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KENNEDALE CITY COUNCIL

AGENDA
REGULAR MEETING
October 1, 2013
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE

WORK SESSION - 5:30 PM
REGULAR SESSION - 7:00 PM

I. CALL TO ORDER

II. WORK SESSION

NOTE: Pursuant to Section 551.071, Texas Government Code, the City Council reserves the right to adjourn into Executive Session at any time during the work session or the regular session to discuss posted executive session items or to seek legal advice from the City Attorney on any item posted on the agenda.

A. Governance discussion of 2013 board applicants.

III. REGULAR SESSION

IV. ROLL CALL

V. INVOCATION

VI. UNITED STATES PLEDGE

VII. TEXAS PLEDGE

"Honor the Texas Flag; I Pledge Allegiance to Thee, Texas, One State under God; One and Indivisible."

VIII. VISITOR/CITIZENS FORUM

At this time, any person with business before the Council not scheduled on the agenda may speak to the Council. No formal action can be taken on these items at this meeting.

IX. REPORTS/ANNOUNCEMENTS

In addition to any specific matters listed below, the city council may receive a report about items of community interest, including but not limited to recognition of individual officials, citizens or departments, information regarding holiday schedules, upcoming or attended events, etc.

X. CONSENT ITEMS

All matters listed under consent agenda have been previously discussed, require little or no deliberation, or are considered to be routine by the council. If discussion is desired, then an item will be removed from the consent agenda and considered separately.

A. Consider approval of minutes from the September 12, 2013 regular meeting.

B. Consider approval of minutes from the September 19, 2013 public hearing.

C. Consider approval of minutes from the September 26, 2013 special meeting.

D. Consider a resolution adopting an amended City of Kennedale Identity Theft Prevention Program Policy.

E. Consider a resolution adopting an amended City of Kennedale Grant Submission & Acceptance Policy.

F. Consider a resolution adopting an amended City of Kennedale Fraud Policy.

G. Consider a resolution adopting an amended City of Kennedale Purchasing Policy.

H. Consider a resolution adopting an amended City of Kennedale Procurement Card Program Policy.

I. Consider a resolution adopting an amended City of Kennedale Investment Policy.

J. Consider a resolution adopting an amended City of Kennedale Internal Controls & Cash Handling Policy.

K. Consider a resolution adopting an amended City of Kennedale Financial Management Policy.

XI. REGULAR ITEMS

A. Consider approving the City Manager to execute an interlocal agreement for participation in the City of Fort Worth's Environmental Collection Center Household Hazardous Waste Program.

B. Consider approval of Ordinance 534, regarding a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corporation., Mid-Tex Division and the company's 2013 annual rate review mechanism filing.

C. Consider a resolution authorizing participation in various cooperative purchasing programs.

XII. EXECUTIVE SESSION

A. The City Council will meet in closed session pursuant to Section 551.071 of the Texas Government Code for consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda.

XIII. RECONVENE INTO OPEN SESSION, AND TAKE ACTION NECESSARY PURSUANT TO EXECUTIVE SESSION, IF NEEDED

XIV. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the City of Kennedale will provide for reasonable accommodations for persons attending City Council meetings. This building is wheelchair accessible, and parking spaces for disabled citizens are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meetings. Please contact Amethyst Cirmo, City Secretary, at 817.985.2104 or (TDD) 1.800.735.2989

CERTIFICATION

I certify that a copy of the October 1, 2013, agenda was posted on the City Hall bulletin board next to the main entrance of the City Hall building, 405 Municipal Drive, of the City of Kennedale, Texas, in a place convenient and readily accessible to the general public at all times and said agenda was posted at least 72 hours preceding the schedule time of said meeting, in accordance with Chapter 551 of the Texas Government Code.

Amethyst G. Cirmo

Amethyst G. Cirmo, City Secretary

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: WORK SESSION - A.

I. Subject:
Governance discussion of 2013 board applicants.

II. Originated by:

Amethyst G. Cirmo, City Secretary and Communications Coordinator

III. Summary:
During the governance discussions the Council identified the use of the boards and commissions as essential to effective governance. The Council elected to interview all candidates for appointment and reappointment to board positions. Board appointees were to be appointed based upon:

1. skill set contribution to the board
2. understanding and commitment to the strategic plan, comprehensive land use plan, and ends/sub-ends statements
3. ability to contribute to the future leadership structure of the city and community.

Please see the ends/sub-ends and governance policies attached, as discussed during the governance process.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
None

VII. Alternative Actions:

VIII. Attachments:

1.	Policy Ends	Policy Ends and subends.docx
2.	Policy Governance Policies	policy governance policies 2013.docx

Ends Statement

Kennedale is a family-oriented community (1.0) providing a refuge (2.0) from the hectic pace of the Dallas/Fort Worth Metroplex. Open spaces, green belts, and trails enhance our serenity (3.0), quality of life (4.0) and community (5.0). With easy access (6.0) from major roadways, Kennedale is economically prosperous, business friendly and conveniently located, providing opportunities to shop, work and play (7.0).

Sub-ends

1.0 Residents are engaged in community, civic activities, and events.
- 1.1 Kennedale TownCenter is a community gathering point for events and retail services
- 1.2 Residents proactively receive accurate, timely dissemination of general information and emerging issues
- 1.3 Services are in place to support families
- 1.4 Kennedale is promoted locally, regionally, and nationally as desirable for home and work
- 1.5 Well planned community following sustainable principles
  - 1.5.1 Kennedale has excellent neighborhoods and a wide range of home options
  - 1.5.2 Residents have views of natural landscapes
  - 1.5.3 Residents have access to adequate medical care, healthy foods, and opportunities to incorporate physical activity as part of their daily routines
  - 1.5.4 Residents enjoy community based activities, e.g., Christmas Tree Lighting, Brickyard Festival/Art in the Park, and Texas Independence Day Parade, Kid Fish, Bark in the Park, a community theater, etc.
- 1.6 Business uses are compatible with residential areas
- 1.7 Kennedale has excellent educational services
  - 1.7.1 Residents enjoy excellent library services
  - 1.7.2 KISD is an exemplary school system
  - 1.7.3 Fellowship Academy is a highly regarded private school within a Christian atmosphere
  - 1.7.4 Home-school opportunities and networks are available

2.0 Kennedale entry points are pastoral and serene
- 2.1.1 The north entry point is defined by Village Creek as a natural open space

- 2.2 Kennedale Parkway is physically attractive
- 2.3 Sidewalks and landscaping are an integral to the community
- 2.4 Trees and natural spaces are preserved

3.0 Kennedale has an outstanding parks system that includes neighborhood parks, a comprehensive linear park system, and recreational facilities located throughout town.
- 3.1 Village Creek is restored as a linear park that provides excellent water quality and habitat
- 3.2 Hike and bike trails run throughout Kennedale and are connected to the regional trail system

4.0 Kennedale residents receive excellent municipal services with a staff that is proactive and responsive to residents needs
- 4.1 The Kennedale municipal government is well governed
- 4.2 Residents and stakeholders feel safe at home and at work in Kennedale.
  - 4.2.1 Fire and EMS, police, and animal control services are provided promptly and skillfully
  - 4.2.2 Residents enjoy a safe environment free from the threat of natural, technological, or man made threats
- 4.3 Fiscal Resources are managed productively, responsibly, and ethically.
- 4.4 Kennedale has a quality water, sewer, and stormwater drainage utility system
- 4.5 Residents and visitors receive fair treatment through the municipal court system
- 4.6 Buildings are constructed and maintained in compliance with national codes
- 4.7 Kennedale city government is financially responsible and sustainable
- 4.8 City staff maintains a cooperative and collaborative working relationships based on an Integrative work culture consistent with the core values of integrity, accountability, teamwork, innovation and commitment

5.0 Kennedale is a well planned community based on principles of a connected city, economic prosperity, and a thriving community

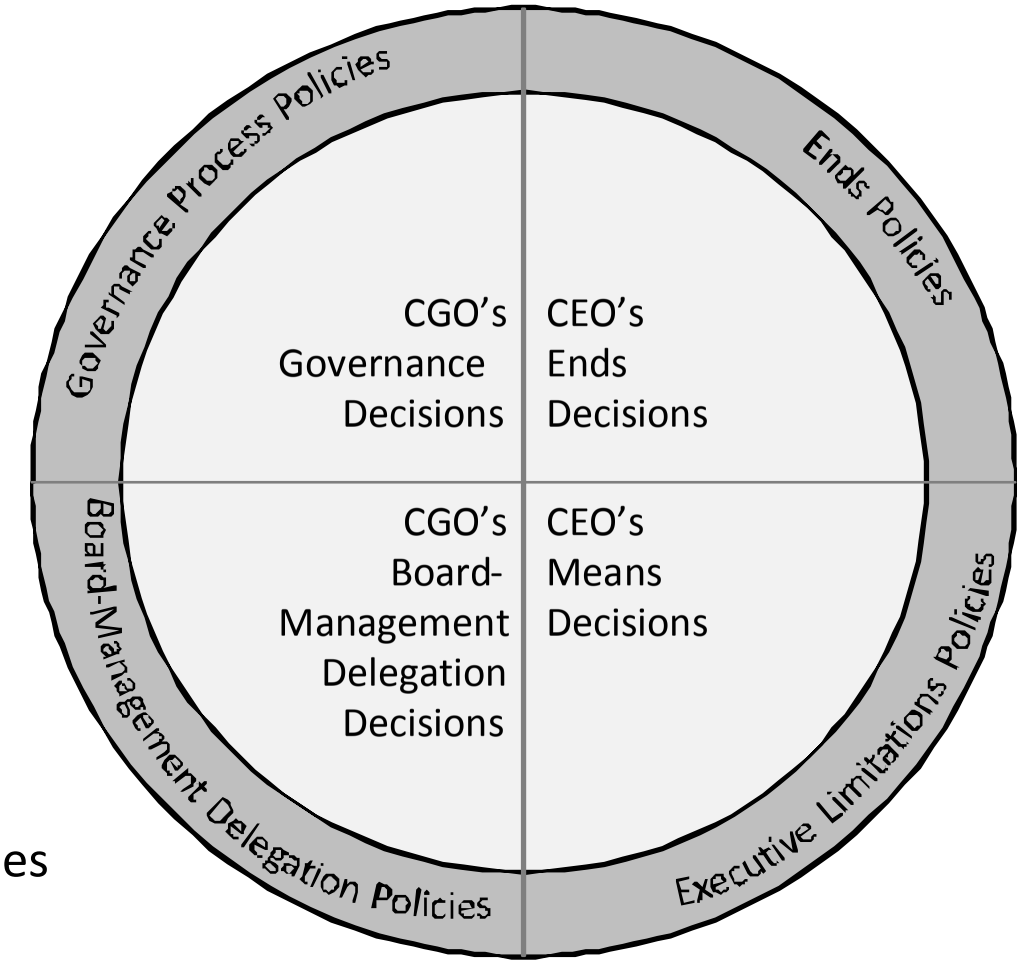
6.0 Kennedale is a connected city with a multi-modal transportation system designed and maintained to reduce auto congestion, increase accessibility, and accommodate pedestrians and cyclists safely and comfortably.

7.0 Kennedale is economically prosperous with an excellent business climate to support light industrial, employment centers, and distribution facilities which are compatible with the Kennedale vision.

Board Policies Completed in All Four Categories

Governance Process Issues

Ends Issues



Board-Management Delegation Issues

Staff Means Issues

EXECUTIVE LIMITATIONS

Global Executive Constraint

Treatment of Customers of City Services

Treatment of Staff

Financial Planning/Budgeting

Financial Condition and Activities

Asset Protection

Emergency City Manager Succession

Compensation and Benefits

Communication and Support to the City Council

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: GLOBAL EXECUTIVE CONSTRAINT

The City Manager shall not cause or allow any organizational practice, activity, decision, or circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF CUSTOMERS OF CITY SERVICES

With respect to interactions with customers, the City Manager shall not cause or allow conditions, procedures, or decisions that are unsafe, untimely, undignified, or unnecessarily intrusive.

The City Manager will not

1. Elicit information for which there is no clear necessity.

2. Use methods of collecting, reviewing, transmitting, or storing customer information that fail to protect against improper access to the material.

3. Operate facilities without appropriate accessibility and privacy.

4. Operate without establishing with customers a clear understanding of what may be expected and what may not be expected from the service offered.

5. Operate without informing customers of this policy or providing a way to be heard for persons who believe that they have not been accorded a reasonable interpretation of their rights under this policy.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: TREATMENT OF STAFF

With respect to the treatment of paid and volunteer staff, the City Manager shall not cause or allow conditions that are unfair, undignified, disorganized, or unclear.

The City Manager will not

1. Operate without written personnel rules that (a) clarify rules for staff, (b) provide for effective handling of grievances, and (c) protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal reasons.

2. Retaliate against any staff member for nondisruptive expression of dissent.

3. Allow staff to be unaware of City Manager's interpretations of their protections under this policy.

4. Allow staff to be unprepared to deal with emergency situations.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL PLANNING/BUDGETING

The City Manager shall not cause or allow financial planning for any fiscal year or the remaining part of any fiscal year that deviates materially from Council Ends priorities, risks financial jeopardy, or is not derived from a multiyear plan.

The City Manager will not allow budgeting which:

1. Risks incurring those situations or conditions described as unacceptable in the Executive Limitations policy entitled "Financial Condition and Activities."

2. Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow analysis, and disclosure of planning assumptions.

3. Provide less than the amount determined annually by the Council for the Council's direct use during the year.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: FINANCIAL CONDITION AND ACTIVITIES

With respect to the actual, ongoing financial condition and activities, the City Manager may not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Council priorities established in Ends policies.

The City Manager will not

1. Expend more funds than have been received in the fiscal year to date unless the Council's debt guideline is met.

2. Incur debt in an amount greater than can be repaid by certain and otherwise unencumbered revenue with 60 days.

3. Use any long-term reserves.

4. Conduct inter-fund shifting in amounts greater than can be restored to a condition of discrete fund balance within 30 days.

5. Allow payables or receivables not to be settled within a reasonable time frame.

6. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

7. Make a single purchase or commitment of greater than $50,000. Splitting orders to avoid this limit is not acceptable.

8. Acquire, encumber or dispose of real estate.

9. Issue expense checks to himself or herself without the signature of a Council-approved signatory who has been provided with appropriate documentation and receipts.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: ASSET PROTECTION

The City Manager may not allow the City's assets to be unprotected, inadequately maintained, or unnecessarily risked.

The City Manager will not

1. Insure the organization's assets for less than one hundred percent of replacement value against theft, fire and casualty losses or insure against liability losses to Council members, staff, volunteers and the organization itself for less than the average for comparable organizations.

2. Allow personnel access to material amounts of funds.

3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.

4. Unnecessarily expose the organization, its Council, or staff to claims of liability.

5. Receive, process or disburse funds under controls that are insufficient to meet the Council-appointed auditor's standards.

6. Make any purchase: (a) wherein normally prudent protection has not been given against conflict of interest; (b) of more than $3,000 without having obtained comparative process and quality; (c) of more than $10,000 without a stringent method of assuring the balance of long-term quality and cost. Orders shall not be split to avoid these criteria.

7. Allow property, information and files to be unprotected from loss or significant damage.

8. Invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than an acceptable rating, or in non-interest bearing accounts except where necessary to facilitate ease in operational transactions.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: EMERGENCY CITY MANAGER SUCCESSION

In order to protect the Council from sudden loss of the City Manager Services, the City Manager shall not permit there to be less than one other person familiar enough with Council and City Manager issues and procedures to be able to maintain organization services.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: COMPENSATION AND BENEFITS

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the City Manager shall not cause or allow jeopardy to fiscal integrity or public image.

The City Manager will not

1. Change the City Manager's own compensation and benefits, except as those benefits are consistent with a package for all other employees.

2. Promise or imply permanent or guaranteed employment.

3. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

4. Create obligations over a longer term than revenues can be safely projected.

5. Establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that:

    a) Incur unfunded liabilities,

    b) Provides less than some basic level of benefits to all full-time employees, though differential benefits to encourage longevity are not prohibited,

    c) Allow any employee to lose benefits already accrued from any foregoing plan, and

    d) Treat the City Manager differently from other key employees.

POLICY TYPE: EXECUTIVE LIMITATIONS
POLICY TITLE: COMMUNICATION AND SUPPORT TO THE CITY COUNCIL

The City Manager shall not cause or allow the city council to be uniformed or unsupported in its work.

The City Manager will not

1. Neglect to submit monitoring data required by the Council according to its policy "Monitoring CM Performance" in a timely, accurate, and understandable fashion, directly addressing provisions of Council policies being monitored, and including City Manager interpretations consistent with the "Delegations to the City Manager" policy, as well as relevant data.

2. Let the Council be unaware of any significant incidental information it requires including anticipated adverse media coverage, threatened or pending lawsuits, and material internal and external changes.

3. Allow the Council to be unaware that, in the City Manager's opinion, the Council is not in compliance with its own policies on Governance Process and Council-Management Delegation,

particularly in the case of Council behavior which is detrimental to the work relationship between the Council and the City Manager.

4. Allow the Council to be without decision information required periodically by the council or let the council be unaware of relevant trends.

5. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

6. Allow the Council to be without a workable mechanism for Council, officer, or committee communications.

7. Deal with the Council in a way that favors or privileges certain Council members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.

8. Allow the Council to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy of the Council regardless of the Council's monitoring schedule.

9. Endanger the city's public image, credibility, or its ability to accomplish Ends.

GOVERNANCE PROCESS

Global Governance Process

Governing Style

Council Job Description

Council Members' Code of Conduct

City Council Engagement

Annual Planning

Mayor's Role

Council Committee Principles

Cost of Governance

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GLOBAL GOVERNANCE PROCESS

The purpose of the City Council, on behalf of the residents of Kennedale, is to see to it that the City of Kennedale (a) achieves appropriate results for appropriate persons at an appropriate cost (as specified in council Ends policies), and (b) avoids unacceptable actions and situations as prohibited in Council Executive Limitations policies.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: GOVERNING STYLE

The City Council will govern lawfully, observing the principles of the Policy Governance model, with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Council and city manager roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

Accordingly,

1. The Council will cultivate a sense of group responsibility. The council, not the staff, will be responsible for excellence in governing. The Council will normally be the initiator of policy, rather than reacting to staff's proposals. The Council will not use the expertise of individual members to substitute for the judgment of the Council, although the expertise of individual members may be used to enhance the understanding of the Council as a body.

2. The Council will direct, control, and inspire the organization through the careful establishment of broadly written policies reflecting the Council's values and perspectives. The Council's major policy focus will be on the intended long-term external impacts of the organization.

3. The Council will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policy-making principles, respect of roles, and ensuring the continuance of governance capability. Although the council can change its governance process policies at any time, it will scrupulously observe those currently in force.

4. Continual Council development will include orientation of new members in the Council's governance process and periodic Council discussion of process improvement. The Council will provide mechanisms for educating others about their governance process.

5. The Council will monitor and discuss the Council's strategic (rather than administrative) process and performance at each meeting. Self-monitoring will include comparison of Council activity and discipline to policies in the Governance Process and Council-Management Delegation categories.

6. The Council will allow no officer, individual or committee of the Council to hinder or be an excuse for not fulfilling group obligations.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: COUNCIL JOB DESCRIPTION

Specific job outputs of the City Council, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the Council will provide

1. The linkage between the ownership and the operational organization.

2. Written governing policies that realistically address the broadest levels of organizational decisions and situations.

    a. *Ends:* Organizational impacts, benefits, outcomes, recipients, beneficiaries, impacted groups, and their relative cost or priority.
    b. *Executive Limitations:* Constraints on executive authority that establish the prudence and ethical boundaries within which all executive activity and decisions must take place.
    c. *Governance Process:* Specification of how the Council conceives, carries out, and monitors its own tasks.
    d. *Council-Management Delegation:* How power is delegated and its proper use monitored; the City Manager's role, authority, and accountability.

3. Assurance of successful organizational performance on Ends and Executive Limitations.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: COUNCIL MEMBERS' CODE OF CONDUCT

The Council commits itself and its members to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Council members.

1. Members must have loyalty to the resident's ownership, un-conflicted by loyalties to staff, other organizations, and any personal interest as a consumer.

2. Members must avoid appearance of impropriety conflict of interest with respect to their fiduciary responsibility.

    a. There must be no self-dealing or business by a member with the organization. Members will annually disclose their involvements with other organizations, with vendors, or any associations that might be or might reasonably be seen as being a conflict.

    b. When the Council is to decide upon an issue about which Council member has an unavoidable conflict of interest, that member shall withdraw without comment not only from the vote, but also from the deliberation.

    c. Council members will not use their positions to obtain employment in the organization for themselves, family members or close associates. A Council member who applies for employment must wait two years following their service on the Council.

3. Council members may not attempt to exercise individual authority over the organization.

    a. Members' interaction with the City Manager or with staff must recognize the lack of authority vested in individuals except when explicitly Council authorized.

    b. Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Council member to speak for the Council except explicitly stated Council decisions.

    c. Except for participation in Council deliberation about whether the City Manager has achieved any reasonable interpretation of Council policy, members will not express individual judgments of performance of employees of the City Manager.

4. Members will respect the confidentiality appropriate to issues of a sensitive nature.

5. Members will be properly prepared for Council deliberation.

6. Members will support the legitimacy and authority of the final determination of the Council on any matter, irrespective of the members' personal position on the issue.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: CITY COUNCIL ENGAGEMENT

Based upon the necessity of regional, statewide and national involvement the council shall engage/participate in external organizations and activities which promote the ends of the City.

Accordingly,

1. The Mayor shall at minimum, participate in the following activities: Mayor's Council, SETTP

2. The Mayor Pro-Tem shall at a minimum, participate in the following activities:

    a. Mayor's Council and SETTP in place of Mayor when not available, NLC policy committee or council, TRTC

3. Councilmember's based upon availability shall participate in regional and national activities such as NLC, TML Regional meetings, TRTC, TML legislative policies, State legislative activities, NCTCOG, City Chamber Luncheon, Fort Worth Builders Association, North Texas Commission, Vision North Texas, Tex 21.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: ANNUAL PLANNING

To accomplish its job with a governance style consistent with Council policies, the Council will follow an annual agenda that (a) Completes a re-exploration of Ends policies annually (b) Continually improves Council performance through Council education and enriched input and deliberation.

1. The cycle will conclude each year no later than the last day of May so that administrative planning and budgeting can be based on accomplishing a one-year segment of the most recent statement of long-term Ends.

2. The cycle will start with the Council's development of its agenda for the next full year.

    a. Consultations with selected groups in the ownership or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
    b. Governance education and education related to Ends determination (e.g. presentations by industry experts, advocacy groups, staff and so on) will be arranged in the third quarter, to be held during the balance of the year.
    c. Upon the request of two Council members, a request for an item for Council discussion may be submitted to the Mayor no later than ten days before the council meeting.

3. Throughout the year, the Council will attend to consent agenda items as expeditiously as possible.

4. City Manager compensation and evaluation will be decided during the month of March after a review of monitoring reports received in the previous year.

5. City Manager monitoring will be on the agenda based upon reports received since the previous meeting, or if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: MAYOR'S ROLE

The Mayor, a specially empowered member of the City Council, assures the integrity of the Council's process and, secondarily, represents the Council to outside parties.

1. The assigned result of the Mayor's job is that the Council behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

    a. Meeting discussion content will be only those issues which, according to board policy, clearly belong to the Council to decide or to monitor.
    b. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
    c. Information that is for neither monitoring performance nor Council decisions will be avoided or minimized and always noted as such.

2. The authority of the Mayor consists of making decisions that fall within the topics covered by Council policies on Governance Process and Council-Management Delegation with the exception of (a) Employment or termination of the City Manager (b)Where the Council specifically delegates portions of this authority to others. The Mayor is authorized to use any reasonable interpretation of the provisions in these policies. The Mayor is authorized to use any reasonable interpretation of the provisions in these policies.

    a. The Mayor is empowered to chair Council meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).

3. The Mayor has no authority to make decisions about policies created by the Council within Ends and Executive Limitations policy areas. Therefore, the Mayor has no authority to supervise or unilaterally direct the City Manager.

    a. The Mayor may represent the Council to outside parties in announcing Council-stated positions and in stating Mayoral decisions and interpretations within the areas delegated to him or her. It is expected that this latter authority would be exercised sparingly and only in such times as the Council cannot timely deliberate the issue and is subject ultimately to Council review.
    b. The Mayor may delegate this authority, but will remain accountable for its use.

POLICY TYPE: **GOVERNANCE PROCESS**
POLICY TITLE: **COUNCIL COMMITTEE PRINCIPLES**

Council committees, when used, will be assigned to help the Council do its job, to reinforce the wholeness of the Council's job and so as never to interfere with delegation from Council to City Manager.

1. Council committees are to help the Council do its job, not to help or advise the staff. Committees ordinarily will assist the Council by preparing policy alternatives and implications for Council deliberation. In keeping with the Council's broader focus, Council committees will normally not have direct dealings with current staff operations.

2. Council committees may not speak or act for the Council except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the City Manager.

3. Council committees cannot exercise authority over staff. The City Manager works for the full Council, and will therefore not be required to obtain approval of a Council committee before an executive action.

4. Committees will be used sparingly and ordinarily in an ad-hoc capacity.

5. This policy applies to any group that is formed by Council action whether or not it is called a committee and regardless of whether the group includes Council members. It does not apply to committees formed under the authority of the City Manager.

POLICY TYPE: GOVERNANCE PROCESS
POLICY TITLE: COST OF GOVERNANCE

The Council will invest in its governance capacity.

1. Council skills, methods, and supports will be sufficient to ensure governing with excellence.

    a. Training and retraining will be used liberally to orient new Council members and candidates for Council membership, as well as to maintain and increase existing Council member skills and understandings.
    b. Outside monitoring assistance will be arranged so that the Council can exercise confident control over organizational performance. This includes, but is not limited to, financial audit.
    c. Outreach mechanisms will be used as needed to ensure the Council's ability to listen to owner viewpoints and values.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

3. The Council will establish its cost of governance budget or the next fiscal year during the month of August.

BOARD-MANAGEMENT DELEGATION

Global Board-Management Delegation

Unity of Control

Accountability of the City Manager

Delegation to the City Manager

Monitoring Executive Performance

POLICY TYPE: COUNCIL-MANAGEMENT DELEGATION
POLICY TITLE: GLOBAL BOARD-MANAGEMENT DELEGATION

The Council's sole official connection to the operational organization, its achievements, and conduct will be through a chief executive officer, titled the City Manager.

POLICY TYPE: COUNCIL-MANAGEMENT DELEGATION
POLICY TITLE: UNITY OF CONTROL

Only officially passed motions of the Council are binding on the City Manager.

1. Decisions or instructions of individual Council members, officers, or committees are not binding on the City Manager except in rare instances when the Council has specifically authorized such exercise of authority.

2. In the case of Council members or committees requesting information or assistance without Council authorization, the City Manager can refuse such requests that require, in the City Manager's opinion, a material amount of staff time or funds, or are disruptive.

POLICY TYPE: COUNCIL-MANAGEMENT DELEGATION
POLICY TITLE: ACCOUNTABILITY OF THE CITY MANAGER

The City Manager is the Council's only link to operational achievements and conduct, so that all authority and accountability of staff, as far as the Council is concerned, is considered the authority and accountability of the City Manager.

1. The board will never give instructions to persons who report directly or indirectly to the City Manager.

2. The Council will not evaluate, either formally or informally, any staff other than the City Manager or other direct Council Appointees.

3. The Council will view City Manager performance as identical to organizational performance, so that organizational accomplishment of Council-stated Ends and avoidance of Council-proscribed means will be viewed as successful City Manager performance.

POLICY TYPE: COUNCIL-MANAGEMENT DELEGATION
POLICY TITLE: DELEGATION TO THE CITY MANAGER

The Council will instruct the City Manager through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the City Manager to use any reasonable interpretation of these policies.

1. The Council will develop policies instructing the City Manager to achieve specified results, for specified recipients, at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies. All issues that are not ends issues as defined here are means issues.

2. The Council will develop policies that limit the latitude the City Manager may exercise in choosing the organizational means. These limiting policies will describe those practices, activities, decisions, and circumstances that would be unacceptable to the board even if they were to be effective. Policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies. The Council will never prescribe organizational means delegated to the City Manager.

3. As long as the City Manager uses *any reasonable interpretation* of the Council's Ends and Executive Limitations policies, the City Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities. Such decisions of the City Manager shall have full force and authority as if decided by the Council.

4. The Council may change its Ends and Executive Limitations policies, thereby shifting the boundary between Council and City Manager domains. By doing so, the Council changes the latitude of choice given to the City Manager. But so long as any particular delegation policy is in place, the Council and its members will respect and support the City Manager's choices.

POLICY TYPE: COUNCIL-MANAGEMENT DELEGATION
POLICY TITLE: MONITORING EXECUTIVE PERFORMANCE

Systematic and rigorous monitoring of City Manager job performance will be solely against the only expected City Manager job products: organizational accomplishment of Council policies on Ends and organizational operation within the boundaries established in Council policies on Executive Limitations.

1. Monitoring is simply to determine the degree to which Council policies are being met. Information that does not do this will not be considered to be monitoring data.

2. The Council will acquire monitoring information by one or more of three methods:

    a. By INTERNAL REPORT: in which the City Manager discloses interpretations and compliance information to the Council.
    b. By EXTERNAL REPORT: in which an external, disinterested third party selected by the council assess compliance with Council policies.
    c. By DIRECT COUNCIL INSPECTION: in which a designated Council member or members of the Council assess compliance with the City Manager's interpretation of the appropriate policy criteria.

3. In every case, the Council will judge (a) the reasonableness of the City Manager's interpretation and (b) whether data demonstrate accomplishment of the interpretation.

4. The standard for compliance shall be *any reasonable City Manager interpretation* of the Council policy being monitored. The Council is final arbiter of reasonableness, but will always judge with a "reasonable person" test rather than with interpretations favored by Council members or by the Council as a whole.

5. All policies that instruct the City Manager will be monitored at a frequency and by a method chosen by the Council. The Council can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule as follows:

Policy	Method	Frequency	Month
Global Executive Constraint	Internal	Annually	March
Emergency City Manager Succession	Internal	Annually	March
Treatment of Customers	Internal	Annually	May
Treatment of Staff	Internal	Annually	May
Ends	Internal Balanced Scorecard reporting	Quarterly & Annually	May
Communication and Support	Direct Inspection	Annually	June
Financial Planning/ Budgeting	Internal	Quarterly	June - August
Compensation and Benefits	Internal External	Annually	June - August
Asset Protection	Internal	Annually	August
Financial Condition and Activities	Internal (Budget) External (Audit)	Annually Annually	August March

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - A.

I. Subject:
Consider approval of minutes from the September 12, 2013 regular meeting.

II. Originated by:

Amethyst G. Cirmo, City Secretary and Communications Coordinator

III. Summary:
Please see the attached minutes for approval.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - B.

I. Subject:
Consider approval of minutes from the September 19, 2013 public hearing.

II. Originated by:

Amethyst G. Cirmo, City Secretary and Communications Coordinator

III. Summary:
Please see the attached minutes for approval

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	minutes	09.19.2013 CC Minutes - Budget.doc

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KENNEDALE CITY COUNCIL
MINUTES
SPECIAL MEETING
September 19, 2013
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE

I. CALL TO ORDER

Mayor Clark called the meeting to order at 6:00PM.

II. REGULAR SESSION

III. ROLL CALL

Present: Mayor John Clark, Brian Johnson, Charles Overstreet, Liz Carrington, Frank Fernandez
Absent: Kelly Turner

IV. REGULAR ITEMS

A. Public hearing to receive input on the Fiscal Year 2013-2014 Tax Revenue Increase.

1. Staff Presentation
   City Manager Bob Hart made a brief presentation, recapping budget information from the August 9th, 2013 workshop and the September 12, 2013 regular session and public hearing.

2. Public Hearing
   Mayor Clark opened the public hearing. No individuals signed up to speak and the public hearing was closed.

3. Staff Response and Summary
   No response was necessary.

Motion To table this item until the official vote, which will be held on September 26, 2013 at 6:00PM in Kennedale City Hall. **Action** Table, **Moved By** Brian Johnson, **Seconded By** Liz Carrington
Motion Passed Unanimously

V. ADJOURNMENT

The meeting was adjourned at 6:04PM.

ATTEST:

_____
Amethyst G. Cirmo, City Secretary

APPROVED:

_____
Mayor John Clark

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - C.

I. Subject:
Consider approval of minutes from the September 26, 2013 special meeting.

II. Originated by:

Amethyst G. Cirmo, City Secretary and Communications Coordinator

III. Summary:
Please see the attached minutes for approval.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - D.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Identity Theft Prevention Program Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

The Federal Trade Commission (FTC) adopted rules on identity theft "red flags" (i.e., warning signs) pursuant to the Fair and Accurate Credit Transactions (FACT) Act of 2003. The new rules requires any business with a "covered account" to adopt and implement an identity theft program. Most cities that operate a municipal utility will be affected by these new rules. A covered account is one where an entity (such as a municipal utility) provides a service or good before the consumer pays for it. For example, most municipal water utilities provide water to the customer, then the utility bills the customer later based on consumption.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Identity Theft Prevention Program Policy	Resolution To Amend Identity Theft Prevention Program.doc
2.	Identity Theft Prevention Program Policy	20131001 Identity Theft Prevention Program Policy.doc

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE IDENTITY THEFT PREVENTION PROGRAM (ITPP) POLICY

WHEREAS, on November 13, 2008, City Council adopted the document entitled, "Identity Theft Prevention Program Policy," the Fair and Accurate Credit Transactions Act of 2003, Pub. L. 108-159, ("Red Flags Rule") requires certain financial institutions and creditors with "covered accounts" to prepare, adopt, and implement an identity theft prevention program to identify, detect, respond to and mitigate patterns, practices or specific activities which could indicate identity theft; and

WHEREAS, the City of Kennedale maintains certain continuing accounts with utility service customers and for other purposes which involve multiple payments or transactions, and such accounts are "covered accounts" within the meaning of the Red Flags Rule; and

WHEREAS, the City Council has reviewed the City's Identity Theft Prevention Program Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the amended Identity Theft Prevention Program Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

IDENTITY THEFT PREVENTION PROGRAM POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: NOVEMBER 13, 2008

PREFACE

The Federal Trade Commission (FTC) recently adopted rules on identity theft "red flags" (i.e., warning signs) pursuant to the Fair and Accurate Credit Transactions (FACT) Act of 2003. The new rules, which mandate action by November 1, 2008 (recently extended to May 1, 2009), require any business with a "covered account" to adopt and implement an identity theft program. Most cities that operate a municipal utility will be affected by these new rules.

A covered account is one where an entity (such as a municipal utility) provides a service or good before the consumer pays for it. For example, most municipal water utilities provide water to the customer, then the utility bills the customer later based on consumption.

A city with such accounts must adopt and implement a written program that: (1) identifies relevant identity theft "red flags" to the utility or other covered entity; (2) provides for detection of those red flags; (3) provides for appropriate responses to any red flags that are detected; and (4) ensures that the program is updated periodically to address changing risks.

Red flags may include unusual account activity, altered identity documents that are used to apply for an account, and a variety of other signs. Appropriate action in response to a red flag might include, among other actions, verification of personal information, contacting the customer, or other action that would prevent identity theft.

It is our intent to bring forth this ITPP to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

NOVEMBER 5, 2009
OCTOBER 14, 2010
OCTOBER 13, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PROGRAM ADOPTION

The City of Kennedale ("City") developed this Identity Theft Prevention Program ("Program") pursuant to the Federal Trade Commission's Red Flags Rule (“Rule”), which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. 16 C. F. R. § 681.2. This Program was developed for the Utility Department of the City (“Utility”) with oversight and approval of the City Council. After consideration of the size and complexity of the Utility's operations and account systems, and the nature and scope of the Utility's activities, the City Council determined that this Program was appropriate for the City’s Utility, and therefore approved this Program on November 13, 2008.

II. PURPOSE AND DEFINITIONS

A. Establish an Identity Theft Prevention Program

To establish an Identity Theft Prevention Program designed to detect, prevent and mitigate identity theft in connection with the opening of a covered account or an existing covered account and to provide for continued administration of the Program in compliance with Part 681 of Title 16 of the Code of Federal Regulations implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003

B. Establishing and Fulfilling Requirements of the Red Flags Rule

The Red Flags Rule (“Rule”) defines “Identity Theft” as “fraud committed using the identifying information of another person” and a “Red Flag” (“Red Flag”) as a pattern, practice, or specific activity that indicates the possible existence of Identity Theft.

Under the Rule, every financial institution and creditor is required to establish an “Identity Theft Prevention Program” tailored to its size, complexity and the nature of its operation. The Program must contain reasonable policies and procedures to:

1) Identify relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program;
2) Detect Red Flags that have been incorporated into the Program;
3) Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft; and
4) Ensure the Program is updated periodically, to reflect changes in risks to customers or to the safety and soundness of the creditor from Identity Theft.

C. Red Flags Rule Definitions Used In This Program

1) City: The City of Kennedale, Texas.
2) Covered Account: Under the Rule, a “covered account” is:

a) Any account the Utility offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; or

b) Any other account the Utility offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the Utility from Identity Theft.

3) Creditors: The Rule defines creditors "to include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they, too, are to be considered creditors."

4) Identifying Information is defined under the Rule as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person," including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, computer's Internet Protocol address, or routing code.

5) Program: The Identity Theft Prevention Program for the City.

6) Program Administrator: The Director of Finance is the Program Administrator for the Program.

7) Utility: The Utility is the Utility Department for the City.

III. IDENTIFICATION OF RED FLAGS

In order to identify relevant Red Flags, the Utility considers the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with Identity Theft. The Utility identifies the following red flags, in each of the listed categories:

A. Notifications and Warnings From Consumer Credit Reporting Agencies

1) Red Flags

a) Report of fraud accompanying a consumer credit report;

b) Notice or report from a consumer credit agency of a credit freeze on a customer or applicant;

c) Notice or report from a consumer credit agency of an active duty alert for an applicant; and

d) Indication from a consumer credit report of activity that is inconsistent with a customer's usual pattern or activity, including but not limited to:

- Recent and significant increase in volume of inquiries
- Unusual number of recent credit applications
- A material change in use of credit
- Accounts closed for cause or abuse

B. Suspicious Documents

1) Red Flags

a) Identification document or card that appears to be forged, altered or inauthentic;
b) Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
c) Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and
d) Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

1) Red Flags

a) Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates, lack of correlation between Social Security number range and date of birth);
b) Identifying information presented that is inconsistent with other sources of information (for instance, Social Security number or an address not matching an address on a credit report);
c) Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
d) Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
e) Social Security number presented that is the same as one given by another customer;
f) An address or phone number presented that is the same as that of another person;
g) A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required) or an applicant cannot provide information requested beyond what could commonly be found in a purse or wallet; and
h) A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

1) Red Flags

a) Change of address for an account followed by a request to change the account holder's name;
b) Payments stop on an otherwise consistently up-to-date account;
c) Account used in a way that is not consistent with prior use (example: very high activity);
d) Mail sent to the account holder is repeatedly returned as undeliverable;
e) Notice to the Utility that a customer is not receiving mail sent by the Utility;
f) Notice to the Utility that an account has unauthorized activity;
g) Breach in the Utility's computer system security; and
h) Unauthorized access to or use of customer account information.

E. Alerts from Others

1) Red Flag

a) Notice to the Utility from a customer, identity theft victim, fraud detection service, law enforcement or other person that it has opened or is maintaining a fraudulent account for a person engaged in Identity Theft.

IV. DETECTING RED FLAGS

A. New Accounts

In order to detect any of the Red Flags identified above associated with the opening of a new account, Utility personnel will take the following steps to obtain and verify the identity of the person opening the account:

1) Detect

a) Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;
b) Verify the customer's identity (for instance, review a driver's license or other identification card);
c) Review documentation showing the existence of a business entity;
d) Request additional documentation to establish identity; and
e) Independently contact the customer or business.

B. Existing Accounts

In order to detect any of the Red Flags identified above for an existing account, Utility personnel will take the following steps to monitor transactions with an account:

2) Detect

a) Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
b) Verify the validity of requests to close accounts or change billing addresses; and
c) Verify changes in banking information given for billing and payment purposes.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event Utility personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag:

A. Prevent and Mitigate

1) Continue to monitor an account for evidence of Identity Theft;
2) Contact the customer, sometimes through multiple methods;
3) Change any passwords or other security devices that permit access to accounts;
4) Not open a new account;
5) Close an existing account;
6) Do not close the account, but monitor or contact authorities;
7) Reopen an account with a new number;
8) Notify the Program Administrator for determination of the appropriate step(s) to take;
9) Notify law enforcement; or
10) Determine that no response is warranted under the particular circumstances.

B. Protect Customer Identifying Information

In order to further prevent the likelihood of identity theft occurring with respect to Utility accounts, the Utility will take the following steps with respect to its internal operating procedures to protect customer identifying information:

1) Ensure that its website is secure or provide clear notice that the website is not secure;
2) Where and when allowed, ensure complete and secure destruction of paper documents and computer files containing customer information;
3) Ensure that office computers are password protected and that computer screens lock after a set period of time;
4) Change passwords on office computers on a regular basis;

5) Ensure all computers are backed up properly and any backup information is secured;
6) Keep offices clear of papers containing customer information;
7) Request only the last 4 digits of social security numbers (if any);
8) Ensure computer virus protection is up to date; and
9) Require and keep only the kinds of customer information that are necessary for utility purposes.

VI. PROGRAM UPDATES

This Program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the Utility from Identity Theft. At least annually, the Program Administrator will consider the Utility's experiences with Identity Theft situation, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, changes in types of accounts the Utility maintains and changes in the Utility's business arrangements with other entities, consult with law enforcement authorities, and consult with other City personnel. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Program Administrator will update the Program or present the City Council with his or her recommended changes and the City Council will make a determination of whether to accept, modify or reject those changes to the Program.

VII. PROGRAM ADMINISTRATION

A. Oversight

Responsibility for developing, implementing and updating this Program lies with an Identity Theft Committee for the Utility. The Committee is headed by a Program Administrator who may be the head of the Utility or his or her appointee. Two or more other individuals appointed by the head of the Utility or the Program Administrator comprise the remainder of the committee membership. The Program Administrator will be responsible for the Program administration, for ensuring appropriate training of Utility staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

Initially, all Utility staff shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected. Thereafter, all Utility staff shall undergo update training not less than annually. Additionally, all new Utility employees shall undergo training.

All Utility staff shall submit reports as needed concerning the Utility's compliance with the program, the training that has been given and the effectiveness of the policies and procedures in addressing the risk of Identity Theft, including recommendations for changes to the Program. While incidents of Identity Theft are to be reported immediately to the Program Administrator, the reports shall contain a recap of the incident and include the steps taken to assist with resolution of the incident.

C. Service Provider Arrangements

In the event the Utility engages a service provider to perform an activity in connection with one or more accounts, including but not limited to franchise utility providers, the Utility will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of Identity Theft.

1) Require, by contract or contract amendment, that service providers have such policies and procedures in place; and
2) Require, by contract or contract amendment, that service providers review the Utility's Program and report any Red Flags to the Program Administrator.

D. Specific Program Elements and Confidentiality

For the effectiveness of Identity Theft prevention Programs, the Red Flag Rule envisions a degree of confidentiality regarding the Utility's specific practices relating to Identity Theft detection, prevention and mitigation. Therefore, under this Program, knowledge of such specific practices is to be limited to the Identity Theft Committee and those employees who need to know them for purposes of preventing Identity Theft. Because this Program is to be adopted by a public body and thus publicly available, it would be counterproductive to list these specific practices here. Therefore, only the Program's general red flag detection, implementation and prevention practices are listed in this document.

VIII. ANNUAL REVIEW

It is recommended that The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - E.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Grant Submission & Acceptance Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

From time to time, various city departments have the opportunity to seek, apply for and receive grant funding for, but not limited to federal, state and local sources. In an effort to support and advance the mission, goals and objectives of the City of Kennedale, this newly created policy establishes standard practices and procedures to create uniformity, economy, efficiency and effectiveness in the proper management and accounting of such grants.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Grant Submission & Acceptance Policy	Resolution To Amend Grant Submission & Acceptance Policy.doc
2.	Grant Submission & Acceptance Policy	20131001 Grant Submission & Acceptance Policy.doc

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE GRANT SUBMISSION & ACCEPTANCE POLICY

WHEREAS, on March 11, 2010, City Council adopted the document entitled, "Grant Submission & Acceptance Policy," which establishes standard practices and procedures to create uniformity, economy, efficiency and effectiveness in the proper management and accounting of such grants, and

WHEREAS, the City Council has reviewed the City's Grant Submission & Acceptance Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the amended Grant Submission & Acceptance Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

GRANT SUBMISSION & ACCEPTANCE POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: MARCH 11, 2010

PREFACE

From time to time, various city departments have the opportunity to seek, apply for and receive grant funding for, but not limited to federal, state and local sources. In an effort to support and advance the mission, goals and objectives of the City of Kennedale, this policy establishes standard practices and procedures to create uniformity, economy, efficiency and effectiveness in the proper management and accounting of such grants.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

OCTOBER 14, 2010
OCTOBER 13, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

To establish standard practices and procedures to create uniformity, economy, efficiency and effectiveness in the proper management and accounting of grants including, but not limited to federal, state and local sources.

II. POLICY

In an effort to support and advance the missions, goals and objectives of the City of Kennedale, city departments shall from time to time have the opportunity to seek, apply for and receive grant funding.

All solicitations for external funding, whether they require or make promise of matching funds from the City, must receive the appropriate Department Director, City Manager and/or City Council, and then Finance Department approval prior to application submission.

III. GRANT OFFICIALS

It is the policy of each Department Director to designate a Project Manager to maintain stringent control over all monies administered by their department and to ensure that all funds are used only for authorized purposes and managed in accordance with the city's budget and Finance Department. It is also the responsibility of the Project Manager within each department to maintain control over all documentation necessary to facilitate and manage the awarded grant. All grants are required to have three different grant officials.

A. Authorized Official

1) Only the City Manager, or an authorized designee, shall be authorized to sign all grant documents and be listed as the authorized official on behalf of the City of Kennedale.

B. Project Manager

1) The Project Manager shall be responsible for the day-to-day operations of the project. Each department within the city may have a different project manager per grant. The Project Manager must be a city employee and will have sole responsibility for program reporting.

C. Financial Officer

1) The Financial Officer is required to be the Chief Financial Officer (CFO) or Director of Finance for the City of Kennedale. This person shall be responsible for maintaining financial records, account for all grant funds, supplying required

financial reports as deemed necessary and providing all information during any and all grant funding audits.

III. GRANT SEARCH

A. Each department within the city is responsible for monitoring grant announcements to identify new grant opportunities and actively pursue specific grants for existing or potential projects and/or programs and disseminating that information throughout the department.

B. Each department shall be responsible in developing its project, program and research ideas.

C. Each department shall be responsible to review funding agencies, compare the types of proposals and the amount of funding awarded with the goals of your project.

IV. GRANT SUBMISSION

A. There may be several application processes each year depending on funding. When grant opportunities are discovered, each department shall be responsible for preparing a calendar for the grant application process. Special attention should be made to application deadlines.

B. Once grant opportunities are identified, project managers must obtain the appropriate Department Director, City Manager and/or City Council, and then Finance Department approval prior to application submission. In the event that the City Manager deems it necessary to seek City Council approval, each department is responsible for the preparation and submission of a Staff Memo and supporting resolution to Council for the consideration of funding.

C. The Finance Department aids Project Managers in the financial structure of the proposed projects. In order to successfully do such, the Project Manager must be knowledgeable of the financial and administrative requirements of the grantor agency, application instruction, and all other financial aspects of the proposed grant. Project managers and/or grant writers may submit applications to the Finance Department for review and analysis for accuracy and compliance with all applicable financial rules and regulations, including any applicable cash match requirement. The applications may be returned to the Project Manager as necessary for any revisions.

D. The Project Manager will obtain all appropriate signatures and submit the grant applications, as well as any supporting documentation to the grantor agency by the submission deadline. The Project Manager shall also coordinate with other city departments should their involvement be required upon grant award and acceptance.

V. GRANT ACCEPTANCE

A. Should funds be awarded, each grant must be scheduled for City Council acceptance and/or acknowledgement. In the event the City Manager deems acceptance necessary, the Project Manager shall prepare a packet and place the grant on the appropriate City Council agenda. The city shall officially accept each grant by completing all administrative requirements and obtaining appropriate signatures as specified in the Statement of Award. Each grant awarded outlines acceptance deadlines. Special care must be met to meet these deadlines.

B. In cases where a local or other match is required by the city, the City Manager and Finance Department must work closely together with the Project Manager in order to meet the financial requirements of the grant.

VI. ESTABLISHING & MAINTAINING BUDGETS

A. Once grants have been accepted and/or acknowledged by the City Council, the Finance Department shall set up the appropriate accounting/budget requirements, which will allow the city department to properly manage grant funds. Special care must be taken in that each grant has its own specific terms and conditions of expending funds.

B. Expenditure and revenue reports shall be monitored by the Project Manager and Finance Department on a monthly basis for problems or errors. Necessary adjustments to the accounting system should be made at that time by the appropriate personnel.

VII. PAYMENT AUTHORIZATIONS

A. All expensed funds, to include invoices, travel requests, purchase requests, etc., will be reviewed by the Project Manager to ensure that the appropriate line items are utilized according to grant application budget.

B. The Finance Department shall have exclusive authority to deposit all grant funding received into appropriate accounts designated by Finance Department personnel.

C. The Finance Department shall ensure that appropriate accounting measures are met to provide payments for each expense within the grant process and according to the city's Purchasing Policy.

D. The Finance Department will assign general ledger numbers to segregate revenues and expenses unique to each project and budget category.

E. As deemed necessary, the Finance Department shall produce monthly accounting reports in accordance with grant requirements.

F. The Finance Department will shall have exclusive authority to schedule, attend and monitor outside auditing of grant funds. All appropriate financial documents will be produced by finance department for audits.

VIII. GRANT REIMBURSEMENT

Grant funds cannot be obligated before the beginning or after the end of the grant period. Furthermore, each granting authority will provide specific requirements for the entity requesting reimbursement of funds. However, in an effort to ensure funds are reimbursed and received in a timely manner, please note the items below in reference to the following areas:

A. Travel Costs

1) Reimbursement is based on a cost for reasonable and allowable expenditures. Special attention should be made to the terms and conditions of your grant. Travel expenses to include mileage, per diem and lodging must comply with state and Internal Revenue Service (IRS) travel requirements, unless otherwise stated in your grant requirements.

2) Should travel be required for training, proof of attendance and/or training certificates must be maintained.

3) Records and supporting data must be documented for travel expenditures.

B. Salaries

1) Contact the Finance Department in order to calculate appropriate salary and/or benefits for the grant budget.

2) Maintain accurate record of timecards, including name of personnel, hours worked, assignments processed and signature of personnel and supervisor for each grant funding expended.

3) Maintain accurate records for volunteers, including name of volunteer, hours worked, assignments processed and signature of volunteer and supervisor for each grant project.

4) Maintain log of daily activities performed for all hours worked.

5) Clear distinction must be made for all personnel to accurately differentiate between time spent on grant activities and time spent on other activities.

6) Overtime compensation to any personnel must be budgeted and/or approved prior to payment.

C. Purchasing

1) While each grant may have specific guidelines, any and all purchases must also comply with the city's Purchasing Policy.

2) An inventory of all items purchased through external funding must be updated and maintained by the Finance Department, with particular attention paid to the categorization of fixed assets.

IX. GRANT REPORTING

A. Project Managers must report their progress in meeting goals, objectives and measures stated in their application. These progress reports are used to comply with local, state and federal requirements.

B. Each grant will outline the necessary reporting requirements. The Project Manager will take every precaution to meet these deadlines.

C. The Project Manager will prepare and provide the necessary reports to each department in order to obtain the appropriate information and signatures as required by the grant.

X. GRANT CLOSING

A. Closure is initiated by the Project Manager as outlined by the grant. The following steps shall be monitored by the Project Manager:

1) Ensure that all grant funds have been properly recorded and a final Financial Status Report submitted.

2) Ensure that all grant funds have been properly recorded and any other reports submitted as required.

3) Demonstrate that all budgeted expenditures have been captured and grant funds have been used appropriately.

4) Ensure that the grantor has accepted all required reports. This includes completion of final expenditure report and inventory reports for any equipment purchased with grant funds. The inventory total must equal the total equipment as reported on the final expenditure report. Any unused funds disbursed from the grantor agency must be returned with the final report.

5) All expenditure reports for the granting agency have been reconciled to the city's accounting system.

6) Request disposition of equipment purchased with grant funds, following grant requirements and city's disposition policy.

B. Once these items are complete, the Project Manager should notify the Finance Department that the grant should be closed within the city's accounting system. It is also the Finance Department's responsibility to closely monitor the overall status of all grants and work with each city department to ensure appropriate closure.

XI. RECORDKEEPING

A. Each department must maintain all grant records, supporting documents, statistical records, and all other records pertinent to your grant for at least three (3) years following the closure of the most recent audit report or submission of the final expenditure if the audit report requirement has been waived. Records should be retained in their original format.

B. While each department is responsible for maintaining the aforementioned items, the Finance Department will maintain any and all grant documents related to the reimbursement of funds, as well as other basic documentation for auditing purposes (e.g., copy of grant application, award letter, other supporting documentation, etc.).

C. If any litigation, claim, negotiation, audit, or other action involving grant records has been stared before the expiration of three years, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three (3) year period, whichever is later.

D. Grantors may require retention periods in excess of three (3) years. Departments must ensure they comply with retention requirements specified by each grantor.

E. Retention requirements extend to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.

XII. ANNUAL REVIEW

It is recommended that The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - F.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Fraud Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

A fraud policy is established to facilitate the development of controls that will aid in the prevention, deterrence and detection of fraud against City of Kennedale.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Fraud Policy	Resolution To Amend Fraud Policy.doc
2.	Fraud Policy	20131001 Fraud Policy.docx

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE FRAUD POLICY

WHEREAS, on January 13, 2005, City Council adopted the document entitled, "Fraud Policy," a framework in which the aim is to safeguard the reputation and financial viability of the City of Kennedale through improved management of fraud risk; and

WHEREAS, a fraud policy is established to facilitate the development of controls that will aid in the prevention, deterrence and detection of fraud against City of Kennedale. It is the intent of City of Kennedale to promote consistent organizational behavior by providing guidelines and assigning responsibility of the development of controls and conduct of investigations; and

WHEREAS, the City Council has reviewed the City's Fraud Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the amended Fraud Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

FRAUD POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: JANUARY 13, 2005

PREFACE

The aim of the Fraud Policy is to safeguard the reputation and financial viability of the City of Kennedale through improved management of fraud risk.

The fraud policy is established to facilitate the development of controls that will aid in the prevention, deterrence and detection of fraud against City of Kennedale. It is the intent of City of Kennedale to promote consistent organizational behavior by providing guidelines and assigning responsibility of the development of controls and conduct of investigations.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

DECEMBER 11, 2008
NOVEMBER 5, 2009
OCTOBER 14, 2010
OCTOBER 13, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. BACKGROUND

The City of Kennedale fraud policy is established to facilitate the development of controls that will aid in the detection, deterrence and prevention of fraud against City of Kennedale. It is the intent of City of Kennedale to promote consistent organizational behavior by providing guidelines and assigning responsibility of the development of controls and conduct of investigations.

II. SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with City of Kennedale.

Any investigative activity required will be conducted with regard to the suspected wrongdoer's length of service, position/title, or relationship to the City of Kennedale.

III. POLICY

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her inquiry. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be confidentially reported immediately to the City Manager, who coordinates all investigations with the legal counsel and other affected areas both internal and external.

IV. ACTIONS CONSTITUTING FRAUD

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

A. Any dishonest or fraudulent act;

B. Misappropriation of funds, securities, supplies, or other assets;

C. Impropriety in the handling or reporting of money or financial transactions;

D. Profiteering as a result of insider knowledge of City activities;

E. Disclosing confidential and proprietary information to outside parties;

F. Disclosing to other persons activities engaged in contemplated by the City of Kennedale;

G. Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the City of Kennedale. Exception: Gifts less than $25 in value;

H. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and /or

I. Any similar or related irregularity.

V. OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by departmental management and Human Resources.

If there is any question as to whether an action constitutes fraud, contact the appropriate department head for guidance.

VI. INVESTIGATION RESPONSIBLITIES

City Manager has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. Should an investigation substantiates that fraudulent activities have occurred, the City Manager will issue reports to appropriate designated personnel, and if appropriate, to the City Council.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

VII. CONFIDENTIALITY

All parties involved will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the City Manager Office immediately, and **should not attempt to personally conduct investigations or interview/interrogations** related to any suspected fraudulent act (see REPORTING PROCEDURE section below).

Investigation results **will not be disclosed or discussed** with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the City of Kennedale from potential civil liability.

VIII. AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

All searches must be authorized in advance by the City Manager and conducted under the direction of the Department Head and/or City Manager. The City Manager or designee will have:

A. Free and unrestricted access to all City of Kennedale records and premises at any time, whether owned or rented; and

B. The authority to conduct unannounced searches or inspections of the worksite, including, but not limited to, City property used by employees such as lockers, file cabinets, desks, vehicles and offices, whether secured, unsecured or secured by a lock provided by the employee; and

C. If reasonable suspicion exists, the authority to conduct unannounced searches or inspection of the employee's personal property located on City premises, included purses, lunch boxes, brief cases and private vehicles or vehicles used to conduct City business located on City property; and

D. **Employees are not entitled to any expectation of privacy with respect to such or similar items. Employee refusal to cooperate with a search will likely be subject to disciplinary action, up to and including termination.**

IX. REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will **contact his or her department head immediately**. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the City Manager or his designee or the legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiries is: **"I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," " the misappropriation" or any other specific reference.**

The reporting individual should be informed of the following:

A. Do not contact the suspected individual in an effort to determine facts or demand restitution.

B. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the legal counsel or the investigating agency.

X. TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by the designated representatives from Human Resources and the legal counsel before any such action is taken. Should the employee believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for a decision through the appropriate appeals process in personnel policy.

XI. ADMINSTRATION

City Management is responsible for the administration, revision, interpretation, and application of this policy.

XII. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - G.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Purchasing Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

State law (Local Government Code, Chapter 252: Purchasing and Contracting Authority of Municipalities) serves as the primary purchasing authority for the City of Kennedale. This Policy establishes standard practices and procedures to create uniformity, economy, efficiency and effectiveness in our purchasing program.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Purchasing Policy	Resolution To Amend Purchasing Policy.doc
2.	Purchasing Policy	20131001 Purchasing Policy.docx

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE PURCHASING POLICY

WHEREAS, on November 13, 2008, the City Council adopted the document entitled, "Purchasing Policy," as guidelines for future City procurement; and

WHEREAS, a Purchasing Policy establishes standard practices and procedures to create uniformity, economy, efficiency and effectiveness in our purchasing program; and

WHEREAS, the City Council has reviewed the City's Purchasing Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the Purchasing Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

PURCHASING POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: NOVEMBER 13, 2008

PREFACE

State law (Local Government Code, Chapter 252: Purchasing and Contracting Authority of Municipalities) serves as the primary purchasing authority for the City of Kennedale. In addition to several administrative updates, which further establish standard practices and procedures to create uniformity, economy, efficiency and effectiveness in our purchasing program, Staff incorporated a major revision due to a change in statute. Specifically, the expenditure threshold increased from $25,000 to $50,000 in reference to competitive bidding and proposal requirements per Senate Bill 1765.

This policy was formally adopted by the Council on November 13, 2008. However, prior to this date, it was created on May 16, 2005 and reviewed administratively.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

NOVEMBER 5, 2009
NOVEMBER 17, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

The purpose of this policy is to establish standard practices and procedures to create a uniformity, economy, efficient and effective purchasing program for the City of Kennedale.

II. POLICY

It is the policy of the City of Kennedale to authorize purchases at time and place needed in the proper quantity and of the proper quality, all goods and services required for City operations. Goods and services shall be procured at the lowest possible cost consistent with prevailing economic conditions while establishing and maintaining a reputation for fairness and integrity, with the express intent to promote open and fair conduct in all aspects of the purchasing process.

III. GOVERNING AUTHORITY

The primary governing authority for the City of Kennedale's Purchasing Policy shall be the City's Charter, in conjunction with *Chapter 252 of the Local Government Code: Purchasing and Contracting Authority of Municipalities*. All procurement activity shall be governed in accordance with applicable federal, state, and local statues, ordinances, and codes.

IV. CODE OF ETHICS

Every time items are purchased, city funds are committed. Therefore, this is a responsibility that should not be taken lightly. By participating in the purchasing process, employees of the City of Kennedale agree to:

A. Make purchases in the conduct of the City's business only. **To acquire or purchase goods and services for other than official use of the City is fraudulent use and may subject the employee to disciplinary action, up to and including dismissal as specified in the City's Personnel Policy and/or criminal prosecution.**

B. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.

C. Demonstrate loyalty to the City of Kennedale by diligently following the lawful instructions of the employer, using reasonable care, and only authority granted.

D. Refrain from any private business or professional activity that would create a conflict between personal interests and the interest of the City of Kennedale.

E. Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence purchasing decisions.

F. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether as payment for services or not; and never accept for himself or herself or for family members, favors or benefits under circumstance which might be construed by reasonable persons as influencing the performance of Governmental duties.

G. Engage in no business with the City of Kennedale, directly or indirectly, which is inconsistent with the conscientious performance of Governmental duties.

H. Handle confidential or proprietary information belonging to employer or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.

I. Never use any information gained confidentially in the performance of Governmental duties as a means of making private profit.

J. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.

K. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.

L. Expose corruption and fraud wherever discovered.

M. Uphold these principles, ever conscious that public office is a public trust.

V. FUND AVAILABILITY & PAYMENT AUTHORIZATION

A. Verification of fund availability is the responsibility of the User Department.

B. Finance Department shall verify available funds through the City's financial reporting system during requisition entry. If funds are not available at the time, no purchase will be made until funds are made available with approval from City Manager.

C. At a minimum, payment approval is required from Department Head to pay for **all** products and/or services.

D. As a tax-exempt government agency, the City of Kennedale does **not** pay sales tax on applicable items. The cardholders can request a copy of the City's tax exemption certificate from Accounts Payable City's. Furthermore, a sales tax identification number is provided on the face of the City's Procurement Card should it be utilized. Employees are responsible for ensuring that the vendor does not include sales tax in the transaction, unless an item is subject to sales tax. **If tax is included in error, the employee may be responsible for reimbursing the tax to the City if it is not recovered**

from the vendor. Contact Accounts Payable for questions in regards to which purchases are subject to tax.

E. Approved invoices are forwarded directly to the Finance Department with the appropriate supporting documentation and signatures. **If an employee misplaces or loses a receipt or is unable to provide adequate details concerning a purchase, a *Missing Or Lost Receipt Form* must accompany the employer's request for payment. Recurring instances of misplaced or lost receipts may result in the revocation of employee purchasing privileges. Furthermore, the employee will be responsible for reimbursing the City of Kennedale for all applicable charges, and the City is authorized to deduct any applicable charges from the payroll of the employee if not otherwise reimbursed.**

F. Payments for goods and services must be paid **no later than 30 days after the later** of:

1) Receipt of goods/services OR receipt of the invoice for the goods/services.

2) Goods/services will be considered received when they have been accepted as usable by the User Department.

VI. LEGAL REQUIREMENTS

A. *Texas Local Government Code, Subchapter B, Section 252.021* defines the requirements for competitive bids. Under no circumstances shall multiple requisitions be used in combination to avoid otherwise applicable bidding requirements or City Council approval. Intentionally splitting purchases to circumvent the competitive bid process (i.e. two or more purchases made to keep the amount under $50,000) will result in disciplinary action.

B. Likewise, intentionally splitting purchases to circumvent the three (3) quote requirement process (i.e. two or more purchases made to keep the amount under $3,001) will result in disciplinary action.

C. Purchases made through an approved Cooperative Purchasing Program satisfy state law competitive bid requirements, as well the City of Kennedale's requirement for any quote process. Cooperative purchasing occurs when **two or more** governmental entities coordinate some or all purchasing efforts to reduce administrative costs, take advantage of quantity discounts, share specifications, and create a heightened awareness of legal requirements. Cooperative purchasing can occur through interlocal agreements, state contracts, piggybacking, and joint purchases.

D. Any exemption per *Section 252.022, General Exemption of Texas Local Government Code* will need the approval from City Manager. The Department Head will need to include a written explanation, as well as copies of all the quotes for City Manager review. Upon

approval from City Manager, attach written explanation and all documentation and send to Finance Department for payment.

VII. QUOTES

A. Purchases of non-contract goods or services totaling **$3,000 or less require no quotation**. In such instances, departments should make every effort to use the City's procurement card.

B. Except where otherwise exempted by applicable State law, purchases totaling **$3,001 to $49,999.99 require a minimum of three (3) quotes**. All quotations received must be in writing from the vendor and will be evaluated by the Department Head who will then authorize the purchase.

1) *Chapter 252.0215 of the Local Government Code: Competitive Bidding in Relation to Historically Underutilized Business (HUB) Vendors*, states that a municipality, in making an expenditure of **more than $3,000 but less than $50,000**, shall contact **at least two HUBs** on a rotating basis. If the list fails to identify a disadvantaged business in the county in which the City is situated, the City is exempt from this section.

2) Historically Underutilized Business (HUB) are defined as any business determined by the State of Texas to be a disadvantaged (minority/woman owned) vendor.

3) Refer to Appendix B for specific instructions on how to conduct a HUB search.

VIII. SEALED COMPETITIVE PROCESS

Except as otherwise exempted by applicable State law, requisitions for item(s) whose aggregate total cost is **more than $50,000** must be processed as competitive solicitations (e.g. sealed bids, request for proposals, and request for offers).

1) With the approval from the City Manager to begin the competitive process, the User Department shall prepare a bid package with specifications and any other pertinent information. Along with the specifications and other information, the Department may submit suggested vendors for the item(s) requested.

2) A notice will be published in Kennedale's official newspaper to indicate the City's intent to accept bids in accordance with State law. **Bids must be advertised for two (2) consecutive weeks with the first publication at least 14 days prior to the bid opening date**.

3) Vendor pre-bid conferences may be conducted if, in the opinion of requesting Department, further explanation or coordination is needed due to the nature of the bid.

4) The City Secretary or designee shall publicly open the bids received and read them aloud at a designated time and as indicated in the bid packet. The City Secretary or designee will indicate to those present when the Council will most likely address this item and will make available to those present the names of the vendors and the amount of their respective bids. In the case of an RFP, only the submitter's names will be announced. A tabulation will then be created. A representative from the User Department should be present during bid openings.

IX. AWARD OF CONTRACT

The City of Kennedale shall award contracts based on criteria deemed in the best interest of the City. The *Texas Local Government Code, Section 252.043*, states, in part:

1) If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.

2) Before awarding a contract under this section, a municipality must indicate in the bid specifications and requirements that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.

X. RECIPROCITY

The State of Texas Reciprocity Law provides that the State or political subdivision cannot award contracts or purchases to non-resident bidders having local preference laws in their resident states, unless their bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the amount that a Texas resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located.

XI. DISCLOSURE OF INFORMATION

Access to bidder-declared trade secrets or confidential information shall be in accordance with the *Texas Government Code Chapter 552*, the *Public Information Act*, and applicable City policies implementing this chapter. The *Texas Local Government Code Chapter 252.049(b)* states, in part:

A. If provided in a Request For Proposal (RFP), proposals shall be opened in a manner that avoids disclosure of the contents to competing offers and keeps the proposals secret during negotiations. All proposals are open for public inspection after the contract is awarded, but trade secrets and confidential information in the proposals are not open for public inspection.

XII. AUTOMATED INFORMATION TECHNOLOGY PURCHASES

Departments may contact the Finance Department for all technology procurements, so that it can coordinate with Information Technology to ensure that the appropriate solicitation procedure is used and product is sought. Automated information technology purchases include:

A. The computers on which the information system is automated;

B. A service related to the automation of the system, including computer software, or the computer; and

C. A telecommunications apparatus or device that serves as a component of a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network.

XIII. PROFESSIONAL SERVICES (EXEMPT FROM SEALED COMPETITIVE PROCESS)

Personal and professional services are exempted from the competitive bidding process and are procured through the use of Request for Qualification (RFQ) documents. The Finance Department is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.

A. *Texas Government Code, Chapter 2254, Subchapter A, Professional Services*, states that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead, they must be awarded on the basis:

   1) Of demonstrated competence and qualifications to perform the services;

   2) For a fair and reasonable price;

   3) Fees are allowed;

   4) Must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations; and

   5) May not exceed any maximum provided by law.

B. Professional Services, for the purposes of *Government Code Chapter 2254,* are defined as those “services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry,

professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse."

XIV. SOLE SOURCE PURCHASES (EXEMPT FROM SEALED COMPETITIVE PROCESS)

Sole-source purchases are items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by local government code. When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternate products are available, a written justification must be provided to the Finance Department upon purchase. The legislature exempted certain items from sealed bidding in the *Vernon's Texas Codes Annotated - Local Government Code Section 252.022 (a) 7*, in part:

A. Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;

B. films, manuscripts, or books;

C. gas, water and other utility services;

D. capitial replacement parts or components for equipment;

E. books, papers, and other library materials for a public library that are available only from the person holding exclusive distribution rights to the materials; and

F. management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.

XV. EMERGENCY PURCHASES (EXEMPT FROM SEALED COMPETITIVE PROCESS)

Valid emergencies are those that occur as a result of the breakdown of equipment, which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. When this situation occurs, the department shall contact the Finance Department to conduct the procurement of supplies and services. The Legislature exempted certain items from the competitive sealed process in the *Texas Local Government Code Section 252.022(a),* including, but not limited to:

A. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality;

B. A procurement necessary to preserve or protect the public health or safety of the municipality's residents;

C. A procurement necessary.

XVI. INELIGIBLE VENDORS

A. An ineligible vendor shall not be allowed to conduct business until:

1) Financial arrears are paid in full.

2) Inappropriate practices are corrected.

3) Vendors have satisfied any and all penalties imposed by the City.

4) If applicable, a listing of ineligible vendors will be developed and distributed annually by the Finance Department to all other departments, unless a greater frequency is determined by the Director of Finance.

5) At the recommendation of a User Department, the Finance Department may declare a vendor ineligible if it has failed to comply with the terms of a previous award, specifications of a bid or conducted inappropriate business practices.

6) The penalty imposed may be for a period of up to twelve (12) months during which time bids submitted by such vendor shall not be considered.

7) A penalty greater than twelve (12) months due to the severity of the infraction requires the approval of the City Manager or designee.

B. The City of Kennedale reserves the right to change, modify, amend, revoke or rescind all or part of this policy in the future.

XVII. AUDIT OF DEPARTMENTAL RECORDS

The Finance Department may audit User Department purchasing files to ensure compliance with the procedures described herein.

XVIII. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

APPENDIX A

CITY OF KENNEDALE, TEXAS
PURCHASING MATRIX

PURCHASE	***$0 - $3,000***	***$3,001 - $49,999.99***	***$50,000 & Above***
SIGNATURES REQUIRED	▪ Department Head	▪ Department Head ▪ City Manager	▪ City Manager ▪ City Council
PURCHASE ORDER	▪ Not Required ▪ Only If Vendor Needs	▪ Not Required ▪ Only If Vendor Needs	▪ Not Required ▪ Only If Vendor Needs
LEGAL REQUIREMENT	▪ N/A	▪ Three (3) Quotes ▪ Two (2) Of Three (3) Quotes Must Be HUB Vendors In Tarrant County ▪ If HUB(s) not listed, City Is Exempt	▪ Competitive Bid Or ▪ Competitive Proposal
EXEMPT FROM LEGAL REQUIREMENT	▪ N/A	▪ Cooperative Programs Purchases ▪ Sole Source Purchases ▪ Emergency Purchases ▪ Professional Service Purchase	▪ Cooperative Programs Purchases ▪ Sole Source Purchases ▪ Emergency Purchases ▪ Professional Service Purchase - **MUST USE REQUEST FOR QUALIFICATIONS PROCESS. REFER TO SECTION XIII.**
MINIMUM PAYMENT DOCUMENT(S)	▪ Pay Request ▪ Invoice (Not Quote) ▪ Applicable Receipts ▪ Backup Documents	▪ Pay Request ▪ Invoice (Not Quote) ▪ Applicable Receipts ▪ Backup Documents	▪ Pay Request ▪ Invoice (Not Quote) ▪ Applicable Receipts ▪ Backup Documents
PAYMENT TERMS	▪ TX Prompt Payment Act (No Later 30 Days)	▪ TX Prompt Payment Act (No Later 30 Days)	▪ TX Prompt Payment Act (No Later 30 Days)
Cooperative Programs (Approved Annually As Of 10/03/12): US General Services Administration (GSA), Department of Information Resources (DIR), Texas Building and Procurement Commission (TBPC), Texas Multiple Award Schedules (TXMAS), Texas Procurement and Support Services (TPASS), City of Fort Worth Cooperative Purchasing Program, Parker County Cooperative Purchasing Program, Tarrant County Cooperative Purchasing Program, Texas Interlocal Purchasing System (TIPS), Houston-Galveston Area Council (H-GAC), Local Government Purchasing Cooperative (BuyBoard), The Cooperative Purchasing Network (TCPN), US Communities and Western States Contracting Alliance.			

APPENDIX B

CITY OF KENNEDALE, TEXAS
HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROCEDURES

Excerpts from the Texas Local Government Code, Chapter 252, Subchapter B:

A. Section 252.0215, " A municipality, in making an expenditure of more than $3,000 but less than $50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section."

B. Centralized Master Bidders List & Historically Underutilized Business (HUB) Search

   1) Go to http://www.window.state.tx.us/procurement/cmbl/cmblhub.html
   2) Click "HUBS on CMBL."
   3) Enter "Class Code, Item Code, District" if available. Description of each is provided by clicking on link directly below.
   4) Select "Tarrant" on Texas County dropdown list.
   5) Click "Submit Search."
   6) Select appropriate Output Fields on "Select Fields For Detail List" page.
   7) Click "Go."
   8) Results will appear.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - H.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Procurement Card Program Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

The City of Kennedale Purchasing Policy allows the City to utilize cooperative purchasing programs with the approval of City Council. Furthermore, city purchases made through an approved Cooperative Purchasing Program satisfy state law competitive bid requirements and any internal quote process.

The State of Texas or Texas Procurement and Support Services (TPASS) orginally secured a contract with JPMorgan Chase to provide MasterCard corporate travel and procurement charge card services for state agencies, universities and eligible State of Texas CO-OP entities from June 13, 2003 through August 31, 2010. Council approved the City's participation in 2010. Since this time, the State has secured another vendor; however, the City elected to remain with JPMorgan
Chase through a cooperative purchasing program agreement with the City of Fort Worth to receive the same type of benefits that we did while on the state contract.

Our JPMorgan Chase Procurement Card Program continues to allow for more flexibility of use, simplified tracking and invoicing, streamlining of payments, enhanced customer service, and online access to view charges and make changes to organizational features and settings. In addition, the Program Administrator (Director of Finance) has the ability to restrict card usage based on necessity, as well as issue out temporary cards to employees specifically for travel.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Procurement Card Program Policy	Resolution To Amend Procurement Card Program Policy.doc
2.	Procurement Card Program Policy	20131001 Procurement Card Program Policy.docx

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE PROCUREMENT CARD POLICY

WHEREAS, the City Council allows the City to utilize cooperative purchasing programs with the approval of City Council; and.

WHEREAS, on January 24, 2003, the City Council adopted the document entitled, "Procurement Card Program Policy," a guide to aid in establishing a more efficient, cost-effective method of purchasing and paying for small dollar transactions, as well as high volume, repetitive purchases, and

WHEREAS, the City Council has reviewed the Procurement Card Program Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the Procurement Card Program Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

PROCUREMENT CARD PROGRAM POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: JANUARY 24, 2003

PREFACE

The Procurement Card Program Policy aids in establishing a more efficient, cost-effective method of purchasing and paying for small dollar transactions, as well as high volume, repetitive purchases. The Procurement Card Program is as an alternative to the traditional purchasing process (departmental purchase orders) for supplies, materials and travel. Furthermore, the Procurement Card can be used with any supplier that accepts MasterCard as a form of payment.

If used to its potential, the Procurement Card Program will result in a significant reduction in the volume of purchase orders and related documentation, including invoices and checks. In addition, corresponding work processes associated with ordering and check writing will be eliminated.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

JUNE 10, 2010
NOVEMBER 17, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

The Procurement Card Program (herein referred to as the "Program") is intended to streamline and simplify the Purchasing and Accounts Payable functions by eliminating waste and low value activities. The Procurement Card (herein referred to as the "Card") is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes and offers flexible controls to help ensure proper usage.

The Program is designed as an alternative to a variety of processes including petty cash, check requests and low dollar purchase orders. It is not intended to avoid or bypass appropriate procurement of payment procedures. Rather, the Program complements the existing processes available. The Card is a MasterCard credit card that is issued by JP Morgan Chase. Some minimal record keeping is essential to ensure the successful use of the Card. This is not an extraordinary requirement; standard payment policies require retention of receipts, etc.

This Procurement Card Program Policy provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other program information.

Every time the Card is utilized, city funds are committed. Therefore, this is a responsibility that should not be taken lightly. **Each cardholder is responsible for all charges made to his/her specific card, and any intentional misuse or fraudulent abuse may result in disciplinary action, up to and including dismissal**.

The Card has no impact on personal credit. Although the Card lists an individual's name, the card is actually issued to the City of Kennedale.

II. DEFINITIONS

For the purpose of this policy the following definitions apply:

A. Program Administrator – Individual who has a direct relationship with the Bank and is the City's point of control for the Program, monitors all usage of the card, and is the point of contact for any cardholder questions or problems. All procurement card requests, issues and cancellations must go through the Program Administrator. The Program Administrator and his/her designated assistant are knowledgeable on all the procedures in the Procurement Card Program Policy and are responsible for ensuring all cardholders are properly trained in the use of the Card before it is issued. The Program Administrator will also report to the City Manager any Cardholder infractions or potential infractions. **For the purposes of this program, the Director of Finance will serve as the Program Administrator, with the Accounts Payable Clerk acting as the designated backup until such time that the City Manager chooses to designate differently.** The Director of Finance is responsible for developing written guidelines on accounting, cash handling, and other financial matters in relation to the Program.

B. Approver – The Department Head or his/her designee is responsible for designating cardholders and approvers. The Department Head shall designate which employees will be issued a card, and with the guidance of the Finance Department, determine what transaction and merchant limits shall apply to the Card's use. The Department Head ensures that purchases are authorized and within City policies. Departments may implement more stringent internal authorization procedures that its cardholders must follow in order to make purchases with the Card. In addition, activity reports are available for additional review by the Department Head if so requested.

C. Cardholder - Individual who has been issued the Card and who is authorized to make purchases in accordance with these procedures.

D. Single Purchase/Transaction Limit - A dollar limitation of purchasing authority delegated to a Cardholder, which represents the maximum amount that can be charged to the Card for a single purchase or transaction. This dollar limit may vary from Cardholder to Cardholder.

E. Cycle/Monthly Limit - A dollar amount limitation of purchasing authority delegated to a Cardholder, which represents the maximum amount that can be charged to the Card during a period of one calendar month. This dollar limit may vary from Cardholder to Cardholder.

F. Vender - A company from which a Cardholder is purchasing materials and/or equipment or services under the provisions of this procedure. Also referred to as supplier, merchant, etc.

III. PROCEDURES

A. Obtaining The Card - Only full/part-time employees of the City of Kennedale are eligible to receive the Card. Contractors or temporary employees are **not** eligible, unless authorized by the City Manager.

1) Department Head must request the Card via the *Procurement Card Enrollment Form (Appendix A).*

2) If needed, the Department Head may consult with the Program Administrator to determine appropriate transaction limits.

3) The Program Administrator will request the issue of the Card from JPMorgan Chase.

4) Upon receipt of the Card, the Program Administrator will conduct Cardholder training, and upon completion, the Cardholder will sign the *Procurement Cardholder Acknowledgement Form (Appendix B)*.

5) The new cardholder will also be instructed as to where he/she can find the Procurement Card Program Policy and Purchasing Policy for reference purposes.

B. Activating The Card - The Cardholder must call (800) 316-6056 to activate the Card before using it.

C. Authorized Use Of The Card - The Cardholder is responsible for the security of their Card, and the transactions made against it. When a Cardholder receives his/her Card, only that Cardholder is authorized to use that card. The Cardholder may make transactions on behalf of others in their Department. However, the Cardholder is responsible for all use of his/her Card. **At no time should the Cardholder loan or let other individuals utilize his/her card**.

1) The Card is to be used in the conduct of the City's business only. The use of the Card to acquire or purchase goods and services for other than official use of the City is fraudulent use and may subject the employee to disciplinary action, up to and including dismissal as specified in the City's Personnel Policy and/or criminal prosecution.

2) The total value of a transaction shall not exceed a Cardholder's single purchase limit.

3) The Cardholder will retain vendor's receipts and/or records of telephone, Internet, and/or mail orders and file for future reconciliation of the Card statement.

D. Unauthorized Use Of The Card - The credit card shall **not** be utilized for any of the following:

1) Personal identification or purchases, to include the payment of spouse/family expenses incurred while traveling. Only City business expenses are allowable, and the Cardholder should pay personal expenses separately.

2) A purchase that exceeds the Cardholder's single and/or monthly purchase limits;

3) Cash refunds and advances;

a. When an item is returned, the vendor shall issue the Cardholder a credit, which should appear on a subsequent statement. **Under no circumstances should the Cardholder accept cash in lieu of a credit to the credit card account. However, should cash be received, a Cardholder must return it to the City. Otherwise, the City is authorized to deduct any applicable charges from the payroll of the employee if not otherwise reimbursed.**

4) Any purchase of goods/services or at a merchant type not considered prudent or of good judgment;

5) Fuel and/or maintenance purchases on any **personal** vehicles whether for city purpose or not (city owned vehicles are authorized);

6) Alcohol or liquor of any kind;

7) Separate, sequential, and component purchases or any transaction made with the intent to circumvent the City's Purchasing Policy or state law;

8) Any other purchase specifically excluded in the City's Purchasing Policy.

E. Cardholder Revocation - The Card is subject to revocation at any time at the discretion of the Department Head. The Program Administrator, if not the Director of Finance, may also recommend to the Director of Finance and Department Head that the Card be revoked upon indication of any violation of the Procurement Card Program Policy. When a Card is revoked, changes are made on-line and take effect immediately. The Program Administrator is further authorized to temporarily suspend use of the Card via electronic methods if unauthorized use is discovered and such use poses a threat to internal financial controls.

F. Cardholder Separation – Prior to separation from the City of Kennedale, the Cardholder shall surrender the Card and all current credit card receipts and documentation to his/her Approver. Upon receipt, the Approver will follow the steps outlined under Section VI: Cardholder Statement Review & Payment Submission, and then forward the Card to the Program Administrator to be destroyed.

IV. CARDHOLDER LIMITS

As part of a Cardholder's application, the Department Head will identify which levels of transaction and cycle spending limits best accommodates the department and City's business requirements. **Suggested levels** for limits are outlined below; however, selection may vary based on particular need or function.

Position	Single Transaction Limit	Monthly Cycle Limit
Line Staff	$500	$1,000
Supervisor	$1000	$2,500
Dept Head	$3,000	$5,000
City Manager	$3,000	$25,000

V. CARDHOLDER PURCHASES

A. Sales Tax - As a tax-exempt government agency, the City of Kennedale does **not** pay sales tax on applicable items. The City's sales tax identification number is provided on the face of the Card, and Cardholders can request a copy of the City's tax exemption certificate

from Accounts Payable should it be needed. Cardholders are responsible for ensuring that the vendor does not include sales tax in the transaction, unless an item is subject to sales tax. **If tax is included in error, the Cardholder may be responsible for reimbursing the tax amount to the City if it is not recovered from the vendor.** Contact Accounts Payable for questions in regards to which purchases are subject to tax.

B. Returns - Each Cardholder is responsible for coordinating returns with the vendor and ensuring a proper credit slip is obtained. Credit shall be issued to the Cardholder account. - **Under no circumstances should the Cardholder accept cash in lieu of a credit to the credit card account. However, should cash be received, a Cardholder must return it to the City. Otherwise, the City is authorized to deduct any applicable charges from the payroll of the employee if not otherwise reimbursed.**

C. Point Of Sale Decline - Should a Cardholder be declined at the point of sale for any reason, please contact either the JP Morgan Chase Bank Customer Service Center 24 hours a day, 7 days a week at (800) 316-6056 or the Program Administrator. Every effort will be made to determine why the transaction was declined.

D. Restricted Vendors - The Program may restrict certain types of vendors based on their use. The restriction of vendors is accomplished by the Program Director upon the Cardholder's application; therefore, if you present the Card for payment to any of these "opted-out" vendors, the authorization request will be declined. Should an authorization request be declined, please contact either the JP Morgan Chase Bank Customer Service Center 24 hours a day, 7 days a week at (800) 316-6056 or the Program Administrator. Once it is determined that the authorization request was denied due to vendor type/use restriction, the Program Administrator will work with the Cardholder to ascertain whether or not the restriction should remain or be lifted.

E. Vendor Refusal Of Card - Vendors are to be encouraged to become involved in the Program so that Cardholders can leverage their purchasing efforts most effectively. Vendors may contact their local bank or financial institution to become credit card capable. For those vendors that are unwilling to participate in the Program, alternative sources should be found. Cardholders may also feel free to make contact with any vendors he/she would like to begin accepting the Card.

F. Errors & Disputes - In the case of an error, first contact the vendor directly and try to reach an agreement. Most disputes can be resolved in this manner. If you are unable to reach an agreement with the vendor, complete a *Procurement Card Transaction Dispute Form* and send it to JP Morgan Chase Bank. All disputes must be submitted in writing to JP Morgan Chase Bank within **sixty (60) days** of the statement date via the following:

1) Fax (847) 931-8861; or

2) Mail to: JP Morgan Chase Commercial Card, Attention: Disputes Department, PO Box 2015, Elgin, Illinois 60121.

G. Lost Or Stolen Cards - If a card is lost or stolen, **both** JP Morgan Chase Bank's Customer Service and the Program Administrator should be notified immediately. The Customer Service Center is available 24 hours a day, 7 days a week and can be contacted at (800) 316-6056. A *Procurement Card Lost/Stolen Card Notification Form* should also be completed as soon as possible and submitted to the Program Administrator. A new card shall be promptly issued to the Cardholder after the reported loss or theft. A card that is subsequently found by the Cardholder after being reported lost shall be destroyed.

VI. CARDHOLDER STATEMENT REVIEW & PAYMENT SUBMISSION

Each Cardholder is responsible for the accurate review of his/her monthly statement, as well as the timely submission to Accounts Payable with all appropriate signatures, supporting receipts and documentation to pay his/her bill.

Monthly, each Cardholder will receive a statement(s) from Accounts Payable identifying each transaction made against the Card during the prior billing cycle. While the cycle cut-off date may vary, it generally occurs during the **first week of every month (5th)**. The City of Kennedale is required to pay JP Morgan Chase Bank in full each month **no later than the 30th calendar day after statement close** for all purchases made during the prior billing cycle. Therefore, please pay specific attention to the request deadline stipulated by Accounts Payable upon initial dissemination of the statement.

The statement (with attached receipts/documentation) must be reconciled against Cardholder retained receipts/documentation, signed by the Cardholder as proof of reconcilement, and then forwarded to the Department Head or his/her designee for approval.

Always obtain a receipt when using the Card. Furthermore, detailed receipts must be presented for all meal reimbursements (i.e., credit card charge slip will **not** be considered adequate documentation). Alcoholic beverage purchases are strictly prohibited from card usage, and the purpose of the business meal, and the names of those in attendance must also be indicated.

If the Cardholder misplaces or loses a receipt or is unable to provide adequate details concerning a purchase, a *Missing Or Lost Receipt Form* must accompany the Cardholder's request for payment. Recurring instances of misplaced or lost receipts may result in the revocation of Cardholder privileges. Furthermore, the Cardholder will be responsible for reimbursing the City of Kennedale for all applicable charges, and the City is authorized to deduct any applicable charges from the payroll of the Cardholder if not otherwise reimbursed.

NOTE: During the month of September, purchases may be restricted to facilitate the Fiscal Year end closing. It is imperative that careful planning is done to ensure that appropriate levels of supplies are on hand to last until the beginning of the new Fiscal Year.

VII. CARDHOLDER RECORD KEEPING

A. Any Means - Whenever a credit card purchase is made, either over-the-counter or by other means, documentation shall be obtained as proof of purchase. Such documentation will be used to verify the purchases listed on the Cardholder's monthly statement of account.

B. Over-the-Counter - When the purchase is made over-the-counter, the Cardholder shall retain the invoice and "customer copy" of the charge receipt. The Cardholder is responsible for checking that the vender lists the quantity and fully describes the item(s) prior to the Cardholder signing the slip.

C. Internet - When the purchase is made over the Internet, the Cardholder shall print a copy of the receipt and order confirmation before exiting the site.

D. Telephone - When a purchase is made over the telephone, the Cardholder shall have the vendor fax them a copy of the receipt.

E. Mail - When the purchase is made by mail, the Cardholder shall retain all confirmations and shipping documentation.

VIII. CARDHOLDER SECURITY

It is the Cardholder's responsibility to safeguard the Card and account number to the same degree that a Cardholder safeguards his/her personal credit information. A violation of this trust may result in that Cardholder having his/her card withdrawn and possible disciplinary action.

If a card is lost or stolen, **both** JP Morgan Chase Bank's Customer Service and the Program Administrator should be notified immediately. The Customer Service Center is available 24 hours a day, 7 days a week and can be contacted at (800) 316-6056. A *Procurement Card Lost/Stolen Card Notification Form* should also be completed as soon as possible and submitted to the Program Administrator. A new card shall be promptly issued to the Cardholder after the reported loss or theft. A card that is subsequently found by the Cardholder after being reported lost shall be destroyed.

A Cardholder may have two (2) cards replaced due to loss. Any additional requests may result in the revocation of Cardholder privileges. If a Cardholder is determined to be negligent in regards to security, replacement cards will not be issued.

IX. JP MORGAN CHASE

A. Payment - The Card is a corporate pay arrangement with JP Morgan Chase. Account balances will be **paid in full each month no later than the 30th calendar day after statement close**. The Program Administrator will receive a centralized statement detailing all Cardholder activity. A copy of the centralized statement will be provided to each applicable Cardholder to review, complete the appropriate form, obtain appropriate signature(s) and return all attached receipts and documentation. Accounts Payable will designate a pay request deadline to Cardholders upon initial dissemination of the centralized statement in order to ensure payment will be made to JP Morgan Chase as agreed. Cardholders should **not** receive a separate cardholder statement directly from JP Morgan Chase. Should this occur, please disregard the statement and notify Accounts Payable.

B. Audit – All cardholder activity is subject to audit by Corporate Audit, the Program Administrator, his or her designee, Approvers, and any other appropriate City of Kennedale personnel or outside audit firm. Audits help ensure adherence to the Program's policies and procedures.

C. Customer Service – There are several methods or avenues available for assistance.

1) *For Individual Cardholder*: The Program is serviced using a team approach with JP Morgan Chase Bank's Customer Service Center, which can be reached at (800) 316-6056. This center is available 24 hours a day, 7 days a week to assist the Cardholder with general questions about the procurement card account. If a card is lost or stolen, **both** Customer Service and the Program Administrator should be notified immediately. A *Procurement Card Lost/Stolen Notification* Form should also be completed as soon as possible and submitted to the Program Administrator.

2) *For Program Administrator Only*: The Program Coordinator Service Team for the State of Texas is a specialized group that provides service strictly to Program Administrators and helps with day-to-day activities and updating of Merchant Account Code (MAC) authorizations. This group can be contacted at (888) 508-9758, (888) 297-0785 fax, or email ccs-public-sector@jpmchase.com. The Program Coordinators are available from 7:00 AM to 6:00 PM CST. When calling the Program Coordinators, please be prepared to provide a Company Number, Agent Number and Security Identifier. **Individual Cardholders should not utilize this phone number.**

3) *For Program Administrator Only*: Client Application Support provides assistance with the Smart Data On-Line software application. This group answers questions about functionality, resets Program Administrator passwords and helps trouble shoot any other application related issues. Client Application Support can be contacted at (877) 967-1100, Option 2.

X. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

KENNEDALE
Finance Department

CITY OF KENNEDALE

PROCUREMENT CARD ENROLLMENT FORM
(Appendix A)

I. EMPLOYEE/CARDHOLDER INFORMATION

Name: _____ Social Security (Last 4 Only): _____

Department/Division: _____ Mother's Maiden Name: _____

Date of Birth: _____ Office Phone: _____

II. CARD LIMITS: MAXIMUM PURCHASE LIMITS: Please note that these are "suggested" levels based on position; however, selection may vary based on particular need or function.

Position	Single Transaction Limit	Monthly Cycle Limit
Line Staff	$500	$1,000
Supervisor	$1000	$2,500
Dept Head	$3,000	$5,000
City Manager	$3,000	$25,000

Single Transaction Limit Requested: _____

Monthly Cycle Limit Requested: _____

Department Head Name: _____

Department Head Signature: _____ Date: _____

II. CARD ORDER & RECEIPT

Date Ordered: _____ Who Ordered: _____

Date Received: _____

Cardholder's Name as it Appears on the Card: _____

Card Number: _____ Expiration Date: _____

KENNEDALE
Finance Department

CITY OF KENNEDALE

PROCUREMENT CARDHOLDER ACKNOWLEDGEMENT FORM
(Appendix B)

I understand that the general use of the City of Kennedale credit card for small purchases is a standard procedure of the City.

1) I will be expected to use the credit card issued to me as directed by the provisions of the City's Procurement Card Program Policy.
2) I will not permit another person to use the credit card issued to me. Any such purchases made with my card will be considered to be made by me and my responsibility.
3) I will be responsible for the safe keeping of the credit card issued to me and if lost or stolen, I will report its loss immediately to **both** JP Morgan Chase Bank's Customer Service and the Program Administrator (Finance Department).
4) I understand that my personal credit will not be affected by any use of the City of Kennedale's credit card.
5) By accepting the Card, I recognize that I may be subject to periodic internal control reviews and audits designed to protect the interests of the City, and I agree to comply with these reviews and audits.
6) In the event of termination of employment whether for retirement, voluntary separation, resignation or dismissal, I also agree to surrender and cease use of the Card. In addition, I must surrender and cease use of the Card in the event of transfer or relocation.
7) I may also be asked to surrender the Card at any time deemed necessary by management.
8) The use of a City credit card to acquire or purchase goods and services for other than the official use of the City is fraudulent use. An employee guilty of fraudulent use will be subject to disciplinary action, up to and including dismissal.
9) I agree that any reimbursement owed the City may be deducted from my wages as outlined in the City Procurement Card Program Policy.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document, as well as the City of Kennedale's Procurement Card Program Policy.

Employee Name: _____

Employee Signature: _____

Date: _____

KENNEDALE
Finance Department

CITY OF KENNEDALE

PROCUREMENT CARD LOST/STOLEN/FRAUD NOTIFICATION FORM
(Appendix C)

Cardholder's Name: _____

Card Number: _____

Card Was (Please Check One):

_____ Lost
_____ Stolen
_____ Other (Describe): _____

Describe How Card Was Lost/Stolen: _____

_____

_____

_____

Was Police Report Filed (Circle): Yes or No

If Yes: Department: _____

Report Number: _____

Credit Card Company Notified: Date: _____

Time: _____

Cardholder's Signature: _____ Date: _____

Finance Director's Signature: _____ Date: _____

KENNEDALE
Finance Department

CITY OF KENNEDALE

PROCUREMENT CARD TRANSACTION DISPUTE FORM

(Appendix D)

Cardholder's Name: _____ Card Number: _____

Cardholder's Signature: _____ Date: _____

Vendor Name: _____

Statement Date: _____ Transaction Date: _____

Transaction #: _____ Posting Date: _____

Amount Disputed: _____

_____ There is a difference in the amount I authorized, and the amount I was billed (a copy of your charge must be attached).

_____ I only transacted one charge and I was previously billed for it (date of previous charge _____).

_____ The above transaction is mine but I am disputing the transaction (please state your reasons why in detail).

_____

_____

_____

_____I do not recognize the above transaction.

_____ I have received a credit voucher for the above transaction, but it has not yet appeared on my account (a copy of the credit voucher must be attached).

_____ My account has been charged for the above transaction, but I have not received the merchandise. The details of my attempt to resolve the dispute with the vendor and the vendor's response are indicated below.

_____

_____

_____

Attach the completed form to your monthly statement for review and approval by your Approving Supervisor and Accounts Payable.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - I.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Investment Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

State law (Government Code, Chapter 2256: Public Funds Investment Act) requires the Council to review the City Investment Policy at least annually. Furthermore, it is also the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Investment Policy	Resolution To Amend investment Policy.doc
2.	Investment Policy	20131001 Investment Policy.doc

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE INVESTMENT POLICY

WHEREAS, on September 13, 2001, City Council adopted the document entitled, "Investment Policy," a framework that provides the guidelines by which the City of Kennedale will maintain the minimum amount of cash in its bank accounts to meet daily needs, and to provide protection for its principal and liquidity while receiving the highest yield possible from investing all temporary excess cash; and

WHEREAS, this serves to satisfy the statutory requirements of defining and adopting a formal investment policy and is authorized by the Public Funds Investment Act as amended; and

WHEREAS, the City Council has reviewed the City's Investment Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the amended Investment Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

INVESTMENT POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: SEPTEMBER 13, 2001

PREFACE

State and local public laws govern the investment process for City funds. Laws cannot ensure that public officials manage public funds in a disciplined and prudent manner. The actions of public officials responsible for investing public funds must be guided by knowledge, skills, systems, policies, procedures and confidence that can be described only as professional discipline.

It is the policy of the City of Kennedale, that giving due regard to safety and risk of investments, all available funds shall be invested in conformance with these legal and administrative guidelines. All City funds shall be invested, to the maximum extent possible, at the highest rates obtainable at the time of the investment.

Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued. To that end, investment interest will be used as a viable and material revenue source for all City funds. Earnings from investments will be used in a manner that will best serve the interest of the City of Kennedale.

The City's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

SUBSEQUENT REVIEW & ADOPTION

SEPTEMBER 12, 2002
OCTOBER 9, 2003
SEPTEMBER 9, 2004
SEPTEMBER 13, 2005
SEPTEMBER 14, 2006
SEPTEMBER 13, 2007
NOVEMBER 13, 2008
NOVEMBER 5, 2009
NOVEMBER 17, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

Chapter 2256 of the Government Code, as amended from time to time by the Texas State Legislature ("Public Funds Investment Act") requires each city to adopt rules governing its investment practices and to define the authority of the investment official. The Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and prudent fiscal management of the City of Kennedale funds.

II. SCOPE

The Investment Policy applies to the investment and management of all funds under direct authority of the City of Kennedale.

A. These funds are accounted for in the City's Annual Financial Report (CAFR) and include the following:

1) General Fund;

2) Special Revenue Funds;

3) Capital Project Funds;

4) Enterprise/Proprietary Funds;

5) Trust and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately;

6) Debt Service Funds, including reserves and sinking funds to the extent not required by law or existing contract to be kept segregated and managed separately; and

7) Any new fund created by the City, unless specifically exempted from this policy by the City or by law.

This investment policy shall apply to all transactions involving the financial assets and related activity of all the foregoing funds.

B. This policy excludes:

1) Employee Retirement and Pension Funds administered or sponsored by the City.

2) Defeased bond funds held in trust escrow accounts.

C. Review & Amendment: The City Council is required by state statute and by this investment policy to review this investment policy and investment strategies not less than annually and to adopt a resolution stating the review has been completed and recording any changes made to either the policy or strategy statements.

III. PRUDENCE

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

2) whether the investment decision was consistent with the written investment policy of the City.

All participants in the investment program will seek to act responsibly as custodians of the public trust. Investment officials will avoid any transaction that might impair public confidence in the City's ability to govern effectively. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism which is worthy of the public trust. Nevertheless, the City recognizes that in a marketable, diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment rate of return.

Investment officials, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for market price changes, provided that these deviations from expectations are reported immediately to the Director of Finance, the City Manager and the City Council of the City of Kennedale, and that appropriate action is taken by the investment officials and their oversight managers to control adverse developments.

IV. OBJECTIVES

A. Preservation & Safety of Principal: Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether the loss occurs from the default of a security or from erosion of market value.

B. Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which can be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

C. Yield: The investment portfolio of the City shall be designed to meet or exceed the average rate of return on 91-day U.S. treasury bills throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. Legal constraints on debt proceeds that are not exempt from federal arbitrage regulations are limited to the arbitrage yield of the debt obligation. Investment officials will seek to maximize the yield of these funds in the same manner as all other City funds. However, if the yield achieved by the City is higher than the arbitrage yield, positive arbitrage income will be averaged over a five year period, netted against any negative arbitrage income and the net amount shall be rebated to the federal government as required by federal regulations.

V. RESPONSIBILITY & CONTROL

A. Delegation: Management responsibility to establish written procedures for the operation of the investment program consistent with this investment policy has been assigned to the Director of Finance by the City Manager. Such procedures shall include explicit delegation of authority to persons responsible for the daily cash management operation, the execution of investment transactions, overall portfolio management and investment reporting. The Director of Finance may delegate the daily investment responsibilities to either an internal investment official or an external investment advisor in combination with an internal investment official. The Director of Finance and/or his representative(s) will be limited by conformance with all federal regulations, ordinances, and the statements of investment strategy.

B. Subordinates: All persons involved in investment activities shall be referred to as "Investment Officials." No person shall engage in an investment transaction, except as provided under the terms of this policy, the procedures established by the Director of Finance and the explicit authorization by the City Manager to withdraw, transfer, deposit and invest the City's funds. The Director of Finance shall be responsible for all transactions undertaken, and shall establish a system of controls to regulate the activities of subordinate Investment Officials.

C. Internal Controls: Internal controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by investment officials. Controls deemed most important would include: control of collusion, separation of duties, third-party custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, written

confirmation of telephone transactions, minimizing the number of authorized investment officials, and documentation of and rationale for investment transactions.

In conjunction with the annual independent audit, a compliance audit of management controls on investments and adherence to the Investment Policy and the Investment Strategy may be performed by the City's independent auditor.

D. Ethics & Conflicts of Interest: An investment officer of the City who has a personal business relationship with a business organization offering to engage in an investment transaction with the City shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree of affinity or consanguinity to an individual seeking to sell an investment to the City shall file a statement disclosing that relationship with the Texas Ethics Commission and the City Council. For purposes of this section, an investment officer has a personal business relationship with a business organization if:

1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

3) the investment officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the investment officer.

Investment officials of the City shall refrain from personal and business activities involving any of the City's custodians, depositories, broker/dealers or investment advisors which may influence the officer's ability to conduct his duties in an unbiased manner. Investment officials will not utilize investment advice concerning specific securities or classes of securities obtained in the transaction of the City's business for personal investment decisions, will in all respects subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchase and sales and will keep all investment advice obtained on behalf of the City and all transactions contemplated and completed by the City confidential, except when disclosure is required by law.

E. Investment Training Requirements: The Director of Finance and the Investment officials shall attend at least one ten hour training session relating to their investment responsibilities within 12 months after assuming their duties. In addition to this ten hour requirement, each investment officer shall receive not less than ten hours of instruction in their investment responsibilities at least once during each two year period that begins on October 1st and consists of the two consecutive fiscal years after that

date. The investment training session shall be provided by an independent source. For purposes of this policy, an "independent source" from which investment training shall be obtained shall include a professional organization, an institute of higher learning or any other sponsor other than a Business Organization with whom the City of Kennedale may engage in an investment transaction. Such training shall include education in investment controls, credit risk, market risk, investment strategies, and compliance with investment laws, including the Texas State Public Funds Investment Act.

VI. AUTHORIZED INVESTMENTS

A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities.

B. Direct obligations of the State of Texas or its agencies and instrumentalities.

C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, the State of Texas, or the United States or its instrumentalities.

D. Obligations of states, agencies, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.

E. Joint Investment Pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law. A pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

F. Certificates of Deposit issued by a depository institution that has its main office or branch office in Texas;

1) and such Certificates of Deposit are:

- guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their successors; or

- secured by obligations described in Article VI, sections A through D above.

2) or such depository institution contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended.

Certificates of Deposit brokered by an authorized broker/dealer that has its main office or a branch office in Texas who contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Government Code (Public Funds Investment Act) as amended.

G. Fully collateralized repurchase or reverse repurchase agreements, including flexible repurchase agreements (flex repo), with a defined termination date secured by a combination of cash and obligations of the United States or its agencies and instrumentalities pledged to the City held in the City's name by a third party selected by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. The securities received for repurchase agreements must have a market value greater than or equal to 103 percent at the time funds are disbursed. All transactions shall be governed by a Master Repurchase Agreement between the City and the primary government securities dealer or financial institution initiating Repurchase Agreement transactions.

   The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

H. No-load money market mutual funds if the mutual fund:

   1) is registered with and regulated by the Securities and Exchange Commission;

   2) has a dollar-weighted average stated maturity of 90 days or fewer; and

   3) includes in its investment objectives the maintenance of a stable net asset value of one dollar for each share.

I. Investment instruments <u>not</u> authorized for purchase by the City of Kennedale include the following:

   1) Banker's Acceptances;

   2) "Bond" Mutual Funds;

   3) Collateralized Mortgage Obligations of any type; and

4) Commercial Paper, except that the City can invest in local government investment pools and money market mutual funds that have commercial paper as authorized investments. A local government investment pool or money market mutual fund that invests in commercial paper must meet the requirements of Article VI, Sections E and H above.

J. If an investment in the City's portfolio becomes an unauthorized investment due to changes in the Investment Policy or the Public Funds Investment Act, or an authorized investment is rated in a way that causes it to become an unauthorized investment, the investment officials of the City shall review the investment and determine whether it would be more prudent to hold the investment until its maturity, or to redeem the investment. Officials shall consider the time remaining until maturity of the investment, the quality of the investment, and the quality and amounts of any collateral which may be securing the investment in determining the appropriate steps to take.

VII. PORTFOLIO AND INVESTMENT ASSET PARAMETERS

A. Bidding Process for Investments: It is the policy of the City to require competitive bidding for all investment transactions (securities and bank C.D.'s) except for:

1) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates); and

2) treasury and agency securities purchased at issue through an approved broker/dealer.

At least three (3) bids or offers must be solicited for all other investment transactions. In a situation where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price of the security. Security swaps are allowed, as long as maturity extensions, credit quality changes and profits or losses taken are within the other guidelines set forth in this policy.

B. Maximum Maturities: The City of Kennedale will manage its investments to meet anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

C. Maximum Dollar-Weighted Average Maturity: Under most market conditions, the composite portfolio will be managed to achieve a one-year or less dollar-weighted average maturity. However, under certain market conditions investment officials may need to shorten or lengthen the average life or duration of the portfolio to protect the City. The maximum dollar-weighted average maturity based on the stated final

maturity, authorized by this investment policy for the composite portfolio of the City shall be three (3) years.

D. Diversification: The allocation of assets in the portfolios should be flexible depending upon the outlook for the economy and the securities markets. In establishing specific diversification strategies, the following general policies and constraints shall apply.

1) Portfolio maturities and call dates shall be staggered in a way that avoids undue concentration of assets in a specific sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.

2) To attain sufficient liquidity, the City shall schedule the maturity of its investments to coincide with known disbursements. Risk of market price volatility shall be controlled through maturity diversification such that aggregate realized price losses on instruments with maturities exceeding one (1) year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

3) The following maximum limits, by instrument, are established for the City's total portfolio:

- Certificates of Deposit……25%
- Local Government Investment Pools *(See D.(5) below)*……..100%.
- Money Market Mutual Funds *(See D.(5) below)*……..100%
- Obligations of states, agencies, cities & other political subdivisions of any state……..25%
- Repurchase Agreements (*See D. (4) below)*……50%
- State of Texas Obligations & Agencies……25%
- US Treasury & US Agency Callables……25%
- US Government Agencies & Instrumentalities……100%
- US Treasury Notes/Bills……100%

4) The City shall not invest more than 50% of the investment portfolio in repurchase agreements, excluding bond proceeds and reserves.

5) The City shall not invest more than 50% of the investment portfolio in any individual money market mutual fund or government investment pool.

6) The investment committee shall review diversification strategies and establish or confirm guidelines on at least an annual basis regarding the percentages of the total portfolio that may be invested in securities other than U.S. Government Obligations. The investment committee shall review quarterly investment reports and evaluate the probability of market and default risk in various investment sectors as part of its consideration.

VIII. AUTHORIZED BROKER/DEALERS & FINANCIAL INSTITUTIONS

A. Investment officials will maintain a list of financial institutions and broker/dealers selected by credit worthiness, who are authorized to provide investment services to the City. These firms may include:

1) all primary government securities dealers; and

2) those regional broker/dealers who qualify under Securities and Exchange Commission Rule 15C3-1(uniform net capital rule), and who meet other financial credit criteria standards in the industry.

The investment officials may select up to six (6) firms from the approved list to conduct a portion of the daily City investment business. These firms will be selected based on their competitiveness, participation in agency selling groups and the experience and background of the salesperson handling the account. The approved broker/dealer list will be reviewed and approved along with this investment policy at least annually by the investment committee.

B. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment officials with the following:

1) Audited financial statements;

2) Proof of National Association of Securities Dealers (N.A.S.D.) certification, unless it is a bank;

3) Resumes of all sales representatives who will represent the financial institution or broker/dealer firm in dealings with the City; and

4) An executed written instrument, by the qualified representative, in a form acceptable to the City and the business organization substantially to the effect that the business organization has received and reviewed the investment policy of the City and acknowledges that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the City and the organization that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards.

IX. SAFEKEEPING & CUSTODY OF INVESTMENT ASSETS

All security transactions, including collateral for repurchase agreements entered into by the City shall be conducted using the delivery vs. payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the safekeeping bank. The only exceptions to DVP settlement shall be wire transactions for money market funds and government investment pools. The safekeeping or custody bank is responsible for matching up instructions from the City's investment officials on an investment settlement with what is wired from the broker/dealer, prior to releasing the City's designated funds for a given purchase. The security shall be held in the name of the City or held on behalf of the City in a bank nominee name. Securities will be held by a third party custodian designated by the investment officials and evidenced by safekeeping receipts or statements. The safekeeping bank's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City. A safekeeping agreement must be in place which clearly defines the responsibilities of the safekeeping bank.

X. COLLATERAL

The City's depository bank shall comply with Chapter 2257 of the Government Code, Collateral for Public Funds, as required in the City's bank depository contract.

A. Market Value: The Market Value of pledged Collateral must be equal to or greater than 102% of the principal and accrued interest for cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) insurance coverage. The Federal Reserve Bank and the Federal Home Loan Bank are designated as custodial agents for collateral. An authorized City representative will approve and release all pledged collateral. The securities comprising the collateral will be marked to market on a monthly basis using quotes by a recognized market pricing service quoted on the valuation date, and the City will be sent reports monthly.

B. Collateral Substitution: Collateralized investments often require substitution of collateral. The Safekeeping bank must contact the City for approval and settlement. The substitution will be approved if its value is equal to or greater than the required collateral value.

C. Collateral Reduction: Should the collateral's market value exceed the required amount, the Safekeeping bank may request approval from the City to reduce Collateral. Collateral reductions may be permitted only if the collateral's market value exceeds the required amount.

D Letters of Credit: Letters of Credit, as defined in Article VI (A), are acceptable collateral for Certificates of Deposit. Upon the discretion of the City, a Letter of Credit can be acceptable collateral for City funds held by the City's bank depository.

XI. INVESTMENT REPORTS

A. Reporting Requirements: The investment officials shall prepare a quarterly investment report in compliance with section 2256.023 of the Public Funds Investment Act of the State of Texas. The report shall be submitted to the City Council and the Investment Committee within 30 days following the end of the quarter.

B. Investment Records: An investment official designated by the City Manager shall be responsible for the recording of investment transactions and the maintenance of the investment records with reconciliation of the accounting records and of investments carried out by an accountant. Information to maintain the investment program and the reporting requirements, including pricing or marking to market the portfolio, may be derived from various sources such as: broker/dealer research reports, newspapers, financial on-line market quotes, direct communication with broker/dealers, market pricing services, investment software for maintenance of portfolio records, spreadsheet software, or external financial consulting services relating to investments.

C. Auditor Review: The City's independent external auditor may formally review the quarterly investment reports annually to ensure compliance with the State of Texas Public Funds Investment Act, and any other applicable State Statutes.

XII. INVESTMENT COMMITTEE

A. Members: An Investment Committee, consisting of the City Manager or designee and the Director of Finance, shall review the City's investment strategies and monitor the results of the investment program at least quarterly. This review can be done by reviewing the quarterly written reports and by holding committee meetings as necessary. The committee will be authorized to invite other advisors to attend meetings as needed.

B. Scope: The Investment Committee shall include in its deliberations, such topics as economic outlook, investment strategies, portfolio diversification, maturity structure, potential risk to the City's funds, evaluation and authorization of broker/dealers, rate of return on the investment portfolio, review and approval of training providers and compliance with the investment policy. The Investment Committee will also advise the City Council of any future amendments to the investment policy that are deemed necessary or recommended.

XIII. INVESTMENT STRATEGY STATEMENTS

The City of Kennedale portfolio will be structured to benefit from anticipated market conditions and to achieve a reasonable return. Relative value among asset groups shall be analyzed and pursued as part of the investment program within the restrictions set forth by the investment policy. The City of Kennedale maintains portfolios which utilize four specific investment

strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.

A. Operating Funds

1) Suitability - All investments authorized in the Investment Policy are suitable for Operating Funds.

2) Preservation & Safety of Principal - All investments shall be high quality securities with no perceived default risk.

3) Liquidity - Investment strategies for the pooled operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The dollar-weighted average maturity of operating funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less. Constant $1 NAV investment pools and money market mutual funds shall be an integral component in maintaining daily liquidity. Investments for these funds shall not exceed an 18-month period from date of purchase.

4) Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

5) Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6) Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Operating Funds shall be the 91 day Treasury bill.

B. Reserve & Deposit Funds

1) Suitability - All investments authorized in the Investment Policy are suitable for Reserve and Deposit Funds.

2) Preservation & Safety of Principal - All investments shall be high quality securities with no perceived default risk.

3) Liquidity - Investment strategies for reserve and deposit funds shall have as the primary objective the ability to generate a dependable revenue stream to the appropriate reserve fund from investments with a low degree of volatility. Except as may be required by the bond ordinance specific to an individual issue, investments should be of high quality, with short-to-intermediate-term

maturities. The dollar-weighted average maturity of reserve and deposit funds, based on the stated final maturity date of each security, will be calculated and limited to three years or less.

4) Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

5) Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6) Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Reserve and Deposit Funds shall be the 91 day Treasury bill.

C. Bond & Certificate Capital Project Funds & Special Purpose Funds

1) Suitability - All investments authorized in the Investment Policy are suitable for Bond and Certificate Capital Project Funds and Special Purpose Funds.

2) Preservation & Safety of Principal - All investments shall be high quality securities with no perceived default risk.

3) Liquidity - Investment strategies for bond and certificate capital project funds, special projects and special purpose funds portfolios will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The stated final maturity dates of investments held should not exceed the estimated project completion date or a maturity of no greater than five years. The dollar-weighted average maturity of bond and certificate capital project funds and special purpose funds, based on the stated final maturity date of each security, will be calculated and limited to three years or less.

4) Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

5) Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6) Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Bond and Certificate Capital Project Funds and Special Purpose Funds shall be the 91 day Treasury bill.

A secondary objective of these funds is to achieve a yield equal to or greater than the arbitrage yield of the applicable bond or certificate.

D. Debt Service Funds

1) Suitability - All investments authorized in the Investment Policy are suitable for Debt Service Funds.

2) Preservation & Safety of Principal - All investments shall be high quality securities with no perceived default risk.

3) Liquidity - Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Securities purchased shall not have a stated final maturity date which exceeds the debt service payment date. The dollar-weighted average maturity of debt service funds, based on the stated final maturity date of each security, will be calculated and limited to one year or less.

4) Marketability - Securities with active and efficient secondary markets will be purchased in the event of an unanticipated cash requirement.

5) Diversification - Maturities shall be staggered throughout the budget cycle to provide cash flows based on anticipated needs. Investment risks will be reduced through diversification among authorized investments.

6) Yield - The City's objective is to attain a competitive market yield for comparable securities and portfolio constraints. The benchmark for Debt Service Funds shall be the 91 day Treasury bill.

XIV. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

APPENDIX A

CITY OF KENNEDALE, TEXAS
TEXAS PUBLIC FUNDS INVESTMENT ACT
CERTIFICATION BY BUSINESS ORGANIZATION

This certification is executed on behalf of the City of Kennedale, Texas and _____ (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and the Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the City of Kennedale, Texas (as defined in the Act); and

The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the City of Kennedale, Texas; and

The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the City of Kennedale, Texas that are not authorized by the investment policy of the City of Kennedale, Texas, except to the extent that this authorization is dependent on an analysis of the makeup of the City of Kennedale, Texas entire portfolio or requires an interpretation of subjective investment standards.

Qualified Representative of the Business Organization

_____

Name _____

Title _____

Date _____

KENNEDALE
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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - J.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Internal Controls & Cash Handling Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

The goal of the City of Kennedale's Internal Controls & Cash Handling Policy is to ensure adequate measures by effectively safeguarding, depositing and accounting for cash on behalf of the City and to maintain public trust. Additionally, this policy will provide guidance to departments on improving cash handling skills, and thus, limit not only the City's losses, but also the City's involvement in investigation of losses of funds.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Internal Controls & Cash Handling Policy	Resolution To Amend Internal Controls & Cash Handling Policy.doc
2.	Internal Controls & Cash Handling Policy	20131001 Internal Controls & Cash Handling Policy.docx

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE INTERNAL CONTROLS & CASH HANDLING POLICY

WHEREAS, on November 17, 2011, City Council adopted the document entitled, "Internal Controls & Cash Handling Policy" a framework setting forth procedures that govern the handling, deposit and safekeeping of City Cash; and

WHEREAS, the term "City Cash" applies to currency, coin, checks, money orders, credit, charge and debit card payments, other electronic payment media and other negotiable instruments payable in money to the City; and

WHEREAS, this policy establishes best practices and standards that can be applied across all City department that have the potential to handle cash; and

WHEREAS, employees that have been authorized to receive City Cash share the stewardship of financial assets for the City across departmental divisions; and

WHEREAS, the policy ensures that City Cash is accounted for and available for investment or an authorized expenditure; and

WHEREAS, the City Council has reviewed the City's Internal Controls & Cash Handling Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the Internal Controls & Cash Handling Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____

City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

INTERNAL CONTROLS
&
CASH HANDLING POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: NOVEMBER 17, 2011

PREFACE

The intent of the City of Kennedale's Internal Controls & Cash Handling Policy is to provide management with reasonable, but not absolute, assurance that resources are being utilized and accounted for accurately, appropriately, consistently and completely. The reliability with which the city can place upon its financial records is further dependent upon the effectiveness of procedures and controls that must also ensure that transaction processes, in terms of cash, are not exposed to unauthorized access and use.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

The goal of this Internal Controls & Cash Handling Policy is to ensure adequate internal controls by effectively safeguarding, depositing, and accounting for Cash on behalf of the City of Kennedale and to maintain public trust. Additionally, this policy will provide guidance to departments on improving cash handler (hereby referred to as "cashier/custodian") skill and accountability, therefore limiting not only the City's losses, but also the City's involvement in investigations of losses of funds. The term "Cash" applies to currency, coin, check, money order, credit card, electronic funds, and other negotiable instruments payable in money to the City.

II. ADMINISTRATIVE PROCEDURES

Enforcement of the cash management program is included but limited to the following:

A. A random drawer audit conducted under the direction of the Director of Finance.

B. Any deficiencies in regard to the set procedures will be reported to the Director of Finance and the City Manager in the form of a memorandum outlining the deficiencies.

C. The Director of Finance will notify the Department Head involved and explain these deficiencies, and the Department Head will be responsible for taking appropriate action to correct deficiencies.

D. If in a subsequent audit these deficiencies still exist, the Director of Finance will advise the Department Head that the deficiencies still exist.

E. The Director of Finance and the Department Head will notify the City Manager of the existing situation.

F. The City Manager will review the existing situation and may take appropriate action to resolve deficiencies and ensure that the procedures as outlined are administered properly.

III. DELEGATION OF AUTHORITY

A. The Director of Finance is authorized to promulgate rules for establishing procedures for the receipt, handling and deposit by City officers and employees of City Cash into the City Treasury for: the method of documentation on all such transactions; regular reporting to the Director of Finance; certifying and rescinding certification by the Director of Finance of all City officers and employees who are authorized to receive or handle City monies in the regular course of their employment or departmental activities; inspection of departmental cash records, including overages or shortages; inspection of departmental practices and procedures in handling City Cash; and

contracting with agents to collect City Cash and their collection procedures. The Director of Finance may enforce these rules through on-site inspections; by rescinding certification of any officer or employee who fails to comply with the Director of Finance's procedures and, in the event of noncompliance by a department or office, requiring that payments to personnel be authorized by the Director of Finance, or deposited at his/her office.

B. The Director of Finance, as the City's banker, is required by law to receive, retain, and disburse all City revenue and keep detailed records of these transactions. The Director of Finance is charged with the responsibility of overseeing the proper receipting and to safeguard all City funds.

C. **The Director of Finance is responsible for the administration of the cash management program; however, he/she may delegate applicable responsibilities as appropriate. For the purposes of this policy, the term "Finance Department" refers to the Payroll & Accounting Specialist. In the Payroll & Accounting Specialist's absence, Finance Department duties will be delegated to the Director of Finance and/or Accounts Payable Clerk.**

D. Through certification, the responsibility and accountability of the daily collection of funds is delegated to the cashier/custodians.

IV. DUTIES OF CITY DEPARTMENT HEADS

The Director of any City department who anticipates receiving City Cash on a regular basis in the course of its activities shall:

A. Assign the receiving of City Cash only to those persons who are certified by the Director of Finance for performing these functions;

B. Collaborate with the Director of Finance to establish and maintain a system of procedures, documentation and reporting on receipts handling and deposit of City money;

C. Notify the Director of Finance and Police Department of any theft of City Cash immediately upon discovery. **Written notice shall be given no later than twenty-four hours after discovery**.

D. Allow the Director of Finance or designee to make on-site inspections and observe the processing of City Cash, and to make inspections of departmental collection records.

V. DUTIES OF CITY PERSONNEL

Any City officer or employee, who receives City Cash in the normal scope and course of his/her duties, shall:

A. Immediately turn in the Cash on the same day to the Finance Department no later than 5:00 p.m. **Note:** Several departments, such as the Police, Animal Control and Library Department collect cash through their individual department, and then submit it through Utility Billing's Cash Receipts to be later deposited to the Finance Department.

B. Comply with rules promulgated by the Director of Finance for handling and processing of City Cash and for documentation and dissemination of records, and with departmental internal procedures, established in conformity with the Director of Finance procedures;

C. Notify the employee's Department Head and Director of Finance of any loss or theft of City money immediately upon discovery. **Written notice shall be given to them no later than twenty-four hours after discovery;**

D. Be subject to disciplinary action, up to and including termination for failure to comply with each department's operating policies, Director of Finance's procedures and/or duties described in this policy.

VI. LIABILITY FOR LOSS

A. As between a department and its officers and the Director of Finance, the department has primary responsibility for care and liability for loss of City Cash in its custody until deposited in the City Treasury or entrusted to a custodian certified by the Director of Finance.

B. Compliance with the procedures approved by the Director of Finance establishes a presumption that a City department or office exercised due care in its custody and care of City Cash.

VII. CERTIFICATION OF CASHIERS & CUSTODIANS

A. Only persons who are approved by the Director of Finance shall receive and handle City Cash on a regular basis in the scope and course of their employment. **A signed Certificate of Responsibility must be obtained from the cashier/custodian and supervisor verifying receipt of this policy.**

B. In addition, the Director of Finance **may** require that the cashier/custodian complete a certification or training and/or pass an examination on: the secure processing of moneys, cash procedures and applicable departmental rules, and thereafter take refresher instruction or training at periodic intervals or when the need arises.

VIII. ESTABLISHMENT/INCREASE OF CASH FUNDS

All requests for the establishment of cash funds must be made to the Director of Finance. The Director of Finance will maintain a complete listing of all cash funds. The department location, cashier/custodian and the amount of the cash fund are to be maintained upon this written listing.

A. An initial request for establishment or request for increase should be submitted to the Director of Finance for the amount of the funds requested.

B. No funds are to be established out of cash receipts by any department.

C. Upon establishment of a cash fund, a cashier/custodian should be appointed by the Director of Finance. Cash funds must have one cashier/custodian responsible for the disbursement of cash. In the absence of the cashier/custodian, a designated individual should make all disbursements from the cash fund. Should it become necessary to change cashier/custodians, the Department Head should notify the Director of Finance and request an audit of the cash fund to be performed prior to transferring the cash fund to the new cashier/custodian.

IX. TERMINATION OF CASH FUNDS

A. The Department Head should notify the Director of Finance that the cash fund is to be closed and request that an audit be performed prior to closing the cash fund.

B. The Director of Finance will perform an audit of the cash fund. Any shortages or variances are to be investigated and resolved by the Department Head and the Director of Finance. **If the shortages or variances cannot be resolved, the Department Head is to provide a written explanation to the effect that a shortage or variance occurred, which he or she could not resolve, to the Director of Finance.**

C. Upon completion of the cash audit, the cashier/custodian should deposit any cash on hand with the Finance Department and provide a copy of the deposit slip to the Director of Finance with any outstanding vouchers.

D. The Director of Finance will provide the Finance Department with details of the expense accounts to be debited for preparation of a journal entry to close the cash fund. A copy of the details should also be attached to the journal entry as supporting documentation.

X. SECURITY OF CASH FUNDS

A. Cash funds are to be kept in locked boxes or drawers. The locked box is to be kept in a secure area, where only the designated cashier/custodian and the Department Head have keys and access to the funds.

B. Provisions should be made in departments where more than one cash fund exists to secure all funds which are not being utilized. Only the Department Head or his/her designated cashier/custodian should have access to an employee's cash fund in the event of their absence.

C. Only the person responsible for the cash fund and the Department Head should maintain keys and have access to the funds.

D. Bank bags must be locked and kept out of sight when transporting city funds for deposit to the Finance Department or Utility Billing Customer Service.

E. All funds must be reviewed randomly.

F. The use of surveillance cameras may be used to monitor city funds.

XI. REGULATION OF PETTY CASH FUNDS

Petty cash funds are available for making emergency or immediate purchases of items that are not easily obtained through normal purchasing channel. Petty cash funds are to be maintained only for this purpose, and no department shall possess a petty cash fund without establishing such a fund as outlined Section VIII: Establishment/Increase of Cash Funds.

A. Maintenance of Petty Cash Funds

1) Cash funds must have one custodian responsible for the disbursement of cash. In the absence of the custodian, only the Department Head or his/her designated custodian should make all disbursements from the petty cash fund.

2) Each cash fund should have a set amount of funds to be accounted for. The Finance Department will not process payment authorizations to reimburse petty cash if the request exceeds the established amount of the petty cash fund.

3) The petty cash fund is to be reconciled on a daily basis by the fund custodian.

4) **The cash custodian should process a payment authorization to reimburse their petty cash fund as necessary.** The payment authorization requesting reimbursement of petty cash is to be processed with enough lead-time to prevent the remaining petty cash funds from being depleted prior to the issuance of the reimbursement check. All check payments to reimburse the petty cash fund are to made payable to the City of Kennedale.

5) A petty cash voucher must be completed to support all disbursements of cash from the petty cash fund. The petty cash voucher must be completed in its

entirety and approved by the Department Head prior to the disbursement of any cash from the custodian.

6) Each petty cash voucher must be accompanied by a receipt ticket upon reimbursement or return of unused funds.

7) Three (3) signatures are required on all petty cash vouchers. All petty cash vouchers must be signed by the employee receiving the cash and by the Department Head approving the transaction. The petty cash custodian will then sign the voucher as cash is actually disbursed from the fund.

8) **Employees are not to be reimbursed for sales tax**. It is the responsibility of the Department Head to ensure that employees are aware of the City's exempt status.

9) Petty cash in advance is not to be held by any employee longer than a twenty-four period. Receipts and used funds must be returned and be reconciled to vouchers within the twenty-four hour period.

10) Expenditures for purchases made from the petty cash fund are not to exceed $100.00. Purchases that exceed $100.00 should be purchased through normal purchasing process.

B. Prohibited expenses include the following:

1) Loans to employees;

2) IOUs for employee personal use;

3) Cashing personal, payroll and expense checks for the Department Head, petty cash custodian, or any other employees or City official; and

4) Traveling or training expenses, such as use of personal vehicle, parking and entertainment (these expenditures should be reimbursed by submitting the proper expense report form to Finance Department).

C. Documents Which Serve as Support for Disbursement of Petty Cash

1) A cash register receipt, provided that the date is current enough to support said purchase;

2) Cash receipt tickets from the place of purchase provided that the date is current, items purchased are listed and the ticket is signed by the employee as receiving said merchandise;

3) Proof of purchase in the form of a valid receipt provided the date is current and the type of the purchase or expenditure can be easily determined;

4) No refunds for purchases will be made without proof of purchase;

5) A petty cash voucher properly completed with authorizations for a cash advance.

XII. REGULATION OF CHANGE FUNDS

Changes funds, or cash drawers, are to be maintained for the purpose of making change. Change funds are not to be co-mingled with other cash funds. Change funds are to be maintained only for this purpose and no department shall possess a change fund without establishing such a fund with the Director of Finance.

A. Maintenance of a Change Fund

1) Each change fund should have one person responsible for that fund or drawer at any one given time. In the areas where more than one change fund is used, each employee should work out of his/her own change fund. Employees are not to work out of another employee's change fund.

2) Each change fund should be established for a set amount as outlined in this section, and this same amount should be maintained at all times. If an increase in a cash fund is needed, a request should be sent to the Director of Finance outlining the need and amount of funds requested is required.

3) **Change funds are not to be used as petty cash funds**. They are to be used only for making change.

4) Cash receipts are not to build up in a change fund. These receipts are to be removed and deposited as outlined in Section XIII: Regulation of Deposits.

5) Receipts for all cash should be utilized so that an audit may be done at any time and the amount of the change fund can be verified.

B. Cashing of Personal Checks from a Change Fund

1) Cashing of personal, payroll, and expense checks is strictly prohibited.

XIII. REGULATION OF DEPOSITS

The City of Kennedale collects cash through various departments in a decentralized manner; however, all cash is then turned in to the Finance Department for deposit to the bank no later than

5:00 p.m. on a daily basis. At no time shall cash be held. Furthermore, all deposits must be verified by the Finance Department. **Note:** Several departments, such as the Police, Animal Control and Library Department collect cash through their individual department, and then submit it through Utility Billing's Cash Receipts to be later deposited to the Finance Department.

A. Losses/Shortages/Overages

The Director of Finance makes a clear distinction between a "loss" and "shortage" of City money. This is determined by the cash handler's ability to obtain physical custody of the money and how that person safeguards the money. **Cashiers/custodians must report all losses to the Finance Department immediately.**

1) A shortage is an unintentional collection error such as a change making error. An overage occurs when a cash handler has collected too much money and cannot immediately return the excess to a specific customer.

2) On the other hand, a loss of City money is when a cash handler has obtained physical custody of money and then due to reasons like negligence, an act of God or an unlawful action, cannot deposit that money with the City.

3) An example of negligence is leaving City money unattended and not properly safeguarding that money from loss.

XIV. REGULATION OF RETURN CHECKS

A. All return checks will be charged a return check fee as determined by the City Council. The fee is applicable when a customer, taxpayer or employee check for payment of fees, fines, court costs, taxes, utilities or other charges has been dishonored by the maker's bank and returned to the City of Kennedale. The fee, plus the base amount of check, will be payable to the City by means of cash, money order or cashier's check.

B. If a customer, taxpayer or employee fails to honor the returned check within thirty days, the check will be turned over for collection or criminal sanctions, depending on which option is applicable.

XV. ACTION TAKEN IN EVENT OF THEFT

The danger of security and loss is a constant threat when handling money. Fund custodians are expected to safeguard City funds against loss. Custodians should be familiar with what to do in times of emergency. In these circumstances, **protecting human life should be the first concern.** Thefts are to be reported and handled in compliance with the City of Kennedale's Fraud Policy. Following the complete investigation performed in accordance with the Fraud Policy, the Director of Finance will conduct a review of the cash handling procedures and related internal controls and issue a report of his/her conclusions on improvements to cash

handling procedures. The report will be discussed for implementation with the related department head in an effort to prevent future thefts from occurring.

XVI. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

KENNEDALE
Finance Department

CITY OF KENNEDALE

CASH HANDLING CERTIFICATE OF RESPONSIBILITY
(Appendix A)

I have read and understand the City of Kennedale Internal Controls & Cash Handling Policy. A copy of the Internal Controls & Cash Handling Policy has been provided to me. I agree to be held responsible and accountable for the handling of City funds according to the City of Kennedale's Internal Controls & Cash Handling Policy for the following purpose(s):

Please Initial

_____ Cash Drawer/Change Fund
_____ Petty Cash Fund
_____ Other

I have also been informed and understand that surveillance camera equipment and other devices may be used to monitor City funds.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document, as well as the City of Kennedale's Internal Controls & Cash Handling Policy.

Training/Exam Date (If Applicable): _____

Employee Name: _____
Employee Signature: _____
Date: _____

Department Head Name: _____
Department Head Signature: _____
Date: _____

Director of Finance Name: _____
Director of Finance Signature: _____
Date: _____

KENNEDALE
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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: CONSENT ITEMS - K.

I. Subject:
Consider a resolution adopting an amended City of Kennedale Financial Management Policy.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

A Financial Management Policy provides guidelines to enable the City staff to achieve a long-term, stable financial condition, while conducting daily operations and providing services that are consistent with the Council-Manager form of government established in the City Charter.

It is the recommendation of our independent auditors that our main policies be reviewed by the Director of Finance for updates in relation to our internal control practices and submitted to Council at least annually. In order to demonstrate our review, it is custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

There are no recommended changes at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Amend Financial Management Policy	Resolution To Amend Financial Management Policy.doc
2.	Financial Management Policy	20131001 Financial Management Policy.docx

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN AMENDED CITY OF KENNEDALE FINANCIAL MANAGEMENT POLICY

WHEREAS, on June 10, 2004, City Council adopted the document entitled, "Financial Management Policy," a framework for fiscal decision-making to ensure that financial resources are available to meet the present and future needs of the citizens of Kennedale; and

WHEREAS, the benefits of financial management policies are to improve and streamline the decision-making process, enhance credibility, provide a sense of continuity, and provide a means for dealing with fiscal emergencies; and

WHEREAS, the City Council has reviewed the City's Financial Management Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

The City Council of the City of Kennedale, Texas hereby approves the amended Financial Management Policy dated October 1, 2013, attached hereto as "Exhibit A."

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

OFFICIAL SEAL

CITY OF KENNEDALE

KENNEDALE
Finance Department

FINANCIAL MANAGMENT POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: JUNE 10, 2004

PREFACE

A Financial Management Policy provides guidelines to enable the City staff to achieve a long-term, stable financial condition, while conducting daily operations and providing services that are consistent with the Council-Manager form of government established in the City Charter.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

DECEMBER 11, 2008
NOVEMBER 5, 2009
OCTOBER 14, 2010
NOVEMBER 17, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013

I. PURPOSE

The City of Kennedale's financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of Kennedale Charter. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

II. ANNUAL BUDGET (CHARTER REQUIREMENTS)

A. Fiscal Year – The fiscal year shall begin on the first day of October (1st) and end on the last day of the following September (30th). The fiscal year will also be established as both the accounting and budget year.

B. Submission – The City Manager, on or before the first day of August (1st) of each year, shall prepare and submit to the City Council an annual proposed budget (generally during an workshop or retreat) for the ensuing fiscal year designed to meet the goals and objectives of the City Council. It must contain the following:

1) Budget Message shall explain the budget both in fiscal terms and in terms of work programs for the ensuing fiscal year. It shall outline the proposed financial policies of the City and shall include a forecast of a five-year estimate of revenues and expenditures, as well as an effect on taxation;

2) Comparative figures for the estimated income and expenditures for the ensuing fiscal year compared to the combination of: actual income and expenditures through, the latest complete accounting period that information is available for at the commencement of budget preparation, and the estimated income and expenditures for the incomplete portion of the current fiscal year. FOR EXAMPLE: for upcoming FY11/12 budget, comparative should display FY09/10 actual, FY10/11 through April (assuming budget is prepared at this time), FY10/11 year-end estimate, and FY11-12 proposed budget;

3) Proposed Expenditures of each office, department or function;

4) Schedule of debt service requirements due on all outstanding indebtedness and on any proposed debt;

5) Source or basis of the estimates;

6) Balanced budget in which the total of the proposed expenditures shall not exceed the total estimated income and the balance of available funds; and

7) Other information as may be required by the Council or deemed desirable by the City Manager.

C. Public Hearing – Shall be conducted by the Council, allowing interested citizens to express their opinions concerning items of expenditures and/or revenues. The notice of hearing shall be published in the official newspaper of the City of Kennedale not less than ten (10) or more than 30 days before the hearing.

D. Adoption – Following the public hearing, the Council shall further analyze the proposed budget, making any additions or deletions which it feels appropriate, and shall by ordinance, with or without amendment, adopt the budget before the first (Oct 1st) day of the ensuing fiscal year by a majority vote. On final adoption, the budget shall be in effect for the budget year and shall constitute the official appropriations for the current year and the basis of the official levy of the property tax. Should the Council take no final action before the first (1st) day of the ensuing fiscal year, the amounts appropriated for the current fiscal year shall be deemed adopted on a month to month basis.

III. BASIS OF ACCOUNTING & BUDGETING

A. Accounting – The City of Kennedale finances shall be accounted for in accordance with generally accepted accounting principles as established by industry practice and applicable governing Accounting Standards Boards.

1) The financial transactions of the City of Kennedale are accounted for and recorded in individual funds. These funds account for revenues and expenditures according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Internal, Debt Service and Capital Project funds.

2) Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all material revenues are considered to be susceptible to accrual. A thirty-day availability period is used for revenue recognition for all governmental fund type revenues, to include fines and forfeitures. Expenditures are recognized when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which are recorded when due.

Compensated absences, claims, and judgments are recorded when the obligations are expected to be paid with current available financial resources.

3) The City of Kennedale does not utilize encumbrance accounting for operating use at year-end.

4) The Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. The budgets shall be prepared and adopted on a cash basis for all governmental funds and modified accrual basis for proprietary funds. The capital projects funds adopt project-length budgets at the time of their presentation. Annual appropriations lapse at fiscal year-end for operating and debt service funds.

IV. BUDGET ADMINISTRATION

A. All expenditures of the City of Kennedale shall be made in accordance with the annual budget. Budgetary control is maintained at the individual expenditure account level by each department head through the review of all requisitions.

B. The following represents the City of Kennedale budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Department Head and Director of Finance. Transfers between operating departments may occur with the approval of the City Manager's Office. Transfers between funds must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council. Should the City Council decide a budget amendment is necessary, the amendment is adopted in ordinance format, and the necessary budgetary changes are then made.

C. As a matter of course, continuous budget monitoring requires that deviations from expected amounts of revenue and/or expenditures be noted and estimates revised, if necessary, to avoid financial distress. Budget amendments are thus considered prudent financial management techniques and are deemed to fulfill the requirements of City Charter.

V. FINANCIAL REPORTING

A. Following the conclusion of the fiscal year, the Director of Finance shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by industry practice

and statements issued by the Governmental Accounting Standards Board (GASB). The document shall also satisfy all criteria of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

B. The CAFR shall show the status of the city's finances on the basis of generally accepted accounting principles (GAAP). The CAFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. In most cases, this reporting conforms to the way the city prepares its budget. Differences in format are acknowledged through reconciliations. Liabilities for post-employment benefits and compensated absences (accrued but unused sick and vacation leave) are not reflected in the budget, but are accounted for in the CAFR's government-wide financial statements. The government-wide financial statements modify the presentation of the governmental funds by presenting their results in the same manner as proprietary funds.

C. Included as part of the CAFR shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.

D. Each fiscal year, the Director of Finance will analyze accounts receivable balances and, if necessary, write off uncollectible accounts in accordance with applicable statutes after review by the City Manager or his designee.

E. The City Manager shall present a monthly financial report and such additional information as may be required by the City Council. Al income and expenses for the preceding month and for the year to date shall be shown and compared to the fiscal budget. These reports will be prepared by the Finance Department and distributed to and reviewed by each department head. Information obtained from financial reports and other operating reports is to be used by department heads to monitor and control the budget as authorized by the City Manager.

F. The auditor’s report on City’s financial statements shall be completed and submitted to the City Council within one hundred twenty (120) days after the City’s fiscal year end.

VI. REVENUES

A. To protect the City of Kennedale’s financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any particular revenue source.

1) 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.

2) The City will strive to understand its revenue sources and predict the reliability of revenue streams. City will enact consistent collection policies so that management may reasonably rely upon the certainty that revenues will materialize according to budgets, plans, and programs.

B. For every annual budget, the City of Kennedale shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the City's outstanding debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the General Debt Service fund. The operation and maintenance levy shall be accounted for in the General Fund.

1) The City of Kennedale will maintain a policy of levying the lowest tax rate on the broadest tax base. Mandated exemptions will be provided to home owners, senior citizens and disabled citizens. On an annual basis during the budget process, City Council will review the exemption for senior citizens and disabled persons with a goal to maintain a tax benefit of approximately 30% of the average home value.

2) Property shall be assessed at 100% of the fair market value as appraised by Tarrant Central Appraisal District. Reappraisal and reassessment will be done regularly as required by State law. A 99% collection rate on current assessments and a 1% collection rate on delinquent assessments and penalties will serve as "the goal" for tax collections.

C. The City of Kennedale will establish user charges and fees at a level that attempts to recover the full cost of providing the service.

1) User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.

2) The City will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, accuracy of water meters, etc.)

3) The City will strive to maintain equity in the revenue system structure. That is, the City will seek to minimize or eliminate all forms of subsidization among entities, funds, services, utilities, and customers.

D. The City of Kennedale will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and private agencies for the provision of public services or the construction of capital improvements. The City of Kennedale will consider market rates and charges levied by

other public and private organizations for similar services in establishing tax rates, fees and charges.

E. When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while considering known circumstances, which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

VII. OPERATING EXPENDITURES

A. Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:

1) Personnel
2) Supplies
3) Maintenance
4) Sundry
5) Debt
6) Transfers
7) Capital
8) Grants

B. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established quality and scope of city services.

C. The City of Kennedale will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

D. Personnel expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the City shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.

E. Supplies expenditures shall be sufficient for ensuring the optimal productivity of City employees.

F. Maintenance expenditures shall be sufficient for addressing the deterioration of the City's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.

G. Sundry expenditures include fees for attorneys, auditors, consultants and other services that require specialized expertise.

H. The City of Kennedale will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the City. The City will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the lowest possible cost.

I. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of City of Kennedale employees. New capital purchases shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

J. To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within fiscal parameters provided by the City Manager's Office.

K. All purchases shall be in accordance with City's Purchasing Policy and in accordance with State law.

L. All invoices will be paid within thirty (30) days of receipt in accordance with State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective. Payments will be processed in order to maximize the city's investable cash.

M. The City will pursue every opportunity to provide for the public's and City employees' safety. Health insurance coverage and property and casualty insurance coverage will be reviewed annually as to amount of coverage provided and cost effectiveness.

N. The City will maintain property, liability and workman's compensation coverage through participation in the Texas Municipal League's (TML) Intergovernmental Risk Pool. The Pool maintains reinsurance coverage to protect the Pool in the event of excessive losses.

XIII. DEBT EXPENDITURES

A. The City of Kennedale will issue debt only to fund capital projects, which cannot be supported by current, annual revenues.

B. The City will strive to maintain a bond coverage ratio of 1.50 times in the Water/Sewer Fund.

C. To minimize interest payments on issued debt, the City will maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding 20 years (i.e.,

the life of the bonds will not exceed the useful life of the projects financed). Retirement of debt principal will be structured to ensure constant annual debt payments.

D. The City of Kennedale will attempt to maintain unenhanced, underlying base bond ratings (prior to insurance) of A+ (Standard & Poor's) on its general obligation debt. The City shall continue to seek to enhance its credit quality by frequent contact and visits with the rating agencies and monitoring the current trends and guidance from the agencies.

E. When needed to minimize annual debt payments, the City of Kennedale will obtain insurance for new debt issues.

F. In order to minimize the impact of debt issuance on the property tax rate and to assist the City in meeting its arbitrage requirements, the City will consider the sequential sale of bonds for the purpose of financing capital projects.

G. The City will maintain procedures that comply with arbitrage rebate and other federal requirements. City will attempt, within legal bounds, to adopt strategies, which will minimize the arbitrage rebate of interest earnings on unspent bond proceeds it must pay to the federal government.

IX. CAPITAL EXPENDITURES

A. The City of Kennedale will develop a multi-year plan for capital projects, which identifies all projects likely to be constructed within a five year horizon. The multi-year plan will reflect for each project the likely source of funding and attempt to quantify the project's impact to future operating expenditures.

B. Capital projects will be constructed to:

a. Protect or improve the community's quality of life;

b. Protect or enhance the community's economic vitality;

c. Support new development; and/or

d. Provide significant rehabilitation of City infrastructure for sustained service.

C. Capital project expenditures will not be authorized by the City Council without identification and commitment of revenue sources sufficient to fund the improvement. Potential funding sources include, but are not limited to, reserve funds, debt issuances, matching fund revenues, user fees, grants, or reallocation of existing capital funds with the recognition that construction of previously authorized capital projects may be delayed or postponed.

D. Capital Improvement Planning and Programming shall include the following categories for the determination of funding for individual projects: design costs, right-of-way costs, utility construction/adjustment costs, construction costs, appropriate contingency funds, furnishings and equipment, and direct project administration services provided by City employees or outside forces.

E. Cost incurred for advanced planning of capital projects may be funded from reimbursement of appropriate debt or operating funds.

F. The City will intend to maintain adequate funding levels in the developer participation fund to ensure that no City obligation for participation goes unfunded for a period of more than one (1) year.

G. To minimize the issuance of debt, the City of Kennedale will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. "pay-as-you-go").

X. UTILITY CAPITAL EXPENDITURES

A. The City of Kennedale uses three funding sources for Utility Capital expenditures.

1) Utility rates are designed to provide for a depreciation reserve, which accumulates resources to replace or rehabilitate aging infrastructure.

2) The multi-year financial plan provides debt strategies to finance needed capital items.

3) Annual transfers may be made from utility operations to maintain adequate funding for capital items.

XI. FUND TRANSFERS

A. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

B. Fund transfers are used to pay for the following types of costs:

1) Administrative - Transfer from Water/Sewer Fund (Proprietary Fund) and Economic Development Corporation Fund (Component Unit) to reimburse the General Fund for recurring support costs, such as personnel, materials, etc.

2) Payment In Lieu Of Taxes (PILOT) – Transfer from Water/Sewer Fund (Proprietary Fund) to the Street Improvement Fund (General Fund) to pay franchise fees. These are otherwise known as right-of-way fees.

XII. FUND BALANCE

A. The annual budget shall be presented to Council, with each fund reflecting minimum ending fund balances as follows:

1)	General Fund	25% of Expenditures
2)	General Debt Service Fund	10% of Expenditures
3)	Water/Sewer Fund (Working Capital)	25% of Expenditures
4)	Water/Sewer Debt Service Fund	Compliance With Bond Covenants
5)	Economic Development Corporation Fund	25% of Expenditures

B. Fund balances, which exceed the minimum level established for each fund, may be appropriated for non-recurring capital projects or programs.

C. The City of Kennedale will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event that fund balance is appropriated for recurring operating expenditures to meet the needs of the community, the budget document shall include an explanation of the circumstances requiring the appropriation, and the methods to be used to arrest the future use of fund balance for operating expenditures.

D. For financial statement purposes, all governmental fund balances will be classified as follows:

1) Nonspendable - Amounts that cannot be spent; legally or contractually required to be maintained.

2) Restricted - Amounts that have external enforceable legal restrictions.

3) Committed - Amounts that can only be used for specific purposes as directed through formal action of the City Council. Amounts can only be changed or revoked through similar formal action of the Council.

4) Assigned - Amounts intended to be used for specific purposes as designated by management.

5) Unassigned - Remaining amounts that have not met the criteria for nonspendable, restricted, committed or assigned.

E. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

XIII. LONG-TERM FINANCIAL PLAN

The City of Kennedale will adopt the annual budget in the context of a long-term financial plan, or other multi-year budget analysis. The long-term financial plans will establish assumptions for revenues, expenditures and changes to fund balances over a five year horizon. The assumptions will be evaluated periodically as part of the budget development process.

XIV. CASH MANAGEMENT & INTERNAL CONTROLS

A. Written Procedures - The Director of Finance is responsible for developing written guidelines on accounting, cash handling, segregation of duties, and other financial matters, which will be approved by the City Manager. The Finance Department will assist department heads as needed in tailoring such guidelines to fit each department's requirements, as well as periodically review staffing and training to ensure adequacy.

B. Department Heads' Responsibility - Each department head is responsible to the City Manager to ensure that proper internal controls are followed throughout his or her department to safeguard City funds, that all guidelines on accounting and internal controls are implemented, and that all independent auditor control recommendations are addressed.

C. Cash – City cash shall be deposited on a daily basis in all instances. At no time shall cash be collected and warrant less frequent deposits.

D. Investments - The City's investment portfolio shall be managed in accordance with the Public Funds Investment Act and the City's Investment Policy. The timing and amount of cash needs and availability shall be systematically projected in order to maximize interest earnings from investments. As per state law, the Director of Finance will issue quarterly reports on investment activity to the City Council. Each report will be issued within thirty (30) days from the end of the quarter.

E. Fixed Assets and Inventory - Such assets will be reasonably safeguarded and properly accounted for and prudently insured. The fixed asset inventory will be updated regularly.

XV. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.

KENNEDALE
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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: REGULAR ITEMS - A.

I. Subject:
Consider approving the City Manager to execute an interlocal agreement for participation in the City of Fort Worth's Environmental Collection Center Household Hazardous Waste Program.

II. Originated by:

Amy Owens, Utility Billing Administrator

III. Summary:
This is an annually renewed agreement that allows Kennedale residents to drop off Household Hazardous Waste at Fort Worth's Environmental Collection Center at no cost to the resident.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	FW Contract	INTERLOCAL AGREEMENT KENNEDALE & FORT WORTH HOUSEHOLD HAZARDOUS WASTE PROGRAM.pdf

INTERLOCAL AGREEMENT FOR PARTICIPATION IN FORT WORTH'S ENVIRONMENTAL COLLECTION CENTER HOUSEHOLD HAZARDOUS WASTE PROGRAM FY2014

INTERLOCAL AGREEMENT FOR PARTICIPATION IN FORT WORTH'S
ENVIRONMENTAL COLLECTION CENTER
HOUSEHOLD HAZARDOUS WASTE PROGRAM

THIS AGREEMENT is entered into by and between the City of Fort Worth, Texas, a home-rule municipal corporation situated in Tarrant, Denton, Parker, and Wise Counties, Texas, hereinafter called "Fort Worth," acting by and through Fernando Costa, its duly authorized Assistant City Manager and the City of _____, hereinafter referred to as "Participating City" and located in _____ County, Texas acting herein by and through _____ its duly authorized _____.
(Name) (Title)

DELIVERY OF NOTICES

Any notices required to be given under this Agreement shall be delivered as follows:

If to Fort Worth:

Michael A. Gange, Assistant Director
TPW – Environmental Management Division
City of Fort Worth
1000 Throckmorton
Fort Worth, Texas 76102

If to Participating City:

_____

_____

_____

_____

OPERATIONAL CONTACTS

Participating City's Operational Contact Persons:

Designated person is: _____ telephone number: _____
Mobile phone number (24-hour) where he or she can be reached: _____
Email Address: _____

Alternate person is _____ telephone number: _____
Mobile phone number (24-hour) where he or she can be reached: _____
Email Address: _____

VOUCHER UTILIZATION

The Participating City:

_____ DOES wish to use a voucher system for its residents visiting the ECC or a mobile event.

_____ DOES NOT wish to use a voucher system for its residents visiting the ECC or a mobile event.

If a voucher system will be used only residents with an official voucher provided by Participating City will be allowed to drop wastes off at the ECC or at mobile events in Participating City. **A copy of the official voucher must be attached to this agreement.**

INVOICE DELIVERY

Invoices to Participating City shall be delivered to:

_____
Name

_____
Department (if applicable)

_____
Street Address or PO Box

_____
City, State, ZIP

_____
email address for billing questions and correspondence

Participating City shall notify Fort Worth in writing if the above contact information changes during the term of this Agreement.

Remainder of this page intentionally left blank

WITNESSETH

WHEREAS, Texas Government Code, Chapter 791, authorizes the formulation of interlocal cooperation agreements between and among local governments; and

WHEREAS, Texas Government Code, §791.011 provides that a local government may contract with another local government to perform governmental functions and services, and §791.003(3)(H) defines waste disposal as a governmental function and service; and

WHEREAS, Texas Government Code, §791.025 provides that a local government may agree with another local government to purchase services; and

WHEREAS, Fort Worth and Participating City desire to enter into an interlocal agreement whereby Fort Worth will purchase the services of a waste disposal/recycling firm or firms and will administer a household hazardous waste collection program; and

WHEREAS, Fort Worth and Participating City mutually desire to be subject to the provisions of Texas Government Code, Chapter 791, also known as the Interlocal Cooperation Act.

NOW THEREFORE, it is agreed as follows:

1.
DEFINITIONS

A. Unless a provision in this Agreement explicitly states otherwise, the following terms and phrases, as used in this Agreement, shall have the meanings hereinafter designated.

Act of God means an act occasioned by the direct, immediate, and exclusive operation of the forces of nature, uncontrolled or uninfluenced by the power of humans and without human intervention.

Bill of Lading lists the contents of the mobile collection unit.

Environmental Collection Center (ECC) means the City of Fort Worth TPW-Environmental Management Division facility located at 6400 Bridge Street, Fort Worth, Texas, which is to be used by Fort Worth for the aggregation of household hazardous wastes that have been brought to the facility by participating cities' households for subsequent recycling, disposal, and/or reuse.

Environmental damages means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or un-matured, foreseeable or unforeseeable, including without limitation reasonable attorney's fees and disbursements and consultant's fees, any of which are incurred subsequent to the execution of this Agreement as a result of the handling, collection, transportation, storage, disposal, treatment, recovery, and/or reuse of waste pursuant to this Agreement, or the existence of a violation of environmental requirements pertaining to same, and including without limitation:

(a) Damages for personal injury and death, or injury to property or natural resources;

(b) Fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such wastes or violation of environmental requirements including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, or otherwise expended in connection with the existence of such wastes or violations of environmental requirements, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this Agreement or collecting any sums due hereunder; and

(c) Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph (b) herein.

Environmental requirements means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states, and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including without limitation:

(a) All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of hazardous materials, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, storm water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

(b) All requirements pertaining to the protection of the health and safety of employees or the public.

Force majeure means decrees of or restraints by a governmental instrumentality other than the Parties, acts of God, work stoppages due to labor disputes or strikes, failure of Fort Worth's contractor(s) to perform pursuant to their agreements with Fort Worth for the conduct of the collection of household hazardous waste, fires, explosions, epidemics, floods, extreme weather, riots, war, rebellion, and sabotage.

Household hazardous waste (HHW) means any solid waste generated in a household by a consumer which, except for the exclusion provided for in 40 CFR § 261.4(b)(1), would be classified as a hazardous waste under 40 CFR Part 261.

Manifest means the uniform hazardous waste manifest form(s) that must accompany shipments of municipal hazardous waste or Class 1 industrial solid waste.

Mobile collection event means a household hazardous waste collection event by Participating City utilizing a mobile collection unit.

Mobile Collection Unit (MCU) means a non-self-propelled vehicle used for the periodic collection of household hazardous waste by Participating City, off-site of the ECC, which is transported to the ECC to dispose of the household hazardous waste collected at the mobile collection event. Mobile Collection Units owned by Fort Worth are designed to hold the hazardous waste of approximately 50 to 75 households.

Participating City means the municipality which has entered into this agreement with the City of Fort Worth.

Participating Entities, when used in the plural, means Fort Worth, Participating City, and all other entities which have entered into interlocal agreements with Fort Worth for the ECC household hazardous waste collection program.

Person means an individual, corporation, organization, government, or governmental subdivision or agency, business trust, partnership, association, or any other legal entity.

Waste has the same meaning as "solid waste" as that term is defined in Texas Health and Safety Code §361.003, and including hazardous substances.

B. Unless a provision in this Agreement explicitly states otherwise, the following abbreviations, as used in this Agreement, shall have the meanings hereinafter designated.

CERCLA - Comprehensive Environmental Response, Compensation, and Liability Act, its amendments, associated case law, and state counterparts.

CPR - cardiopulmonary resuscitation.

DOT - United States Department of Transportation.

ECC – Fort Worth Environmental Collection Center.

EPA - United States Environmental Protection Agency.

HAZCAT - hazardous categorization.

HAZWOPER - hazardous waste operations and emergency response and the training, certification, and legal requirements associated therewith.

HM - hazardous materials.

HHW - household hazardous waste.

MCU - Mobile Collection Unit.

TCEQ – Texas Commission on Environmental Quality.

2.
PURPOSE

The purpose of this interlocal agreement (hereafter "Agreement") is the provision of services by Fort Worth to Participating City whereby, subject to the terms and conditions specified below, Fort Worth will administer and supervise a regional household hazardous waste collection program, which will be available to households within Participating City as described herein.

3.
TERM

This Agreement shall be effective from October 1, 2013 or the date the last party has signed this Agreement, whichever is later, through September 30, 2014; however, the duties and responsibilities of the Parties for events which occurred during the term of the contract shall survive. If Participating City has mobile collection events scheduled during the months of October through December 2014 and this Agreement has not been renewed by the end of the regular term, this agreement shall be extended on a month to month basis until the mobile collection events have been completed or cancelled by Participating City.

In addition, this agreement may be extended by the duly authorized, mutual, and written agreement of the parties for up to three (3) additional one-year terms..

4.
SERVICES OF FORT WORTH

Fort Worth agrees to perform the following services for Participating City in connection with the ECC household hazardous waste collection program:

A. Fort Worth will administer a regional household hazardous waste collection program. This program will include the operation of the Environmental Collection Center, which will accept for disposal and/or recycling household hazardous waste from households located within Participating City. Fort Worth shall not accept compressed flammable gas containers; radioactive materials; explosives or potentially shock sensitive materials; biological, etiologic, or infectious materials; wastes from businesses; or any other wastes that Fort Worth has determined are unacceptable.

B. Fort Worth will employ or retain personnel to provide the services necessary to perform Fort Worth's obligations in this Agreement.

C. Fort Worth will enter into a contract(s) with a waste disposal/recycling firm(s) for the handling, collection, transportation, storage, disposal, treatment, recovery, and/or reuse of household hazardous waste that is collected at the ECC or during mobile collection events.

D. Fort Worth will, if requested in writing by Participating City, provide Participating City with copies of waste manifests for shipments of waste from the ECC.

E. Fort Worth will, if requested in writing by Participating City, provide Participating City a monthly report of the Participating City's households who disposed of household hazardous waste at the Environmental Collection Center or a mobile collection event.

F. Fort Worth will issue a report and an invoice at the end of each quarter detailing the number of Participating City's households that disposed of household hazardous waste at the Environmental Collection Center or at mobile collection events.

G. Fort Worth will act under this Agreement in accordance with all applicable state and federal laws.

H. Mobile Collection Events

Participating City may schedule a mobile collection event to be operated by Fort Worth personnel using one of Fort Worth's MCUs or conduct their own mobile collection events using either Participating City's MCU or Fort Worth's Reserve MCU (as available). State regulations require notification to the Texas Commission on Environmental Quality (TCEQ) at least 45 days prior to conducting the event.

1. Fort Worth Operated Events:

If Participating City would like to schedule a mobile collection event with the Fort Worth Mobile Collection Unit, Participating City shall contact the ECC as soon as possible for a list of available dates. The time and location shall be agreeable to both parties. Participating City may schedule one mobile collection event each contract year. Fort Worth will file notification of the event with TCEQ as required by 30 TAC §335.403.

(a) Scheduling Events

Fort Worth will begin scheduling mobile collection events for the 2014 calendar year on January 2, 2014. To ensure proper notification to TCEQ, events must be scheduled at least sixty (60) days ahead of the proposed date. Participating City acknowledges that Fort Worth contracts with other municipalities and that Fort Worth will be accommodating each Participating City's request on a first come first served basis. Therefore, Participating City acknowledges that its chosen date to schedule a mobile collection event may be reserved by another city and Participating City will have to then choose another date. Participating City will, in no event, be entitled to any damages or recovery of any costs, except as provided herein.

(b) Location

If Participating City chooses to hold the Mobile Collection Event on private property, Participating City shall obtain a signed waiver from the owner of the property sixty (60) days prior to the event. The waiver shall be in the form of Exhibit B or similar form approved by Fort Worth. The signed waiver must be sent to Fort Worth sixty (60) days before the Mobile Collection Event. If the signed waiver is not sent to Fort Worth sixty (60) days before the Mobile Collection Event, Fort Worth will not send the Fort Worth Mobile Collection Unit to the event and Participating City will, in no event, be entitled to any damages or recovery of any costs, except as provided herein. All events must be held on an impervious surface.

(c) At the Mobile Collection Event, Participating City acknowledges and agrees that Fort Worth shall accept household hazardous waste from the first 50 households that show proof of residency at the Mobile Collection Event. After the first 50 households, Fort Worth will determine in its sole discretion how much more waste it can accept for proper transport back

to the ECC. If more households arrive at the event than Fort Worth can accept, Participating City will in no event be entitled to any damages or recovery of any costs, except as provided herein.

(d) Due to the lack of storage space at the ECC, Participating City acknowledges and agrees that if it requests the Fort Worth Mobile Collection Unit at a mobile collection event, a Participating City's MCU shall not also be at the event.

(e) Fort Worth, in its sole discretion, will determine whether to send the Fort Worth Mobile Collection Unit to Participating City's Collection Event during adverse weather, the threat of adverse weather, or other hazardous conditions including but not limited to sleet, snow, rain, mist or hail. In the event Fort Worth determines not to send the Fort Worth Mobile Collection Unit, Fort Worth shall attempt to notify persons listed herein as an "Operational Contact" by the Participating City and shall attempt to send a Fort Worth employee to the Participating City's event to tell any residents that come to dispose of household hazardous waste that the Fort Worth Mobile Collection Unit will not be coming to the event, but the resident can go to the ECC to dispose of the waste. A map with directions to the ECC also will be provided.

2. Participating City Mobile Collection Unit:

(a) Fort Worth agrees to accept household hazardous waste from mobile collection events conducted by Participating City using Participating City's MCU in accordance with the terms of this Agreement.

(b) Fort Worth agrees to restock the items it removes from Participating City's MCU, however, Fort Worth shall only restock items listed in Exhibit "A", attached and incorporated herein as if set forth.

3 <u>Loan of the Reserve Mobile Collection Unit</u>

The reserve MCU is a specially designed and equipped thirty-six (36) foot gooseneck box-trailer and one (1) ton pickup owned by Fort Worth. Participating City may request the loan of Fort Worth's Reserve MCU free of charge for use in a Household Hazardous Waste collection event when available. Participating City may use the Reserve MCU to transport HHW to Fort Worth's ECC or another collection center that may lawfully receive HHW. Participating City shall provide Fort Worth with a written request, facsimile or e-mail at least sixty (60) days prior to the event date for which the request is made. Fort Worth shall have sole determination whether the Reserve MCU is available for use by Participating City and shall notify Participating City as soon as is reasonably practicable of such decision. Fort Worth shall not participate in nor be responsible for any part of the Participating City's HHW Collection Event unless and except by written mutual agreement.

(a) Fort Worth shall disclose any known problems the Reserve MCU may have in performing the tasks necessary for the HHW Collection Event. Prior to issuance of the Reserve MCU, a pre-trip inspection for potential maintenance problems will be preformed by Fort Worth. Also, both parties

will complete a pre-trip aesthetic assessment. Participating City shall be responsible for all certifications and insurance necessary for the proper operation of the Reserve MCU.

(b) Participating City agrees to maintain and return the Reserve MCU in as good condition as it was in when Participating City took possession for use. Participating City shall return the Reserve MCU to Fort Worth in a timely manner and as mutually agreed upon.

(c) Participating City shall be responsible for all property damage, personal injury or death caused by Participating City's employees, volunteers, contractors, or agents and arising out of the use of the Reserve MCU during the term of this Agreement.

(d) It is expressly understood and agreed that, in the execution of this Agreement, neither of the parties waives, nor shall be deemed hereby to waive, any immunity or defense that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement the parties do not intend to create any obligations, expressed or implied, other than those set forth herein and this Agreement shall not create any rights in parties not signatories hereto.

5.
DUTIES OF PARTICIPATING CITY

Participating City agrees to perform the following duties in connection with the household hazardous waste collection program:

A. Participating City will designate one of its employees, and another as an alternate, to act as its household hazardous waste collection Operational Contact to interact with Fort Worth as designated on the signature page to this contract.

B. Participating City will coordinate and fund all program advertising targeted to its own citizens, as it deems necessary. Such advertising shall include the type of wastes that will be accepted at the ECC, the requirement of proof of residency, and weather cancellation information.

C. Participating City shall notify its residents of the ECC hours of operation and dates it is closed as provided in Section 9 "The Environmental Collection Center Hours of Operation."

D. Participating City may choose to utilize a voucher system for its residents in order for them to bring HHW to the ECC. If Participating City chooses to use such a system, it shall designate so herein and include a copy of the official voucher. In addition, if a citizen from a Participating City that utilizes a voucher system comes to the ECC or a mobile collection event without a voucher, Participating City acknowledges and agrees that Fort Worth will not accept the household hazardous waste until Participating City authorizes the acceptance in writing.

E. Participating City may submit a written request for a monthly report listing the number of its city's households that have disposed of household hazardous waste at the ECC or a mobile collection event.

F. Participating City shall provide traffic control and signage for the mobile collection event, and shall provide personnel to assist Fort Worth with the offloading of material, surveys, and screening of persons dropping off household hazardous waste. Prior to the event, the parties shall agree upon the details of the traffic control, signage, and personnel assistance.

G. If a Participating City resident presents waste that was collected from multiple households, Fort Worth reserves the right to charge the Participating City based on the total number of households from which the waste originated even if the resident has only one voucher.

H. Participating City shall provide a means for disposing of solid waste (e.g. boxes, trash, containers) on site during a mobile collection event.

I. Mobile Collection Events using Participating City's MCU or Reserve MCU

1. Participating City is responsible for proper notification to TCEQ as required by 30 TAC §335.403.

2. Participating City shall advise the ECC at least 72 hours in advance of its mobile collection events. Participating City shall collect only HHW during a mobile collection event. Wastes from commercial, agricultural, and industrial sources shall not be accepted. Participating City shall not accept compressed flammable gas containers; radioactive materials; explosives or potentially shock sensitive materials; biological, etiologic, or infectious materials; or any other wastes that Fort Worth has determined are unacceptable.

3. In accordance with the latest DOT requirements, Participating City's MCU operators will properly categorize, package, mark, label, and load into the MCU, all wastes received at the mobile collection event. Recyclable products (used oil, used oil filters, latex paint, recyclable anti-freeze, lead-acid batteries, and fluorescent lights) will be segregated into containers for recyclables.

4. After accepting wastes, Participating City's MCU operators shall thoroughly check each container for proper labeling and identification. If a container is properly identified, the material will be segregated according to hazard class and prepared for packaging. If a container does not have adequate labeling to permit identification, the MCU operators shall then attempt to identify the material from its physical characteristics using HAZCAT analysis and from information provided by the household presenting the waste.

5. The Participating City's MCU operators shall package all hazardous materials in accordance with United States Department of Transportation (DOT) requirements, United States Environmental Protection Agency (EPA) requirements, and all other applicable federal and state requirements. After all the wastes have been properly identified and segregated, the MCU operators will reexamine the wastes for compatibility, list them on the container content sheets,

and pack them into drums. Oil-based paints and latex paints shall be bulked separately in 55-gallon drums, or if the paint is left in its container, the paint can be packed in a lined cubic yard box, and packed and labeled according to federal and state regulations. Participating City shall not transport waste that is not HHW to the ECC. Participating City agrees to make its own arrangements to dispose of any non-HHW waste collected at the event.

6. Prior to transporting the HHW from the collection event site, Participating City's MCU operators shall complete a Bill of Lading, and shall keep the Bill of Lading in the cab of the truck hauling the MCU during transportation of the HHW to the ECC. Participating City shall require that a minimum of one copy of the latest North American Emergency Response Guidebook be kept within the cab of the truck.

7. During transportation, Participating City's MCU operators shall placard the MCU for transportation of hazardous waste in accordance with federal and state law.

8. Upon the return of the MCU to the ECC, Participating City's MCU operators shall follow the instructions of Fort Worth regarding the placement of the MCU for unloading. Fort Worth shall take possession of the MCU from Participating City after the MCU has been properly parked for unloading in accordance with Fort Worth's instructions and all required documents have been delivered to the ECC manager or his designee at the ECC. Fort Worth shall, within a reasonable amount of time, unload the HHW from the Participating City's MCU and store the unit at the ECC. After being contacted, Participating City shall pickup their unit within 10 days.

9. If Fort Worth, in its sole discretion, determines that Participating City's MCU operators improperly packaged any of the HHW delivered to the ECC, Fort Worth shall repackage such waste, and Participating City shall reimburse Fort Worth as set forth herein.

10. If a spill emanating from the Participating City's MCU or the Reserve MCU occurs at the ECC while the MCU is still in Participating City's possession, Fort Worth shall take control of the spill response and Participating City will reimburse Fort Worth for its response costs as set forth herein.

6.
USE OF WASTE DISPOSAL/RECYCLING FIRMS FOR HOUSEHOLD HAZARDOUS WASTE

A. Fort Worth will enter into a contract(s) with a waste disposal/recycling firm(s) for the handling, collection, transportation, storage, disposal, treatment, recovery, and/or reuse of household hazardous waste, from the ECC.

B. Such firm(s) shall be required pursuant to the contract(s) to assume generator status for the waste collected, (excluding used oil, lead-acid batteries and antifreeze) to choose a disposal site for the waste subject to Fort Worth's approval, and to indemnify Fort Worth and participating cities against any and all environmental damages and the violation of any and all environmental requirements resulting from the handling, collection, transportation, storage, disposal, treatment, recovery, and/or recycling of waste collected pursuant to this agreement, when said environmental damages or the violation of said

environmental requirements was the result of any act or omission of contractor, its officers, agents, employees, or subcontractors, or the joint act or omission of contractor, its officers, agents, employees, or subcontractors and any other person or entity.

C. **THE PARTIES RECOGNIZE THAT ALTHOUGH THE FIRM (S) WILL BE REQUIRED TO ASSUME GENERATOR STATUS, THIS ASSUMPTION WILL NOT RELIEVE PARTICIPATING CITY OF LIABILITY FOR THE WASTE UNDER FEDERAL LAW AND STATE LAW.** Fort Worth will arrange for recycling vendors for used oil, batteries, antifreeze, and other materials, as it deems appropriate.

7.
REUSE OF COLLECTED MATERIALS

A. From time-to-time Fort Worth will make available to residents and businesses of Fort Worth, as well as, Participating City and residents and businesses of Participating City for their use, collected household hazardous waste materials that are suitable for reuse, such as paint, fertilizer, motor oil, and antifreeze. Fort Worth shall not charge for any materials that are picked up for reuse.

B. Some materials made available for reuse may have been consolidated and filtered by Fort Worth prior to being made available. Used antifreeze will have been consolidated in a barrel, filtered, and pH balanced, and new antifreeze may have been added to the barrel.

C. In regards to materials accepted by Participating City, its employees, residents, or any other person **FORT WORTH MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTIES THAT**:

1. the container contents are what the label indicates;

2. the container contents are those originally placed into the container by the manufacturer;

3. the product is of the quality intended for its use;

4. the contents of the container have been stored properly;

5. the instructions on the container label for use, storage, and first aid are current or correct;

6. the container is in unimpaired condition;

7. the product is still approved for use (i.e., it has not been banned or recalled); and

8. the product can be used without risk to persons, property or the environment.

FURTHERMORE, ALL WARRANTIES, EXPRESS AND IMPLIED, ARE SPECIFICALLY DENIED. PARTICIPATING CITY SHALL NOTIFY RECIPIENTS OF THESE TERMS AND CONDITIONS.

D. Participating City shall contact the ECC manager to arrange a pickup time to obtain materials. Participating City agrees that it shall not return to Fort Worth, directly or indirectly, any materials it obtains from Fort Worth under this paragraph.

E. **INDEMINIFICATION REGARDING REUSED OR RECYCLED MATERIALS.**

1. IN REGARDS TO REUSED OR RECYCLED MATERIALS ACCEPTED BY PARTICIPATING CITY, PARTICIPATING CITY DOES HEREBY WAIVE ALL CLAIMS, INCLUDING PRODUCTS LIABILITY CLAIMS, AND RELEASES, AND HOLDS HARMLESS THE CITY OF FORT WORTH, AND ALL OF ITS OFFICIALS, OFFICERS, EMPLOYEES, AGENTS, AND VOLUNTEERS, IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM ANY AND ALL LIABILITY, CLAIMS, SUITS, DEMANDS, EXPENSES OF LITIGATION, OR CAUSES OF ACTION WHICH MAY ARISE BY REASON OF INJURY TO PERSONS, LOSS OF PROPERTY, DAMAGE TO PROPERTY, OR LOSS OF USE OF ANY PROPERTY , OCCASIONED BY THE TRANSPORTATION, STORAGE, HANDLING, USE, AND DISPOSAL BY PARTICIPATING CITY OF ANY MATERIALS ACCEPTED BY PARTICIPATING CITY UNDER THIS AGREEMENT FROM FORT WORTH.

2. IF THE PARTICIPATING CITY DOES NOT AGREE TO THE INDEMNIFICATION AND WAIVER IN PARAGRAPH E ABOVE, THEN THE PARTICIPATING CITY SHALL NOT ACCEPT, NOR ALLOW ANY OTHER PERSON TO ACCEPT ANY OF THE REUSED OR RECYCLED MATERIALS AND SHALL NOT BE REQUIRED TO AGREE TO THE WAIVER IN PARAGRAPH E. Initial here to reject term 7.E.1. and accept alternate term 7.E.2. _____.

F. In regards to materials accepted by residents or businesses of Participating Cities, FORT WORTH MAKES NO REPRESENTATIONS, WARRANTIES OR GUARANTIES THAT**:**

1. the container contents are what the label indicates;

2. the container contents are those originally placed into the container by the manufacturer;

3. the product is of the quality intended for its use;

4. the contents of the container have been stored properly;

5. the instructions on the container label for use, storage, and first aid are current or correct;

6. the container is in unimpaired condition;

7. the product is still approved for use (i.e., it has not been banned or recalled); and

8. the product can be used without risk to persons, property or the environment.

FURTHERMORE, ALL WARRANTIES, EXPRESS AND IMPLIED, ARE SPECIFICALLY DENIED.

G. Participating City shall attempt to inform its residents and businesses that if they go to the Environmental Collection Center to pick up household hazardous waste for reuse, a release of liability must be signed to accept the household hazardous waste for reuse.

8.
RIGHT TO REFUSE WASTE

Participating City agrees that Fort Worth shall have the right to refuse to accept waste at the ECC from Participating City or Participating City's resident, if in the reasonable judgment of Fort Worth:

A. The waste is not household hazardous waste;

B. The waste fails to meet other established criteria established by this Agreement, or that have been established by Fort Worth subsequent to the execution of the Agreement;

C. The individual does not have sufficient identification to establish that he/she is in fact a resident of Participating City;

D. Participating City has implemented a voucher system for its residents to dispose of waste, and the individual does not have a valid voucher; or

E. The waste or the individual presents a hazard to the ECC or to persons or property at the ECC.

9.
ENVIRONMENTAL COLLECTION CENTER HOURS AND DAYS OF OPERATION

A. Hours of Operation

During the term of the Agreement, the ECC's hours of operation are as follows:
Thursday and Friday 11:00 a.m. -- 7:00 p.m.
Saturday 9:00 a.m. -- 3:00 p.m.

B. Days the Environmental Collection Center will be closed

During the term of the agreement, the ECC will be closed on the following holidays that are observed on days the ECC would otherwise be open to the public:

Thanksgiving Holiday, Thursday and Friday, November 28-29, 2013
Independence Day, Friday, July 4, 2014

In addition to the above closures Fort Worth employees will not be available to conduct mobile collection events on May 24, 2014 and August 30, 2014 although the ECC will remain open on those days. The ECC may close due to furlough days or other causes, and the City of Fort Worth does not represent to Participating City that the ECC will be open on any particular days. If additional closures due to any cause are necessary Fort Worth will notify Participating City prior to the closure unless due to an unforeseeable event.

C. Notifying Residents

Participating City agrees to notify its residents of the ECC's hours of operation and dates it will be closed. Participating City also may advertise the 24-hour Environmental Collection Center telephone number: (817) 871-5257.

10.
COMPENSATION

As fair compensation for the services provided by Fort Worth pursuant to this Agreement:

A. Participating City agrees to pay Fort Worth the sum of **$47.00** per household per visit to the ECC (or per participating household in a Mobile Collection Event) to dispose of household hazardous waste. If a Participating City resident presents waste that was collected from multiple households, Fort Worth reserves the right to charge the Participating City based on the total number of households from which the waste originated.

B. If Fort Worth determines that Participating City's MCU operators improperly packaged any of the HHW delivered to the ECC, Fort Worth shall repackage such waste, and Participating City shall reimburse Fort Worth for its staff time at $20.00 an hour and the cost of supplies.

C. If a spill emanating from the Participating City’s MCU or the Reserve MCU occurs at the ECC while the MCU is still in Participating City's possession, Fort Worth shall take control of the spill response and Participating City will reimburse Fort Worth for its response costs for City staff time ($60.00 per hour) plus the cost of supplies and the actual costs for the spill response and remediation incurred by the City of Fort Worth for third party contractors and responding governmental agencies.

D. The amount due to Fort Worth for services provided under this Section, Paragraphs A, B, and C, shall be billed to Participating City quarterly. Participating City shall pay Fort Worth within 30 days of receiving a bill from Fort Worth. If Fort Worth does not receive payment within 30 days, Fort Worth shall inform Participating City in writing that it will not accept any household hazardous waste from Participating City's residents and that Fort Worth will not participate in a mobile collection event or provide a mobile collection unit until paid.

E. At the end of the term of this Agreement, Fort Worth shall provide a final accounting to Participating City, which will include the total number of Participating City's households which participated in the program, repackaging fees, if any, and the total cost of spill response charged to Participating City, if any.

F. Pursuant to the requirements of Government Code §791.011 (a)(3), the amount due to Fort Worth under Subparagraph D. above shall be paid from revenues currently available to Participating City in the present fiscal year.

11.
ARTWORK, "CAPTAIN CRUD AND THE CRUDDIES," AND PROMOTIONAL MATERIALS LICENSE AGREEMENT

Fort Worth is the owner of **"Captain Crud"** and the Cruddies (**"Bloomer," "Otto," "Pestie, "Scrub,"** and **"Van Goo"**) and the recycling buddies **(“Scrappy,” “Juggles,”** and **“Cana Nana”**) **"Conquer Your Crud,"** and **"Crud Cruiser"**, and therefore all ownership rights belong

to Fort Worth. Fort Worth has registered these marks as service marks with the Secretary of State.

A. Fort Worth hereby grants to Participating City a non-transferable, non-exclusive license to use all the artwork and promotional materials that may be provided by Fort Worth to be used solely in the conduct of the business of Participating City's disposal and recycling of household hazardous waste programs. If Participating City wishes to use to Licensed Art and/or Promotional Materials in other limited situations, Participating City must first obtain express written consent from Fort Worth.

B. Fort Worth may provide licensed Artwork and Promotional Materials to Participating City pursuant to the terms of this Agreement. Participating City acknowledges that by virtue of this License, Participating City acquires only the right to use the original and permitted duplicate copies of the Licensed Artwork and Promotional Materials and does not acquire any rights of ownership in the Licensed Artwork and Promotional Materials, which rights shall remain exclusively with Fort Worth. If Participating City wants to modify or change the artwork and/or promotional materials in any manner, Participating City hereby agrees to contact Fort Worth in writing to obtain written consent before modifying or changing any artwork and/or promotional materials.

C. If Participating City desires an actor to portray "Captain Crud" for an event, Participating City shall use actors approved by Fort Worth to portray "Captain Crud" since "Captain Crud" is owned by Fort Worth. Participating City shall be solely responsible for compensating actor for the services provided to Participating City. Participating City will contact Fort Worth as soon as possible with the date and time of the event agreeable to both parties to obtain approval for the chosen actor and to request and pickup the "Captain Crud" costume for its events. Fort Worth will provide the "Captain Crud" costume. However, Participating City agrees to be liable to Fort Worth for any damage to the costume or if Participating City fails to return the entire costume to Fort Worth or if the costume is not returned in the same condition as received.

12.
IMMUNITY

It is expressly understood and agreed that, in the execution of this Agreement, none of the Participating Cities waives, nor shall be hereby deemed to waive, any immunity or defense that would otherwise be available to it against claims arising in the exercise of governmental powers and functions, and that the services described in this Agreement are a governmental function.

13.
FORCE MAJEURE

A delay or failure of Fort Worth to perform services pursuant to this Agreement shall be excused to the extent that the delay or failure to perform resulted from a force majeure event, and the delay or failure was beyond the control of Fort Worth and not due to its fault or negligence. Participating City shall not have, and hereby waives, any claim whatever for any damages resulting from delays or failure to perform caused by a force majeure event.

14.
TERMINATION

The parties shall each have the right to terminate the Agreement for any reason, with or without cause, upon thirty (30) days written notice to the other party. Upon termination, the parties shall be released from all contractual obligations to the other party excluding “USE OF WASTE DISPOSAL/RECYCLING FIRMS FOR HOUSEHOLD HAZARDOUS WASTE” “REUSE OF COLLECTED MATERIALS” and "ARTWORK, "CAPTAIN CRUD AND THE CRUDDIES," AND “PROMOTIONAL MATERIALS LICENSE AGREEMENT” and any terms and conditions arising from events occurring during the term of the contract .

15.
ENTIRETY

This Agreement contains all commitments and Agreements of the parties hereto, and no other oral or written commitments shall have any force or effect if not contained herein, except that this Agreement can be amended or modified by the parties if such amendment or modification is in writing and signed by Participating City and Fort Worth.

16.
SEVERABILITY

In the event anyone or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had never been contained herein.

17.
VENUE

Should any action, real or asserted, at law or in equity, arise out of the terms and conditions of this Agreement, venue for said action shall be in Tarrant County, Texas.

18.
AUTHORITY

This Agreement is made for Fort Worth and Participating City as an Interlocal Agreement, pursuant to Texas Government Code, Chapter 791.

19.
AUTHORIZATION

The undersigned officers and/or agents of the parties hereto are properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions extending such authority have been duly passed and are now in full force and effect.

SIGNATURE PAGE
INTERLOCAL AGREEMENT FOR PARTICIPATION IN FORT WORTH'S
ENVIRONMENTAL COLLECTION CENTER, HOUSEHOLD HAZARDOUS WASTE PROGRAM

CITY OF FORT WORTH

By:

_____
Fernando Costa
Assistant City Manager
Date: _____

CITY OF _____

By:

_____
Printed name: _____
Title: _____
Date: _____

APPROVED AS TO FORM
AND LEGALITY:

_____
Arthur N. Bashor
Assistant City Attorney

APPROVED AS TO FORM
AND LEGALITY:

_____
City Attorney / Assistant City Attorney

ATTEST:

_____
Mary J. Kayser
City Secretary

ATTEST:

_____
City Secretary

_____
Contract Authorization

_____
Date

Exhibit "A"

RESTOCKING LIST FOR THE MOBILE COLLECTION UNIT

Material	Amount Restocked	Special Needs	Remarks
55 gallon open top drums (open top for loose packs)	Amount taken off the trailer		
55 gallon drums (closed top) (oil, antifreeze, bulk flammable materials and one extra)	Amount taken off the trailer		
Fiber drums (55 or 30 gallon) Aerosols, acids, bases and oxidizers)	Amount taken off the trailer		
Gaylord box liners (plastic)	Amount taken off the trailer		
55 gallon drum liners	Amount taken off the trailer		
5 gallon buckets (filters/haz chemicals)	Amount taken off the trailer		
Survey Forms	Amount taken off the trailer		
Labels/drum placard	Amount taken off the trailer		
Gaylord boxes	Amount taken off the trailer		
Absorbent pads	Amount taken off the trailer		
Vermiculite	Amount taken off the trailer		
Oil dry	Amount taken off the trailer		
Promotional Materials & Brochures	Amount needed		

Exhibit "B"

WAIVER AND RELEASE OF LIABILITY FOR COLLECTION OF HOUSEHOLD HAZARDOUS WASTE

I being the owner of property located at _____ have been asked by the City of _____ to allow a mobile collection event on my property to collect household hazardous waste on the _____, 20___. I hereby give my permission to the City of _____ and the City of Fort Worth, to hold a household hazardous waste collection event on my property in which the City of _____ has asked the City of Fort Worth to send its mobile collection unit to collect the household hazardous waste that is brought to the event.

Therefore, I hereby RELEASE, DISCHARGE, HOLD HARMLESS, INDEMNIFY the City of Fort Worth or its officers, agents, and employees and the City of _____ and its officers, agents, and/or employees for any and all claims, demands, liability, causes of action, actions or suits of any character that I may have against the City of Fort Worth or its officers, agents, and/or employees and the City of _____ or its officers, agents, and/or employees for any property loss or damage, for any and all personal injury including death or any other damage of any kind or character which may arises or that arises from allowing the City of _____ to hold a household hazardous waste collection event, in which the City of Fort Worth sends its mobile collection unit on my property.

I have read this Waiver and Release and fully understand its terms and conditions. I have not been influenced in any extent whatsoever by any representation or statements not contained in this Agreement.

_____ _____

Signature Date

_____ _____

Witness Date

KENNEDALE
You're Here, Your Home
www.cityofkennedale.com

Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: REGULAR ITEMS - B.

I. Subject:
Consider approval of Ordinance 534, regarding a negotiated resolution between the Atmos Cities Steering Committee and Atmos Energy Corporation., Mid-Tex Division and the company's 2013 annual rate review mechanism filing.

II. Originated by:

Bob Hart, City Manager

III. Summary:

The City, along with approximately 164 other cities served by Atmos Energy Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). On or about July 15, 2013, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff renewed by the City in 2013 as a continuation and refinement of the previous RRM rate review process. This is the first annual RRM filing under the renewed RRM tariff.

The Atmos Mid-Tex RRM filing sought a $22.7 million rate increase system-wide based on an alleged test-year cost of service revenue deficiency of $25.7 million. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's RRM filing.

The Ordinance resolves the Company's RRM filing by authorizing additional revenues to the Company of $16.6 million system-wide. For purposes of comparison, this negotiated result is about $11 million *less* than what ACSC's consultants calculated that Atmos would have been entitled to if Atmos had filed a case under the Gas Reliability Infrastructure Program ("GRIP") rather than an RRM case. The settlement is expected to increase the average residential customer's bill by approximately $0.74 per month. An Average Bill Comparison of base rates has been prepared for residential, commercial, industrial, and transportation customers.

The ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early 2013, the City adopted a renewed RRM tariff for an additional five years. Atmos Mid-Tex's July 2013 filing was made pursuant to

the renewed RRM tariff.

The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed under the GRIP provisions, it would have received additional revenues from ratepayers in excess of $28 million.

Purpose of the Ordinance:

Rates cannot change without the adoption of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Ordinance is to approve rates (shown on "Attachment A" to the Ordinance) that reflect the negotiated rate changes pursuant to the RRM process and to ratify the recommendation of the ACSC Executive Committee. **Please make sure that the tariffs are attached when the Ordinance is passed by the City Council.**

As a result of the negotiations, ACSC was able to reduce the Company's requested $22.7 million RRM increase to $16.6 million. Approval of the Ordinance will result in the implementation of new rates that increase Atmos Mid-Tex's revenues effective November 1, 2013.

Reasons Justifying Approval of the Negotiated Resolution:

Consultants working on behalf of ACSC Cities have investigated the support for the Company's requested rate increase. While the evidence does not support the $22.7 million increase requested by the Company, ACSC's consultants agree that the Company can justify an increase in revenues of some lesser amount. The agreement on $16.6 million is a compromise between the positions of the parties.

The alternative to a resolution of the RRM filing would be a GRIP filing by the Company, based upon the Railroad Commission's decision in the 2012 rate case. A GRIP filing would entitle the Company to receive more than $28 million in additional revenues, with ACSC being precluded from reviewing the reasonableness of the GRIP filing. The ACSC Executive Committee recommends that ACSC members take action to approve the Ordinance authorizing new rate tariffs.

No Changes to Residential Customer Charges:

For the first annual filing under the revised RRM tariff, the Company agreed to forgo any change to the residential customer charge. Therefore, for the 2013 RRM, the result of the filing will not increase the residential customer charge, and the entirety of the increase to the residential class will be applied to the commodity (natural gas consumption) component of rates.

Explanation of "Be It Ordained" Paragraphs:

1. This paragraph approves all findings in the Ordinance.

2. This section adopts the attached tariffs ("Attachment A") in all respects and finds the rates set pursuant to the attached tariffs to be just, reasonable and in the public interest. Note that only new tariffs or existing tariffs being revised are attached to the Ordinance. Existing tariffs not being changed in any way are not attached to the Ordinance.

3. This section requires the Company to reimburse ACSC for reasonable ratemaking costs associated with reviewing and processing the RRM application.

4.This section repeals any resolution or ordinance that is inconsistent with this Ordinance.

5. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

6. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.

7. This section is a "most favored nations" clause. It provides that if the Company settles with other parties on better terms than agreed to with the ACSC Cities, the ACSC Cities (including the City) will automatically receive the benefit of those better terms.

8. This section provides for an effective date upon passage.

9. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for ACSC.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Memo	2013.09.17 Memo to ACSC with complete Settlement package.PDF
2.	Ordinance	2013.09.17 RRM Settlement Ordinance.DOC
3.	Attachment A	Attachment A - Atmos Mid-Tex Tariffs effective November 1, 2013.PDF

Lloyd Gosselink
ATTORNEYS AT LAW

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Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532
www.lglawfirm.com

MEMORANDUM

TO: Atmos Cities Steering Committee

FROM: Geoffrey M. Gay, Georgia N. Crump, Eileen L. McPhee

DATE: September 17, 2013

RE: Action Required – Ordinance Approving First Annual RRM Rate Increase Under the Renewed RRM Tariff

CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION

Only July 15, 2013, Atmos Energy Corporation-Mid Tex Division ("Atmos" or "Company") filed a Rate Review Mechanism ("RRM") application with each of the Atmos Cities Steering Committee ("ACSC") members. In the filing, Atmos alleges a test year revenue deficiency of $25.7 million on a total company basis. Pursuant to the ordinances passed by cities that renewed the RRM process that was negotiated following the Railroad Commission's ("RRC") Final Order in the 2012 rate case, Atmos was required to make a downward adjustment of $3 million to its alleged cost of service revenue deficiency. Thus, Atmos requested $22.7 million in additional revenues.

ACSC consultants filed several discovery requests on the Company and produced a report to ACSC counsel on August 23, 2013. That report concluded that Atmos was entitled to additional revenues but significantly less than requested by the Company. After several rounds of negotiations with Atmos, the Company has agreed that it will accept additional revenues of $16.6 million rather than the initially requested $22.7 million. In a conference call Monday morning, September 16, 2013, the ACSC Executive Committee[1] unanimously approved the compromised revenue deficiency of $16.6 million. The Executive Committee and legal counsel recommend adoption of an ordinance and tariffs that will collect that amount of additional revenue over a twelve (12) month period beginning November 1, 2013.

While the ordinance establishing a new RRM process passed by cities this past summer calls for an Effective Date of October 15, 2013 for the first RRM under the new process, the Company has agreed to a two-week extension to provide ACSC cities six weeks to take action. The rate ordinance provides an Effective Date of November 1, 2013.

Attached to this communication please find the following:

1. The RRM Rate Ordinance (with tariffs designated as Attachment A);
2. A Model Staff Report in support of the Ordinance; and

[1] The ACSC Executive Committee includes representatives from Abilene, Arlington, Benbrook, Carrollton, College Station, Colleyville, Denison, Duncanville, Eastland, Farmers Branch, Flower Mound, Fort Worth, Garland, Grand Prairie, Haltom City, Irving, Kerrville, Killeen, Lewisville, Mesquite, Plano, Sherman, Waco and Waxahachie. At least 15 representatives were on the call.

3. A rate impact analysis (Average Bill Comparison-Base Rates).

None of these attachments are confidential and may be distributed as you choose.

The $16.6 million to be approved by the Ordinance is superior to the $25.7 million system-wide cost of service revenue deficiency alleged by the Company. The $16.6 million compromise is significantly better than the $28 million the Company would have received in the rubber-stamp process review at the RRC, if the Company had chosen to ignore city input by filing a GRIP application.

Please note that the significant increases in customer charges that occurred earlier this year resulted from a RRC order signed December 4, 2012. None of the $16.6 million increase in this case will be applied to the residential customer charge pursuant to the agreement with Atmos earlier this year that led to the RRM renewal.

The Average Bill Comparison-Base Rates demonstrates that the monthly rate impact of the ordinance and new tariffs on an average residential or commercial customer will be $0.74 (1.75% increase).

Note that the tariffs include a Conservation and Efficiency (CEE) surcharge that had been previously approved pursuant to RRC orders. It is not a new item and is not referenced in the Ordinance or Model Staff Report.

If you have any concerns or questions, please do not hesitate to call Geoffrey (512-322-5875), Georgia (512-322-5832), or Eileen (512-322-5817).

ATMOS ENERGY CORP., MID-TEX DIVISION
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2012

Line							CURRENT	November 1, 2013 PROPOSED	CHANGE
1	**Rate R @ 41.7 Ccf**								
2	Customer charge						$ 17.70		
3	Consumption charge	41.7	CCF	X $ 0.04172	=		1.74		
4	Rider GCR Part A	41.7	CCF	X $ 0.32167	=		13.41		
5	Rider GCR Part B	41.7	CCF	X $ 0.16324	=		6.81		
6	Subtotal						$39.66		
7	Rider FF & Rider TAX		$ 39.66	X 0.06769	=		2.68		
8	Total						$42.34		
9									
10	Customer charge							$ 17.70	
11	Consumption charge	41.7	CCF	X $ 0.05831	=			2.43	
12	Rider GCR Part A	41.7	CCF	X $ 0.32167	=			13.41	
13	Rider GCR Part B	41.7	CCF	X $ 0.16324	=			6.81	
14	Subtotal							$40.35	
15	Revenue-related Tax Reimbursement		$ 40.35	X 0.06769	=			2.73	
16	Total							$43.08	$0.74
17									1.75%
18									
19	**Rate C @ 327.2 Ccf**						CURRENT	PROPOSED	CHANGE
20	Customer charge						$ 34.72		
21	Consumption charge	327.2	CCF	X $ 0.06589	=		21.56		
22	Rider GCR Part A	327.2	CCF	X $ 0.32167	=		105.24		
23	Rider GCR Part B	327.2	CCF	X $ 0.11765	=		38.49		
24	Subtotal						$200.01		
25	Revenue-related Tax Reimbursement		$ 200.01	X 0.06769	=		13.54		
26	Total						$213.55		
27									
28	Customer charge							$ 35.75	
29	Consumption charge	327.2	CCF	X $ 0.06893	=			22.55	
30	Rider GCR Part A	327.2	CCF	X $ 0.32167	=			105.24	
31	Rider GCR Part B	327.2	CCF	X $ 0.11765	=			38.49	
32	Subtotal							$202.03	
33	Revenue-related Tax Reimbursement		$ 202.03	X 0.06769	=			13.68	
34	Total							$215.71	$2.16
35									1.01%

ATMOS ENERGY CORP., MID-TEX DIVISION
AVERAGE BILL COMPARISON - BASE RATES
TEST YEAR ENDING DECEMBER 31, 2012

							CURRENT	PROPOSED	CHANGE
36	**Rate I @ 3955 MMBTU**								
37	Customer charge						$ 600.00		
38	Consumption charge	1,500	MMBTU	X $	0.2473	=	370.95		
39	Consumption charge	2,455	MMBTU	X $	0.1812	=	444.88		
40	Consumption charge	0	MMBTU	X $	0.0389	=	0.00		
41	Rider GCR Part A	3,955	MMBTU	X $	0.3294	=	1,302.79		
42	Rider GCR Part B	3,955	MMBTU	X $	0.2591	=	1,024.63		
43	Subtotal						$3,743.25		
44	Revenue-related Tax Reimbursement		$ 3,743.25	X	0.06769	=	253.38		
45	Total						$3,996.63		
46									
47	Customer charge							$ 620.00	
48	Consumption charge	1,500	MMBTU	X $	0.2565	=		384.75	
49	Consumption charge	2,455	MMBTU	X $	0.1879	=		461.33	
50	Consumption charge	0	MMBTU	X $	0.0403	=		0.00	
51	Rider GCR Part A	3,955	MMBTU	X $	0.3294	=		1,302.79	
52	Rider GCR Part B	3,955	MMBTU	X $	0.2591	=		1,024.63	
53	Subtotal							$3,793.50	
54	Revenue-related Tax Reimbursement		$ 3,793.50	X	0.06769	=		256.78	
55	Total							$4,050.28	$53.65
56									1.34%
57	**Rate T @ 3955 MMBTU**						CURRENT	PROPOSED	CHANGE
58	Customer charge						$ 600.00		
59	Consumption charge	1,500	MMBTU	X $	0.2473	=	370.95		
60	Consumption charge	2,455	MMBTU	X $	0.1812	=	444.88		
61	Consumption charge	0	MMBTU	X $	0.0389	=	0.00		
62	Rider GCR Part B	3,955	MMBTU	X $	0.2591	=	1,024.63		
63	Subtotal						$2,440.46		
64	Revenue-related Tax Reimbursement		$ 2,440.46	X	0.06769	=	165.19		
65	Total						$2,605.65		
66									
67	Customer charge							$ 620.00	
68	Consumption charge	1,500	MMBTU	X $	0.2565	=		384.75	
69	Consumption charge	2,455	MMBTU	X $	0.1879	=		461.33	
70	Consumption charge	0	MMBTU	X $	0.0403	=		0.00	
71	Rider GCR Part B	3,955	MMBTU	X $	0.2591	=		1,024.63	
72	Subtotal							$2,490.71	
73	Revenue-related Tax Reimbursement		$ 2,490.71	X	0.06769	=		168.59	
74	Total							$2,659.30	$53.65
75									2.06%

MODEL STAFF REPORT

The City, along with approximately 164 other cities served by Atmos Energy Mid-Tex Division ("Atmos Mid-Tex" or "Company"), is a member of the Atmos Cities Steering Committee ("ACSC"). On or about July 15, 2013, Atmos Mid-Tex filed with the City an application to increase natural gas rates pursuant to the Rate Review Mechanism ("RRM") tariff renewed by the City in 2013 as a continuation and refinement of the previous RRM rate review process. This is the first annual RRM filing under the renewed RRM tariff.

The Atmos Mid-Tex RRM filing sought a $22.7 million rate increase system-wide based on an alleged test-year cost of service revenue deficiency of $25.7 million. The City worked with ACSC to analyze the schedules and evidence offered by Atmos Mid-Tex to support its request to increase rates. The Ordinance and attached rate tariffs are the result of negotiations between ACSC and the Company to resolve issues raised by ACSC during the review and evaluation of Atmos Mid-Tex's RRM filing.

The Ordinance resolves the Company's RRM filing by authorizing additional revenues to the Company of $16.6 million system-wide. For purposes of comparison, this negotiated result is about $11 million *less* than what ACSC's consultants calculated that Atmos would have been entitled to if Atmos had filed a case under the Gas Reliability Infrastructure Program ("GRIP") rather than an RRM case. The settlement is expected to increase the average residential customer's bill by approximately $0.74 per month. An Average Bill Comparison of base rates has been prepared for residential, commercial, industrial, and transportation customers.

The ACSC Executive Committee and ACSC legal counsel recommend that all ACSC Cities adopt the Ordinance implementing the rate change.

RRM Background:

The RRM tariff was originally approved by ACSC Cities as part of the settlement agreement to resolve the Atmos Mid-Tex 2007 system-wide rate filing at the Railroad Commission. In early 2013, the City adopted a renewed RRM tariff for an additional five years. Atmos Mid-Tex's July 2013 filing was made pursuant to the renewed RRM tariff.

The RRM tariff and the process implementing that tariff were created collaboratively by ACSC and Atmos Mid-Tex as an alternative to the legislatively-authorized GRIP surcharge process. ACSC has opposed GRIP because it constitutes piecemeal ratemaking, does not allow any review of the reasonableness of Atmos' expenditures, and does not allow participation by cities or recovery of cities' rate case expenses. In contrast, the RRM process has allowed for a more comprehensive rate review and annual adjustment as a substitute for GRIP filings. ACSC's consultants have calculated that had Atmos filed under the GRIP provisions, it would have received additional revenues from ratepayers in excess of $28 million.

Purpose of the Ordinance:

Rates cannot change without the adoption of rate ordinances by cities. No related matter is pending at the Railroad Commission. The purpose of the Ordinance is to approve rates

(shown on "Attachment A" to the Ordinance) that reflect the negotiated rate changes pursuant to the RRM process and to ratify the recommendation of the ACSC Executive Committee. **Please make sure that the tariffs are attached when the Ordinance is passed by the City Council.**

As a result of the negotiations, ACSC was able to reduce the Company's requested $22.7 million RRM increase to $16.6 million. Approval of the Ordinance will result in the implementation of new rates that increase Atmos Mid-Tex's revenues effective November 1, 2013.

Reasons Justifying Approval of the Negotiated Resolution:

Consultants working on behalf of ACSC Cities have investigated the support for the Company's requested rate increase. While the evidence does not support the $22.7 million increase requested by the Company, ACSC's consultants agree that the Company can justify an increase in revenues of some lesser amount. The agreement on $16.6 million is a compromise between the positions of the parties.

The alternative to a resolution of the RRM filing would be a GRIP filing by the Company, based upon the Railroad Commission's decision in the 2012 rate case. A GRIP filing would entitle the Company to receive more than $28 million in additional revenues, with ACSC being precluded from reviewing the reasonableness of the GRIP filing. The ACSC Executive Committee recommends that ACSC members take action to approve the Ordinance authorizing new rate tariffs.

No Changes to Residential Customer Charges:

For the first annual filing under the revised RRM tariff, the Company agreed to forgo any change to the residential customer charge. Therefore, for the 2013 RRM, the result of the filing will not increase the residential customer charge, and the entirety of the increase to the residential class will be applied to the commodity (natural gas consumption) component of rates.

Explanation of "Be It Ordained" Paragraphs:

1. This paragraph approves all findings in the Ordinance.

2. This section adopts the attached tariffs ("Attachment A") in all respects and finds the rates set pursuant to the attached tariffs to be just, reasonable and in the public interest. Note that only new tariffs or existing tariffs being revised are attached to the Ordinance. Existing tariffs not being changed in any way are not attached to the Ordinance.

3. This section requires the Company to reimburse ACSC for reasonable ratemaking costs associated with reviewing and processing the RRM application.

4. This section repeals any resolution or ordinance that is inconsistent with this Ordinance.

5. This section finds that the meeting was conducted in compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

6. This section is a savings clause, which provides that if any section(s) is later found to be unconstitutional or invalid, that finding shall not affect, impair or invalidate the remaining provisions of this Ordinance. This section further directs that the remaining provisions of the Ordinance are to be interpreted as if the offending section or clause never existed.

7. This section is a "most favored nations" clause. It provides that if the Company settles with other parties on better terms than agreed to with the ACSC Cities, the ACSC Cities (including the City) will automatically receive the benefit of those better terms.

8. This section provides for an effective date upon passage.

9. This paragraph directs that a copy of the signed Ordinance be sent to a representative of the Company and legal counsel for ACSC.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF _____, TEXAS, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2013 ANNUAL RATE REVIEW MECHANISM FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; REPEALING CONFLICTING RESOLUTIONS OR ORDINANCES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; PROVIDING A MOST FAVORED NATIONS CLAUSE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE'S LEGAL COUNSEL.

WHEREAS, the City of _____, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of approximately 164 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, pursuant to the terms of the agreement settling the Company's 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review

process controlled in a three-year experiment by ACSC Cities as a substitute to the current Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature; and

WHEREAS, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company's 2007 rate case and authorizing the RRM tariff; and

WHEREAS, in 2013, ACSC and the Company negotiated a renewal of the RRM tariff process for an additional five years; and

WHEREAS, the City passed an ordinance renewing the RRM tariff process for the City for an additional five years; and

WHEREAS, the RRM renewal tariff contemplates reimbursement of ACSC Cities' reasonable expenses associated with RRM applications; and

WHEREAS, on or about July 15, 2013, the Company filed with the City its first annual RRM filing under the renewed RRM tariff, requesting to increase natural gas base rates by $22.7 million; and

WHEREAS, ACSC coordinated its review of Atmos Mid-Tex's RRM filing through its Executive Committee, assisted by ACSC attorneys and consultants, to resolve issues identified by ACSC in the Company's RRM filing; and

WHEREAS, the ACSC Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenues by $16.6 million; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest;

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

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That the City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs which are attached hereto and incorporated herein as Attachment A, are just and reasonable and are hereby adopted.

Section 3. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's RRM application.

Section 4. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 7. That if ACSC determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in Atmos' 2013 RRM filing would be more beneficial to the ACSC Cities than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally and automatically accrue to the ACSC Cities, including the City, without the need for City to take any further action. If this automatic adjustment occurs, Atmos Mid-Tex shall promptly thereafter file with the City an amended tariff documenting the adjustment to rates.

Section 8. That this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after November 1, 2013.

Section 9. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Manager of Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this _____ day of _____, 2013.

_____
Mayor

ATTEST:

_____
City Secretary

APPROVED AS TO FORM:

_____
City Attorney

Attachment A

Atmos Mid-Tex Tariffs
Effective November 1, 2013

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 17.70 per month
Rider CEE Surcharge	$ 0.02 per month[1]
Total Customer Charge	$ 17.72 per month
Commodity Charge – All Ccf	$0.05831 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

1 Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2013.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 35.75 per month
Rider CEE Surcharge	$ 0.10 per month[1]
Total Customer Charge	$ 35.85 per month
Commodity Charge – All Ccf	$ 0.06893 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

1 Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2013.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2565 per MMBtu
Next 3,500 MMBtu	$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0403 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee
Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index
In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions
In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2565 per MMBtu
Next 3,500 MMBtu	$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0403 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees
All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees
Customer shall pay Company the greater of (i) $0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Curtailment Overpull Fee
Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index
In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement
A transportation agreement is required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions
In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification

$WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.

HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class

NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.

ADD = billing cycle actual heating degree days.

BI_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

$$WNA_i = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the jth customer in ith rate schedule.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Base Use/Heat Use Factors

	Residential		Commercial	
	Base use	Heat use	Base use	Heat use
Weather Station	Ccf	Ccf/HDD	Ccf	Ccf/HDD
Abilene	9.97	0.1318	96.50	0.5659
Austin	11.05	0.1262	189.59	0.7195
Dallas	13.13	0.1832	171.84	0.8797
Waco	9.78	0.1262	117.60	0.5774
Wichita Falls	10.99	0.1297	107.70	0.5041

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS CITIES STEERING COMMITTEE AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2013 ANNUAL RATE REVIEW MECHANISM FILING IN ALL CITIES EXERCISING ORIGINAL JURISDICTION; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; REPEALING CONFLICTING RESOLUTIONS OR ORDINANCES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; PROVIDING A MOST FAVORED NATIONS CLAUSE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE STEERING COMMITTEE'S LEGAL COUNSEL.

WHEREAS, the City of Kennedale Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of approximately 164 similarly situated cities served by Atmos Mid-Tex that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, pursuant to the terms of the agreement settling the Company's 2007 Statement of Intent to increase rates, ACSC Cities and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review

process controlled in a three-year experiment by ACSC Cities as a substitute to the current Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature; and

WHEREAS, the City took action in 2008 to approve a Settlement Agreement with Atmos Mid-Tex resolving the Company's 2007 rate case and authorizing the RRM tariff; and

WHEREAS, in 2013, ACSC and the Company negotiated a renewal of the RRM tariff process for an additional five years; and

WHEREAS, the City passed an ordinance renewing the RRM tariff process for the City for an additional five years; and

WHEREAS, the RRM renewal tariff contemplates reimbursement of ACSC Cities' reasonable expenses associated with RRM applications; and

WHEREAS, on or about July 15, 2013, the Company filed with the City its first annual RRM filing under the renewed RRM tariff, requesting to increase natural gas base rates by $22.7 million; and

WHEREAS, ACSC coordinated its review of Atmos Mid-Tex's RRM filing through its Executive Committee, assisted by ACSC attorneys and consultants, to resolve issues identified by ACSC in the Company's RRM filing; and

WHEREAS, the ACSC Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve the attached rate tariffs ("Attachment A" to this Ordinance), which will increase the Company's revenues by $16.6 million; and

WHEREAS, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by ACSC Cities and are just, reasonable, and in the public interest;

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

Section 1. That the findings set forth in this Ordinance are hereby in all things approved.

Section 2. That the City Council finds the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable and new tariffs which are attached hereto and incorporated herein as Attachment A, are just and reasonable and are hereby adopted.

Section 3. That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC Cities in processing the Company's RRM application.

Section 4. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 7. That if ACSC determines any rates, revenues, terms and conditions, or benefits resulting from a Final Order or subsequent negotiated settlement approved in any proceeding addressing the issues raised in Atmos' 2013 RRM filing would be more beneficial to the ACSC Cities than the terms of the attached tariffs, then the more favorable rates, revenues, terms and conditions, or benefits shall additionally and automatically accrue to the ACSC Cities, including the City, without the need for City to take any further action. If this automatic adjustment occurs, Atmos Mid-Tex shall promptly thereafter file with the City an amended tariff documenting the adjustment to rates.

Section 8. That this Ordinance shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after November 1, 2013.

Section 9. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Manager of Rates and Regulatory Affairs, at Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725.

PASSED AND APPROVED this 10th day of October, 2013.

_____
Mayor John Clark

ATTEST:

_____
City Secretary Amethyst G. Cirmo

APPROVED AS TO FORM:

_____
City Attorney Wayne K. Olson

Attachment A

Atmos Mid-Tex Tariffs
Effective November 1, 2013

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 17.70 per month
Rider CEE Surcharge	$ 0.02 per month[1]
Total Customer Charge	$ 17.72 per month
Commodity Charge – All Ccf	$0.05831 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

1 Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2013.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Bill	$ 35.75 per month
Rider CEE Surcharge	$ 0.10 per month[1]
Total Customer Charge	$ 35.85 per month
Commodity Charge – All Ccf	$ 0.06893 per Ccf

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

1 Reference Rider CEE - Conservation And Energy Efficiency as approved in GUD 10170. Surcharge billing effective July 1, 2013.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 3,500 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 3,500 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

Charge	Amount
Customer Charge per Meter	$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2565 per MMBtu
Next 3,500 MMBtu	$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0403 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Curtailment Overpull Fee
Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index
In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Agreement
An Agreement for Gas Service may be required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions
In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Application
Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

Type of Service
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

Monthly Rate
Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

Charge	Amount
Customer Charge per Meter	$ 620.00 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.2565 per MMBtu
Next 3,500 MMBtu	$ 0.1879 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0403 per MMBtu

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

Imbalance Fees
All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

Monthly Imbalance Fees
Customer shall pay Company the greater of (i) $0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Curtailment Overpull Fee
Upon notification by Company of an event of curtailment or interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

Replacement Index
In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

Agreement
A transportation agreement is required.

Notice
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

Special Conditions
In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \frac{(HSF_i \times (NDD-ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

i = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification

$WNAF_i$ = Weather Normalization Adjustment Factor for the i^{th} rate schedule or classification expressed in cents per Ccf

R_i = Commodity Charge rate of temperature sensitive sales for the i^{th} schedule or classification.

HSF_i = heat sensitive factor for the i^{th} schedule or classification divided by the average bill count in that class

NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.

ADD = billing cycle actual heating degree days.

BI_i = base load sales for the i^{th} schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

$$WNA_i = WNAF_i \times q_{ij}$$

Where q_{ij} is the relevant sales quantity for the jth customer in ith rate schedule.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**WNA – WEATHER NORMALIZATION ADJUSTMENT**	
APPLICABLE TO:	**ALL CUSTOMERS IN THE MID-TEX DIVISION EXCEPT THE CITY OF DALLAS AND UNINCORPORATED AREAS**	
EFFECTIVE DATE:	**Bills Rendered on or after 11/01/2013**	

Base Use/Heat Use Factors

	Residential		Commercial	
Weather Station	Base use Ccf	Heat use Ccf/HDD	Base use Ccf	Heat use Ccf/HDD
Abilene	9.97	0.1318	96.50	0.5659
Austin	11.05	0.1262	189.59	0.7195
Dallas	13.13	0.1832	171.84	0.8797
Waco	9.78	0.1262	117.60	0.5774
Wichita Falls	10.99	0.1297	107.70	0.5041

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at atmosenergy.com/mtx-wna, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and a Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: REGULAR ITEMS - C.

I. Subject:
Consider a resolution authorizing participation in various cooperative purchasing programs.

II. Originated by:

Sakura Moten-Dedrick, Director of Finance & IT

III. Summary:

In an effort to streamline purchasing efforts and remain in compliance with State law, it is our intent to bring forth this policy to Council for review at least annually. Any new programs or changes will be recommended at that time.

The Purchasing Policy adopted by the Council allows the City to utilize cooperative purchasing programs with the approval of City Council. Purchases made through an approved Cooperative Purchasing Program satisfy state law competitive bid requirements, as well any internal quote process.

Attached is a resolution approving participation in those programs specifically listed in the resolution. Below is a listing that incorporates all programs, as well as a brief description of each program for which staff seeks Council approval. This list remains the same as last year's submission.

FEDERAL

US General Services Administration (GSA): GSA Advantage has been the most reliable and proven source for thousands of Federal purchasers worldwide. GSA Advantage offers the most comprehensive selection of approved products and services from GSA/VA Schedules, as well as all GSA Global Supply products. http://www.gsa.gov

STATE OF TEXAS

Department of Information Resources (DIR): Primary responsibility is to negotiate volume purchase agreements for quality products and services available to all Texas state agencies.
http://www.dir.state.tx.us

Texas Building and Procurement Commission (TBPC): Primary responsibility is to provide goods, services and facilities to the State of Texas. One part of fulfilling this responsibility is to establish term contracts available to all Texas state agencies. http://www.tbpc.state.tx.us

Texas Multiple Award Schedules (TXMAS): Established by TPASS. Adapts existing contracts that have been competitively awarded by the federal government or any other governmental entity of any state. The

vast majority of TXMAS Contracts are adapted from GSA Federal Supply Service contracts. http://www.window.state.tx.us/procurement/prog/txmas/

Texas Procurement and Support Services (TPASS): Awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,700 local government agencies. http://www.window.state.tx.us/procurement/

MUNICIPALITY & COUNTY & SCHOOL

City of Fort Worth, Texas. http://fortworthgov.org

Tarrant County, Texas. http://tarrantcounty.com

Parker County, Texas. http://www.co.parker.tx.us

Texas Interlocal Purchasing System (TIPS): Sponsored by the Region VIII Education Service Center (ESC) and is available for use by all public and private schools, colleges, universities, cities, counties, and other government entities in the State of Texas. TIPS has competitively bid their contracts and has followed the HUB guidelines of the State of Texas. http://www.tips-texas.com

OTHER PUBLIC & PRIVATE ENTITIES

Houston-Galveston Area Council (H-GAC): Region-wide voluntary association of local governments in the 13-county Gulf Coast Planning region of Texas. Includes 1,600+ local governments, state agencies and qualifying non-profit corporations that provide one or more governmental functions and services. The program was established pursuant to the Texas' "Interlocal Cooperation Act" that allows governmental and qualifying non-profit entities to use the Act to obtain commonly needed services, including purchasing. https://hgacbuy.com

Local Government Purchasing Cooperative (BuyBoard): Created to increase the purchasing power of government entities and to simplify their purchasing by using a customized electronic purchasing system, called the BuyBoard. The Cooperative is administered by the Texas Association of School Boards (TASB) and is endorsed by the Texas Municipal League (TML) and the Texas Association of Counties (TAC). http://buyboard.com

The Cooperative Purchasing Network (TCPN): Provides quality contracts and services that are compliant with bid laws, convenient to use, and always competitively priced. TCPN is available for use by all public and private schools, colleges, universities, cities, counties, and other government entities in the State of Texas. http://www.tcpn.org/

US Communities: Nonprofit instrumentality of government that assists public agencies in reducing the cost of purchased goods through pooling the purchasing power of public agencies nationwide. This is accomplished through competitively solicited contracts for quality products through lead public agencies. They focus on high use, high volume items. http://www.uscommunities.org

Western States Contracting Alliance: Alliance of 15 states joining forces to get the quality goods and services at cost effective prices. This program focuses on state governments. Although Texas is not one of the original states forming WSCA, we are eligible for WSCA pricing. http://www.aboutwsca.org

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	Resolution To Adopt Cooperative Purchasing Programs	Resolution To Adopt Cooperative Purchasing Programs.doc

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF KENNEDALE, TEXAS, AUTHORIZING PARTICIPATION IN VARIOUS COOPERATIVE PURCHASING PROGRAMS

WHEREAS, Chapter 271 of the Texas Local Government Code authorizes a local government to participate in a cooperative purchasing program and provides that purchases made pursuant to an agreement with a local cooperative organization satisfy state laws requiring the local government to seek competitive bids for the purchase of the goods or services; and

WHEREAS, the Purchasing Policy of the City of Kennedale authorize purchases from a cooperative purchasing program or other approved state program provided that the City Council has approved participation; and

WHEREAS, City's participation in the cooperative purchasing programs and other approved state programs will improve efficiency in the purchasing process by allowing the City to meet competitive bid requirements, to identify and purchase goods and services from qualified vendors of commodities, to relieve the burdens of the governmental purchasing function, and to realize the various potential economies, including administrative cost savings that such programs provide; and

WHEREAS, upon consideration of the cooperative purchasing programs specified in this Resolution, and all matters attendant and related thereto, the City Council is of the opinion that the City's participation in these programs is beneficial and should be approved, that this Resolution be adopted, and that the City Manager or his designee is appointed as the Program Coordinator for the City's membership in such cooperative programs; and

WHEREAS, in the event that participation in any of the cooperative purchasing programs approved by this Resolution requires the execution of an Agreement and / or the payment of a fee, the City Manager or his designee is hereby authorized to execute any necessary Agreements for participation in such program(s) and the Program Coordinator is authorized to approve the payment of applicable fees provided that funds are budgeted and available for such participation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS:

Section 1. The foregoing premises, which are hereby found to be true and to be in the best interest of the City of Kennedale and its citizens, are hereby adopted.

Section 2. The City's participation in the following cooperative purchasing programs is hereby authorized and approved in accordance with the terms of this Resolution:

US General Services Administration (GSA)
Department of Information Resources (DIR)
Texas Building and Procurement Commission (TBPC)
Texas Multiple Award Schedules (TXMAS)
Texas Procurement and Support Services (TPASS)
City of Fort Worth Cooperative Purchasing Program
Parker County Cooperative Purchasing Program
Tarrant County Cooperative Purchasing Program
Texas Interlocal Purchasing System (TIPS)
Houston-Galveston Area Council (H-GAC)
Local Government Purchasing Cooperative (BuyBoard)
The Cooperative Purchasing Network (TCPN)
US Communities
Western States Contracting Alliance

PASSED, ADOPTED AND APPROVED by the City Council of the City of Kennedale, Texas, this the 1st day of October, 2013.

APPROVED:

_____
Mayor, John Clark

ATTEST:

_____
City Secretary, Amethyst Cirmo

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Staff Report to the Honorable Mayor and City Council

Date: October 1, 2013

Agenda Item No: EXECUTIVE SESSION - A.

I. Subject:
The City Council will meet in closed session pursuant to Section 551.071 of the Texas Government Code for consultation with the City Attorney pertaining to any matter in which the duty of the City Attorney under the Texas Disciplinary Rules of Professional Conduct may conflict with the Open Meetings Act, including discussion of any item posted on the agenda.

II. Originated by:

Amethyst G. Cirmo, City Secretary and Communications Coordinator

III. Summary:
The City Council will meet in Executive Session at this time.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:
None

VII. Alternative Actions:

VIII. Attachments: