,448</u>	-	<u>46,680,224</u>
Business-type activities capital assets (net)	<u>\$ 33,977,776</u>	<u>\$ 14,583,254</u>	<u>\$ -</u>	<u>\$ 48,561,030</u>

Depreciation/amortization was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 431,667
Public safety	23,091
Public works	145,454
Development	328,412
Culture and recreation	442,632
Tourism	<u>13,476</u>
Total governmental activities	<u>\$ 1,384,732</u>
Business-type activities:	
Water and wastewater	<u>\$ 1,911,460</u>
Total business-type activities	<u>\$ 1,911,460</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(5) Capital assets (continued)

Net investment in capital assets at September 30, 2025 is calculated as follows:

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 59,696,279	\$ 48,561,030
Less:		
Accrued interest payable	51,596	135,810
Bonds payable	13,035,000	655,000
Notes payable	2,145,000	36,125,000
SBITA liability	29,545	-
Lease liability	-	498,414
Unamortized premiums on outstanding debt	745,041	-
Plus:		
Unspent bond/note proceeds	14,409,291	46,716,624
Net investment in capital assets	\$ 58,099,388	\$ 57,863,430

(6) Long-term liabilities

The City issues general obligation bonds, certificates of obligation bonds, and contractual obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental which includes blended component units and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

General Obligation Bonds	Original Borrowings	Final Maturity	Interest Rates	Balance at September 30, 2025	
				Governmental	Business-Type
General Obligation Refunding Bonds, Series 2015	\$ 7,410,000	2026	0.437-2.352%	\$ -	\$ 655,000
Total general obligation bonds				\$ -	\$ 655,000

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(6) Long-term liabilities (continued)

Certificates of Obligation	Original Borrowings	Final Maturity	Interest Rates	Balance at September 30, 2025	
				Governmental	Business-Type
Combination Tax and Limited Revenue Certificates of Obligation, Series 2013	\$ 1,000,000	2028	4.15%	\$ 250,000	\$ -
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019	23,500,000	2040	0.04-0.61%	-	18,860,000
Combination Tax and Revenue Certificates of Obligation, Series 2022	19,895,000	2042	0.61-2.01%	-	17,265,000
Combination Tax and Revenue Certificates of Obligation, Series 2025	13,435,000	2043	5.00%	<u>12,785,000</u>	<u>-</u>
Total certificates of obligation				<u>\$ 13,035,000</u>	<u>\$ 36,125,000</u>

Tax Notes	Original Borrowings	Final Maturity	Interest Rates	Balance at September 30, 2025	
				Governmental	Business-Type
General Obligation Refunding Bonds, Series 2015	\$ 2,500,000	2026	4.44%	<u>\$ 2,145,000</u>	<u>\$ -</u>
Total tax notes				<u>\$ 2,145,000</u>	<u>\$ -</u>

The City issued Certificates of Obligation bonds, Series 2025 on April 15, 2025 in the amount of \$13,435,000 for the purpose of constructing and improving existing City Streets and Right of Way improvements. The original issue consists of bonds maturing as of September 1, 2043 with an interest rate of 5.0%.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(6) Long-term liabilities (continued)

Changes in the City’s long-term liabilities for the year ended September 30, 2025 are as follows:

	October 1, 2024 as restated	Increases	Decreases	Balance September 30, 2025	Due Within One Year
<u>Governmental activities:</u>					
Bonds and notes payable:					
Certificates of obligation	\$ 325,000	\$ 13,435,000	\$ (725,000)	\$ 13,035,000	\$ 290,000
Tax notes	2,500,000	-	(355,000)	2,145,000	390,000
Bond premium	-	757,669	(12,628)	745,041	37,884
Total bonds and notes payable	<u>2,825,000</u>	<u>14,192,669</u>	<u>(1,092,628)</u>	<u>15,925,041</u>	<u>717,884</u>
SBITA payable	42,726	-	(13,181)	29,545	14,355
Compensated absences	333,627	57,091	-	390,718	-
Net pension liability	117,071	-	(94,729)	22,342	-
Total OPEB liability	<u>34,595</u>	<u>5,930</u>	<u>-</u>	<u>40,525</u>	<u>-</u>
Total governmental activities	<u>\$ 3,353,019</u>	<u>\$ 14,255,690</u>	<u>\$ (1,200,538)</u>	<u>\$ 16,408,171</u>	<u>\$ 732,239</u>
<u>Business-type activities:</u>					
Bonds payable:					
General obligation bonds	\$ 1,310,000	\$ -	\$ (655,000)	\$ 655,000	\$ 655,000
Certificates of obligation	37,990,000	-	(1,865,000)	36,125,000	1,905,000
Total bonds payable	<u>39,300,000</u>	<u>-</u>	<u>(2,520,000)</u>	<u>36,780,000</u>	<u>2,560,000</u>
Lease payable	661,287	-	(162,873)	498,414	169,509
Compensated absences	39,260	10,198	-	49,458	-
Net pension liability	14,885	-	(11,547)	3,338	-
Total OPEB liability	<u>4,398</u>	<u>1,658</u>	<u>-</u>	<u>6,056</u>	<u>-</u>
Total business-type activities	<u>\$ 40,019,830</u>	<u>\$ 11,856</u>	<u>\$ (2,694,420)</u>	<u>\$ 37,337,266</u>	<u>\$ 2,729,509</u>

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the general fund for the governmental activities.

General obligation bonds and certificates of obligation - General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal maturity. The City is in compliance with this requirement.

Fiscal Year	Governmental Activities					
	Certificates of Obligation		Tax Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 290,000	\$ 649,625	\$ 390,000	\$ 95,238	\$ 680,000	\$ 744,863
2027	570,000	635,805	410,000	77,922	980,000	713,727
2028	595,000	608,028	430,000	59,718	1,025,000	667,746
2029	535,000	579,000	445,000	40,626	980,000	619,626
2030	565,000	552,250	470,000	20,868	1,035,000	573,118
2031-2035	3,265,000	2,309,750	-	-	3,265,000	2,309,750
2036-2040	4,180,000	1,406,250	-	-	4,180,000	1,406,250
2041-2043	3,035,000	308,250	-	-	3,035,000	308,250
Total	<u>\$ 13,035,000</u>	<u>\$ 7,048,958</u>	<u>\$ 2,145,000</u>	<u>\$ 294,372</u>	<u>\$ 15,180,000</u>	<u>\$ 7,343,330</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(6) Long-term liabilities (continued)

General obligation bonds and certificates of obligation (continued)

Fiscal Year	General Obligation Bonds		Business-Type Activities		Total	
	Principal	Interest	Certificates of Obligation		Principal	Interest
			Principal	Interest		
2025	\$ 655,000	\$ 15,406	\$ 1,905,000	\$ 360,322	\$ 2,560,000	\$ 375,728
2026	-	-	1,945,000	349,731	1,945,000	349,731
2027	-	-	1,990,000	338,211	1,990,000	338,211
2028	-	-	2,035,000	325,035	2,035,000	325,035
2029	-	-	2,080,000	310,345	2,080,000	310,345
2030-2034	-	-	11,190,000	1,274,435	11,190,000	1,274,435
2035-2039	-	-	12,660,000	670,810	12,660,000	670,810
2040-2042	-	-	2,320,000	69,610	2,320,000	69,610
Total	\$ 655,000	\$ 15,406	\$ 36,125,000	\$ 3,698,499	\$ 36,780,000	\$ 3,713,905

Lease payable

The City entered into a six-year lease agreement as lessee for the acquisition and use of WWTP equipment. An initial lease liability was recorded in the amount of \$817,784. As of September 30, 2025 the value of the lease liability was \$498,414. The lease has an interest rate of 4%. The equipment has a six-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$846,075 and had accumulated amortization of \$366,162.

The future principal and interest payments as of September 30, 2025, were as follows:

Fiscal Year	Lease Payable		
	Principal	Interest	Total
2026	\$ 169,509	\$ 16,851	\$ 186,360
2027	176,415	9,945	186,360
2028	152,490	2,810	155,300
Total	\$ 498,414	\$ 29,606	\$ 528,020

SBITA payable

The City entered into a five-year SBITA agreement for the right-to-use software. An initial SBITA was recorded in the amount of \$54,983. As of September 30, 2025, the value of the SBITA liability was \$29,545. The SBITA has an interest rate of 4%. The software noncancellable term is 5 years. The value of the right-to-use asset as of the end of the current fiscal year was \$101,543 and had accumulated amortization of \$57,485.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(6) Long-term liabilities (continued)

SBITA payable (continued)

The future principal and interest SBITA payments as of September 30, 2025, were as follows:

Fiscal Year	SBITA Payable		
	Principal	Interest	Total
2026	\$ 14,355	\$ 1,182	\$ 15,537
2027	15,190	608	15,798
Total	<u>\$ 29,545</u>	<u>\$ 1,790</u>	<u>\$ 31,335</u>

(7) Special assessment bonds

The Public Improvement Districts (PID) were created by City Council ordinance under the Texas PID Act (Texas Local Government Code Chapter 372) principally to finance certain capital improvement projects for master planned developments within City boundaries. In order to finance the capital improvements of the City can issue special assessment bonds up to a maximum principal amount in accordance with development agreements between the City and the developer.

The City authorized by the Texas PID Act and on Assessment Ordinance to collect assessments levied on the properties within the improvement area, which is pledged to pay the scheduled principal and interest payments on the PID bonds.

The City is in no way liable for repayment of the PID bonds, and is only acting as a custodian for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(7) Special assessment bonds (continued)

A summary of the terms of special assessment bonds, as of September 30, 2025, follows:

Description	Original Issue	Final Maturity	Interest Rates	Outstanding Balance September 30, 2025
Special Assessment Revenue Bonds, Series 2023 Heritage Public Improvement District Improvement Area #1 Project	\$ 790,000	2030	4.50%	\$ 633,000
Special Assessment Revenue Bonds, Series 2023 Heritage Public Improvement District Improvement Area #1 Project	2,595,000	2043	5.38%	2,595,000
Special Assessment Revenue Bonds, Series 2023 Heritage Public Improvement District Improvement Area #1 Project	3,658,000	2053	5.50%	3,658,000
Special Assessment Revenue Bonds, Series 2024 Heritage Public Improvement District Improvement Area #2 Project	766,000	2031	4.25%	766,000
Special Assessment Revenue Bonds, Series 2024 Heritage Public Improvement District Improvement Area #2 Project	2,587,000	2044	5.00%	2,587,000
Special Assessment Revenue Bonds, Series 2024 Heritage Public Improvement District Improvement Area #2 Project	3,520,000	2054	5.30%	<u>3,520,000</u>
Total				<u>\$ 13,759,000</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(8) Interfund receivables, payables, and transfers

The composition of interfund transfers for the year ended September 30, 2025 are as follows:

Transfers From	Transfers To		Totals
	Dripping Springs Ranch Park	Nonmajor Governmental Funds	
General fund	\$ -	\$ 300,000	\$ 300,000
Dripping Springs Ranch Park	-	31,906	31,906
Nonmajor governmental	330,000	640,375	970,375
Water and wastewater fund	-	50,545	50,545
Totals	\$ 330,000	\$ 1,022,826	\$ 1,352,826

During the year, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and (2) move general fund resources to provide an annual subsidy to other funds. Transfers from hotel/motel tax fund were properly expended for allowance activities.

(9) Defined benefit pension plans

Texas Municipal Retirement System

Plan description

The City of Dripping Springs participates as one of 934 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(9) Defined benefit pension plans (continued)

Texas Municipal Retirement System (continued)

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS.

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits with interest. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member’s contribution and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement dates, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>64</u>
Total	<u>116</u>

Contributions

The contribution rates in TMRS are either 5%, 6%, or 7% of the member’s total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary using the entry age normal (EAN) actuarial cost method. The City’s contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 6% of their annual compensation during the fiscal year. The contribution rates for the City were 5.63% and 5.71% in calendar years 2025 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2025, were \$276,617, and were equal to the required contributions.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(9) Defined benefit pension plans (continued)

Texas Municipal Retirement System (continued)

Net pension liability

The City’s net pension liability (NPL) was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	4.08
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 110% of the public safety table used for males and 100% of the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the floor.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(9) Defined benefit pension plans (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions (continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 through December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimate of real rates of return for each major asset class in fiscal year 2025 are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other public and private markets	4.0%	7.30%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(9) Defined benefit pension plans (continued)

Texas Municipal Retirement System (continued)

Changes in net pension liability

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2024:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at December 31, 2023	\$ 2,530,490	\$ 2,398,534	\$ 131,956
Changes for the year:			
Service cost	489,038	-	489,038
Interest	185,249	-	185,249
Change of benefit terms	-	-	-
Difference between expected and actual experience	(26,518)	-	(26,518)
Changes of assumptions	-	-	-
Contributions - employer	-	245,811	(245,811)
Contributions - employee	-	258,295	(258,295)
Net investment income	-	251,575	(251,575)
Benefit payments, including refunds of employee contributions	(61,155)	(61,155)	-
Administrative expense	-	(1,598)	1,598
Other changes	-	(37)	37
Net changes	<u>586,614</u>	<u>692,890</u>	<u>(106,277)</u>
Balance at December 31, 2024	<u>\$ 3,117,104</u>	<u>\$ 3,091,424</u>	<u>\$ 25,680</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
City's net pension liability	<u>\$ 513,652</u>	<u>\$ 25,680</u>	<u>\$ (373,326)</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(9) Defined benefit pension plans (continued)

Texas Municipal Retirement System (continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the schedule of changes in fiduciary net position, by participant city. The report may be obtained at www.tmr.com.

Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended September 30, 2025, the City recognized pension expense of \$233,513.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 17,611	\$ 31,312
Changes in actuarial assumptions	-	12,947
Difference between projected and actual investment earnings	-	49,829
Contributions subsequent to the measurement date	204,484	-
Total	\$ 222,095	\$ 94,088

The City reported \$204,484 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year September 30,	Amortization Expense
2026	\$ (17,243)
2027	2,928
2027	(40,330)
2028	(21,832)
Thereafter	-
Total	\$ (76,477)

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(10) Other postemployment benefits (OPEB) plan

Texas Municipal Retirement System

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan, operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active members provides a lump-sum payment approximately equal to the member’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired members are insured for \$7,500; this coverage is an “other postemployment benefit” or OPEB. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

The contribution rate for the City was 0.14% and 0.19% respectively for calendar years 2025 and 2024. The City’s contributions to TMRS for the SDBF program for the year ended September 30, 2025 were \$7,729 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement dates, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>64</u>
Total	<u>73</u>

Other postemployment benefits (OPEB) liability

The City’s total OPEB liability of \$46,581 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(10) Other postemployment benefits (OPEB) plan (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	4.08
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
 Mortality rates - service retirees	 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
 Mortality rates - disabled retirees	 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the total OPEB liability:

Balance at December 31, 2023	\$ 38,993
Changes for the year:	
Service cost	8,179
Interest on the total OPEB liability	1,616
Changes of benefit terms	-
Difference between expected and actual experience	1,569
Change of assumptions	(3,346)
Benefit payments	<u>(430)</u>
Net changes	<u>7,588</u>
Balance at December 31, 2024	<u>\$ 46,581</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

(10) Other postemployment benefits (OPEB) plan (continued)

Texas Municipal Retirement System (continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City’s total OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08 %) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's OPEB liability	\$ 58,866	\$ 46,581	\$ 37,457

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2025, the City recognized OPEB expense of \$7,526.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 1,846	\$ 4,016
Changes in actuarial assumptions	5,750	15,832
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	5,329	-
Total	\$ 12,925	\$ 19,848

The City reported \$5,329 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year September 30,	Amortization Expense
2026	\$ (1,948)
2027	(1,779)
2028	(3,357)
2029	(2,902)
2030	(2,123)
Thereafter	(143)
Total	\$ (12,252)

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(11) Risk management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, employee health benefits; and other claims of various natures. The City purchases commercial insurance to indemnify it in event of loss. For the past three years, settlements did not exceed coverage.

(12) Change in accounting principle

Effective for the fiscal year beginning October 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*, which revises the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 was applied retroactively, as required by the standard. As a result, beginning net position as of October 1, 2024 was restated by \$84,368.

(13) Restatements and changes in accounting principle

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the below items have been adjusted through a restatement of beginning net position and fund balances as of October 1, 2024.

General fund:

The beginning fund balance of the general fund has been restated to correct accounts receivables, due to other funds, and developer deposits. A reconciliation of the prior period ending fund balance to the current year beginning fund balance is as follows:

Beginning fund balance	\$	7,841,784
Correction of error-accounts receivables		225,962
Correction of error-due to other funds		(32,000)
Correction of error-developer deposits		<u>(216,241)</u>
Beginning fund balance, as restated	\$	<u>7,819,505</u>

The beginning fund balance of the nonmajor governmental funds has been restated to correct accounts receivables and developer deposits. A reconciliation of the prior period ending fund balance to the current year beginning fund balance is as follows:

Beginning fund balance	\$	6,496,488
Correction of error-accounts receivables		(121,620)
Correction of error-developer deposits		<u>282,757</u>
Beginning fund balance, as restated	\$	<u>6,657,625</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2025

(13) Restatements and changes in accounting principle (continued)

The beginning net position of the governmental activities has been restated to correct accounts receivables, due to other funds, developer deposits, and required GASB 101 implementation. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Beginning net position	\$ 54,040,648
Correction of error-accounts receivables	104,342
Correction of error-due to other funds	(32,000)
Correction of error-developer deposits	66,516
Change in accounting principle-GASB 101	<u>(83,388)</u>
Beginning net position, as restated	<u>\$ 54,096,118</u>

The beginning net position of the business-type activities has been restated to correct accounts receivables, developer deposits, and required GASB 101 implementation. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Beginning net position	\$ 51,840,038
Correction of error-accounts receivables	155,902
Correction of error-developer deposits	(102,846)
Change in accounting principle-GASB 101	<u>(980)</u>
Beginning net position, as restated	<u>\$ 51,892,114</u>

The beginning net position of the fiduciary activities has been restated to correct prior year expenditures incorrectly recorded. A reconciliation of the prior period ending net position to the current year beginning net position is as follows:

Beginning net position	\$ (1,867,305)
Correction of error-prior year expenditures	<u>1,914,207</u>
Beginning net position, as restated	<u>\$ 46,902</u>

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF DRIPPING SPRINGS, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND**

For the year ended September 30, 2025

	Budget Amounts		2025 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Ad valorem	\$ 3,711,357	\$ 3,739,695	\$ 3,195,917	\$ (543,778)
Sales and use taxes	4,500,000	4,900,000	3,979,650	(920,350)
Franchise taxes	55,000	60,000	40,978	(19,022)
Mixed drink tax	100,000	26,977	26,977	-
Licenses and permits	2,393,075	2,359,823	2,642,556	282,733
Intergovernmental revenues	1,010,000	1,337,000	794,238	(542,762)
Charges for services	216,140	267,210	444,919	177,709
Interest income	150,000	210,000	212,077	2,077
Donations	5,500	5	7,876	7,871
Miscellaneous	40,000	40,000	484,274	444,274
Total revenues	<u>12,181,072</u>	<u>12,940,710</u>	<u>11,829,462</u>	<u>(1,111,248)</u>
Expenditures:				
Current:				
General government	6,227,223	5,676,934	3,532,433	2,144,501
Public safety	83,410	83,699	186,779	(103,080)
Public works	440,930	356,130	1,181,854	(825,724)
Development services	926,500	1,189,000	2,135,026	(946,026)
Culture and recreation	1,490,809	1,748,486	2,097,365	(348,879)
Capital outlay	2,080,500	2,956,657	2,742,465	214,192
Debt service:				
Principal	865,000	425,530	693,181	(267,651)
Interest	486,042	486,042	242,955	243,087
Total expenditures	<u>12,600,414</u>	<u>12,922,478</u>	<u>12,812,058</u>	<u>110,420</u>
Excess (deficiency) of revenues over (under) expenditures	(419,342)	18,232	(982,596)	(1,000,828)
Other financing sources (uses):				
Transfers in	169,000	864,500	-	(864,500)
Transfers out	(2,107,192)	(2,103,192)	(300,000)	1,803,192
Total other financing sources (uses)	<u>(1,938,192)</u>	<u>(1,238,692)</u>	<u>(300,000)</u>	<u>938,692</u>
Net change in fund balances	(2,357,534)	(1,220,460)	(1,282,596)	(62,136)
Total fund balance-beginning of year	<u>7,841,784</u>	<u>7,841,784</u>	<u>7,841,784</u>	<u>-</u>
Restatement of fund balance	<u>-</u>	<u>-</u>	<u>(22,279)</u>	<u>(22,279)</u>
Total fund balance-end of year	<u>\$ 5,484,250</u>	<u>\$ 6,621,324</u>	<u>\$ 6,536,909</u>	<u>\$ (84,415)</u>

CITY OF DRIPPING SPRINGS, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL – DRIPPING SPRINGS RANCH PARK**

For the year ended September 30, 2025

	Budget Amounts		2025 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 231,000	\$ 239,577	\$ 249,611	\$ 10,034
Interest income	4,500	6,748	7,737	989
Miscellaneous	<u>541,609</u>	<u>508,902</u>	<u>531,872</u>	<u>22,970</u>
Total revenues	<u>777,109</u>	<u>755,227</u>	<u>789,220</u>	<u>33,993</u>
Expenditures:				
Current:				
Parks and community services	869,679	972,000	841,486	130,514
Capital outlay	<u>320,000</u>	<u>170,000</u>	<u>260,345</u>	<u>(90,345)</u>
Total expenditures	<u>1,189,679</u>	<u>1,142,000</u>	<u>1,101,831</u>	<u>40,169</u>
 Excess (deficiency) of revenues over (under) expenditures	 (412,570)	 (386,773)	 (312,611)	 74,162
Other financing sources (uses):				
Transfers in	330,000	446,000	330,000	116,000
Transfers out	<u>(31,906)</u>	<u>(31,906)</u>	<u>(31,906)</u>	<u>-</u>
Total other financing sources (uses)	<u>298,094</u>	<u>414,094</u>	<u>298,094</u>	<u>116,000</u>
 Net change in fund balances	 (114,476)	 27,321	 (14,517)	 (41,838)
 Total fund balance-beginning of year	 <u>124,979</u>	 <u>124,979</u>	 <u>124,979</u>	 <u>-</u>
 Total fund balance-end of year	 <u>\$ 10,503</u>	 <u>\$ 152,300</u>	 <u>\$ 110,462</u>	 <u>\$ (41,838)</u>

CITY OF DRIPPING SPRINGS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2025

Budgetary Controls and Procedures

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Council must authorize amendments to budgeted amounts between departments within any fund. Therefore, the department level is the legal level of control and budget to actual expenditure comparisons is reported at the department level.
4. All transfers to and from budgeted funds must be approved by the City Council unless related to grant or bond activities.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2025, individual amendments were not material in relation to the original appropriations for expenditures. All budget appropriations automatically lapse at year end.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budget is adopted on a basis consistent with generally accepted accounting principles.
7. During the year ended September 30, 2025, the City’s actual expenditures exceeded final budget in public safety, public works, development services, culture and recreation, and debt service.

CITY OF DRIPPING SPRINGS, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

***Last 10 fiscal years**

	For the Measurement Year Ended December 31,			
	2024	2023	2022	2021
Total pension liability (asset)				
Service cost	\$ 489,038	\$ 392,995	\$ 315,849	\$ 248,908
Interest on the total pension liability (asset)	185,249	147,248	118,043	95,314
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(26,518)	31,703	(26,727)	(21,189)
Change of assumptions	-	(23,307)	-	-
Benefit payments, including refunds of employee contributions	(61,155)	(6,216)	(19,914)	(19,657)
Net change in total pension liability (asset)	586,614	542,423	387,251	303,376
Total pension liability - beginning	<u>2,530,490</u>	<u>1,988,067</u>	<u>1,600,816</u>	<u>1,297,440</u>
Total pension liability - ending (a)	<u>\$ 3,117,104</u>	<u>\$ 2,530,490</u>	<u>\$ 1,988,067</u>	<u>\$ 1,600,816</u>
Plan fiduciary net position				
Contributions - employer	\$ 245,811	\$ 202,358	\$ 160,588	\$ 130,324
Contributions - employee	258,295	206,839	166,091	132,987
Net investment income	251,575	209,050	(117,534)	157,083
Benefit payments, including refunds of employee contributions	(61,155)	(6,216)	(19,914)	(19,657)
Administrative expense	(1,598)	(1,316)	(1,010)	(723)
Other	(37)	(9)	1,206	5
Net change in plan fiduciary net position	692,890	610,706	189,427	400,019
Plan fiduciary net position - beginning	<u>2,398,534</u>	<u>1,787,828</u>	<u>1,598,401</u>	<u>1,198,382</u>
Plan fiduciary net position - ending (b)	<u>3,091,424</u>	<u>2,398,534</u>	<u>1,787,828</u>	<u>1,598,401</u>
Net pension liability (asset) (a) - (b)	<u>\$ 25,680</u>	<u>\$ 131,956</u>	<u>\$ 200,239</u>	<u>\$ 2,415</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	99.18%	94.79%	89.93%	99.85%
Covered payroll	<u>\$ 4,304,916</u>	<u>\$ 3,447,323</u>	<u>\$ 2,768,174</u>	<u>\$ 2,216,455</u>
Net pension liability (asset) as a percentage of total covered payroll	0.60%	3.83%	7.23%	0.11%

For the Measurement Year Ended December 31,

2020	2019	2018	2017	2016	2015
\$ 215,769	\$ 163,515	\$ 129,750	\$ 67,410	\$ 50,354	\$ 30,743
74,816	59,115	48,199	38,747	29,124	24,446
-	-	-	62,645	-	-
12,809	(6,464)	(14,071)	18,543	(4,706)	1,741
-	3,380	-	-	-	15,501
<u>(12,910)</u>	<u>(13,212)</u>	<u>(24,895)</u>	<u>(6,768)</u>	<u>-</u>	<u>-</u>
290,484	206,334	138,983	180,577	74,772	72,431
<u>1,006,956</u>	<u>800,622</u>	<u>661,639</u>	<u>481,062</u>	<u>406,290</u>	<u>333,859</u>
<u>\$ 1,297,440</u>	<u>\$ 1,006,956</u>	<u>\$ 800,622</u>	<u>\$ 661,639</u>	<u>\$ 481,062</u>	<u>\$ 406,290</u>
\$ 114,507	\$ 92,626	\$ 78,968	\$ 28,309	\$ 14,212	\$ 8,735
115,077	87,441	68,470	55,761	38,205	24,994
69,581	100,230	(16,201)	56,460	22,471	440
(12,910)	(13,212)	(24,895)	(6,768)	-	-
(448)	(564)	(313)	(292)	(253)	(268)
<u>(18)</u>	<u>(18)</u>	<u>(17)</u>	<u>(15)</u>	<u>(14)</u>	<u>(13)</u>
285,789	266,503	106,012	133,455	74,621	33,888
<u>912,593</u>	<u>646,090</u>	<u>540,078</u>	<u>406,623</u>	<u>332,002</u>	<u>298,114</u>
<u>1,198,382</u>	<u>912,593</u>	<u>646,090</u>	<u>540,078</u>	<u>406,623</u>	<u>332,002</u>
<u>\$ 99,058</u>	<u>\$ 94,363</u>	<u>\$ 154,532</u>	<u>\$ 121,561</u>	<u>\$ 74,439</u>	<u>\$ 74,288</u>
92.37%	90.63%	80.70%	81.63%	84.53%	81.72%
<u>\$ 1,917,948</u>	<u>\$ 1,457,351</u>	<u>\$ 1,141,163</u>	<u>\$ 984,086</u>	<u>\$ 764,092</u>	<u>\$ 499,885</u>
5.16%	6.47%	13.54%	12.35%	9.74%	14.86%

CITY OF DRIPPING SPRINGS, TEXAS

SCHEDULE OF CONTRIBUTIONS –
 TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION

*Last 10 fiscal years

	For the Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Actuarially determined contributions	\$ 276,617	\$ 243,741	\$ 194,451	\$ 158,663
Contributions in relation to the actuarially determined contributions	<u>276,617</u>	<u>243,741</u>	<u>194,451</u>	<u>158,663</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 4,895,325</u>	<u>\$ 4,062,356</u>	<u>\$ 3,240,857</u>	<u>\$ 2,644,390</u>
Contributions as a percentage of covered payroll	5.65%	6.00%	6.00%	6.00%

For the Fiscal Year Ended September 30,

2021	2020	2019	2018	2017	2016
\$ 229,584	\$ 180,067	\$ 147,438	\$ 84,070	\$ 52,417	\$ 33,729
<u>229,584</u>	<u>180,067</u>	<u>147,438</u>	<u>84,070</u>	<u>52,417</u>	<u>33,729</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,917,948</u>	<u>\$ 1,457,351</u>	<u>\$ 1,141,163</u>	<u>\$ 984,086</u>	<u>\$ 764,092</u>	<u>\$ 499,885</u>
11.97%	12.36%	12.92%	8.54%	6.86%	6.75%

CITY OF DRIPPING SPRINGS, TEXAS

**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT
BENEFITS LIABILITY (OPEB) AND RELATED RATIOS -
TEXAS MUNICIPAL RETIREMENT SYSTEM**

***Last 10 fiscal years**

	For the Measurement Year Ended December 31,			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 8,179	\$ 6,205	\$ 9,135	\$ 8,201
Interest on the total OPEB liability	1,616	1,310	868	844
Changes of benefit terms	-	-		-
Difference between expected and actual experience	1,569	206	(2,086)	(5,943)
Change of assumptions	(3,346)	2,206	(20,975)	1,650
Benefit payments	(430)	(345)	(277)	(222)
Net change in total OPEB liability	7,588	9,582	(13,335)	4,530
Total OPEB liability - beginning	38,993	29,411	42,746	38,216
Total OPEB liability - ending	<u>\$ 46,581</u>	<u>\$ 38,993</u>	<u>\$ 29,411</u>	<u>\$ 42,746</u>
Covered payroll	<u>\$ 4,304,916</u>	<u>\$ 3,447,323</u>	<u>\$ 2,768,174</u>	<u>\$ 2,216,455</u>
Total OPEB liability as a percentage of covered payroll	1.08%	1.13%	1.06%	1.93%

*GASB 75 requires 10 fiscal years of data to be provide in this schedule. This is the eighth year of implementation of GASB 75. The City will develop the schedule prospectively.

For the Measurement Year Ended December 31,			
2020	2019	2018	2017
\$ 6,329	\$ 2,769	\$ 2,511	\$ 1,968
732	589	588	496
-	-	-	-
1,190	(114)	(3,494)	-
6,621	5,872	(1,534)	1,905
<u>(192)</u>	<u>(146)</u>	<u>-</u>	<u>-</u>
14,680	8,970	(1,929)	4,369
<u>23,536</u>	<u>14,566</u>	<u>16,495</u>	<u>12,126</u>
<u>\$ 38,216</u>	<u>\$ 23,536</u>	<u>\$ 14,566</u>	<u>\$ 16,495</u>
<u>\$ 1,917,948</u>	<u>\$ 1,457,351</u>	<u>\$ 1,141,163</u>	<u>\$ 984,086</u>
1.99%	1.61%	1.28%	1.68%

CITY OF DRIPPING SPRINGS, TEXAS

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS

*Last 10 fiscal years

	For the Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Actuarially determined contributions	\$ 430	\$ 407	\$ 322	\$ 265
Contributions in relation to the actuarially determined contributions	<u>430</u>	<u>407</u>	<u>322</u>	<u>265</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 4,304,916</u>	<u>\$ 4,062,356</u>	<u>\$ 3,240,857</u>	<u>\$ 2,644,390</u>
Contributions as a percentage of covered payroll	0.01%	0.01%	0.01%	0.01%

*GASB 75 requires 10 fiscal years of data to be provide in this schedule. This is the fourth year of implementation of GASB 75. The City will develop the schedule prospectively.

OTHER SUPPLEMENTARY INFORMATION

CITY OF DRIPPING SPRINGS, TEXAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2025

	Special Revenue Funds				
	Debt Service Fund	Hotel/Motel Tax	PEG Fund	Reserve Fund	Farmers Market
Assets:					
Cash and cash equivalents	\$ 107,299	\$ 1,055,261	\$ 173,633	\$ 3,338,828	\$ 17,205
Due from other funds	-	-	-	-	-
Total assets	\$ 107,299	\$ 1,055,261	\$ 173,633	\$ 3,338,828	\$ 17,205
Liabilities:					
Accounts payable	\$ -	\$ 1,661	-	\$ -	\$ 291
Due to other funds	-	-	-	-	2,875
Total liabilities	-	1,661	-	-	3,166
Fund balances:					
Restricted for:					
Debt service	107,299	-	-	-	-
Development	-	-	173,633	-	-
Culture and recreation	-	-	-	-	14,039
Tourism	-	1,053,600	-	-	-
Committed to:					
Other	-	-	-	-	-
Reserve	-	-	-	3,338,828	-
Unassigned	-	-	-	-	-
Total fund balances	107,299	1,053,600	173,633	3,338,828	14,039
Total liabilities and fund balances	\$ 107,299	\$ 1,055,261	\$ 173,633	\$ 3,338,828	\$ 17,205

Special Revenue Funds					
Dripping Springs Visitors Bureau	Town Center TIRZ (TIRZ #1)	Arrowhead TIRZ (TIRZ #2)	Agriculture Facility Fund	Landscaping Facility Fund	Sidewalk Fund
\$ 245,878	\$ 1,435,321	\$ 2,392,714	\$ -	\$ 112,261	\$ 16,056
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>-</u>
<u>\$ 245,878</u>	<u>\$ 1,435,321</u>	<u>\$ 2,392,714</u>	<u>\$ 6,700</u>	<u>\$ 112,261</u>	<u>\$ 16,056</u>
\$ 9,613	\$ 105,802	\$ 42,287	\$ -	\$ -	\$ -
<u>36,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,073</u>	<u>-</u>
<u>46,035</u>	<u>105,802</u>	<u>42,287</u>	<u>-</u>	<u>21,073</u>	<u>-</u>
-	-	-	-	-	-
-	1,329,519	2,350,427	-	-	-
-	-	-	-	-	-
199,843	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,700	91,188	16,056
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>199,843</u>	<u>1,329,519</u>	<u>2,350,427</u>	<u>6,700</u>	<u>91,188</u>	<u>16,056</u>
<u>\$ 245,878</u>	<u>\$ 1,435,321</u>	<u>\$ 2,392,714</u>	<u>\$ 6,700</u>	<u>\$ 112,261</u>	<u>\$ 16,056</u>

CITY OF DRIPPING SPRINGS, TEXAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2025

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Parkland Dedication Fund	Parkland Development Fund	Vehicle Replacement Fund		
Assets:					
Cash and cash equivalents	\$ 154,440	\$ -	\$ -	\$ 8,941,597	\$ 9,048,896
Due from other funds	84,084	31,752	82,451	204,987	204,987
Total assets	\$ 238,524	\$ 31,752	\$ 82,451	\$ 9,146,584	\$ 9,253,883
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 159,654	\$ 159,654
Due to other funds	-	-	-	60,370	60,370
Total liabilities	-	-	-	220,024	220,024
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	107,299
Development	-	-	-	3,853,579	3,853,579
Culture and recreation	-	-	-	14,039	14,039
Tourism	-	-	-	1,253,443	1,253,443
Committed to:					
Other	238,524	31,752	82,451	466,671	466,671
Reserve	-	-	-	3,338,828	3,338,828
Unassigned	-	-	-	-	-
Total fund balances	238,524	31,752	82,451	8,926,560	9,033,859
Total liabilities and fund balances	\$ 238,524	\$ 31,752	\$ 82,451	\$ 9,146,584	\$ 9,253,883



CITY OF DRIPPING SPRINGS, TEXAS

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2025

	Special Revenue Funds				
	Debt Service Fund	Hotel/Motel Tax	PEG Fund	Reserve Fund	Farmers Market
Revenues:					
Taxes:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	1,101,769	-	-	-
Franchise taxes	-	-	14,087	-	-
Interest income	2,878	27,682	5,168	92,665	1,932
Charges for services	-	-	-	-	49,254
Donations	-	-	-	-	425
Miscellaneous	-	-	-	-	336
Total revenues	<u>2,878</u>	<u>1,129,451</u>	<u>19,255</u>	<u>92,665</u>	<u>51,947</u>
Expenditures:					
Current:					
Development	-	-	-	-	-
Culture and recreation	-	-	-	-	83,412
Tourism	-	106,855	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	75,000	-	-	-	-
Interest and fiscal charges	13,488	-	-	-	-
Total expenditures	<u>88,488</u>	<u>106,855</u>	<u>-</u>	<u>-</u>	<u>83,412</u>
Excess (deficiency) of revenues over (under) expenditures	(85,610)	1,022,596	19,255	92,665	(31,465)
Other financing sources (uses)					
Transfers in	90,375	-	-	300,000	-
Transfers to other funds	-	(970,375)	-	-	-
Bonds issued	-	-	-	-	-
Total other financing sources	<u>90,375</u>	<u>(970,375)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	4,765	52,221	19,255	392,665	(31,465)
Total fund balance - beginning	<u>102,534</u>	<u>1,122,999</u>	<u>154,378</u>	<u>2,946,163</u>	<u>45,504</u>
Restatement of fund balance	<u>-</u>	<u>(121,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance - ending	<u>\$ 107,299</u>	<u>\$ 1,053,600</u>	<u>\$ 173,633</u>	<u>\$ 3,338,828</u>	<u>\$ 14,039</u>

Special Revenue Funds					
Dripping Springs Visitors Bureau	Town Center TIRZ (TIRZ #1)	Arrowhead TIRZ (TIRZ #2)	Agriculture Facility Fund	Landscaping Facility Fund	Sidewalk Fund
\$ -	\$ 833,031	\$ 1,077,115	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
14,385	44,002	47,260	-	-	-
18,365	-	-	-	-	-
81,432	-	-	-	-	-
17,871	617,714	-	6,700	-	-
<u>132,053</u>	<u>1,494,747</u>	<u>1,124,375</u>	<u>6,700</u>	<u>-</u>	<u>-</u>
-	363,925	140,248	-	-	-
468,456	-	-	-	21,073	-
-	-	-	-	-	-
-	147,672	-	-	-	-
-	208,000	117,000	-	-	-
-	65,221	35,774	-	-	-
<u>468,456</u>	<u>784,818</u>	<u>293,022</u>	<u>-</u>	<u>21,073</u>	<u>-</u>
(336,403)	709,929	831,353	6,700	(21,073)	-
550,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
213,597	709,929	831,353	6,700	(21,073)	-
<u>(13,754)</u>	<u>619,590</u>	<u>1,519,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	112,261	16,056
<u>\$ 199,843</u>	<u>\$ 1,329,519</u>	<u>\$ 2,350,427</u>	<u>\$ 6,700</u>	<u>\$ 91,188</u>	<u>\$ 16,056</u>

CITY OF DRIPPING SPRINGS, TEXAS

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2025

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
	Parkland Dedication Fund	Parkland Development Fund	Vehicle Replacement Fund		
Revenues:					
Taxes:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,910,146	\$ 1,910,146
Hotel/motel taxes	-	-	-	1,101,769	1,101,769
Franchise taxes	-	-	-	14,087	14,087
Interest income	-	-	-	233,094	235,972
Charges for services	-	-	-	67,619	67,619
Donations	-	-	-	81,857	81,857
Miscellaneous	84,084	31,752	-	758,457	758,457
Total revenues	84,084	31,752	-	4,167,029	4,169,907
Expenditures:					
Current:					
Development	-	-	-	504,173	504,173
Culture and recreation	-	-	-	572,941	572,941
Tourism	-	-	-	106,855	106,855
Capital outlay	-	-	-	147,672	147,672
Debt service:					
Principal	-	-	-	325,000	400,000
Interest and fiscal charges	-	-	-	100,995	114,483
Total expenditures	-	-	-	1,757,636	1,846,124
Excess (deficiency) of revenues over (under) expenditures	84,084	31,752	-	2,409,393	2,323,783
Other financing sources (uses)					
Transfers in	-	-	82,451	932,451	1,022,826
Transfers to other funds	-	-	-	(970,375)	(970,375)
Tax notes issued	-	-	-	-	-
Total other financing sources	-	-	82,451	(37,924)	52,451
Net change in fund balance	84,084	31,752	82,451	2,371,469	2,376,234
Total fund balance - beginning	-	-	-	6,393,954	6,496,488
Restatement of fund balance	154,440	-	-	161,137	161,137
Total fund balance - ending	\$ 238,524	\$ 31,752	\$ 82,451	\$ 8,926,560	\$ 9,033,859

COMPLIANCE SECTION



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Dripping Springs, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dripping Springs, Texas, (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Dripping Springs, Texas’ basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Antonio, Texas

March 17, 2026

CITY OF DRIPPING SPRINGS, TEXAS

SCHEDULE OF AUDIT FINDINGS

For the year ended September 30, 2025

Finding 2025-001 Internal Control Over Financial Reporting: Fiscal Year End Closing Procedures

Type of Finding: Material Weakness

Criteria: Proper controls over financial reporting include a system designed to provide for the preparation of the financial statements and accompanying notes to the financial statements that are materially correct in accordance with accounting principles generally accepted in the United States of America. Monthly and annual reconciliations are necessary to ensure that accounts are properly stated.

Condition: During our audit, we identified journal entries to correct year end balances. Entries were made to reconcile sales tax receivable, capital assets, accounts payable, debt, and transfers.

Cause: Internal controls not properly designed to regularly reconcile accounts leads to inaccurate balances and reporting at the end of a reporting period.

Effect: The lack of internal controls increases the risk of misappropriation of assets and potential misreporting of financial statement amounts due to error or fraud.

Recommendation: We recommend that the City review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions in the correct period and reconcile accounts on a timely basis. Management should establish and follow financial close procedures and ensure that all reconciliations are completed monthly for all significant financial accounts, which includes timely and effective review and/or approval of all transactions and reconciliations of account balances by the appropriate level of management. In addition, management should retain supporting documentation for all transactions entered into its general ledger.

Management's Response:

CITY OF DRIPPING SPRINGS, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended September 30, 2025

Finding 2024-001	Internal Control Over Financial Reporting: Fiscal Year End Closing Procedures
Type of Finding:	Material Weakness
Criteria:	Proper controls over financial reporting include a system designed to provide for the preparation of the financial statements and accompanying notes to the financial statements that are materially correct in accordance with accounting principles generally accepted in the United States of America. Monthly and annual reconciliations are necessary to ensure that accounts are properly stated.
Condition:	During our audit, we identified journal entries to correct year end balances. Entries were made to reconcile sales tax receivable, capital assets, accounts payable, debt, and transfers.
Cause:	Internal controls not properly designed to regularly reconcile accounts leads to inaccurate balances and reporting at the end of a reporting period.
Effect:	The lack of internal controls increases the risk of misappropriation of assets and potential misreporting of financial statement amounts due to error or fraud.
Recommendation:	We recommend that the City review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions in the correct period and reconcile accounts on a timely basis. Management should establish and follow financial close procedures and ensure that all reconciliations are completed monthly for all significant financial accounts, which includes timely and effective review and/or approval of all transactions and reconciliations of account balances by the appropriate level of management. In addition, management should retain supporting documentation for all transactions entered into its general ledger.
Management’s Response:	Management has developed and implemented a “Journal Entry Policy” which requires two approvals for each journal entry. Each entry is prepared and approved prior to being made and the appropriate paperwork is maintained for each approved entry.
Status:	The City did not properly implement year end closing procedures related to financial reporting which allowed for a number of misstatements to the general ledger and resulted in required audit adjustments to correct. This remains a finding, see finding 2025-001.