



AGENDA

The meeting will be held at City Hall Council Chambers, 300 W. Main St, Grand Prairie, Texas, and the Chairman or presiding member will be physically present. Members may be participating remotely via video conference.

CALL TO ORDER

STAFF PRESENTATIONS

1. Internal Audit vs External Audit
2. Public Improvement District (PID)s Presentation

CONSENT AGENDA

The full agenda has been posted on the city's website, www.gptx.org, for those who may want to view this agenda in more detail. Citizens may speak for five minutes on any item on the agenda by completing and submitting a speaker card.

3. Minutes from the Finance and Government Committee Meeting December 14, 2021
4. Ordinance Amending the FY 2021-22 Capital Improvement Projects Budget; to add an exterior canopy above North Entry Doors of City Hall Central and above the East Entry Door of City Hall East in the amount of \$75,000

ITEMS FOR INDIVIDUAL CONSIDERATION

5. Ordinance amending the FY2021/2022 Capital Improvement Projects Budget; Contract with J.J. Keegan in the amount of \$49,750 with a 5% contingency of \$2,487 for a total cost of \$52,237 for golf course management consulting services for the Tangle Ridge Golf Club
6. Ordinance Amending the FY 2021/2022 Storm Drainage Capital Projects Fund (401592); Professional Engineering Services Contract with Peloton Land Solutions in the amount of \$176,320.00 for Concrete Lined Channel Evaluation and Prioritization Study
7. Resolution Adopting 2022 Financial Management Policies

EXECUTIVE SESSION

The Finance and Government Committee may conduct a closed session pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A., to discuss any of the following:

- (1) Section 551.071 “Consultation with Attorney”*
- (2) Section 551.072 “Deliberation Regarding Real Property”*
- (3) Section 551.074 “Personnel Matters”*
- (4) Section 551.087 “Deliberations Regarding Economic Development Negotiations.”*

CITIZEN COMMENTS

Citizens may speak during Citizen Comments for up to five minutes on any item not on the agenda by completing and submitting a speaker card.

ADJOURNMENT

The Grand Prairie City Hall is accessible to people with disabilities. If you need assistance in participating in this meeting due to a disability as defined under the ADA, please call 972-237-8035 or email GPCitySecretary@gptx.org at least three (3) business days prior to the scheduled meeting to request an accommodation.

Certification

In accordance with Chapter 551, Subchapter C of the Government Code, V.T.C.A, the Finance and Government Committee agenda was prepared and posted December 30, 2021.



Gloria Colvin, Deputy City Secretary



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 01/04/2022
REQUESTER: Caryn Riggs
PRESENTER: Caryn Riggs, Chief Financial Officer
TITLE: Internal Audit vs External Audit
RECOMMENDED ACTION: None

ANALYSIS:

Presentation on Internal and External Audit Roles and Responsibilities

FINANCIAL CONSIDERATION:
None



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 01/04/2022
REQUESTER: Caryn Riggs
PRESENTER: Caryn Riggs, Chief Financial Officer
TITLE: Public Improvement District (PID)s Presentation
RECOMMENDED ACTION: None

ANALYSIS:

Presentation on Public Improvement Districts (PID)s and their purpose.

FINANCIAL CONSIDERATION:

None



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: January 4, 2022

REQUESTER: Sheryl Osborn

PRESENTER: Jeff Copeland, Chairperson

TITLE: Minutes from the Finance and Government Committee Meeting
December 14, 2021

RECOMMENDED ACTION: Approve



CITY OF GRAND PRAIRIE
FINANCE AND GOVERNMENT COMMITTEE
 COUNCIL BRIEFING ROOM, 300 W. MAIN STREET
 TUESDAY, DECEMBER 14, 2021 AT 2:30 PM

MINUTES

CALL TO ORDER

Chairperson Jeff Copeland called to order the City of Grand Prairie Finance and Government Committee at 2:33 p.m. on Tuesday, December 14, 2021, in the City Council Briefing Room, 300 West Main Street, Grand Prairie, Texas. The following persons were in attendance:

MEMBERS PRESENT

Jeff Copeland, Chairperson
 Cole Humphreys, City Councilperson
 Kurt Johnson, City Councilperson

MEMBERS ABSENT

None

GUESTS IN ATTENDANCE

Mr. Andre Ayala, Hilltop Securities

STAFF PRESENTATIONS

1. Public Improvement District (PID) Presentation
 The Public Improvement District (PID) presentation was postponed until the January 4, 2022, meeting.
2. Preliminary FYE 2021 Parks Enterprise Financial Reports
 Mr. Gary Yakesch, Assistant Director Parks Finance, presented information for Preliminary FYE 2021 Parks Enterprise Financial Reports. He noted that preliminary projections were presented at the budget workshops last summer. The report presented today will compare the projections with the fiscal year end. He also stated that the previous fiscal year is commonly displayed. However, FY20 was an extraordinary anomaly and is hidden for presentation purposes. Highlights of the presentation included:
 - Discussions of facilities subsidized, when needed, by the ¼ sales tax (Ruthe Jackson, Uptown Theater, The Summit, and Tony Shotwell Life Center). All facilities discussed required less subsidy than projected.
 - Discussions of Lake Parks, specifically that despite the extreme challenges presented, Lake Parks (Loyd Park, Lynn Creek, Britton Park, and the marina) all required less subsidy than projected.
 - Discussion of Memorial Gardens and Mausoleum, noting that the cemetery earned approximately twice the typical yearly revenue. The increased revenue is credited to more citizens making advance arrangements.
 - Discussion of The Epic, noting that while revenue was slightly short of projection, expenditures

were also reduced, resulting in less subsidy than projected.

- Discussion of Epic Waters, which experienced a substantial increase in revenue, credited primarily to the stimulus money citizens received. The average ‘spend’ per person increased \$9.58. Projected net revenue was \$400,000 due to the pandemic, compared to a typical (non-pandemic) yearly net revenue of \$1,100,000 to \$1,200,000. The facility earned \$3,200,000.

A discussion took place regarding management fees and contracts, and well as guest fees and fee structures.

- The Golf Fund needed no subsidy for the first time in many years. The net revenue between the two courses was \$12,000. The typical yearly subsidy to Golf is approximately \$500,000. A discussion took place about comp rounds, play passes, the number of rounds, including complimentary (comp) rounds, and food and beverage.

Mr. Yakesch clarified that Lake Parks, Memorial Gardens and Mausoleum, the golf courses, and Prairie Lights are all individual funds and are not associated with the ¼ cent sales tax revenue. If they have positive net revenue, the funds are put in reserve for future capital improvement projects. He further clarified that Uptown Theater, The Summit, Tony Shotwell Life Center, Ruthe Jackson Center, and the Farmers Market are subsidized by the ¼ cent sales tax. Any positive net revenue will be placed in reserve for Parks and Recreation improvements. The Epic has its own ¼ sales tax, and the subsidy was built into revenue generated by ¼ cent sales tax that is specific to The Epic.

A discussion took place regarding debt retirement, and it was noted that debt is not reflected in the negative net revenue for Ruthe Jackson Center, Uptown Theater, The Summit, Tony Shotwell Life Center (and the Farmers Market, which was not highlighted in the presentation).

Chairperson Copeland acknowledged the outstanding performance by the Parks team and leadership, specifically complimenting the diversity and quality of programs.

3. 2021-2022 Plan of Finance

Mr. Brady Olsen, Treasury and Debt Manager, presented information for the 2021-2022 Plan of Finance. Mr. Olsen stated that the current environment is low interest, and it will be in the City’s best interest to take advantage of the low interest rates before they rise. The City may be able to refinance some of the current debt and realize substantial savings. Mr. Olsen introduced Mr. Andre Ayala from Hilltop Securities. Mr. Ayala discussed potential refinancing of \$75,000,000 sales tax bonds issued in 2015 for The Epic. Additionally, the City has over \$40,000,000 in General Obligation bonds that are secured by property taxes and are eligible to be refinanced. The City also has the annual Capital Improvement Program that is secured in part by Certificates of Obligation. Lastly, there is a debt associated with Water and Sewer bond that may be refinanced. Mr. Ayala explained the bond buyer indexes. He additionally stated that only 1% of the time has the GO index been lower than it is now, and just 0.8% of the time regarding the revenue index. Overall, the indexes indicate that municipal bonds are pricing at some of the lowest rates in history. Mr. Ayala reviewed the GO bonds that are candidates, with the total at almost \$42,000,000, and he discussed the process. Mr. Ayala also discussed potential substantial savings on the sales tax bonds (specifically The Epic). He also outlined the process to refinance the bonds. Mr. Olsen explained the fee structure and what is considered to determine the net cost. Mr. Ayala concluded the presentation by highlighting the significant savings if action is taken timely. The Finance and Government Committee indicated support to move forward with refinancing, as recommended.

CONSENT AGENDA

4. Minutes from the Finance and Government Committee Meeting November 2, 2021

Chairperson, Councilperson Jeff Copeland, presented for approval the Minutes from the November 2, 2021 Finance and Government Committee meeting.

Councilperson Kurt Johnson moved to approve the Finance and Government Committee November 2, 2021 minutes, as presented. Councilperson Cole Humphreys seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

Deputy City Manager, Cheryl De Leon, provided summaries of Consent Agenda Items 5 through 8 to the Finance and Government Committee in advance of the meeting. See Item 8 for vote on items 5 through 8.

5. Administrative Service Agreement between the City of Grand Prairie and the Grand PrairieLocal Government Corporation

6. Change Order/Amendment No. 3 with AUI Partners, LLC in the amount of \$80,488.70 for change orders regarding the Fire Station 3 construction project at 1260 West Marshall Drive

7. Construction Manager at Risk (CMAR) Contract with AUI Partners, LLC for pre-construction management services for Phase I Mi Familia in the amount of \$3,000 and approve a Construction Service Fee of 2.25% to be applied at a later time to the actual approved construction costs for the Phase I work

8. Resolution authorizing the City Manager to accept a Texas Department of Transportation Airport Rescue Plan Act Grant Agreement in the amount of \$59,000

Councilperson Cole Humphreys moved to approve Items 5 through 8 on the Consent Agenda, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

ITEMS FOR INDIVIDUAL CONSIDERATION

9. Change Order #3 with Employer Direct Healthcare (Surgery Plus) in the amount of \$125,000, for an overall annual amount for 2021 not to exceed \$500,000, and Price Agreement Renewal#5 for an overall annual amount not to exceed \$520,000 for both procedure costs and an increased administration fee of \$4.00 PEPM beginning January 1, 2022

Ms. Euriah Brown, Human Resources Advisor, presented general information for Item 9. It was

clarified that the need for the change order is due to more employee participation in the money-saving program.

Councilperson Cole Humphreys moved to approve Item 9, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

10. Ordinance amending the FY 2021-22 Pooled Investment Fund Budget: Purchase and installation of mobile backup generators and docking stations from Holt CAT through a national cooperative agreement with Sourcewell (formerly NJPA) in the amount of \$1,655,910.38 with a 10% contingency of \$165,591.00.

Mr. Ray Riedinger, Facility Services Manager, presented general information for Item 10. A discussion took place regarding the placement location of the generators, as well as the possible need for additional generators to be placed in the southern section of the City.

Councilperson Cole Humphreys moved to approve Item 10, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

11. Authorize the city manager to amend the BrandEra and Madden Media contracts for advertising from \$325,000 each to BrandEra \$525,000 and Madden \$425,000 by dividing the unused \$300,000 on the not renewed contract with Rhyme and Reason

Ms. Cheryl De Leon presented general information for Item 11. A brief discussion took place regarding the “Live Life Grand” branding.

Councilperson Cole Humphreys moved to approve Item 11, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

12. Change Order/Amendment No. 3 with Hill & Wilkinson General Contractors in the amount of \$196,858.84 for change orders regarding Phase 3 Construction of the City Hall Municipal Campus

Mr. Andy Henning, Senior Building and Construction Projects Manager, presented general information for Item 12. He stated that most of the funds are being requested by Parks and Recreation and Public Works as ‘clean up,’ such as replacing old clay pipes and removal of dead trees from the spring storm. Mr. Henning also noted that an additional change order will likely be needed.

Councilperson Cole Humphreys moved to approve Item 12, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

13. Amendment/Change Order No. 1 to Professional Engineering Services contract with Innovative Transportation Solutions, Inc. for preparation and processing of local project advance funding agreements (LPAFA) with all appropriate transportation partners in the amount of \$54,000 annually during the four remaining renewal terms, for an overall increase of \$216,000.00 if all extensions are exercised. Authorize the City Manager to execute the renewal options with aggregate price fluctuations of up to \$50,000 so long as sufficient funding is appropriated by the City Council to satisfy the City's obligation during the renewal terms

Mr. Walter Shumac, Director of Transportation Services, presented general information for Item 13.

Councilperson Cole Humphreys moved to approve Item 13, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

14. Resolution granting 380 Incentive Agreement with CB Jeni Homes, LLC; granting an 80% rebate on the city's 1% general city use tax revenue

Mr. Marty Wieder, Director of Economic Development, presented general information for Item 14 regarding two new subdivisions.

Councilperson Cole Humphreys moved to approve Item 14, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

15. Discussion and consideration of all matters incident and related to approving and authorizing publication of notice of intention to issue up to \$26 million in certificates of obligation, including the adoption of a resolution pertaining thereto

See Plan of Finance presentation for discussion. See Item 16 for vote.

16. Discussion and consideration of all matters incident and related to the issuance and sale of \$62.5 million of "City of Grand Prairie, Texas, Sales Tax Revenue Refunding Bonds, Taxable Series 2022," including the adoption of an ordinance authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to an authorized official of the City.

See Plan of Finance presentation for discussion.

Councilperson Cole Humphreys moved to approve Items 15-16, as presented. Councilperson Kurt Johnson seconded the motion. The motion passed 3-0.

Ayes: Copeland, Humphreys, Johnson

Nays: None

Abstentions: None

Absent: None

EXECUTIVE SESSION

The Finance and Government Committee may conduct a closed session pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A., to discuss any of the following:

- (1) *Section 551.071 "Consultation with Attorney"*
- (2) *Section 551.072 "Deliberation Regarding Real Property"*
- (3) *Section 551.074 "Personnel Matters"*
- (4) *Section 551.087 "Deliberations Regarding Economic Development Negotiations."*

No Executive Session was held.

CITIZEN COMMENTS

No citizen comments were made.

ADJOURNMENT

There being no further business, the Finance and Government Committee meeting adjourned at 4:05 p.m.

Chairperson, Jeff Copeland
Finance and Government Committee

Date



CITY OF GRAND PRAIRIE
COMMUNICATION

MEETING DATE: 01/04/2022

REQUESTER: Andy Henning

PRESENTER: Andy Henning, Senior Building & Construction Projects Manager

TITLE: Ordinance Amending the FY 2021-22 Capital Improvement Projects Budget; to add an exterior canopy above North Entry Doors of City Hall Central and above the East Entry Door of City Hall East in the amount of \$75,000

RECOMMENDED ACTION: Approve

ANALYSIS:

Add an exterior canopy above the North Entry Doors of City Hall Central and above the East Entry Door of City Hall East.

FINANCIAL CONSIDERATION:

Funding in the amount of \$75,000 is available in the unobligated fund balance of the Capital Reserve Fund (402590).

BODY

AN ORDINANCE OF THE CITY OF GRAND PRAIRIE, TEXAS, AMENDING THE FY 2021-22 CAPITAL IMPROVEMENT PROJECTS BUDGET BY TRANSFERRING AND APPROPRIATING \$75,000 FROM THE UNOBLIGATED FUND BALANCE IN THE CAPITAL RESERVE FUND (402590) TO WO #02214503

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1. THAT the FY 2021-22 Capital Improvement Projects Budget be amended by transferring and appropriating \$75,000 from the unobligated fund balance in the Capital Reserve Fund (402590) to WO #02214503.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS, ON THIS THE 18TH DAY OF JANUARY 2022.



CITY OF GRAND PRAIRIE COMMUNICATION

MEETING DATE: January 4, 2022

REQUESTER: Chip Nami, Business Operation Manager

PRESENTER: Duane Strawn, Director of Parks, Arts and Recreation

TITLE: Ordinance amending the FY2021/2022 Capital Improvement Projects Budget; Contract with J.J. Keegan in the amount of \$49,750 with a 5% contingency of \$2,487 for a total cost of \$52,237 for golf course management consulting services for the Tangle Ridge Golf Club

RECOMMENDED ACTION: Approve

ANALYSIS:

To ensure Tangle Ridge Golf Course is well positioned to ensure financial sustainability and improve current market share, city staff created specifications geared to professional golf consulting firms to analyze and review the current operations at Tangle Ridge Golf Course. The primary project goals include but are not limited to, examining opportunities for operation efficiency, evaluating current membership structure and analytics, enhancing marketing platforms/opportunities, exploring new technologies for incremental and group revenue generation, reviewing current and future capital needs, evaluating turf conditions and maintenance protocols, and evaluating package opportunities with other venues such as the Lake Parks, Epic Central, and Prairie Lakes Golf course.

The Purchasing Department advertised a Request For Qualifications (RFQ 22021) for golf course management consulting services at Tangle Ridge Golf Course. Notice of RFQ #22021 advertised in the Fort Worth Star-Telegram and Public Purchase and distributed to thirteen vendors, including five HUBs. There were no GP vendors available for these services. Five responses were received, as shown in attachment A. J.J. Keegan+ has worked with municipalities across the nation including the City of Arlington and the City of Fort Worth in evaluating their golf operations.

FINANCIAL CONSIDERATION:

Funding for the consultant contract in the amount of \$49,750 and a 5% contingency of \$2,487 for a total cost of \$52,237 is available by approving an ordinance transferring and appropriating \$52,237 from the unobligated fund balance in the Parks Capital Project Fund (317193) to WO #02214903 (Tangle Ridge Consulting).

BODY

AN ORDINANCE OF THE CITY OF GRAND PRAIRIE, TEXAS, AMENDING THE FY 2021/2022 CAPITAL IMPROVEMENT PROJECTS BUDGET BY TRANSFERRING

AND APPROPRIATING \$52,237 FROM THE UNOBLIGATED FUND BALANCE IN THE PARKS CAPITAL PROJECT FUND (317193) TO WO #02214903 (TANGLE RIDGE CONSULTING)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1. THAT the FY 2021/2022 CAPITAL IMPROVEMENT PROJECTS BUDGET be amended by transferring and appropriating \$52,237 from the unobligated fund balance in the Parks Capital Project Fund (317193) to WO #02214903 (Tangle Ridge Consulting).

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS, ON THIS THE 18TH DAY OF JANUARY 2022.

**CITY OF GRAND PRAIRIE
CAPITAL PROJECTS BUDGET SUMMARY**


Fund/Activity Account: 317193 - 02214903
 Project Title: Tangle Ridge Golf Consulting
 Current Request: \$52,237.00

ACCOUNT DESCRIPTION	1 CURRENT BUDGET	2 AVAILABLE BALANCE	3 CURRENT REQUEST	2+3 REVISED BALANCE	1+3 AMENDED BUDGET
61039 Professional Services	\$0	\$0	\$52,237	\$52,237	\$52,237
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
TOTAL	\$0	\$0	\$52,237	\$52,237	\$52,237

Golf Course Consultant

RFQ #22021

SCORECARD

	Evaluation Score Card						
	Golf Course Consultant		GGA Partners	Indigo Sports	JJ Keegan	RevPar	Touchstone Golf
	RFQ #22021		Ontario, Canada	Reston, VA	Castle Pines, CO	Alexandria, VA	Austin, TX
Evaluation Criteria	Maximum Score	Score	Score	Score	Score	Score	
Experience of similar size, type, scope and schedule	25.00	19.50	17.00	25.00	15.50	23.00	
Experience in projects for other municipal and/or Golf club clients	25.00	20.00	17.00	25.00	14.00	21.50	
Proposed methodology, schedule, and approach accomplishes the City's goals	30.00	24.60	24.00	30.00	18.00	22.20	
Interview(if needed)	20.00	0.00	0.00	0.00	0.00	0.00	
Total	100.00	64.10	58.00	80.00	47.50	66.70	



**CITY OF GRAND PRAIRIE
ORDINANCE**

MEETING DATE: 01/04/2022

REQUESTER: Glenda Peterson, Street Operations Supervisor

PRESENTER: Dane Stovall, Public Works Assistant Director

TITLE: Ordinance Amending the FY 2021/2022 Storm Drainage Capital Projects Fund (401592); Professional Engineering Services Contract with Peloton Land Solutions in the amount of \$176,320.00 for Concrete Lined Channel Evaluation and Prioritization Study

RECOMMENDED ACTION: Approve

ANALYSIS:

During the FY 2021/2022 Budget Process, the need for a concrete channel and flume maintenance program in the City of Grand Prairie was approved and funded for the current year's approved budget. Their first task will be to develop the channel and flume maintenance and repair program. This will be based on the available City records. There are 12.7 miles of concrete channels and 9.9 miles of concrete flumes. These are currently maintained by City personnel on an as-needed basis, but City staff intends for this project to provide an organized and prioritized plan for maintenance and necessary improvements to the system. The areas to be mapped and evaluated can be seen on the attached maps.

To accomplish this, Peloton will review available construction plans and walk each of the channel and flume systems, document and evaluate their condition, develop estimated maintenance and rehabilitation costs, develop a grade or ranking of each system, and use this data and analysis to develop a multi-year improvement plan. The major deliverable will be a report intended for planning, budgeting, and for use in discussions with residents and City government officials. GIS mapping data, photographs, and other detail supporting information will be included with the report and/or provided through electronic means for City staff use.

Chapter 252, Section 22 of the Local Government Code allows for the exemption to competitive bidding when the expenditure is for Professional Services such as engineering services. Peloton Land Solutions was selected as the most highly qualified professional due to their expertise in this field.

FINANCIAL CONSIDERATION:

Funding in the total amount of \$176,320.00 is available as follows:

1. \$150,000 is available in Storm Drainage Capital Projects Fund (401592) W.O. #02103803 (Concrete Lined Channel Evaluation and Prioritization Study)

2. \$26,320 is available by approving an ordinance transferring and appropriating from the unobligated fund balance in the Storm Drainage Capital Projects Fund (401592) to W.O. #02103803 (Concrete Lined Channel Evaluation and Prioritization Study)

BODY

AN ORDINANCE OF THE CITY OF GRAND PRAIRIE, TEXAS, AMENDING THE FY 2021/2022 CAPITAL IMPROVEMENT PROJECTS BUDGET BY TRANSFERRING AND APPROPRIATING \$26,320 FROM THE UNOBLIGATED FUND BALANCE IN THE STORM DRAINAGE CAPITAL PROJECTS FUND (401592) W.O. #02103803 (CONCRETE LINED CHANNEL EVALUATION AND PRIORITIZATION STUDY)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1. THAT the FY2021/2022 Capital Improvement Projects Budget be amended by transferring and appropriating \$26,320 from the unobligated fund balance in the Storm Drainage Capital Projects Fund (401592) W.O. #02103803 (Concrete Lined Channel Evaluation and Prioritization Study).

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS, ON THIS THE 4TH DAY OF JANUARY 2022.

Attachment D – Professional / Personal Service Approval Form

**CITY MANAGER APPROVAL TO PROCEED ON PROFESSIONAL SERVICES CONTRACTS
(NOTE: THIS FORM MUST BE SUBMITTED AND PROJECT APPROVED BEFORE CONTACTING CONSULTANTS)**

NAME OF PROJECT/STUDY: Professional Services Contract with Peloton Land Solutions

- TYPE OF CONTRACT:
- Professional Services*
 - Personal Services
 - Other Consultant

ESTIMATED COST: \$ 176,320

SOURCE OF FUNDS: 401592-02103803 / 401592-02103803

BRIEF EXPLANATION/DESCRIPTION OF PROJECT:

~~This study will provide an organized and prioritized plan for maintenance and necessary improvements to the City's concrete channel and flumes. Peloton will review available construction plans and walk each channel and flume system, document and evaluate their condition, develop estimated maintenance and rehabilitation costs, develop a grade or ranking of each system, and use this data and analysis to develop a multi-year improvement plan, delivering a report intending for planning, budgeting, and for use in discussions with resident and City government officials. GIS mapping data, photographs, and othe detail supporting information will be included with the report and/or provided through electronic means for City staff use.~~

DO YOU INTEND TO PREPARE:

- Request for Qualifications.**
- Request for Proposals (Required if not a professional service and more than \$50,000).**

***If neither of the above is answered yes, attach an explanation as to why requests for qualifications and/or proposals are not sought. If either is answered yes, attach a list of consultants you propose to contact.*

SUBMITTED BY: Leland Mills

DATE: 12.23.21

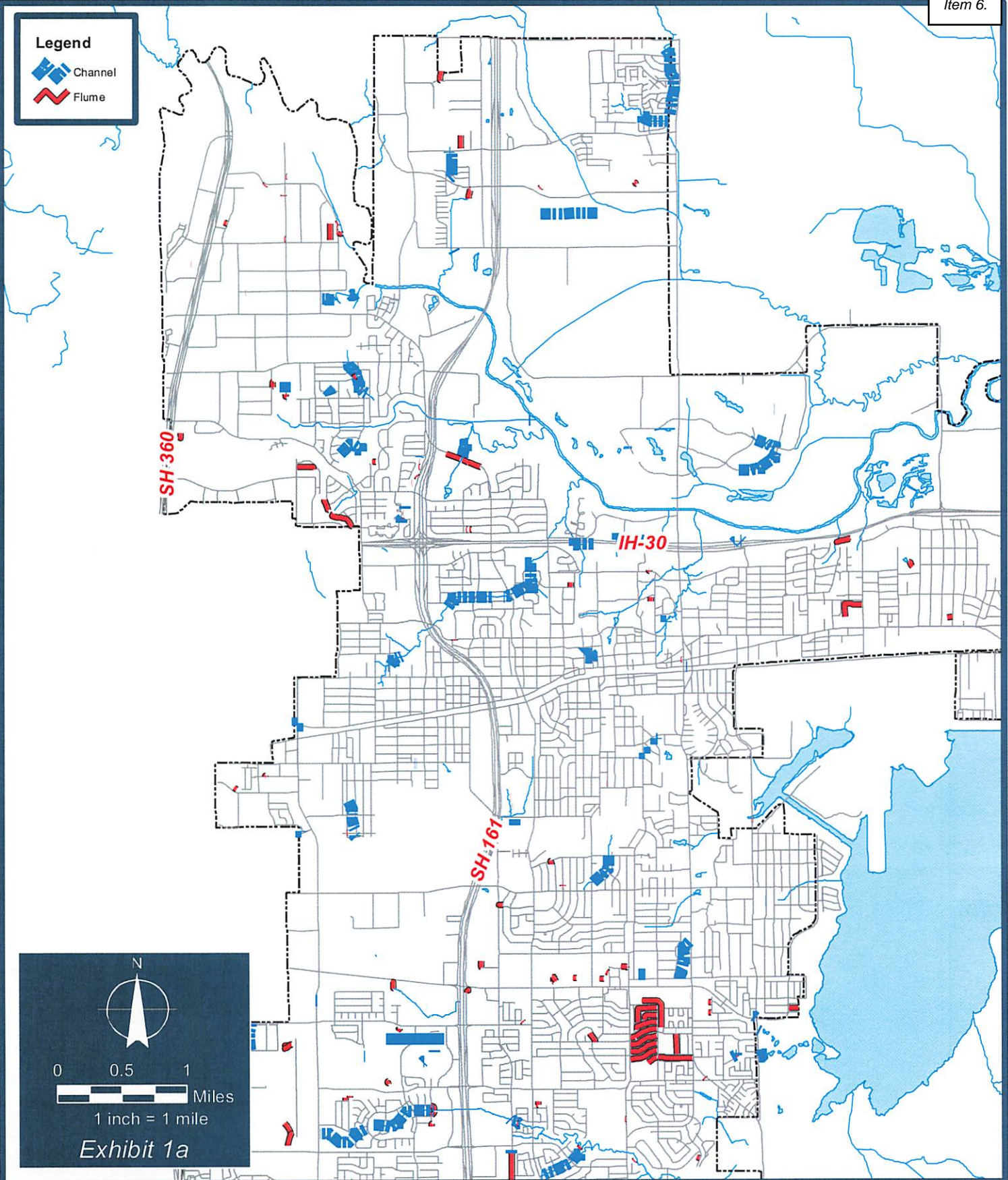
APPROVED: Cheryl DeLeon
CITY MANAGER/DEPUTY CM

DATE: 12.23.21


***(Professional Services only includes engineer, architect, certified public accountant, land surveying, physician, medicine, optometrist, surgeon, surveyor, lawyer, insurance broker or consultant, construction manager, financial advisors, artist, teachers, appraisers, landscape architectural and geoscientific.)**

Legend

-  Channel
-  Flume



N



0 0.5 1 Miles

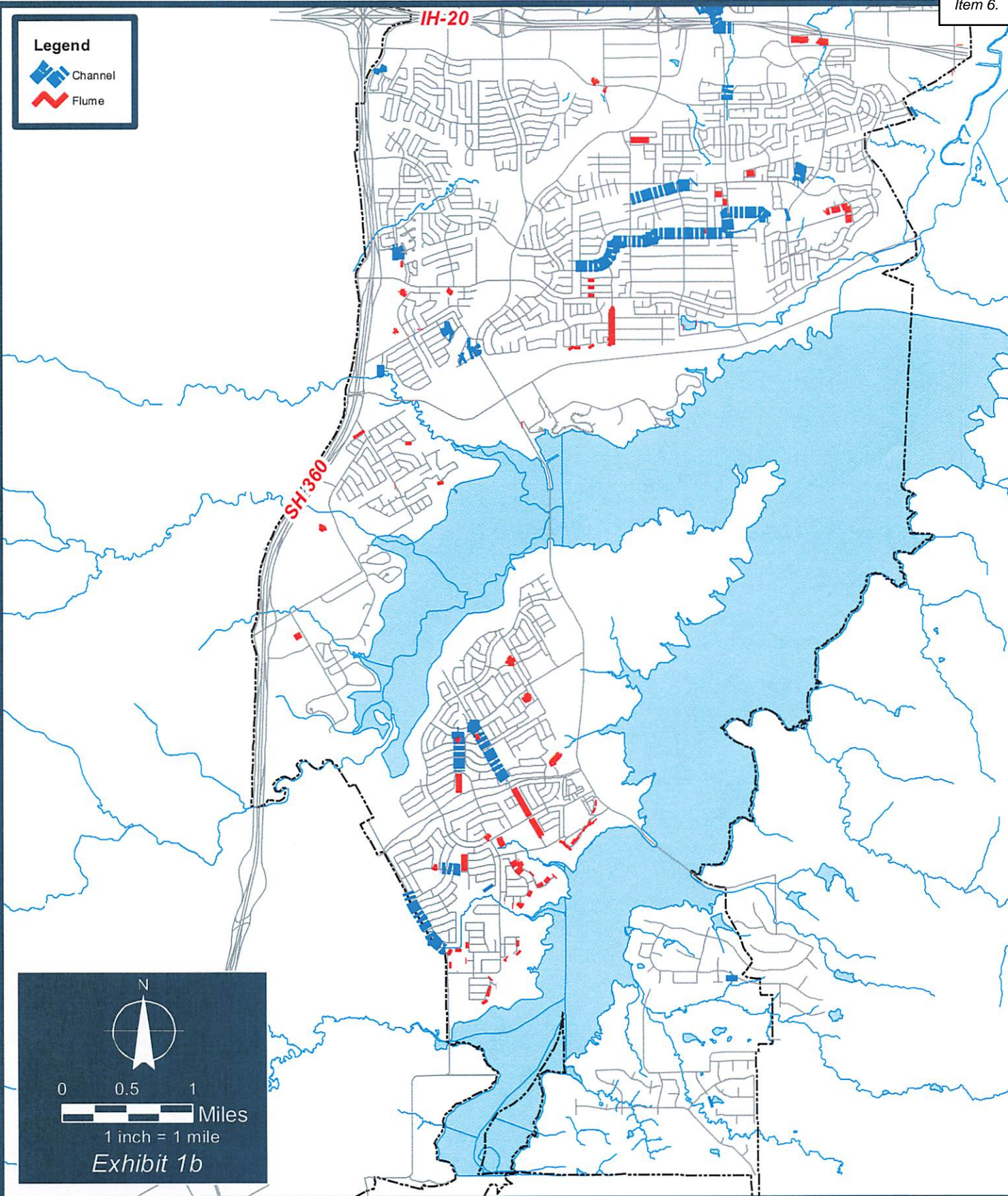
1 inch = 1 mile

Exhibit 1a

Path: C:\UBICGP21001_Channel_Prog\MasterDev\WTR_RSCGIS\mxd_exhibit1a\Contract\North Map.mxd


Legend

-  Channel
-  Flume



Path: G:\UOB\CGP21001_Channel_Prog\MasterDev1_WTR_RSC\GIS\mxd_exhibit1\For_Contract\South_Map.mxd

N



0 0.5 1 Miles

1 inch = 1 mile

Exhibit 1b

Attachment "A"

Engineering Services to Assess Concrete Channels and Flumes and Develop a Ranking System and Program for Maintenance and Rehabilitation

Task Order #1

(City Project #xxx.xx)

Scope of Work

This attachment defines the scope of services to be performed by Peloton Land Solutions, Inc. (*Peloton*) for the City of Grand Prairie (*City*) on Task Order #1 to develop a Concrete Channel and Flume Assessment and Maintenance Program, City Project #xxx.xx (*Project*). Based on available records, the City has approximately 12.7 miles of concrete channels and 9.9 miles of concrete flumes. These are currently maintained by City personnel on an as-needed basis, but City staff intends for this project to provide an organized and prioritized plan for maintenance and necessary improvements to the system. The areas to be mapped and evaluated can be seen on the attached maps.

To accomplish this, Peloton will review available construction plans and walk each of the channel and flume systems, document and evaluate their condition, develop estimated maintenance and rehabilitation costs, develop a grade or ranking of each system, and use this data and analysis to develop a multi-year improvement plan. The major deliverable will be a report intended for planning, budgeting, and for use in discussions with residents and city government officials. GIS mapping data, photographs, and other detailed supporting information will be included with the report and/or provided through electronic means for City staff use.

Proposed Services – Task Order #1

1.0 Project Management

1.1 Project Meetings

Peloton will attend and/or conduct project meetings as necessary to develop and review the data and results of the project. A total of four (4) meetings are included:

- Project kick-off meeting with the City, including discussion of draft data collection parameters/criteria;
- Preliminary review after approximately 10% of field data has been collected;
- Workshop or charette with city maintenance personnel to discuss data collection, typical maintenance activities, and their typical costs;
- Meeting or workshop to review and discuss draft report, before finalizing.

1.2 Project Team Management

In addition to the meetings listed in Task 1.1, Peloton will lead, manage, and direct team members. This management will include:

- Arranging and hosting internal team meetings;
- Communication and reporting;
- Meeting agendas and minutes;
- Monthly invoicing & progress reports to the City;
- Programmed QA/QC review;
- Project schedule preparation and updates.

Work on this task order is expected to commence in January 2021, with an anticipated delivery date of July 2021 for the final report. Project management costs for a total of eight (8) months are included to allow for data cleanup and close-out activities after report delivery.

2.0 Data Collection & Inventory

2.1 Collect & Review Existing Plans and Maintenance Data

Peloton will perform research and collect data for the project analysis and design, including:

- Obtain and review record drawings and any other pertinent available data;
- Obtain and review City standard drawings, specifications, and design guides;
- Obtain and review existing concrete and infrastructure inspection and rating systems.

2.2 Develop Field Data Collection Form/Database Design

In coordination with City staff, Peloton will develop the paper form and/or GIS database schema that defines the parameters to be collected in the field. Data collected is assumed to include characteristics such as concrete surface condition, cracking or spalling, joint damage or separation, erosion or undermining, and significant structural failures. Other items may be identified as part of this task.

2.3 Prepare Field Data Collection GIS Basemaps

Using the assembled base data, Peloton will produce GIS workmap panels showing all channel and flume segments to be evaluated. These basemaps will be used during field data collection,

maintenance and improvements, so those areas may be recommended for inclusion in the City's capital improvement program.

3.3 Apply Ranking to Individual Sites

Using the system developed in Item 3.1 above, Peloton will apply ranking criteria to each channel or flume system. Results of the ranking will be provided in detailed and summary format.

4.0 Report and Mapping

Peloton will prepare a final report and maps summarizing the data collected and developed in the tasks above.

4.1 Final Report

The final report will include:

- executive summary
- detailed description of data collection and analysis methods
- discussion of ranking criteria and cost information
- description of methods used to evaluate condition and recommendations
- The report will contain detailed cost and proposed improvement data in the appendix.

Peloton will provide four (4) spiral bound hard copies of the final report, in addition to a PDF file, spreadsheets, digital copies of photographs, and other supporting data collected or created as part of the project. In addition to digital (PDF) copies of the report and maps, Peloton will provide the database of all collected data in GIS (shapefile) format. The shapefile will include photo locations, rankings, estimated costs, prioritization data, and other available pertinent data developed as part of the project.

4.2 Map Book of Channel and Flume Systems

Using the base map panels developed in Task 2.3, Peloton will create a detailed map book of each system to reflect the inventory data and proposed improvements. The maps will be formatted to fit 11" x 17" (tabloid) size paper for ease of use. Peloton will provide four (4) bound hard copies of the map book, in addition to PDF files and GIS files for City use.

The following exclusions apply to this scope of work:

- Engineering design or analysis;
- Right-of-entry (if needed) will be obtained by the City. The assumption is that Peloton's work can be done from within existing rights-of-way and/or easements. Peloton can assist with this on an hourly, as-needed basis if requested by the City;
- Potholing or other subsurface investigation activities;
- Field survey except as described herein using handheld GPS equipment;
- Construction observation or site visits not listed herein;
- Environmental permitting or waters of the U.S. delineations/permitting/mitigation;
- Landscape designs or improvements;
- TxDLR/TAS Accessibility coordination or review;
- Retaining walls or structural designs.

then later updated for the final deliverable to reflect pertinent features that were added during data collection.

2.4 Field Data Collection & Processing (+/- 22.6 miles)

Peloton personnel, in teams of two, will walk the length of each area, collecting the features identified in Item 2.2. Mapping and data collection will be performed using handheld GPS units capable of sub-meter horizontal accuracy. It is anticipated that much of the data collected will consist of geo-located photographs, with descriptions of the observed damage or condition shown in each photo. This scope anticipates that all data collection will take place within public rights-of-way or easements accessible to the public. If property owner coordination is required for entry, City staff will obtain right of entry for Peloton. Peloton could obtain right-of-entry, as an additional service, if requested by the City.

This scope of work assumes that two (2) people will be able to collect data at the approximate average rate of 1/4 mile in four (4) hours. Based on preliminary site visits, this scope assumes that 40-50 photos and observations will be taken per 1/4 mile. The sites are spread out at many locations across the City, so this estimate also assumes the need to drive frequently from one location to the next.

As field data is collected, Peloton will review in-office for completeness and general accuracy. Comparisons will be made to aerial photos, record drawings, on-the-ground photos, and notes taken in the field. Discrepancies will be noted and resolved, if necessary, by a return visit to the location.

3.0 Data Analysis

3.1 Develop Priority/Ranking System

In coordination with City staff, Peloton will develop a system to apply and absolute grade and then numerically rank the condition of each channel and flume system (i.e., relative to the others), to help prioritize the City's maintenance funds. It is anticipated that the City's input will be critical for determining the relative weights of different ranking categories.

3.2 Develop Unit Costs & Maintenance/Rehabilitation Estimates

Using field observations and photographs, Peloton will evaluate the maintenance or rehabilitation needs identified in the field and determine recommended courses of action. Individual items will be aggregated per location to provide overall recommendations and rankings for each channel or flume system.

Since the infrastructure in this project consists of reinforced concrete, Peloton has included a structural engineer as a subconsultant to provide opinions for major infrastructure items such as large concrete channels, drop structures, or structural retaining walls. The structural engineer will be billed as needed on an hourly basis, with a maximum budget specified in Attachment B.

Peloton will also use the assessment data to develop opinions of probable cost for necessary maintenance activities and improvements for each system. Unit costs will be standardized across all areas. Unit costs will be developed in conjunction with City staff using data such as City maintenance records and recent bid information from City, Peloton, and TxDOT projects. It is anticipated that some areas may require improvements that exceed the City's yearly budget for



Project Concrete Channel & Flume Assessment
 Client City of Grand Prairie
 Date 12/15/2021

\$176,320.00

City of Grand Prairie Concrete Channel & Flume Assessment Task Order #1 (City Project #XX.XXX)													Total Hours	Sub Cost	Cost			
		Rate (\$)	Project Principal	Sr. Project Manager	Project Manager	Sr. Civil Engineer	Civil Engineer	EIT II	EIT I	Sr. Env. Scientist	Env. Scientist II	Env. Scientist I				Admin		
1.0 Project Management																		
1.1 Project Meetings w/City (4)	8	8			8									24			\$5,440.00	
1.2 Project Team Management (8 Months)	8	16												24			\$5,800.00	
2.0 Data Collection & Inventory														0			\$0.00	
2.1 Collect & Review Plans/Available Data			4		20									24			\$4,500.00	
2.2 Develop Field Data Collection Form/Database	2	4			16									22			\$4,330.00	
2.3 Prepare field data collection basemaps			4		8									36			\$4,380.00	
2.4 Field Data Collection (+/- 22.6 miles) & processing			12		28	60	60	60						300	24	80	\$36,740.00	
														0			\$0.00	
														0			\$0.00	
														0			\$0.00	
3.0 Data Analysis																		
3.1 Develop Priority/Ranking System	8	16			24									48			\$10,120.00	
3.2 Develop Unit Costs & Maintenance/Rehab Estimates	8	20			100	40		40						208			\$34,700.00	
3.3 Apply Ranking to Individual Sites			2		24	40								66		\$16,000.00	\$10,370.00	
														0			\$0.00	
														0			\$0.00	
														0			\$0.00	
														0			\$0.00	
4.0 Report & Mapping																		
4.1 Develop Final Report	4	8			16	24	40	40						132		\$4,000.00	\$18,340.00	
4.2 Finalize Map Books	8	40			40	20								112	4		\$21,600.00	
														0			\$0.00	
														0			\$0.00	
														0			\$0.00	
														0			\$0.00	
5.0 N/A														0			\$0.00	
6.0 N/A														0			\$0.00	
7.0 N/A														0			\$0.00	
8.0 N/A														0			\$0.00	
Subtotal																	\$20,000.00	\$156,320.00
Reimbursable Expenses																		
Bound Report & Mapbooks (4)														0			\$0.00	
Mileage (\$ 0.575/mi)														0			\$0.00	
Reimbursable Subtotal																	\$0.00	
Total Hours	46	134	0	284	184	100	140	0	0	104	4	996						
Percentage of Years Hours	2.2%	6.4%	0.0%	13.7%	8.8%	4.8%	6.7%	0.0%	0.0%	5.0%	0.2%	47.9%						

Attachment 'B'

Compensation and Fees

Compensation

For all services included in Exhibit A: Scope of Work, Peloton shall be compensated a maximum fee amount of \$176,320.00 as summarized in the following table. This maximum fee includes lump sum amount of \$156,320.00 plus a subconsultant fee of up to \$20,000.00 to be billed on an hourly basis. The lump sum fee includes a 1.1-multiplier for subconsultant management. Reimbursable expenses are included in the lump sum fee. This shall be considered full compensation for all labor, materials, supplies, travel expenses, equipment, and sub-consultant fees necessary to deliver the services described in herein. The maximum fee shall not be exceeded without prior authorization from the City. If additional services are required beyond the Scope of Work, compensation shall be per corresponding contract addenda.

Lump Sum Fee Summary

<u>Task</u>	<u>Fee</u>
1.0 Project Management	\$11,240.00
2.0 Data Collection & Inventory	\$49,950.00
3.0 Data Analysis	\$55,190.00
4.0 Report and Mapping	\$39,940.00
Total Lump Sum	<u>\$156,320.00</u>
Total Maximum Hourly Fee (Sub)	<u>\$20,000.00</u>
Total Maximum Fee	<u>\$176,320.00</u>

**CITY OF GRAND PRAIRIE
CAPITAL PROJECTS BUDGET SUMMARY**

Fund/Activity Account: 401592 / 02103803
 Project Title: Concrete Lined Evaluation and Priotization Study
 Current Request: \$26,320.00

ACCOUNT DESCRIPTION	1 CURRENT BUDGET	2 AVAILABLE BALANCE	3 CURRENT REQUEST	2+3 REVISED BALANCE	1+3 AMENDED BUDGET
Professional Engineering (6104)	\$150,000	\$150,000	\$26,320	\$176,320	\$176,320
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
				\$0	\$0
TOTAL	\$150,000	\$150,000	\$26,320	\$176,320	\$176,320



**CITY OF GRAND PRAIRIE
RESOLUTION**

MEETING DATE: 01/04/2022

REQUESTER: Caryn Riggs

PRESENTER: Caryn Riggs, Chief Financial Officer

TITLE: Resolution Adopting 2022 Financial Management Policies

RECOMMENDED ACTION: Approve

ANALYSIS:

Each year, the Finance department facilitates a review of the City's overall Financial Management policies. Having a formal set of financial management policies is not only industry best practice, but these policies guide the decision-making process of the organization leadership on items relevant to fiscal stewardship. They are also a major aspect of our bond rating process, both from the existence of the policies, as well as, our ability to comply with our stated guidelines.

This year, the review included leadership from Finance, Public Works, Solid Waste, and Parks & Recreation. Attached is a marked-up version to highlight any changes that are recommended. Also attached is a 'clean copy' for final adoption which will be forwarded to City Council on 01/18/2022 for approval.

Most of the changes are administrative clarification or edits, such as title changes, grammar, etc.

City Management and staff recommend adoption of the attached resolution.

FINANCIAL CONSIDERATION:

NONE

BODY

A RESOLUTION OF THE CITY OF GRAND PRAIRIE, TEXAS, APPROVING THE CITY'S FINANCIAL MANAGEMENT POLICIES

WHEREAS, a comprehensive set of financial management policies is an industry best practice, an important governance tool, and a strong signal to the municipal bond credit market as to the City's fiscal stewardship and management; and

WHEREAS, each year, city management and an interdisciplinary team of staff review the overall financial management policies of the city for applicability and refinement and submit for governance approval; and

WHEREAS, the 2022 review resulted in minor administrative edits that were identified and covered; and

WHEREAS, the Finance and Government Committee reviewed and adopted these policies on January 4, 2022, recommending approval to City Council.

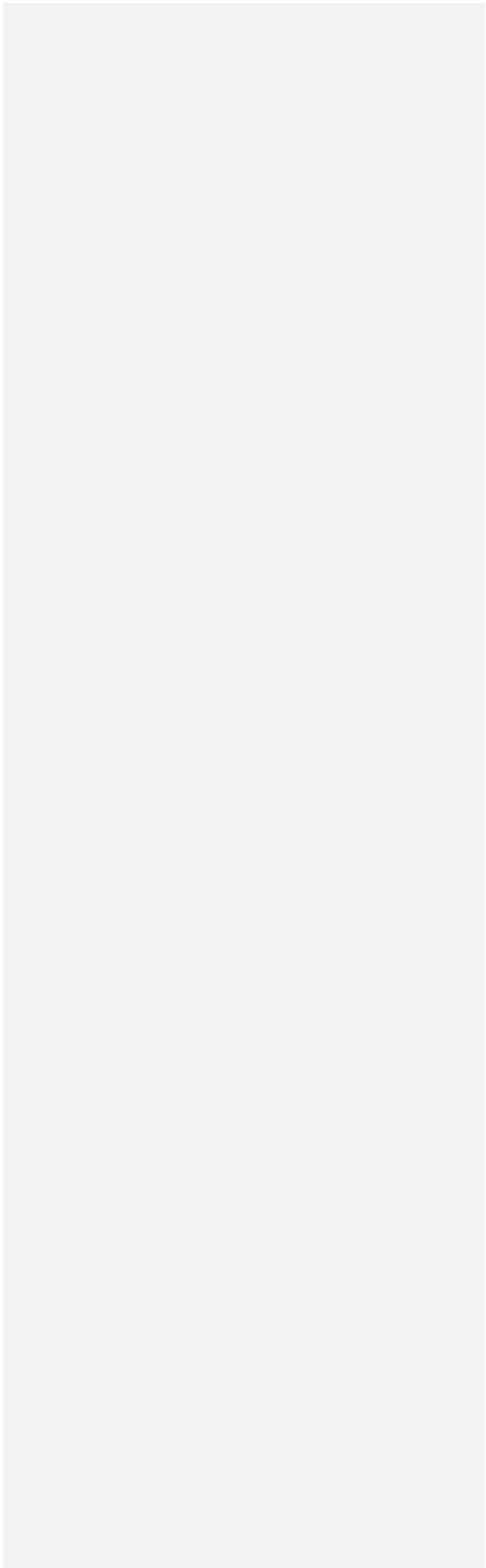
NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS THAT:

SECTION 1. The City Council hereby adopts the attached Financial Management Policy, attached as Exhibit A.

SECTION 2. This resolution shall be in force immediately upon its passage in accordance with the Charter of the City of Grand Prairie and it is accordingly so resolved.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS, ON THIS THE 18TH DAY OF JANUARY 2022.

**CITY OF GRAND PRAIRIE
FINANCIAL MANAGEMENT POLICIES
January 18, 2022
Prepared by the Finance Department**



FINANCIAL MANAGEMENT POLICIES

Table of Contents

I. PURPOSE STATEMENT..... 3

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING 3

III. INTERNAL CONTROLS 4

IV. OPERATING BUDGET 5

V. CAPITAL BUDGET AND PROGRAM 5

VI. REVENUE MANAGEMENT 7

VII. EXPENDITURE CONTROL 9

VIII. ASSET MANAGEMENT 13

IX. FINANCIAL CONDITION AND RESERVES 13

X. DEBT MANAGEMENT 17

XI. STAFFING AND TRAINING 188

XII. GRANTS 188

XIII. ANNUAL REVIEW & REPORTING 211

I. PURPOSE STATEMENT

These policies are developed by the City Manager to guide the Chief Financial Officer, Audit Services Director, and other department staff in all financial matters. The overriding goal of the Financial Management Policies is to enable the City to achieve a long-term stable and positive financial condition while conducting its operations consistent with the Council—Manager form of government established in the City Charter. The watchwords of the City’s financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Financial Management Policies is to provide guidelines for the financial management staff in planning and directing the City’s day-to-day financial affairs and in developing recommendations to the City Manager. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. **ACCOUNTING** - The City Controller is responsible for establishing the chart of accounts, and for properly recording financial transactions.
- B. **FUNDS** - Self-balancing groups of accounts are used to account for City financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the General Fund which is used to account for all transactions not accounted for in other funds. Funds are created and fund names are changed by City Council approval either through resolution during the year or in the City Council’s approval of the annual operating or capital budget ordinances.
- C. **EXTERNAL AUDITING** - The City will be audited annually by outside independent auditors. The auditors must be a CPA firm of national reputation and must demonstrate that they have the breadth and depth of staff to conduct the City’s audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements. The auditors’ report on the City’s financial statements including federal grants (single audit) will be completed within 180 days of the City’s fiscal year end, and the auditors’ management letter will be presented to the City staff within 180 days after the City’s fiscal year end. Staff will attempt to complete the reports prior to this, with a reach goal of 120 days. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The City staff and auditors will jointly review the management letter with the City Council Finance and Government Committee and City Council within sixty (60) days of its receipt by the staff.
- D. **EXTERNAL AUDITORS’ RESPONSIBILITY TO CITY COUNCIL** - The external auditors are accountable to the City Council and will have access to direct communication with the City Council if the City staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities.

The City Council Finance and Government Committee will conduct at least one closed session annually with the auditors present without the presence of City staff. Such meeting shall be conducted in accordance with the Open Meetings Act.

- E. EXTERNAL AUDITOR ROTATION** - The City will not require external auditor rotation but will circulate requests for proposal for audit services periodically, normally at five-year intervals. The City will also consider periodic partner in charge rotations if continuing with existing auditors past five years.
- F. INTERNAL AUDITING** - The City Manager established an internal audit function February 1, 1989. The Audit Services Director reports to the City Manager's office. The annual work plan for internal audit includes compliance test work and performance auditing along with designated special projects. The internal audit work plan is approved annually by the City Manager's office and by the Finance and Government Committee.
- G. EXTERNAL FINANCIAL REPORTING** - The City will prepare and publish an annual comprehensive financial report. The annual report will be prepared in accordance with generally accepted accounting principles and will be presented annually to the Government Finance Officers Association (GFOA) for evaluation and awarding of the Certification of Achievement for Excellence in Financial Reporting. The annual report will be published and presented to the City Council within 180 days after the end of the fiscal year. City staffing limitations may preclude such timely reporting. In such case, the Chief Financial Officer will inform the City Manager and the City Manager will inform the City Council of the delay and the reasons, therefore.
- H. INTERNAL FINANCIAL REPORTING** - The Finance Department will provide internal financial information, via online access or reports, sufficient for management to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout these policies.

III. INTERNAL CONTROLS

- A. WRITTEN PROCEDURES** - The Chief Financial Officer and Audit Services Director are responsible for developing City-wide written guidelines on accounting, cash handling, and other financial matters which will be approved by the City Manager and Finance and Government Committee. Annually, the City Manager and Finance and Government committee will approve the Internal Audit work plan. Projects on the work plan will be reviewed quarterly by the Finance and Government committee.

The Finance Department will assist department managers as needed in tailoring these guidelines into detailed written procedures to fit each department's requirements.

- B. INTERNAL AUDIT** – Audit Services will conduct reviews of the departments to determine if the departments are following the written guidelines applicable to the departments. Audit Services will also review the written guidelines on accounting, cash handling, and other financial matters. Based on these reviews, Audit Services will recommend internal control improvements as

needed.

- C. DEPARTMENT MANAGERS' RESPONSIBILITY** - Department Managers' responsibilities to the City Manager are to ensure that good internal controls are followed throughout his or her department, that all guidelines on accounting and internal controls are implemented, and that all independent and internal auditor internal control recommendations are addressed.

IV. OPERATING BUDGET

- A. PREPARATION** - The City's operating budget is the City's annual financial operating plan. The operating budget's basis of accounting will be cash or modified accrual and reconciled to the annual audit. The budget is prepared by the Budget Division with the cooperation of all City Departments and is submitted to the City Manager who makes any necessary changes and transmits the document to the City Council. The budget should be presented to the City Council no later than six (6) weeks prior to fiscal year end and should be enacted by the City Council prior to fiscal year end.
- B. BALANCED BUDGETS** - The operating budgets will be balanced with current revenues, exclusive of beginning resources, greater than or equal to current expenditures/expenses. Funds deemed at risk will be updated either monthly or quarterly to the Finance and Government Committee.
- C. PLANNING** - The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date. The Budget Division will work closely with the Finance and Government Committee in order to review all budgeted funds prior to submitting a proposed budget to the entire City Council.
- D. REPORTING** – Monthly financial reports will be prepared and made available to Department Managers for use in managing their budgets and to enable the Chief Financial Officer to monitor and control the budget as authorized by the City Manager.
- E. CONTROL** - Operating expenditure controls are addressed throughout these policies.

V. CAPITAL BUDGET AND PROGRAM

- A. PREPARATION** - The City's capital budget will include all capital project funds and all capital resources. This budget will be prepared annually on a fiscal year basis and adopted by ordinance. The capital budget will be prepared by the Budget Division with the involvement of all required City departments.
- B. CONTROL** - All capital project expenditures must be appropriated in the capital budget. The Budget Division must certify the availability of resources so an appropriation can be made before a capital project contract is presented by the City Manager to the City Council for approval.

- C. PROGRAM PLANNING** - The capital budget will include plans for a capital improvements program for future years. The planning time frame should be at least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operations will be fully costed, so that these costs can be considered in the operating budget.
- D. ALTERNATE RESOURCES** - Where applicable, assessments, impact fees, and/or other user-based fees should be used to fund capital projects which have a primary benefit to certain property owners.
- E. DEBT FINANCING** - Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire and/or construct major capital assets with expected lives equal to or exceeding the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for the design and construction of capital projects, and small component parts which are attached to major equipment purchases. The City's debt policy will guide the use and extent of debt financing.
- F. CAPITAL AND LENDING RESERVE FUND** - The City established a Capital and Lending Reserve Fund in December, 2009 which is monitored by the Budget Division and accounted for by the Accounting Division separately from all other funds. There are no set funding sources; however, contributions may be added to this fund by recommendation of the City Manager's Office and the Finance and Government Committee and must be approved by the City Council.

Expenditures and disbursements from the Capital Lending and Reserve Fund must be authorized and approved by City Council action following recommendations by the City Manager's Office and the Finance and Government Committee. A plan to replenish the fund over a reasonable time frame will be included in this authorization. There may be one-time uses that will not be repaid.

- G. STREET MAINTENANCE** - The City recognizes that deferred street maintenance increases future capital costs by an estimated 5 to 10 times. In 2020, the city re-authorized $\frac{1}{4}$ cent of its sales tax and dedicated those revenues to street maintenance. Additionally, the city devotes PILOT and franchise fee revenue to street maintenance. A street maintenance paving assessment is done annually. The city reserves 10% of sales tax revenues for this purpose.
- H. WATER/WASTEWATER MAIN REHABILITATION AND REPLACEMENT** - The City recognizes that deferred water/wastewater main rehabilitation and replacement increases future costs due to loss of potable water from water mains and inflow and infiltration into wastewater mains. Therefore, to ensure that the rehabilitation and replacement program is adequately funded, the City's will annually appropriate cash as available.
- I. GENERAL GOVERNMENT CAPITAL RESERVE** - A reserve will be maintained for general governmental capital projects. The reserve will be funded with General Fund operating surpluses. The reserve will be used for major capital outlay, and for unplanned projects. As soon as practicable after each fiscal year end when annual operating results are known, any General Fund

operating surplus in excess of budget which is not required to meet ending resources requirements may be transferred to the reserve with the approval of the City Council.

- J. REPORTING** - Monthly financial information will be available to enable Department Managers to manage their capital budgets and to enable the Budget Division to monitor the capital budget as authorized by the City Manager.

VI. REVENUE MANAGEMENT

- A. SIMPLICITY** - The City will strive to keep the revenue system simple which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay.
- B. CERTAINTY** - An understanding of the revenue source increases the reliability of the revenue system. The City will understand its revenue sources and enact consistent collection policies so that assurances can be provided that the revenue base will materialize according to budgets and plans.
- C. EQUITY** - The City will strive to maintain equity in the revenue system structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., senior citizen property tax exemptions or partial property tax abatement.
- D. ADMINISTRATION** - The benefits of revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
- E. REVENUE ADEQUACY** - The City will require that there be a balance in the revenue system. That is, the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- F. COST/BENEFIT OF ABATEMENT AND REINVESTMENT ZONES** - The City will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such analysis. Annually, the City will also assess the current boundaries, revenues, and participation levels of the tax increment reinvestment zones and determine their ongoing viability. The City will include administrative costs in the use of TIRZ revenues. The City will follow an overall economic development program as authorized by the City Manager.
- G. DIVERSIFICATION AND STABILITY** - In order to protect the government from fluctuations in a revenue source due to fluctuations in the economy, and variations in weather, (in the case of water and wastewater), a diversified revenue system will be maintained across the organization.

- H. NON-RECURRING REVENUES** - One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used only for non-recurring expenditures. Care will be taken not to use these revenues for budget balancing purposes.
- I. PROPERTY TAX REVENUES** - Property shall be assessed at 100% of the taxable value as appraised by the Dallas Central, Ellis, and Tarrant Appraisal Districts. Reappraisals and reassessments shall be completed as required by State law. A 99.5% collection rate will serve as a target budget for tax collections with a delinquency rate of 1% or less barring extraordinary circumstances. The 99.5% rate is calculated by dividing total current year tax collections for a fiscal year by the total tax levy for the fiscal year. All delinquent taxes will be aggressively pursued. Delinquencies greater than 150 days will be turned over to the City Attorney or a private attorney, and a penalty assessed to compensate the attorney as allowed by state law and in accordance with the attorney's contract. Annual performance criteria will be developed for the attorney.
- J. PARKS AND RECREATION VENUE SALES TAX REVENUE** – Parks and Recreation Venue sales tax revenue shall supplement, but not supplant, the funding for the Parks and Recreation System which was in place prior to 2000. No more than 49.99% of Parks and Recreation Venue sales tax revenue may be used for operations. At least 50.01% of the revenue will be dedicated to capital expenditures and debt service for Parks and Recreation System improvements and for associated reserves.
- K. EMPLOYEE INSURANCE FUND** – Since a portion of the revenue in the Employee Insurance Fund is deducted from employee paychecks for the specific purpose of providing health and life insurance coverage, no funds shall ever be transferred out of this fund to be used for any other purpose. Any additional contingency will be budgeted in the Risk Fund for added flexibility. The Finance and Government Committee will review the status of the fund no less than quarterly.
- L. USER-BASED FEES** - For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be a review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as “full cost recovery”, “partial cost recovery”, and “minimal cost recovery”, based upon City Council policy.
- M. IMPACT FEES** - Impact fees will be imposed for water and wastewater, in accordance with the requirements of state law. The staff working with the Impact Fee Advisory Committee (Planning and Zoning Commission) shall prepare a semi-annual report on the capital improvement plans and fees. Additionally, the impact fees will be re-evaluated at least every five years as required by law.
- N. IN-LIEU-OF PROPERTY TAX** - The in-lieu-of-property-tax paid by the Water/Wastewater and Solid Waste funds will be dedicated solely to street maintenance and improvements.
- O. GENERAL AND ADMINISTRATIVE CHARGES** - A method will be maintained whereby the General Fund can impose a charge to the enterprise funds for general and administrative services (indirect costs) performed on the enterprise funds' behalf. The details will be documented in the annual

indirect cost study or staff analysis. This process may also apply to TIRZ/TIF funds and other support to special districts, as directed by the City Manager.

- P. UTILITY RATES** - The City will review utility rates annually, and if necessary, adopt new rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balance to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects.
- Q. INTEREST INCOME** - Interest earned from investment of available monies will accumulate in a Pooled Investment Fund to use for special projects as approved by the City Manager and City Council. In specific instances or where required by law (such as forfeiture funds), interest may be assigned to a particular fund or account. The activity in the Pooled Investment Fund will be reported in accordance with city investment policies as reviewed and adopted annually by City Council.
- R. REVENUE MONITORING** - Revenues actually received will be regularly compared to budgeted revenues, and variances will be investigated. This process will be summarized in the appropriate budget report.
- S. SALES TAX REVENUE** – The State Comptrollers’ Office collects, administers, and disburses this revenue each month. The Budget Division monitors and reports this activity reflecting any Economic Development Agreements, state audit adjustments, and refunds made to the gross collections. These adjustments are prorated back to other sales taxing entities (Crime Control & Prevention District, Park Venue, Streets, and Epic) that currently exist and have not been dissolved. The General fund may absorb any adjustment variances among the sales tax entities that may result due to dissolutions.

VII. EXPENDITURE CONTROL

- A. APPROPRIATIONS** – Appropriations are budgeted at the fund level. If budget amendments (increase in appropriations) are necessary, they must be approved by the City Council. Budget adjustments (transfers between line items within the same fund) are allowed as long as the adjustments do not exceed the total budgeted appropriations for that fund.
- B. VACANCY SAVINGS AND CONTINGENCY ACCOUNT** - The General Fund Contingency Account will be budgeted at a minimal amount (\$50,000). The contingency account balance for expenditures will be increased monthly by the amount of available salary vacancy savings.
- C. CONTINGENCY ACCOUNT EXPENDITURES** - The City Council must approve all contingency account expenditures of \$50,000 or more, as discussed under Purchasing. While no approval is required, the City Council will be informed of General Fund contingency account expenditures of \$5,000 or more by memorandum in the monthly reports. The Budget Division is responsible for submitting this memorandum to the City Manager based on information submitted by the spending department.

D. CENTRAL CONTROL - Significant vacancy (salary) and capital budgetary savings in any department will be centrally controlled; and, may not be spent by the department without City Manager authorization.

E. PURCHASING – All purchases shall be in accordance with the City’s purchasing policies as defined in the Purchasing Policy. City procurements are governed by state and federal law, as well as the city Code of Ordinances. The primary Texas Statutes that pertain to Purchasing are:

- TEX. LOC. GOV’T CODE:
 - § 176 Disclosure of Certain Relationships with Local Government Officers; Providing Public Access to Certain Information
 - § 252 Purchasing and Contracting Authority of Municipalities
 - § 271 Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments
 - § 302 Energy Saving Performance Contracts for Local Governments
- TEX. GOV’T CODE:
 - § 791 Interlocal Cooperation Contracts
 - § 2155 Purchasing: General Rules and Procedures
 - § 2156 Purchasing Methods
 - § 2158 Purchasing: Miscellaneous Provisions for Purchase of Certain Goods & Services
 - § 2161 Historically Underutilized Businesses
 - § 2252 Contracts with Governmental Entity
 - § 2253 Public Work Performance and Payment Bonds
 - § 2254 Professional and Consulting Services
 - § 2258 Prevailing Wage Rates
 - § 2267 Public and Private Facilities and Infrastructure
 - § 2269 Contracting and Delivery Procedures for Construction Projects

Strong ethical standards are required at all levels of the purchasing function. Purchasing personnel and City departmental staff face the challenging task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

Criminal penalties are associated with attempts to avoid compliance with the state procurement laws, as detailed below.

Local Government Code Section 252

Sec. 252.062. CRIMINAL PENALTIES

- (a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.

CLASS B MISDEMEANOR. An individual adjudged guilty of a Class B misdemeanor shall be punished by:

- (1) a fine not to exceed \$2,000;
- (2) confinement in jail for a term not to exceed 180 days; or

(3) both such fine and confinement

(b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.

(c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

CLASS C MISDEMEANOR. An individual adjudged guilty of a Class C misdemeanor shall be punished by a fine not to exceed \$500.

Sec. 252.063. REMOVAL; INELIGIBILITY.

(a) The final conviction of a municipal officer or employee for an offense under Section 252.062(a) or (b) results in the immediate removal from office or employment of that person.

(b) For four years after the date of the final conviction, the removed officer or employee is ineligible:

- (1) To be a candidate for or to be appointed or elected to a public office in this state;
- (2) To be employed by the municipality with which the person served when the offense occurred; and
- (3) To receive any compensation through a contract with that municipality.

(c) This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

Several purchasing practices may appear as attempts to avoid compliance with procurement laws. **Component, separate or sequential purchases** and are explained below.

Component purchases usually is an attempt to circumvent bid or proposal laws or other requirements by buying items or services through the issuance of multiple purchase orders for the component parts or services of the item versus issuing a single purchase order for the entire item or service. Repeated purchases of additional optional equipment or parts after an initial purchase may create the perception of component purchasing. An example of component

Commented [CR1]: Moved this definition here because Class B Misdemeanor is mentioned first here versus subsection b

purchases for an item would be to place an order for a mower under one Purchase Order and then place an order for an attachment for the mower under a different Purchase Order. An example of component purchases for a service would be to place an order to have the grass mowed and place another order to have the weeds pulled, and another separate order to have the area edged.

Separate purchases are very similar to component purchases but are usually less likely to be a direct attempt to circumvent bid or proposal laws or other statutory/policy requirements. Items or services that are purchased under separate orders that should be ordered under a single Purchase Order or contract could be considered separate purchases. An example of separate purchases would be to place an order with one vendor to perform construction framing services; place a separate order with another vendor to install sheet rock; place a separate order with another vendor to paint; etc. Another example of separate purchases would be to place an order with a vendor to document management system for one department and then place a separate order for document management system for another department.

Sequential purchases of like items or services over the course of a consecutive 365-day period may exceed the state competitive procurement requirements. In some cases, sequential purchasing is unintentional. It may result from needs that could not be anticipated. It may also result from lack of centralization of the purchasing function as one department may not know that another department is purchasing the same goods or services. However, some sequential purchasing is intentional, and must be avoided at all costs. A good example of "sequential purchasing would be office supplies. Many departments do not individually purchase office supplies in values that exceed the limits of competitive procurement requirements. However, the value of office supplies purchased by all City departments far exceeds the limits at which competitive bidding is required. This is one reason that the Purchasing Division solicits bids and awards annual price agreement contracts for items and services. Operating departments are encouraged to bring to the attention of the Purchasing Division any items or services that are not on a price agreement contract and for which the anticipated usage will be near or exceed the \$50,000 threshold.

- F. PROFESSIONAL SERVICES** - Professional Services Contracts consist of the following services: Certified Public Accountant, Architect, Physician, Optometrist, Surgeon, Surveyor, Professional Engineer, Interior Designer, Insurance, Real Estate Appraisers, Professional services will generally be processed through a request for qualifications or proposals process, except for smaller contracts. The City Manager may execute any professional services contract except for insurance less than \$50,000 provided there is an appropriation for such contract. While City Council approval of other contracts less than \$50,000 is not required, the Budget Division will inform the City Manager and the City Council whenever a professional services contract of \$5,000 or more is approved.
- G. PROMPT PAYMENT** - All invoices will be paid within 30 days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the City's investable cash, where such delay does not violate the

agreed upon payment terms.

H. EQUIPMENT FINANCING - Equipment may be financed when the unit purchase price is \$10,000 or more and the useful life is at least two years. General Fund equipment financing and equipment for the Parks and Recreation programs that were funded in the General Fund prior to fiscal year 2000 will be accounted for in the Equipment Acquisition Fund, along with related professional services costs including long range plans and studies.

I. INFORMATION TECHNOLOGY -

Certain information technology acquisitions will be centrally funded from the Information Technology (I/T) Capital Project Fund. Acquisitions from this fund may include all related professional services costs for researching and/or implementing an information technology project. Lease cost is also an eligible expense; lease agreements must be pre-approved by Finance Department.

Items to be paid for in other funds include: the cost of repair and maintenance, supplies and replacement parts; acquisition of radios, telephones, computer equipment and mobile devices; on-going personnel costs; and, items acquired for a new position which will be budgeted with the position.

Annual funding of between \$250,000 and \$500,000 for replacements and between \$250,000 and \$500,000 for new technology will be provided through transfers from the General Fund and Water Wastewater Fund based on the relative amount of their budgeted ending resources.

Additional funding above the base amount may be provided for major projects with available one-time sources including debt proceeds.

VIII. ASSET MANAGEMENT

A. INVESTMENTS - The City's investment practices will be conducted in accordance with the City Council approved Investment Policies.

B. CASH MANAGEMENT - The City's cash flow will be managed to ensure all expenses can be paid with cash on hand.

C. INVESTMENT PERFORMANCE - A quarterly report on investment performance will be provided by the Chief Financial Officer to the City Manager for submission to the City Council.

D. FIXED ASSETS AND INVENTORY - These assets will be reasonably safeguarded and properly accounted for, and prudently insured.

IX. FINANCIAL CONDITION AND RESERVES

A. NO OPERATING DEFICITS - Current expenditures will be paid with current revenues. Deferrals,

short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.

- B. INTERFUND LOANS** - Non-routine interfund loans shall be made only in emergencies when other temporary sources of working capital are not available and with the approval of the City Council. At the time an interfund loan is considered, a repayment plan prior to fiscal year end shall also be considered. A fund will only lend money that it will not need to spend for the next 365 days. A loan may be made from a fund only if the fund has ending resources in excess of the minimum requirement for the fund. Loans will not be made from the City's enterprise funds (Water/Wastewater, Solid Waste, etc.) except for projects related to the purpose of the fund. Total interfund loans outstanding from a fund shall not exceed 15% of the target fund balance for the fund. If any interfund loan is to be repaid from the proceeds of a future debt issue, a proper reimbursement resolution will be approved at the time the loan is authorized.
- C. OPERATING RESERVES** – A key element of the financial stability of the City is to establish guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. Fund balance also provides cash flow liquidity for the City.

Definitions:

Fund Equity is generally the difference between its assets and liabilities. Fund Balance is an accounting distinction made between the portions of fund equity that are spendable and non-spendable. These are broken up into five categories:

- (1) Non-spendable includes amounts that are not in a spendable form or required to be maintained intact (i.e., Inventory, prepaid assets, permanent funds, etc.).
- (2) Restricted includes amounts that can be spent only for specific purposes either constitutionally or through enabling legislation (e.g., grants and child safety fees).
- (3) Committed includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

The City Council is the highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

- (4) Assigned comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds (other than the General Fund), assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund.

The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

- (5) Unassigned 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.

Failure to meet the minimum unassigned fund balance will be disclosed to the City Council as soon as the situation is recognized, and a plan to replenish the ending resources or fund balance over a reasonable time frame shall be adopted.

- The General Fund available fund balance will be maintained at a level of at least 50 days expenditures.
- The Water/Wastewater ending resources shall be maintained at a level at least 80 days expenditures. The annual budget shall target rating agency standards.
- The ending resources of the Parks and Recreation Venue Fund will be maintained at a level at least 80 days of budgeted Parks and Recreation Venue Sales Tax revenue. EPIC Surplus Operating Reserve Fund - \$1,000,000 will be maintained during the term of the outstanding debt schedule for EPIC. This amount is funded by surplus sales tax collections.
- The Pooled Investment Fund resources balance should be maintained at a level equal to .50% times the value of the investment portfolio.
- All other enterprise funds, including the Risk Management Fund and Employee Insurance Fund, should be maintained at a level equivalent to a minimum of 45 days expenditures.

Order of Expenditure of Funds – When multiple categories of fund balance 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.

- D. RISK MANAGEMENT RESERVES** - The City will aggressively pursue every opportunity to provide for the public's and City employees' safety and to manage its risks.

Property, Liability, Workers Comp Reserves – Cash Reserves of no less than 85% of the actuarially

determined incurred but not reported (IBNR) costs shall be maintained in the Risk Management Fund.

Employee Insurance Reserves – Cash Reserves of no less than 100% of actuarially determined incurred but not reported (IBNR) costs shall be maintained in the Employee Insurance Fund.

Employee Insurance Stop Loss Reserves – The City will self-fund its employee health insurance stop loss. A cash reserve will be established to fund the stop loss reserve. The City's goal will be a \$2,000,000 stop loss reserve. This goal will be reviewed on an annual basis during the budget preparation process to evaluate the funding level adequacy.

Contingency Reserves – The City will self-fund a reserve in the employee insurance fund, of at least \$2,000,000 to help offset claim years that result in higher than expected losses in order to preserve stability in the fund. This reserve is not actuarially required, but has been determined a sound process by actuaries reviewing the insurance fund due to volatility of claims that can occur. This reserve will be rebuilt, in whole or part, as funding is available, up to the minimum of \$2,000,000, during each budget year. The City may fund more in this reserve as needed or desired for financial stability.

- E. LOSS FINANCING** - All reasonable options will be investigated to finance losses. Such options may include risk transfer, insurance, and risk retention. Where risk is retained, reserves will be established based on a calculation of incurred but not reported (IBNR) claims and actuarial determinations. Such reserves will not be used for any purpose other than for financing losses.
- F. ENTERPRISE FUND SELF-SUFFICIENCY** - The City's enterprise funds' resources will be sufficient to fund operating and capital expenditures. The enterprise funds will pay (where applicable) their fair share of general and administrative expenses, in-lieu-of-property taxes and/or franchise fees. If an enterprise fund is temporarily unable to pay all expenses, then the City Council may waive general and administrative expenses, in-lieu-of-property taxes and/or franchise fees until the fund is able to pay them. The City Council may pay out-of-pocket expenses that a fund is temporarily unable to pay with interfund loans, to be repaid at a future date.
- G. LANDFILL RESERVES** – A series of cash reserves will be funded to help ensure stable customer rates and long-term financial security for the City's landfill. The amounts required will be reviewed no less frequently than every second year.

Liner Reserve – An amount will be set aside from operations annually so that sufficient funds have accumulated to pay for the next liner when required. The amount set aside will be based on the average annual amount actually paid for liners over the most recent three-year period, modified for known scope changes, if any, anticipated in the next liner project.

Equipment Replacement – An amount will be set aside from operations annually approximately equal to the average annual depreciation cost of all landfill equipment, based on estimated replacement cost less salvage value.

Closure/Post Closure – The reserve required according to Generally Acceptable Accounting Principles (GASB Statement No.18) will be accumulated over time through annual contributions from operations so that sufficient funds are on hand at the end of the life of the landfill to pay closure/post closure costs.

Landfill Replacement – The City’s goal will be to fund the amount estimated to be required to provide a replacement solid waste disposal facility by the end of the life of the landfill through annual contributions from operations.

Capital Projects/Emergency Reserve – An amount approximately equal to the average annual amount required for miscellaneous capital improvements at the landfill will be provided annually from operations. Additionally, approximately one year’s average annual amount will be retained in the fund to provide for miscellaneous, moderate emergencies.

H. CEMETERY CARE AND MAINTENANCE FUND – In accordance with Section 713.002 of the Health and Safety Code, the City shall contribute 15% of every sale of burial rights (including graves, lawn crypts, and mausoleum crypts and columbaria niches) within the cemetery to the Cemetery and Maintenance Care Fund. The principal amount contributed to the fund will be non-expendable. Interest earned on the fund balance shall be used for the care and preservation of cemetery grounds.

I. CEMETERY PREPAID SERVICE FEE ESCROW – The Parks and Recreation Department is authorized to collect prepaid burial service fees from patrons of the cemetery. When collected, such fees will be deposited into the Cemetery Prepaid Service Fee Escrow account and a separate record of each patron’s deposit will be maintained by the Parks and Recreation Department. Upon delivery of the burial service to the patron, the amount on deposit will be transferred into the Cemetery Fund as revenue. Any interest earned on the Prepaid Service Fee Escrow account balance will be revenue to the Cemetery Fund. In the event the burial service is not delivered, the Parks and Recreation Department may refund the original amount paid without interest.

J. WATER/WASTEWATER RATE STABILIZATION FUND – A Water/Wastewater Rate Stabilization Fund shall be established by ordinance as a fund and maintained separately from other funds. Its purpose will be to protect rate payers from excessive utility rate volatility. It may not be used for any other purpose. It will be funded with surplus revenues of the Water/Wastewater Fund and interest earnings. The City’s goal will be to maintain the Fund’s assets at a minimum of 7.5% of budgeted operating expenditures.

X. DEBT MANAGEMENT

A. GENERAL - The City’s borrowing practices will be conducted in accordance with Debt Management Policies approved by the City Manager and City Council.

B. SELF-SUPPORTING DEBT – When appropriate, self-supporting revenues will pay debt service in lieu of property tax revenues.

C. ANALYSIS OF FINANCING ALTERNATIVES - The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves or current monies.

D. VOTER AUTHORIZATION - The City shall obtain voter authorization before issuing General Obligation Bonds as required by law. Voter authorization is not required for the issuance of Revenue Bonds, Tax Notes or Certificates of Obligations. However, the City may elect to obtain voter authorization for Revenue Bonds.

XI. STAFFING AND TRAINING

A. ADEQUATE STAFFING - Staffing levels will be adequate for the fiscal functions of the City to function effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.

B. TRAINING - The City will support the continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.

C. AWARDS, CREDENTIALS - The City will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Certified Management Accountant, Certified Internal Auditor, Certified Payroll Professional, Certified Government Finance Officer, Professional Public Buyer, Registered Tax Assessor/Collector, and Certified Cash Manager, and others as approved by the City Manager upon recommendation of the Chief Financial Officer.

XII. GRANTS

A. APPLICABLE LAWS – The City shall adhere to federal and state laws and regulations related to grants.

(a) Federal grants are governed by and the City shall adhere to Federal Register Title 2, Subtitle A, Chapter II, Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance).

(b) State grants are governed by and the City shall adhere to Local Government Code Title 7, Chapter 783 - *Uniform Grants Management Standards* issued by the Governor's Office of Budget and Planning for the State of Texas.

B. AUTHORITY – The City Council determines the goals and priorities of the City. All grant-funded activities/programs are assessed and approved by the City Council to ensure that (1) the

activity/program is consistent with these goals and priorities; (2) grant financial assistance is needed; and (3) grant proposals and budgets accurately reflect these goals and needs.

While the City Council approves all grant activities/programs, the Council may delegate authority to the City Manager to accept grant awards and execute all grant-related documents.

- C. INDIRECT COSTS** – When allowable, indirect costs may be included when formulating budgets prior to application submission. The rates are determined by the Budget Division and approved by the City’s cognizant agency and are effective for the period October 1 – September 30 of each grant year.
- D. SOLICITATION** – It is the responsibility of City Departments to locate grant sources, determine the appropriateness of the grant, prepare council communications regarding applications and/or grant offers, and draft grant applications for submission for grants which would be cost beneficial and meet the City’s objectives.
- E. SUPPLEMENT NOT SUPPLANT – FEDERAL GRANTS** – The City has implemented guidelines to ensure compliance with federal fiscal requirement of supplement, not supplant. The purpose of the procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used to supplement (add to, enhance, to expand, create something new, increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) the existing non-federal funds.
- (a) Federal funds may be used only to provide supplemental or augment the programs generally offered with state and local funds.
 - (b) Federal funds may be used only to provide supplemental services that would not have been provided had the federal funds not been available.
 - (c) State and local funds which previously funded activities may not be diverted to another purpose simply because federal funds are now available to fund those activities. In other words, the use of federal funds may not result in a decrease in state and local funds for a particular activity, which, the absence of the federal funds, would have been available to conduct the activity.
 - (d) Federal funds must supplement or augment that which must be provided by state law, or any activities which have been adopted as policy by the City to fund from non-federal sources.
 - (e) If federal funds are used to enhance or expand a state mandate or city policy, the federal supplementary activities must be separately identified and clearly distinguishable from the activities identified as necessary for implementing a state mandate or city policy as outlined in the implementation plan.
- F. PROCUREMENT** – In addition to City procurement policies and guidelines as outlined in the City’s Purchasing Policy, all applicable procurement requirements of federal and state grant fund

regulations, other applicable laws and regulations, and Office of Management and Budget (OMB) circulars apply to the use of grant funds.

- G. COMPLIANCE** – The City shall comply with *specific* terms and conditions as set forth in Federal and State Grant Award Notifications (GAN). GANs may also include *general* terms and conditions. Should there be any inconsistency between the (1) *specific* terms and conditions, and (2) *general* terms and conditions, *specific* terms and conditions will govern.

If *general* or *specific* terms and conditions conflict with City policies and procedures, the most conservative rule will govern.

- H. MANAGEMENT** – Grant management lies within each Department of the City under the direction of Department Directors. Department Directors are accountable to the City Manager, the City Council, and to the granting agencies for the financial and regulatory administration of Federal, State and local financial assistance awarded to the City.

Grant management shall be in accordance with the City's Grant Management Guidelines and Procedures Manual. Applications will be sent to Finance prior to submission in order to establish appropriate accounting and reporting, as well as to ensure appropriate banking information is provided to the grantor.

- I. SECTION 8 OPERATING RESERVES** - Section 8 reserves shall only be used for housing related expenditures in compliance with Department of Housing and Urban Development (HUD) regulations.

- b. A minimum threshold reserve of \$250,000 shall be maintained for Section 8 purposes to provide funding for future administrative and housing assistance payments in case funding from HUD is not sufficient. Such an insufficiency might become the responsibility of the City should unforeseen market or economic conditions, changes in HUD policy, or human error result in a Section 8 deficit.
- c. In addition to the minimum reserve, a contingency account of up to \$50,000 may be established annually which may, with the approval of the City Manager or, if appropriate, the City Council, be used for unforeseen, unbudgeted housing-related items.
- d. Amounts in excess of the \$250,000 minimum reserve and contingency account may be used for housing-related projects implemented by the Housing and Neighborhood Services Department (HNS) and approved by the City Council.
- e. Funds may be temporarily loaned from the \$250,000 minimum threshold reserve to finance housing-related projects if, in the judgment of the HNS Director and the City Council, the funds will not be required in the near future to cover a Section 8 deficit. At the time such a loan is approved, a repayment plan must also be approved.

- J. CDBG PROGRAMS** - City Council approval shall be required to add any new activity after adoption of the final budget. If the project cost of the new activity will be greater than 10% of the total

budget, the addition shall be submitted to HUD for approval.

XIII. ANNUAL REVIEW & REPORTING

- A. These financial management policies will be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget and will be presented to the City Council for confirmation of any significant changes.
- B. The Chief Financial Officer will report annually to the Finance and Government Committee on compliance with these policies.

Style Definition: TOC 2

**CITY OF GRAND PRAIRIE
FINANCIAL MANAGEMENT POLICIES
~~February 2nd, 2021~~ January 18, 2022
Prepared by the Finance Department**

FINANCIAL MANAGEMENT POLICIES

Table of Contents

<u>I.</u>	PURPOSE STATEMENT.....	3
<u>II.</u>	ACCOUNTING, AUDITING AND FINANCIAL REPORTING	3
<u>III.</u>	INTERNAL CONTROLS	4
<u>IV.</u>	OPERATING BUDGET	5
<u>V.</u>	CAPITAL BUDGET AND PROGRAM.....	5
<u>VI.</u>	REVENUE MANAGEMENT	7
<u>VII.</u>	EXPENDITURE CONTROL	9
<u>VIII.</u>	ASSET MANAGEMENT.....	13
<u>IX.</u>	FINANCIAL CONDITION AND RESERVES	<u>1413</u>
<u>X.</u>	DEBT MANAGEMENT	<u>1817</u>
<u>XI.</u>	STAFFING AND TRAINING	<u>18178</u>
<u>XII.</u>	GRANTS.....	<u>18178</u>
<u>XIII.</u>	ANNUAL REVIEW & REPORTING	<u>21201</u>

I. PURPOSE STATEMENT

These policies are developed by the City Manager to guide the Chief Financial Officer, Audit Services Director, ~~Budget Director~~, and other department staff in all financial matters. The overriding goal of the Financial Management Policies is to enable the City to achieve a long-term stable and positive financial condition while conducting its operations consistent with the Council—Manager form of government established in the City Charter. The watchwords of the City’s financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The purpose of the Financial Management Policies is to provide guidelines for the financial management staff in planning and directing the City’s day-to-day financial affairs and in developing recommendations to the City Manager. The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management.

II. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

- A. **ACCOUNTING** - The City Controller is responsible for establishing the chart of accounts, and for properly recording financial transactions.
- B. **FUNDS** - Self-balancing groups of accounts are used to account for City financial transactions in accordance with generally accepted accounting principles. Each fund is created for a specific purpose except for the General Fund which is used to account for all transactions not accounted for in other funds. Funds are created and fund names are changed by City Council approval either through resolution during the year or in the City Council’s approval of the annual operating or capital budget ordinances.
- C. **EXTERNAL AUDITING** - The City will be audited annually by outside independent auditors. The auditors must be a CPA firm of national reputation and must demonstrate that they have the breadth and depth of staff to conduct the City’s audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements. The auditors’ report on the City’s financial statements including federal grants (single audit) will be completed within 180 days of the City’s fiscal year end, and the auditors’ management letter will be presented to the City staff within 180 days after the City’s fiscal year end. Staff will attempt to complete the reports prior to this, with a reach goal of 120 days. An interim management letter will be issued prior to this date if any materially significant internal control weaknesses are discovered. The City staff and auditors will jointly review the management letter with the City Council Finance and Government Committee and City Council within sixty (60) days of its receipt by the staff.
- D. **EXTERNAL AUDITORS’ RESPONSIBILITY TO CITY COUNCIL** - The external auditors are accountable to the City Council and will have access to direct communication with the City Council if the City staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities.

The City Council Finance and Government Committee will conduct at least one closed session annually with the auditors present without the presence of City staff. Such meeting shall be conducted in accordance with the Open Meetings Act.

- E. EXTERNAL AUDITOR ROTATION** - The City will not require external auditor rotation but will circulate requests for proposal for audit services periodically, normally at five-year intervals. The City will also consider periodic partner in charge rotations if continuing with existing auditors past five years.
- F. INTERNAL AUDITING** - The City Manager established an internal audit function February 1, 1989. The Audit Services Director reports to the City Manager's office. The annual work plan for internal audit includes compliance test work and performance auditing along with designated special projects. The internal audit work plan is approved annually by the City Manager's office and by the Finance and Government Committee.
- G. EXTERNAL FINANCIAL REPORTING** - The City will prepare and publish an annual comprehensive ~~annual~~ financial report ~~(CAFR)~~. The annual report ~~CAFR~~ will be prepared in accordance with generally accepted accounting principles and will be presented annually to the Government Finance Officers Association (GFOA) for evaluation and awarding of the Certification of Achievement for Excellence in Financial Reporting. The ~~CAFR~~ annual report will be published and presented to the City Council within 180 days after the end of the fiscal year. City staffing limitations may preclude such timely reporting. In such case, the Chief Financial Officer will inform the City Manager and the City Manager will inform the City Council of the delay and the reasons, therefore.
- H. INTERNAL FINANCIAL REPORTING** - The Finance ~~and Budget departments~~ Department will provide internal financial information, via online access or reports, sufficient for management to plan, monitor, and control the City's financial affairs. Internal financial reporting objectives are addressed throughout these policies.

III. INTERNAL CONTROLS

- A. WRITTEN PROCEDURES** - The Chief Financial Officer and Audit Services Director are responsible for developing City-wide written guidelines on accounting, cash handling, and other financial matters which will be approved by the City Manager and Finance and ~~Governance-Government~~ (F&G) Committee. Annually, the City Manager and ~~F&G~~ Finance and Government committee will approve the Internal Audit work plan. Projects on the work plan will be reviewed quarterly by the ~~F&G~~ Finance and Government committee.

The Finance Department will assist department managers as needed in tailoring these guidelines into detailed written procedures to fit each department's requirements.

- B. INTERNAL AUDIT** – Audit Services will conduct reviews of the departments to determine if the departments are following the written guidelines ~~as they apply~~ applicable to the departments. ~~They~~ Audit Services will also review the written guidelines on accounting, cash handling, and

other financial matters. Based on these reviews, Audit Services will recommend internal control improvements as needed.

- C. DEPARTMENT MANAGERS' RESPONSIBILITY** - Department Managers' responsibilities to the City Manager are to ensure that good internal controls are followed throughout his or her department, that all guidelines on accounting and internal controls are implemented, and that all independent and internal auditor internal control recommendations are addressed.

IV. OPERATING BUDGET

- A. PREPARATION** - The City's "operating budget" is the City's annual financial operating plan. The operating budget's basis of accounting will be cash or modified accrual and reconciled to the annual audit. The budget is prepared by the Budget ~~Office~~ Division with the cooperation of all City Departments and is submitted to the City Manager who makes any necessary changes and transmits the document to the City Council. The budget should be presented to the City Council no later than six (6) weeks prior to fiscal year end and should be enacted by the City Council prior to fiscal year end.
- B. BALANCED BUDGETS** - The operating budgets will be balanced with current revenues, exclusive of beginning resources, greater than or equal to current expenditures/expenses. Funds deemed at risk will be updated either monthly or quarterly to the Finance and Government Committee.
- C. PLANNING** - The budget process will be coordinated so as to identify major policy issues for City Council consideration several months prior to the budget approval date. The Budget ~~Office~~ Division will work closely with the Finance and Government Committee in order to review all budgeted funds prior to submitting a proposed budget to the entire City Council.
- D. REPORTING** - Monthly financial reports will be prepared and made available to Department Managers for use in managing their budgets and to enable the ~~Budget Director~~ Chief Financial Officer to monitor and control the budget as authorized by the City Manager.
- E. CONTROL** - Operating expenditure controls are addressed throughout these policies.

V. CAPITAL BUDGET AND PROGRAM

- A. PREPARATION** - The City's capital budget will include all capital project funds and all capital resources, ~~excluding TIFs, PIDs, grants, and other unique projects.~~ This budget will be prepared annually on a fiscal year basis and adopted by ordinance. The capital budget will be prepared by the Budget ~~Office~~ Division with the involvement of all required City departments.
- B. CONTROL** - All capital project expenditures must be appropriated in the capital budget, ~~excluding TIFs, PIDs, grants, and other unique projects.~~ The Budget ~~Office~~ Division must certify the availability of resources so an appropriation can be made before a capital project contract is presented by the City Manager to the City Council for approval.

C. PROGRAM PLANNING - The capital budget will include plans for a capital improvements program for future years. The planning time frame should be at least five years. The replacement and maintenance for capital items should also be projected for the next 5 years. Future maintenance and operations will be fully costed, so that these costs can be considered in the operating budget.

D. ALTERNATE RESOURCES - Where applicable, assessments, impact fees, and/or other user-based fees should be used to fund capital projects which have a primary benefit to certain property owners.

E. DEBT FINANCING - Recognizing that debt is usually a more expensive financing method, alternative financing sources will be explored before debt is issued. When debt is issued, it will be used to acquire and/or construct major capital assets with expected lives equal to or exceeding the average life of the debt issue. The exceptions to this requirement are the traditional costs of marketing and issuing the debt, capitalized labor for the design and construction of capital projects, and small component parts which are attached to major equipment purchases. The City's debt policy will guide the use and extent of debt financing.

F. CAPITAL AND LENDING RESERVE FUND

The City established a Capital and Lending Reserve Fund in December, 2009 which is monitored by the Budget ~~department~~Division and accounted for by the ~~Finance—Accounting Division~~Department separately from all other funds. There are no set funding sources; however, contributions may be added to this fund by recommendation of the City Manager's Office (~~CMO~~) and the Finance and Government Committee and must be approved by the City Council.

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Expenditures and disbursements from the Capital Lending and Reserve Fund must be authorized and approved by City Council action following recommendations by the City Manager's Office and the Finance and Government Committee. A plan to replenish the fund over a reasonable time frame will be included in this authorization. There may be one-time uses that will not be repaid.

G. STREET MAINTENANCE - The City recognizes that deferred street maintenance increases future capital costs by an estimated 5 to 10 times. In ~~2017~~2020, the city ~~voted re-authorized~~ ¼ cent of its sales tax and dedicated those revenues to street maintenance. Additionally, the city devotes PILOT and franchise fee revenue to street maintenance. A street maintenance paving assessment is done annually. The city reserves 10% of sales tax revenues for this purpose.

H. WATER/WASTEWATER MAIN REHABILITATION AND REPLACEMENT - The City recognizes that deferred water/wastewater main rehabilitation and replacement increases future costs due to loss of potable water from water mains and inflow and infiltration into wastewater mains. Therefore, to ensure that the rehabilitation and replacement program is adequately funded, the City's will annually appropriate cash as available.

I. GENERAL GOVERNMENT CAPITAL RESERVE - A reserve will be maintained for general governmental capital projects. The reserve will be funded with General Fund operating surpluses.

The reserve will be used for, ~~for~~ major capital outlay, and for unplanned projects. As soon as practicable after each fiscal year end when annual operating results are known, any General Fund operating surplus in excess of budget which is not required to meet ending resources requirements may be transferred to the reserve with the approval of the City Council.

- J. REPORTING** - Monthly financial information will be available to enable Department Managers to manage their capital budgets and to enable the Budget ~~Office~~ Division to monitor the capital budget as authorized by the City Manager.

VI. REVENUE MANAGEMENT

- A. SIMPLICITY** - The City will strive to keep the revenue system simple which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay.
- B. CERTAINTY** - An understanding of the revenue source increases the reliability of the revenue system. The City will ~~try to~~ understand its revenue sources and enact consistent collection policies so that assurances can be provided that the revenue base will materialize according to budgets and plans.
- C. EQUITY** - The City will strive to maintain equity in the revenue system structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances, e.g., senior citizen property tax exemptions or partial property tax abatement.
- D. ADMINISTRATION** - The benefits of revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed for cost effectiveness as a part of the indirect cost and cost of services analysis. Where appropriate, the City will use the administrative processes of State or Federal collection agencies in order to reduce administrative costs.
- E. REVENUE ADEQUACY** - The City will require that there be a balance in the revenue system. That is, the revenue base will have the characteristic of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.
- F. COST/BENEFIT OF ABATEMENT AND REINVESTMENT ZONES** - The City will use due caution in the analysis of any tax, fee, or water and wastewater incentives that are used to encourage development. Ideally, a cost/benefit (fiscal impact) analysis will be performed as a part of such analysis. Annually, the City will also assess the current boundaries, revenues, and participation levels of the tax increment reinvestment zones and determine their ongoing viability. The City will include administrative costs in the use of TIRZ revenues. The City will follow an overall economic development program as authorized by the City Manager.
- G. DIVERSIFICATION AND STABILITY** - In order to protect the government from fluctuations in a

revenue source due to fluctuations in the economy, and variations in weather, (in the case of water and wastewater), a diversified revenue system will be maintained across the organization.

- H. NON-RECURRING REVENUES** - One-time revenues will not be used for ongoing operations. Non-recurring revenues will be used only for non-recurring expenditures. Care will be taken not to use these revenues for budget balancing purposes.
- I. PROPERTY TAX REVENUES** - Property shall be assessed at 100% of the taxable value as appraised by the Dallas Central, Ellis, and Tarrant Appraisal Districts. Reappraisals and reassessments shall be completed as required by State law. A 99.5% collection rate will serve as a target budget for tax collections with a delinquency rate of 1% or less barring extraordinary circumstances. The 99.5% rate is calculated by dividing total current year tax collections for a fiscal year by the total tax levy for the fiscal year. All delinquent taxes will be aggressively pursued. Delinquencies greater than 150 days will be turned over to the City Attorney or a private attorney, and a penalty assessed to compensate the attorney as allowed by state law and in accordance with the attorney's contract. Annual performance criteria will be developed for the attorney.
- J. PARKS AND RECREATION VENUE SALES TAX REVENUE** – Parks and Recreation Venue sales tax revenue shall supplement, but not supplant, the funding for the Parks and Recreation System which was in place prior to 2000. No more than 49.99% of Parks and Recreation Venue sales tax revenue may be used for operations. At least 50.01% of the revenue will be dedicated to capital expenditures and debt service for Parks and Recreation System improvements and for associated reserves.
- K. EMPLOYEE INSURANCE FUND** – Since a portion of the revenue in the Employee Insurance Fund is deducted from employee paychecks for the specific purpose of providing health and life insurance coverage, no funds shall ever be transferred out of this fund to be used for any other purpose. Any additional contingency will be budgeted in the Risk Fund for added flexibility. The Finance and Government Committee will review the status of the fund no less than quarterly.
- L. USER-BASED FEES** - For services associated with a user fee or charge, the direct and indirect costs of that service will be offset by a fee where possible. There will be a review of fees and charges to ensure that fees provide adequate coverage of costs of services. User charges may be classified as “full cost recovery”, “partial cost recovery”, and “minimal cost recovery”, based upon City Council policy.
- M. IMPACT FEES** - Impact fees will be imposed for water and wastewater, in accordance with the requirements of state law. The staff working with the Impact Fee Advisory Committee (Planning and Zoning Commission) shall prepare a semi-annual report on the capital improvement plans and fees. Additionally, the impact fees will be re-evaluated at least every five years as required by law.
- N. IN-LIEU-OF PROPERTY TAX** - The in-lieu-of-property-tax paid by the Water/Wastewater and Solid Waste funds will be dedicated solely to street maintenance and improvements.

- O. GENERAL AND ADMINISTRATIVE CHARGES** - A method will be maintained whereby the General Fund can impose a charge to the enterprise funds for general and administrative services (indirect costs) performed on the enterprise funds' behalf. The details will be documented in the annual indirect cost study or staff analysis. This process may also apply to TIRZ/TIF funds and other support to special districts, as directed by the City Manager.
- P. UTILITY RATES** - The City will review utility rates annually, and if necessary, adopt new rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs. This policy does not preclude drawing down cash balance to finance current operations. However, it is best that any extra cash balance be used instead to finance capital projects.
- Q. INTEREST INCOME** - Interest earned from investment of available monies will accumulate in a Pooled Investment Fund to use for special projects as approved by the City Manager and City Council. In specific instances or where required by law (such as forfeiture funds), interest may be assigned to a particular fund or account. The activity in the ~~P~~Pooled ~~I~~Investment ~~F~~Fund will be reported in accordance with city investment policies as reviewed and adopted annually by City Council.
- R. REVENUE MONITORING** - Revenues actually received will be regularly compared to budgeted revenues, and variances will be investigated. This process will be summarized in the appropriate budget report.
- S. SALES TAX REVENUE** – The State Comptrollers' Office collects, administers, and disburses this revenue each month. The Budget ~~Office~~ Division monitors and reports this activity reflecting any Economic Development Agreements, state audit adjustments, and refunds made to the gross collections. These adjustments are prorated back to other sales taxing entities (Crime Control & Prevention District, Park Venue, Streets, and Epic) that currently exist and have not been dissolved. The General fund may absorb any adjustment variances among the sales tax entities that may result due to dissolutions.

VII. EXPENDITURE CONTROL

- A. APPROPRIATIONS** – Appropriations are budgeted at the fund level. If budget amendments (increase in appropriations) are necessary, they must be approved by the City Council. Budget adjustments (transfers between line items within the same fund) are allowed as long as the adjustments do not exceed the total budgeted appropriations for that fund.
- B. VACANCY SAVINGS AND CONTINGENCY ACCOUNT** - The General Fund Contingency Account will be budgeted at a minimal amount (\$50,000). The contingency account balance for expenditures will be increased monthly by the amount of available salary vacancy savings.
- C. CONTINGENCY ACCOUNT EXPENDITURES** - The City Council must approve all contingency account expenditures of \$50,000 or more, as discussed under Purchasing. While no approval is required,

the City Council will be informed of General Fund contingency account expenditures of \$5,000 or more by memorandum in the monthly reports. The Budget ~~Office~~-Division is responsible for submitting this memorandum to the City Manager based on information submitted by the spending department.

D. CENTRAL CONTROL - Significant vacancy (salary) and capital budgetary savings in any department will be centrally controlled; and, may not be spent by the department without City Manager authorization.

E. PURCHASING – All purchases shall be in accordance with the City’s purchasing policies as defined in the Purchasing Policy. City procurements are governed by state and federal law, as well as the city Code of Ordinances. The primary Texas Statutes that pertain to Purchasing are:

- TEX. LOC. GOV'T CODE:
 - § 176 Disclosure of Certain Relationships with Local Government Officers; Providing Public Access to Certain Information
 - § 252 Purchasing and Contracting Authority of Municipalities
 - § 271 Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments
 - § 302 Energy Saving Performance Contracts for Local Governments
- TEX. GOV'T CODE:
 - § 791 Interlocal Cooperation Contracts
 - § 2155 Purchasing: General Rules and Procedures
 - § 2156 Purchasing Methods
 - § 2158 Purchasing: Miscellaneous Provisions for Purchase of Certain Goods & Services
 - § 2161 Historically Underutilized Businesses
 - § 2252 Contracts with Governmental Entity
 - § 2253 Public Work Performance and Payment Bonds
 - § 2254 Professional and Consulting Services
 - § 2258 Prevailing Wage Rates
 - § 2267 Public and Private Facilities and Infrastructure
 - § 2269 Contracting and Delivery Procedures for Construction Projects

Strong ethical standards are required at all levels of the purchasing function. Purchasing personnel and City departmental staff face the challenging task of developing good vendor relations and encouraging vendor competition while avoiding even the appearance of favoritism or other ethical misconduct.

Criminal penalties are associated with attempts to avoid compliance with the state procurement laws, as detailed below.

Local Government Code Section 252

Sec. 252.062. CRIMINAL PENALTIES

(a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential or component purchases to avoid the

competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.

CLASS B MISDEMEANOR. An individual adjudged guilty of a Class B misdemeanor shall be punished by:

- (1) a fine not to exceed \$2,000;**
- (2) confinement in jail for a term not to exceed 180 days; or**
- (3) both such fine and confinement**

(+)

(b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.

~~**CLASS B MISDEMEANOR. An individual adjudged guilty of a Class B misdemeanor shall be punished by:**~~

- ~~**(1) a fine not to exceed \$2,000;**~~
- ~~**(2) confinement in jail for a term not to exceed 180 days; or**~~
- ~~**(3) both such fine and confinement**~~

(c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

CLASS C MISDEMEANOR. An individual adjudged guilty of a Class C misdemeanor shall be punished by a fine not to exceed \$500.

Sec. 252.063. REMOVAL; INELIGIBILITY.

- (a) The final conviction of a municipal officer or employee for an offense under Section 252.062(a) or (b) results in the immediate removal from office or employment of that person.
- (b) For four years after the date of the final conviction, the removed officer or employee is ineligible:
 - (1) To be a candidate for or to be appointed or elected to a public office in this state;
 - (2) To be employed by the municipality with which the person served when the offense occurred; and
 - (3) To receive any compensation through a contract with that municipality.
- (c) This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

Commented [CR1]: Moved this definition here because Class B Misdemeanor is mentioned first here versus subsection b

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Several purchasing practices may appear as attempts to avoid compliance with procurement laws. ~~They are making~~ **Component, separate or sequential purchases** and are explained below.

“Component purchases” usually is an attempt to circumvent bid or proposal laws or other requirements by buying items or services through the issuance of multiple purchase orders for the component parts or services of the item versus issuing a single purchase order for the entire item or service. Repeated purchases of additional optional equipment or parts after an initial purchase may create the perception of component purchasing. An example of ~~“Component purchasing purchases”~~ for an item would be to place an order for a mower under one Purchase Order and then place an order for an attachment for the mower under a different Purchase Order. An example of ~~“Component purchases”~~ for a service would be to place an order to have the grass mowed and place another order to have the weeds pulled, and another separate order to have the area edged.

“Separate purchases” are very similar to ~~“component purchases”~~ but are usually less likely to be a direct attempt to circumvent bid or proposal laws or other statutory/policy requirements. Items or services that are purchased under separate orders that should be ordered under a single ~~ppPurchase eOrder~~ or contract could be considered ~~“separate purchases”~~. An example of ~~“separate purchases”~~ would be to place an order with one vendor to perform construction framing services; place a separate order with another vendor to install sheet rock; place a separate order with another vendor to paint; ~~and etc.etc.~~ Another example of ~~“separate purchases”~~ would be to place an order with a vendor to document management system for one department ~~“A”~~ and then place a separate order for document management system for another department.

“Sequential purchases” of like items or services over the course of a consecutive ~~365-day365-day~~ period may exceed the state competitive procurement requirements. In some ~~casescases~~, sequential purchasing is unintentional. It may result from needs that could not be anticipated. It may also result from lack of centralization of the purchasing function as one department may not know that another department is purchasing the same goods or services. However, some sequential purchasing is intentional, and must be avoided at all costs. A good example of ~~“Ssequential purchasing”~~ would be office supplies. Many departments do not individually purchase office supplies in values that exceed the limits of competitive procurement requirements. However, the value of office supplies purchased by all City departments far exceeds the limits at which competitive bidding is required. This is one reason that the Purchasing Division solicits bids and awards annual price agreement contracts for items and services. Operating departments are encouraged to bring to the attention of the Purchasing Division any items or services that are not on a price agreement contract and for which the anticipated usage will be near or exceed the \$50,000 threshold.

- F. PROFESSIONAL SERVICES** - Professional Services Contracts consist of the following services: Certified Public Accountant, Architect, Physician, Optometrist, Surgeon, Surveyor, Professional Engineer, Interior Designer, Insurance, Real Estate Appraisers, Professional services will generally be processed through a request for qualifications or proposals process, except for smaller

contracts. The City Manager may execute any professional services contract except for insurance less than \$50,000 provided there is an appropriation for such contract. While City Council approval of other contracts less than \$50,000 is not required, the Budget ~~Office-Division~~ will inform the City Manager and the City Council whenever a professional services contract of \$5,000 or more is approved.

G. PROMPT PAYMENT - All invoices will be paid within 30 days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. However, payments will also be reasonably delayed in order to maximize the City's investable cash, where such delay does not violate the agreed upon payment terms.

H. EQUIPMENT FINANCING - Equipment may be financed when the unit purchase price is \$10,000 or more and the useful life is at least two years. General Fund equipment financing and equipment for the Parks and Recreation programs that were funded in the General Fund prior to fiscal year 2000 will be accounted for in the Equipment Acquisition Fund, along with related professional services costs including long range plans and studies.

I. INFORMATION TECHNOLOGY

Certain information technology acquisitions will be centrally funded from the Information Technology (I/T) Capital Project Fund. Acquisitions from this fund may include all related professional services costs for researching and/or implementing an information technology project. Lease cost is also an eligible expense; lease agreements must be pre-approved by Finance Department.

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Items to be paid for in other funds include: ~~t~~he cost of repair and maintenance, supplies and replacement parts; acquisition of radios, telephones, computer equipment and mobile devices; on-going personnel costs; and, items acquired for a new position which will be budgeted with the position.

Annual funding of between \$250,000 and \$500,000 for replacements and between \$250,000 and \$500,000 for new technology will be provided through transfers from the General Fund and Water Wastewater Fund based on the relative amount of their budgeted ending resources.

Additional funding above the base amount may be provided for major projects with available one-time sources including debt proceeds.

VIII. ASSET MANAGEMENT

A. INVESTMENTS - The City's investment practices will be conducted in accordance with the City Council approved Investment Policies.

B. CASH MANAGEMENT - The City's cash flow will be managed to ensure all expenses can be paid with cash on hand.

C. INVESTMENT PERFORMANCE - A quarterly report on investment performance will be provided by the Chief Financial Officer to the City Manager for submission to the City Council.

D. FIXED ASSETS AND INVENTORY - These assets will be reasonably safeguarded and properly accounted for, and prudently insured.

IX. FINANCIAL CONDITION AND RESERVES

A. NO OPERATING DEFICITS - Current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used only for emergencies or non-recurring expenditures, except when balances can be reduced because their levels exceed guideline minimums.

B. INTERFUND LOANS - Non-routine interfund loans shall be made only in emergencies when other temporary sources of working capital are not available and with the approval of the City Council. At the time an interfund loan is considered, a repayment plan prior to fiscal year end shall also be considered. A fund will only lend money that it will not need to spend for the next 365 days. A loan may be made from a fund only if the fund has ending resources in excess of the minimum requirement for the fund. Loans will not be made from the City's enterprise funds (Water/Wastewater, Solid Waste, etc.) except for projects related to the purpose of the fund. Total interfund loans outstanding from a fund shall not exceed 15% of the target fund balance for the fund. If any interfund loan is to be repaid from the proceeds of a future debt issue, a proper reimbursement resolution will be approved at the time the loan is authorized.

C. OPERATING RESERVES – A key element of the financial stability of the City is to establish guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. Fund balance also provides cash flow liquidity for the City's ~~general questions~~.

Definitions:

Fund Equity is generally the difference between its assets and liabilities. Fund Balance is an accounting distinction made between the portions of fund equity that are spendable and non-spendable. These are broken up into five categories:

- (1) Non-spendable includes amounts that are not in a spendable form or required to be maintained intact (i.e., Inventory, prepaid assets, permanent funds, etc.).
- (2) Restricted includes amounts that can be spent only for specific purposes either constitutionally or through enabling legislation (e.g., grants and child safety fees).
- (3) Committed includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

The City Council is the highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

- (4) Assigned comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds (other than the General Fund), assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund.

The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

- (5) Unassigned is the residual classification of the ~~general~~ General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Failure to meet the minimum unassigned fund balance will be disclosed to the City Council as soon as the situation is recognized, and a plan to replenish the ending resources or fund balance over a reasonable time frame shall be adopted.

- The General Fund available fund balance will be maintained at a level of at least 50 days expenditures.
- The ~~Water/Wastewater combined~~ ending resources ~~of the Water/Wastewater~~ shall be maintained at a level at least 80 days expenditures. The annual budget shall target rating agency standards.
- The ending resources of the Parks and Recreation Venue Fund will be maintained at a level at least 80 days of budgeted Parks and Recreation Venue Sales Tax revenue. EPIC Surplus Operating Reserve Fund - \$1,000,000 will be maintained during the term of the outstanding debt schedule for EPIC. This amount is funded by surplus sales tax collections.
- The Pooled Investment Fund resources balance should be maintained at a level equal to .50% times the value of the investment portfolio.
- All other enterprise funds, including the Risk Management Fund and Employee Insurance Fund, should be maintained at a level equivalent to a minimum of 45 days

expenditures.

Order of Expenditure of Funds – When multiple categories of fund balance 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.

- D. RISK MANAGEMENT RESERVES** - The City will aggressively pursue every opportunity to provide for the public's and City employees' safety and to manage its risks.

Property, Liability, Workers Comp Reserves – Cash Reserves of no less than 85% of the actuarially determined incurred but not reported (IBNR) costs shall be maintained in the Risk Management Fund.

Employee Insurance Reserves – Cash Reserves of no less than 100% of actuarially determined incurred but not reported (IBNR) costs shall be maintained in the Employee Insurance Fund.

Employee Insurance Stop Loss Reserves – The City will self-fund its employee health insurance stop loss. A cash reserve will be established to fund the stop loss reserve. The City's goal will be a \$2,000,000 stop loss reserve. This goal will be reviewed on an annual basis during the budget preparation process to evaluate the funding level adequacy.

Contingency Reserves – The City will self-fund a reserve in the employee insurance fund, of at least \$2,000,000 to help offset claim years that result in higher than expected losses in order to preserve stability in the fund. This reserve is not actuarially required, but has been determined a sound process by actuaries reviewing the insurance fund due to volatility of claims that can occur. This reserve will be rebuilt, in whole or part, as funding is available, up to the minimum of \$2,000,000, during each budget year. The City may fund more in this reserve as needed or desired for financial stability.

- E. LOSS FINANCING** - All reasonable options will be investigated to finance losses. Such options may include risk transfer, insurance, and risk retention. Where risk is retained, reserves will be established based on a calculation of incurred but not reported (IBNR) claims and actuarial determinations. Such reserves will not be used for any purpose other than for financing losses.
- F. ENTERPRISE FUND SELF-SUFFICIENCY** - The City's enterprise funds' resources will be sufficient to fund operating and capital expenditures. The enterprise funds will pay (where applicable) their fair share of general and administrative expenses, in-lieu-of-property taxes and/or franchise fees. If an enterprise fund is temporarily unable to pay all expenses, then the City Council may waive general and administrative expenses, in-lieu-of-property taxes and/or franchise fees until the fund is able to pay them. The City Council may pay out-of-pocket expenses that a fund is temporarily unable to pay with interfund loans, to be repaid at a future date.
- G. LANDFILL RESERVES** – A series of cash reserves will be funded to help ensure stable customer rates and long-term financial security for the City's landfill. The amounts required will be reviewed no less frequently than every second year.

Liner Reserve – An amount will be set aside from operations annually so that sufficient funds have accumulated to pay for the next liner when required. The amount set aside will be based on the average annual amount actually paid for liners over the most recent three-year period, modified for known scope changes, if any, anticipated in the next liner project.

Equipment Replacement – An amount will be set aside from operations annually approximately equal to the average annual depreciation cost of all landfill equipment, based on estimated replacement cost less salvage value.

Closure/Post Closure – The reserve required according to Generally Acceptable Accounting Principles (GASB Statement No.18) will be accumulated over time through annual contributions from operations so that sufficient funds are on hand at the end of the life of the landfill to pay closure/post closure costs.

Landfill Replacement – The City's goal will be to fund the amount estimated to be required to provide a replacement solid waste disposal facility by the end of the life of the landfill through annual contributions from operations.

Capital Projects/Emergency Reserve – An amount approximately equal to the average annual amount required for miscellaneous capital improvements at the landfill will be provided annually from operations. Additionally, approximately one year's average annual amount will be retained in the fund to provide for miscellaneous, moderate emergencies.

- H. CEMETERY CARE AND MAINTENANCE FUND** – In accordance with Section 713.002 of the Health and Safety Code, the City shall contribute 15% of every sale of burial rights (including graves, lawn crypts, and mausoleum crypts and columbaria niches) within the cemetery to the Cemetery and Maintenance Care Fund. The principal amount contributed to the fund will be non-expendable. Interest earned on the fund balance shall be used for the care and preservation of cemetery grounds.
- I. CEMETERY PREPAID SERVICE FEE ESCROW** – The Parks and Recreation Department is authorized to collect prepaid burial service fees from patrons of the cemetery. When collected, such fees will be deposited into the Cemetery Prepaid Service Fee Escrow account and a separate record of each patron's deposit will be maintained by the Parks and Recreation Department. Upon delivery of the burial service to the patron, the amount on deposit will be transferred into the Cemetery Fund as revenue. Any interest earned on the Prepaid Service Fee Escrow account balance will be revenue to the Cemetery Fund. In the event the burial service is not delivered, the Parks and Recreation Department may refund the original amount paid without interest.
- J. WATER/WASTEWATER RATE STABILIZATION FUND** – A Water/Wastewater Rate Stabilization Fund shall be established by ordinance as a fund and maintained separately from other funds. Its purpose will be to protect rate payers from excessive utility rate volatility. It may not be used for any other purpose. It will be funded with surplus revenues of the Water/Wastewater Fund and interest earnings. The City's goal will be to

maintain the Fund's assets at a minimum of 7.5% of budgeted operating expenditures.

X. DEBT MANAGEMENT

- A. **GENERAL** - The City's borrowing practices will be conducted in accordance with Debt Management Policies approved by the City Manager and City Council.
- B. **SELF-SUPPORTING DEBT** – When appropriate, self-supporting revenues will pay debt service in lieu of property tax revenues.
- C. **ANALYSIS OF FINANCING ALTERNATIVES** - The City will explore all financing alternatives in addition to long-term debt including leasing, grants and other aid, developer contributions, impact fees, and use of reserves or current monies.
- D. **VOTER AUTHORIZATION** - The City shall obtain voter authorization before issuing General Obligation Bonds as required by law. Voter authorization is not required for the issuance of Revenue Bonds, Tax Notes or Certificates of Obligations. However, the City may elect to obtain voter authorization for Revenue Bonds.

XI. STAFFING AND TRAINING

- A. **ADEQUATE STAFFING** - Staffing levels will be adequate for the fiscal functions of the City to function effectively. Overtime shall be used only to address temporary or seasonal demands that require excessive hours. Workload shedding alternatives will be explored before adding staff.
- B. **TRAINING** - The City will support the continuing education efforts of all financial staff including the investment in time and materials for maintaining a current perspective concerning financial issues. Staff will be held accountable for communicating, teaching, and sharing with other staff members all information and training materials acquired from seminars, conferences, and related education efforts.
- C. **AWARDS, CREDENTIALS** - The City will support efforts and involvements which result in meeting standards and receiving exemplary recitations on behalf of any of the City's fiscal policies, practices, processes, products, or personnel. Staff certifications may include Certified Public Accountant, Certified Management Accountant, Certified Internal Auditor, Certified Payroll Professional, Certified Government Finance Officer, Professional Public Buyer, Registered Tax Assessor/Collector, and Certified Cash Manager, and others as approved by the City Manager upon recommendation of the Chief Financial Officer.

XII. GRANTS

- A. **APPLICABLE LAWS** – The City shall adhere to federal and state laws and regulations related to grants.

- (a) Federal grants are governed by and the City shall adhere to Federal Register Title 2, Subtitle A, Chapter II, Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance).
- (b) State grants are governed by and the City shall adhere to Local Government Code Title 7, Chapter 783 - *Uniform Grants Management Standards* issued by the Governor's Office of Budget and Planning for the State of Texas.

B. AUTHORITY – The City Council determines the goals and priorities of the City. All grant-funded activities/programs are assessed and approved by the City Council to ensure that (1) the activity/program is consistent with these goals and priorities; (2) grant financial assistance is needed; and (3) grant proposals and budgets accurately reflect these goals and needs.

While the City Council approves all grant activities/programs, the Council may delegate authority to the City Manager to accept grant awards and execute all grant-related documents.

C. INDIRECT COSTS – When allowable, indirect costs may be included when formulating budgets prior to application submission. The rates are determined by the Budget ~~Department~~ Division and approved by the City's cognizant agency and are effective for the period October 1 – September 30 of each grant year.

D. SOLICITATION – It is the responsibility of City Departments to locate grant sources, determine the appropriateness of the grant, prepare council communications regarding applications and/or grant offers, and draft grant applications for submission for grants which would be cost beneficial and meet the City's objectives.

E. SUPPLEMENT NOT SUPPLANT – FEDERAL GRANTS – The City has implemented guidelines to ensure compliance with federal fiscal requirement of supplement, not supplant. The purpose of the procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used to supplement (add to, enhance, to expand, create something new, increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) the existing non-federal funds.

- (a) Federal funds may be used only to provide supplemental or augment the programs generally offered with state and local funds.
- (b) Federal funds may be used only to provide supplemental services that would not have been provided had the federal funds not been available.
- (c) State and local funds which previously funded activities may not be diverted to another purpose simply because federal funds are now available to fund those activities. In other words, the use of federal funds may not result in a decrease in state and local funds for a particular activity, which, the absence of the federal funds, would have been available to conduct the activity.

(d) Federal funds must supplement or augment that which must be provided by state law, or any activities which have been adopted as policy by the City to fund from non-federal sources.

(e) If federal funds are used to enhance or expand a state mandate or city policy, the federal supplementary activities must be separately identified and clearly distinguishable from the activities identified as necessary for implementing a state mandate or city policy as outlined in the implementation plan.

F. PROCUREMENT – In addition to City procurement policies and guidelines as outlined in the City’s Purchasing Policy, all applicable procurement requirements of federal and state grant fund regulations, other applicable laws and regulations, and Office of Management and Budget (OMB) circulars apply to the use of grant funds.

G. COMPLIANCE – The City shall comply with *specific* terms and conditions as set forth in Federal and State Grant Award Notifications (GAN). GANs may also include *general* terms and conditions. Should there be any inconsistency between the (1) *specific* terms and conditions, and (2) *general* terms and conditions, *specific* terms and conditions will govern.

If *general* or *specific* terms and conditions conflict with City policies and procedures, the most conservative rule will govern.

H. MANAGEMENT – Grant management lies within each Department of the City under the direction of Department Directors. Department Directors are accountable to the City Manager, the City Council, and to the granting agencies for the financial and regulatory administration of Federal, State and local financial assistance awarded to the City.

Grant management shall be in accordance with the City’s Grant Management Guidelines and Procedures Manual. Applications will be sent to Finance prior to submission in order to establish appropriate accounting and reporting, as well as to ensure appropriate banking information is provided to the grantor.

I. SECTION 8 OPERATING RESERVES - Section 8 reserves shall only be used for housing related expenditures in compliance with Department of Housing and Urban Development (HUD) regulations.

b. A minimum threshold reserve of \$250,000 shall be maintained for Section 8 purposes to provide funding for future administrative and housing assistance payments in case funding from HUD is not sufficient. Such an insufficiency might become the responsibility of the City should unforeseen market or economic conditions, changes in HUD policy, or human error result in a Section 8 deficit.

c. In addition to the minimum reserve, a contingency account of up to \$50,000 may be established annually which may, with the approval of the City Manager or, if appropriate, the City Council, be used for unforeseen, unbudgeted housing-related items.

- d. Amounts in excess of the \$250,000 minimum reserve and contingency account may be used for housing-related projects implemented by the Housing and Neighborhood Services Department (HNS) and approved by the City Council.
- e. Funds may be temporarily loaned from the \$250,000 minimum threshold reserve to finance housing-related projects if, in the judgment of the HNS Director and the City Council, the funds will not be required in the near future to cover a Section 8 deficit. At the time such a loan is approved, a repayment plan must also be approved.

J. CDBG PROGRAMS - City Council approval shall be required to add any new activity after adoption of the final budget. If the project cost of the new activity will be greater than 10% of the total budget, the addition shall be submitted to HUD for approval.

XIII. ANNUAL REVIEW & REPORTING

- A.** These financial management policies will be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget and will be presented to the City Council for confirmation of any significant changes.
- B.** The Chief Financial Officer will report annually to the Finance and Government Committee on compliance with these policies.