



# City of Denton

City Hall  
215 E. McKinney St.  
Denton, Texas 76201  
[www.cityofdenton.com](http://www.cityofdenton.com)

## Meeting Agenda

### Board of Ethics

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Wednesday, September 11, 2024

3:00 PM

Council Work Session Room

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#### **REGISTRATION GUIDELINES FOR ADDRESSING THE BOARD OF ETHICS**

Citizens are also able to participate in the following way (NOTE: Other than public hearings, citizens are only able to comment one time per agenda item; citizens cannot use both methods to comment on a single agenda item. Public comments are not held for work session reports.):

- eComment – On September 6, 2024, the agenda was posted online at <https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>. Once the agenda is posted, a link to make virtual comments using the eComment module will be made available next to the meeting listing on the Upcoming Events Calendar. Within eComment, citizens may indicate support or opposition and submit a brief comment about a specific agenda item. Comments may be submitted up until the start of the meeting at which time the ability to make an eComment will be closed. Similar to when a citizen submits a white card to indicate their position on an item, the eComments will be sent directly to members of the Board of Ethics and recorded by the Secretary.

Members review comments received in advance of the meeting and take that public input into consideration prior to voting on an agenda item. The Chair will announce the number of Comment Cards submitted in support or opposition to an item during the public comment period. Comments will not be read during the meeting. The Secretary will reflect the number of comments submitted in favor/opposition to an item, the registrant's name, address, and (summary of) comments within the Minutes of the Meeting, as applicable.

After determining that a quorum is present, the Board of Ethics of the City of Denton, Texas, will convene in a Regular Meeting on Wednesday, at 3:00 p.m. in the Council Work Session Room at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items will be considered:

#### **REGULAR MEETING**

##### **1. PRESENTATIONS FROM MEMBERS OF THE PUBLIC**

This section of the agenda permits a person to make comments regarding public business on items as listed on the agenda and in-person presentations (allows for comments on items not listed on the agenda.) Each speaker will be allowed a maximum of three (3) minutes with up to five speakers per meeting.

##### **2. ITEMS FOR CONSIDERATION**

- A. [BOE24-030](#) Request for Advisory Opinion No. 24-002, received August 30, 2024, from Mayor Hudspeth concerning potential conflict of interest and improper use of influence applicability and recusal recommendation.

**Attachments:**      [Exhibit 1 - Agenda Information Sheet.pdf](#)  
                                 [Exhibit 2 - Received Request.pdf](#)  
                                 [Exhibit 3 - Solar Program Frequently Asked Questions.pdf](#)

NOTE: The Board of Ethics reserves the right to adjourn into a Closed Meeting on any item on its Open Meeting agenda consistent with Chapter 551 of the Texas Government Code, as amended, or as otherwise allowed by law.

CERTIFICATE

I certify that the above notice of meeting was posted on the official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on September 6, 2024, in advance of the 72-hour posting deadline, as applicable, and in accordance with Chapter 551 of the Texas Government Code.

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OFFICE OF THE CITY SECRETARY

NOTE: THE CITY OF DENTON'S DESIGNATED PUBLIC MEETING FACILITIES ARE ACCESSIBLE IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT. THE CITY WILL PROVIDE ACCOMMODATION, SUCH AS SIGN LANGUAGE INTERPRETERS FOR THE HEARING IMPAIRED, IF REQUESTED AT LEAST 48 HOURS IN ADVANCE OF THE SCHEDULED MEETING. PLEASE CALL THE CITY SECRETARY'S OFFICE AT 940-349-8309 OR USE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) BY CALLING 1-800-RELAY-TX SO THAT REASONABLE ACCOMMODATION CAN BE ARRANGED.



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## Legislation Text

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**File #:** BOE24-030, **Version:** 1

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### **AGENDA CAPTION**

Request for Advisory Opinion No. 24-002, received August 30, 2024, from Mayor Hudspeth concerning potential conflict of interest and improper use of influence applicability and recusal recommendation.

# City of Denton



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## AGENDA INFORMATION SHEET

**DEPARTMENT:** City Auditor's Office

**CITY AUDITOR:** Madison Rorschach

**DATE:** September 11, 2024

### **SUBJECT**

Request for Advisory Opinion No. 24-002, received August 30, 2024, from Mayor Hudspeth concerning potential conflict of interest and improper use of influence applicability and recusal recommendation.

### **BACKGROUND**

On August 30, 2024, the City Auditor received an Advisory Opinion request from Mayor Gerard Hudspeth regarding a potential conflict of interest and improper use of influence regarding an upcoming City Council Deliberation regarding a "Value of Solar Study." According to the received request, Mayor Hudspeth has solar panel that generate energy for his residence and so receives credit or payment from the City for the generated energy. Mayor Hudspeth would like a recusal recommendation regarding the discussion of solar program rates, since he would receive a benefit from the

According to Denton Municipal Electric leadership, almost 1,300 of DME's 67,000 customers participate in the solar program. Information about the City of Denton's Solar Program is included in Exhibit 3.

Section 2-278 of the City of Denton's Code of Ordinances allows any City Official to request an Advisory Opinion on a question of compliance with the Ethics Ordinance. A Panel of the Board of Ethics is required to issue Advisory Opinions upon request within thirty (30) days of receipt.

### **DISCUSSION**

Based on the received request, the Board of Ethics has generally been requested to answer the following three questions:

1. Does Mayor Hudspeth's participation in the City of Denton's solar program create a Conflict of Interest, per the Ethics Ordinance?
2. Would Mayor Hudspeth participating in Deliberations on an item involving the City of Denton's solar program be considered improper use of influence, per the Ethics Ordinance?

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

None.

### **EXHIBITS**

1. Agenda Information Sheet
2. Received Request
3. Solar Program Frequently Asked Questions

Respectfully submitted:

Madison Rorschach, 940-349-7228  
City Auditor

## Rorschach, Madison

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**From:** Hudspeth, Gerard  
**Sent:** Friday, August 30, 2024 9:27 AM  
**To:** Rorschach, Madison  
**Subject:** Ethics advisory opinion request

Madison;

My question: If I have solar panels on my home and being paid by DME for power (by proxy).

Based on the current ethics ordinance, should I recuse myself from voting on the rate. Understanding it is the rate I would be paid.

Please note the vote will be taken 9/17/24...if I can have the ethics boards advisory opinion in advance of that vote, that would be great.

Gratefully,

Gerard Hudspeth, Mayor of Denton, TX

Please visit & "Discover Denton"

## Solar Program FAQs

**1. Can you recommend a solar installer or contractor?**

Unfortunately, no. DME is a public entity and does not endorse or recommend using one private company over another. A quick internet search will provide you with commonly used contractors.

**2. Can I install a solar system without a building permit?**

No. You must obtain a building permit from the City's Building Safety Department.

**3. How do I get a building permit to install a solar system in the City of Denton?**

To obtain a building permit, you or the contractor need to submit the latest version of the Distributed Generation Manual and all required supporting documents through the City's Building Safety Division project submittal website:

<https://www3.cityofdenton.com/etrakit3/>

*Note: On October 1, 2020 the Distributed Generation Manual and all required supporting documents, including interconnection agreement and rebate form will no longer be accepted through Denton Municipal Electric.*

**4. What are the changes made to the solar application process?**

As of October 1, 2020, the following changes to the City of Denton's distributed generation application process are effective:

- All applications will be submitted through the City's Building Safety Division. DME will no longer accept solar applications.
- Applicants will create their permit through eTRAKiT at <https://www3.cityofdenton.com/etrakit3/>
- Applicants will receive a temporary log-in to ProjectDox at <https://projects.cityofdenton.com/projectdox/index.aspx> in order to upload application and supporting documents, including interconnection agreement and rebate form.

To familiarize yourself with the permitting process, please follow this link for the user guide <https://www.cityofdenton.com/CoD/media/City-of-Denton/Business/Permits%20and%20Licenses/Residential%20Permits/Online-Application-User-Guide.pdf> or contact the [City's Building Safety Division](mailto:Building@cityofdenton.com) at [Building@cityofdenton.com](mailto:Building@cityofdenton.com) or call (940) 349-8360.

**5. Where can I find the Distributed Generation Manual?**

The Distributed Generation Manual is available for download through:

City of Denton Building Safety Division website: <https://www.cityofdenton.com/en-us/business/permits-licenses/residential-permits>

DME's website: <https://www.cityofdenton.com/en-us/all-departments/utilities/denton-municipal-electric/lower-energy-bill>

**6. We are considering getting solar panels. If we install them today, do we qualify for a rebate?**

No. As of 12/4/2020, solar rebate funds for FY 2020-2021 have been exhausted. Permits created on or after 12/3/2020 will not receive a rebate. If a permit was created before 12/3/2020, the solar rebate for the project will be processed in the order it was received (i.e., we will look at the date, time, and permit number in chronological order). Permits created between 12/3/2020 and 9/30/2021 will not receive a rebate. Solar rebate funds for FY 2021-2022 will be available on 10/1/2021, pending City Council approval. Please check Denton Municipal Electric "Rebates and Resources" [web page](#) for updates on the Solar Program.

**7. Do you reserve funds for projects installed between December 3, 2020 and September 30, 2021?**

We do not reserve funds for applications and systems installed when funds are exhausted. Solar systems installed between these dates will not receive a rebate.

**8. What is the average rebate amount given to DME customers who installed solar?**

Rebates awarded to our residential customers installing solar systems vary depending on the system size. However, the average rebate amount is \$4,000.

**9. What happens if I install a solar system after December 4, 2020?**

If you create a permit and install the solar system on or after December 3, 2020, you will not qualify for a rebate. Keep in mind the following: rebate funds are available on a first-come, first-serve basis and are not reserved.

**10. Do I need to be a DME customer or a City of Denton resident to qualify for rebates?**

Yes. You need to be a Denton Municipal Electric customer or live inside DME's service territory to qualify.

**11. Do I have to be the property owner to qualify for the solar rebate?**

Yes.

**12. Can I lease a solar system and still qualify for the solar rebate?**

No. You must own or be under a purchase contract with a solar contractor.

**13. Do you buy back the excess energy produced by the solar system?**

Yes. DME will give you credit for the overproduction of energy. It is a 1-1 trade until you have entirely offset your consumption for the month.

**14. What is the buy back or new rate plan?**

The buyback rate is: \$0.0381/kWh.



**15. Can you explain the buyback rate?**

*Explanation #1*

It is a 1-1 trade until you have entirely offset your consumption for the month. Let’s say that in a given month, you consume 1000kWh from the utility, but your panels return an extra 1200kWh to the grid to be net-metered (energy that your panels produce, but your house did not consume). 1000 of those 1200 kWh would directly offset the 1000kWh that you consumed that month, and you would not be billed for any usage (the \$8.67 residential connection fee would still apply). The extra 200kWh would earn you a credit of \$0.0381/kWh (the RCA, our proxy for the wholesale price of renewable energy). That credit would be first applied to your monthly connection fee, and then applied to other items on your City of Denton utility bill (e.g., water, solid waste, etc.) if the electric portion of your bill is completely paid for.

*Explanation #2*

When a customer interconnects solar onto DME’s grid, DME will change their existing meter for one that is capable of measuring energy that flows from the grid to the home and energy that flows from the home to the grid. Energy produced by the solar generator is first consumed by the home; DME is unable to see/measure this energy. Any energy produced from the generator that is not consumed by the home and flows from the home to the grid is excess generation. Excess generation is bought from the customer by DME.

The chart below shows an example:

		<p>If system generated 1,500 kWh and pushed 500 kWh to grid, home used 1,000 kWh of generated energy.</p> <p>DME measure 800 kWh consumed, home used 1,800 kWh Total.</p> <p>This equals 1,000 kWh generated PLUS 800 kWh deliver by DME.</p>
Generation (according to system inverter – unknown by DME)	1,500 kWh	
Consumption (according to DME meter)	800 kWh	
Excess Generation (according to DME meter)	500 kWh	

DME buys energy that flows from the home to the grid. For generated energy that is equal to or less than the consumed energy, it is bought at the retail price. For generated energy over the amount of consumed energy, it is bought at the Renewable Cost Adjustment which is currently 3.81¢ per kWh. Any credit left over from your electric bill will be applied to another utility on your bill.

For example:

Example when Generation is Larger than Consumption			Example when Consumption is Larger than Generation		
Charges	Consumed <b>1,000 kWh</b>	Excess Generation <b>1,500 kWh</b>	Charges	Consumed <b>800 kWh</b>	Excess Generation <b>500 kWh</b>
Facility Charge	\$8.67	N/A	Facility Charge	\$8.67	N/A
Usage	\$68.40	(\$68.40)	Usage	\$54.72	(\$34.20)
Energy Cost Adjustment	\$34.10	N/A	Energy Cost Adjustment	\$27.28	N/A
Renewable Cost Adjustment	N/A	(\$57.15)	Renewable Cost Adjustment	N/A	(\$19.05)
Column Totals	\$111.17	(\$125.55)	Column Totals	\$90.67	(\$53.25)
<b>Bill Amount</b>		<b>(\$14.38)</b>	<b>Bill Amount</b>	<b>\$37.42</b>	

**16. If I have a solar system and overproduced energy, would the excess energy be applied to my water bill?**

Yes. If you pushed back enough energy to have a credit larger than your electric bill, it will be applied to your other utilities.

**17. Can I carry over excess energy produce credits from one month to the next?**

Yes. For instance, if someone were to get enough credit that it fully wiped out all of their City utilities charges due for that billing period (e.g., solid waste, water, sewer), then the credit would roll over to the next month. However, this happens rarely.

**18. Is the Current Rate Structure guaranteed for the life of my installation?**

No. The current rate structure, including the excess buyback rate is subject to change by City of Denton Ordinance.

**19. Who do I contact if I have solar rebate question?**

If you have questions pertaining to the solar rebate, email DME at [solar@cityofdenton.com](mailto:solar@cityofdenton.com) or call (940) 349-7595

**20. Who do I contact if I have a billing question?**

If you have questions pertaining to your electric bill or usage, email the City’s Utility Customer Service Department at [Customer.Service@cityofdenton.com](mailto:Customer.Service@cityofdenton.com) or call (940) 349-8700.

**21. Who do I contact if I have a permitting and inspection question?**

If you have questions pertaining to permitting and inspection questions, email the City's Building Safety Division at [Building@cityofdenton.com](mailto:Building@cityofdenton.com) or call (940) 349-8360.