

KENNEDALE CITY COUNCIL AGENDA
SPECIAL MEETING | March 5, 2018
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE
WORK SESSION at 6:30 PM | REGULAR SESSION at 7:00 PM

I. CALL TO ORDER

NOTE: Pursuant to §551.071, Texas Government Code, 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.

II. WORK SESSION

- A. Discuss and provide staff direction regarding the Fiscal YTD 2018 Budget Analysis and potential amendments to the FY2018 Adopted Budget
- B. Discuss and provide staff direction regarding revenues and expenses of the Water Fund for FY2018 and potential amendments to the Water and Wastewater Rate Schedules

III. REGULAR SESSION

IV. ROLL CALL

V. DECISION ITEMS

- A. Consider adoption of Resolution 519, adopting a policy for the calling of Special Meetings of the City Council and for the placement of items on the Council's Regular Agenda
- B. Consider adoption of Resolution 520, adopting an amended City of Kennedale Purchasing Policy

VI. EXECUTIVE SESSION

The City Council may meet in Closed Session at any time during the Work Session or the Regular 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 on any item posted on the agenda and legal issues regarding the Open Meetings Act.

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

VIII. 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 the City Secretary at 817.985.2104 or (TDD) 1.800.735.2989.

CERTIFICATION

I certify that a copy of the March 5, 2018 agenda was posted on the bulletin board next to the main entrance of City Hall, 405 Municipal Drive, of the City of Kennedale, Texas, in a place convenient and readily accessible to the general public at all times, and that said agenda was posted at least 72 hours preceding the scheduled time of said meeting, in accordance with Chapter 551 of the Texas Government Code.



LESLIE GALLOWAY, CITY SECRETARY

Staff Report to the Honorable Mayor and City Council

Date: March 5, 2018

Agenda Item No: WORK SESSION - A.

I. Subject:

Discuss and provide staff direction regarding the Fiscal YTD 2018 Budget Analysis and potential amendments to the FY2018 Adopted Budget

II. Originated by:

City Council

III. Summary:

This item is placed on the agenda for discussion at the request of the City Council. Finance Director Brady Olsen will provide a report regarding year-to-date revenue or expenditure summaries for each fund.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Alternative Actions (see below)

VII. Alternative Actions:

Council direction is respectfully requested.

VIII. Attachments:

1.	Memorandum Providing Staff Responses To Mayor Pro Tem Joplin's Questions and/or Proposed Budget Amendments	Budget Amendment MEMO.pdf
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MEMORANDUM

TO: Honorable Mayor and City Council Members

FROM: George Campbell, City Manager

DATE: March 2, 2018

SUBJECT: Amending the Budget

In September 2017, the City Council adopted the annual operating budget for the City for FY 2018. The general fund budget, as adopted, represented a \$67,000 reduction from the previous fiscal year general fund reserves.

At the February 15th meeting, Council requested an item on budget amendments be placed on the agenda and on February 20th, Mayor Pro Tem Joplin provided a list of questions and suggested amendments for consideration. This memo is to make comment and provide response to Ms. Joplin's questions/suggestions in preparation for the Special Council Meeting on March 5.

Many of the suggestions on that list referenced items from the proposed budget in August rather than from the adopted budget. (The budget, as adopted in September, is available for review at <http://www.cityofkennedale.com/DocumentCenter/View/3527>.) Several of these proposed budget amendments were addressed throughout the budget process in Informal Staff Reports on August 16th and August 23st.

Any city will have the need to amend its budget in order to authorize spending for an unforeseen cost of such a nature that it is not expected the expense could be accommodated in the original budget. Legal fees in the current budget might serve as an example and will be addressed below. At other times the city may have a new unforeseen revenue source and the budget could be amended to allow appropriate and desirable appropriation of such revenue. As part of our overall budget management, the staff is charged with creating efficiencies and saving budgeted funds whenever possible. Such savings can then be used to implement new programs or to enhance the fund balance by year's end. The budget is, indeed, an estimated projection of the revenues and expenditures of all funds for the next year. Rarely will any line item be estimated with 100% accuracy. The budget is adopted by Council as a spending plan with certain built in characteristics that promote efficient and effective delivery of service. It is adopted on a "fund" basis, meaning that the Council, City Manager and Department Heads have, within limits and within funds, a degree of flexibility to adjust spending as revenues require or as needs develop.

The following comments are offered for consideration as Council considers amending the budget in a way that re-allocates spending or "savings" that have already been achieved or can be achieved going forward:

As mentioned earlier, City Council passed a budget reducing general fund reserves by \$67,000. The current projected fund balance is already below our stated policy of 18% of expenditures. Ideally, any savings would go into our reserves. The same is true for the Water and Sewer fund. The reserves for this fund are below our stated policy of 18% of expenditures. Any savings could justifiably be placed into our reserves until we achieve the stated reserve balance.

The street fund was passed with a large drawdown as well. The stormwater fund has net working capital, but the cash in the fund is also quite low. Since the stormwater fee was not subsequently approved as originally planned to support the budget, the working capital is now expected to be further reduced.

The following is information (in blue font) regarding the suggested amendments to the current budget:

City Manager

Cut down \$3,000 Assoc Due

Cut down \$2,500 Travel

Cut down \$1,800 Verify – Telephone srve pay fax \$50 other already paid in contract

These same items were reduced by Council during budget deliberations last summer. The adopted budget amounts above have now either been spent within the first five months of the fiscal year or are needed to meet contractual obligations. Further reductions at mid-year are not recommended.

Mayor/City Council

Cut \$ 5,700 iPads – not yet ordered. **Could be delayed to generate savings.**

Cut down \$ 250 refreshments - this was deleted from adopted budget

Cut down \$ 3,000 Association dues - of the \$6,125 budgeted, \$3,500 has been spent. The balance is needed pay the remaining dues. It is recommended that these funds not be cut from budget this year.

Cut down \$ 1,000 training – Most of this has been spent.

Cut down \$10,000 legal fees - The General Fund budget includes \$75,000 for legal services for Fiscal 2018, after spending \$84,615 in Fiscal 2017. Through only 5 months of the fiscal year, we have already spent \$64,924. At this point it is projected that legal fees could reach significantly more than the budgeted \$75,000 for the fiscal year. Thus any savings we are able to find throughout the General Fund may well be needed to supplement the current line item of \$75,000.

Cut \$10,700 AV - The equipment to record and post Council meetings has not yet been ordered. This purchase **could be delayed to generate budget savings** in the current year. The Council's intent when placing this funding in the budget was to provide a means to be as transparent as possible for the public and to be able to quickly post complete video recordings of Council meetings to the City's web site.

Cut \$25,000 Strategic Planning – Not included in the adopted budget

Cut \$ 5,520 Slate Communications – Not included in the adopted budget

Cut down \$ 1,500 Cut YAC to \$3,000 and Trunk-or-Treat to \$500 – **These savings can be achieved**

City Secretary

Cut down \$ 2,000 Advertising – The \$6,000 budget for legal advertising was based upon historical needs and projections of funding requirements in the current fiscal year. Clearly, should we experience less need for bid, meeting, public hearing, and ordinance publication notices savings will be realized in this line item. It is recommended that this funding not be reduced through a budget amendment.

Non-Departmental

Pay from EDC \$25,000 Property taxes 380 reimbursement (let the EDC pay) - Pursuant to the 380 agreement with H & O Die and Watson Glass, the city's General Fund pays the required \$25,000 property tax rebate, but is then reimbursed through a fund transfer from the EDC to the General Fund. This practice creates a clearer paper trail of the transaction to rebate property tax collected by the city. Thus, the EDC is already paying this incentive.

Streets/Parks

Hold off \$26,250 L340 Kubota Tractor – shows replacement year 2022 – This Kubota tractor was originally identified in the City Manager's proposed budget in error. It was the intent to recommend the replacement of a 1995 Long tractor scheduled for replacement in 2015. A correction was made and approved in the adopted budget. The tractor to be replaced is one of two primary tractors used for mowing of rights-of-way and lots. Its age and the cost of replacement parts etc. will very possibly keep it out of service if not replaced this year as planned, hampering service delivery in the current year.

Hold off \$ 7,500 John Deere backhoe replace 2016 – **Can be delayed to generate savings**

Hold off \$ 7,500 Big Tex trailer replace 2017 – **Can be delayed to generate savings**

Hold off \$ 7,500 Ingersoll Rand Air Compressor replace – **Can be delayed to generate savings**

Cut down \$ 6,000 signs/fences/sidewalk maintenance & \$1,000 equipment rental - The increase in the maintenance line item came from needed sidewalk repairs in residential areas within the city. These sidewalks represent a potential liability to the city and need to be addressed. We are awaiting a final bid before moving forward. The equipment rental line item increased because of growing vendor costs. It is recommended that these items not be reduced through a budget amendment.

Cut \$9,118 splash pad gun replacement –cap and don't replace or use less expensive replacement. From discussion with Council during the budget process, city staff has already purchased the equipment necessary to replace the gun at the splash pad. It cost less than \$3,000 and was purchased in the 2017 fiscal year.

Computers

Spread out if we can-\$43,400 28 computers @ \$1550 -do we need all 28? – These computers were not all budgeted for the General Fund and most of these purchases have already been made. Council did delete a couple of computers from the proposed budget in August.

Yearly Expense? \$27,000 Virtual Server – it's been on the budget for the past 3 years, is this a yearly expense? This was not included in the adopted budget. It is currently on the schedule for consideration next year.

Storm Water Utility

Remove \$30,000 Village Creek Land Acquisition – These funds are included in the budget to provide opportunity, when appropriate, to cash fund property acquisition that may be needed for stormwater/drainage improvements, purchase drainage easements or for open space development in flood plains or other storm water related needs without issuing debt. (In the adopted budget they are identified as "Flood Plain Acquisition" rather than "Village Creek Land Acquisition" To date approximately \$14,000 of this budget has been spent. The remaining expense will either be used for projects/opportunities as they occur or will accrue to the storm water working capital. Deletion of this as an expense will not have an impact or savings for the General Fund.

Reduce \$ 3,000 reduce one assoc dues/publication - The city participates in regional partnerships, partially through the COG, which gives us access to greater resources and expertise than we would be able to accommodate alone (i.e. stormwater and public works). We are able to utilize the knowledge from other communities to serve our city more efficiently. These memberships also give us a seat at the table to help ensure regional development benefits Kennedale. Eliminating these memberships would minimize our participation and our benefit as a regional partner.

Admin Charge \$17,491 Storm paying admin fees? Water is already paying admin fees – The General Fund and Water and Sewer Funds are completely separate from the Street Fund and Stormwater Funds. Currently, Larry Hoover manages both the Street Fund and the Stormwater Fund. However, the Street Fund pays 100% of his salary. This creates a scenario where the Street Fund is subsidizing the Stormwater fund. This transfer from Storm Water to the Street Fund is to remove that subsidy and have storm water appropriately pay its portion.

EDC

EDC question \$10,000 Are transfers being made from the roadway impact fund to the EDC?

No there are no transfers from roadway impact funds to the EDC.

Water/Sewer

Vactor Operator \$60,000 - The majority of the City's sewer lines have not been cleaned on any regular basis if at all. Failure to routinely and adequately do so leads to a greater chance of line breaks and sewer back-ups, some of which the city has been experiencing. The 2018 budget, was designed and funded to support a bond issuance to pay for a new vactor truck, as well as \$60,000 for an operator for that truck. Since we have not yet moved forward with the bond issuance, we have also not hired an operator. At this point, it is unlikely we spend the full budgeted amount for an operator even if a truck is acquired. Thus a portion or all of this employee cost could be saved. Cleaning our sewer system is, however, a real need that, at some point, needs to be addressed. In the absence of buying a vactor truck and hiring an operator we may need these funds to supplement contract services on an as-needed basis this year. Thus amending the budget to remove or reallocate this funding is not recommended. Doing so would have no impact on the General Fund nor would it be advisable as a means to help lower water and sewer rates. Assuming this expense is deferred or delayed, it should be considered in the up-coming budget for next year and would not likely represent a permanent reduction of operating costs to the Water Utility Fund.

Fire Department

Confirm the status of the \$225K purchase of the ambulance – The purchase of the ambulance was not included in the adopted budget.

Staff Report to the Honorable Mayor and City Council

Date: March 5, 2018

Agenda Item No: WORK SESSION - B.

I. Subject:

Discuss and provide staff direction regarding revenues and expenses of the Water Fund for FY2018 and potential amendments to the Water and Wastewater Rate Schedules

II. Originated by:

City Council

III. Summary:

This item is placed on the agenda for discussion at the request of the City Council.

It will not be possible to prepare rate schedule recommendations prior to May or June. Staff has requested assistance from the Texas Rural Water Association (TRWA) through the Public Utility Commission (PUC) to analyze our rate structure and provide recommendations. The City will not be charged a fee for this rate analysis, but it will provide data to assure that the City does not prematurely adopt rate reductions that jeopardize the financial integrity of the Water Fund.

A report is expected from the TRWA no later than mid-May 2018.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Alternative Actions (see below)

VII. Alternative Actions:

Council direction is respectfully requested.

VIII. Attachments:

Staff Report to the Honorable Mayor and City Council

Date: March 5, 2018

Agenda Item No: DECISION ITEMS - A.

I. Subject:

Consider adoption of Resolution 519, adopting a policy for the calling of Special Meetings of the City Council and for the placement of items on the Council's Regular Agenda

II. Originated by:

City Council

III. Summary:

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Alternative Actions (see below)

VII. Alternative Actions:

Council consideration of Resolution 519 as presented or as modified by Council is respectfully requested.

VIII. Attachments:

1.	Resolution 519	R519_Adopting Council Rules of Procedure for Calling Special Meetings and Agenda Setting_2018.pdf
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RESOLUTION NO. 519

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KENNEDALE, TEXAS, DESIGNATING A REGULAR CITY COUNCIL MEETING DAY AND TIME; ADOPTING A PROCEDURE TO CALL SPECIAL MEETINGS; AND ADOPTING AN AGENDA SETTING POLICY FOR CITY COUNCIL MEETINGS.

WHEREAS, the City Council conducts city council meetings pursuant to formal agendas that are posted in accordance with the Texas Open Meetings Act; and

WHEREAS, pursuant to Section 3.08 of the Kennedale City Charter ("Charter"), the City Council shall meet in regularly scheduled city council meetings at least once a month at such times as the members may prescribe by rule; and

WHEREAS, pursuant to Section 3.08 of the Charter, special meetings may be called on the request of the Mayor or three (3) City Council Members; and

WHEREAS, pursuant to Section 3.08 of the Charter, the City Council shall determine its own rules and order of business; and

WHEREAS, the City Council desires to designate the third Monday of each month as the day of the regularly scheduled council meetings, adopt procedures to call a special meeting, and adopt procedures that allow City Council members to request items to be placed on City Council agendas.

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

SECTION 1.

The City Council hereby adopts the following rules to govern regular and special meetings of the City Council:

Regular Meeting Schedule

In accordance with Section 3.08 of the City Charter, Regular Meetings of the City Council shall be routinely held at 7:00 p.m. on the third Monday of every month. A work session may be included on the agenda of any Regular Meeting at such time as is convenient. With the concurrence of three members of the City Council, the routine Regular Meeting date or time may be moved to another date or time, or may be cancelled, due to holidays, scheduling conflicts, or other necessary business reasons.

Agenda Posting for Regular Meetings

The agenda for the Regular Meeting shall be prepared by the City Manager and the Mayor. If two City Council members make a written request to the Mayor to place specific items on the agenda for a Regular Meeting, the Mayor shall include such items on the agenda unless: i) the request does not allow sufficient time to post the items on the agenda in accordance with the Open Meetings Act; or ii) the Mayor determines that consideration of the items should be delayed, in which case the Mayor shall, within 24 hours, poll the remaining City Council members explaining the reasons for desiring to delay consideration. If three or more City Council members are in favor of considering

the item, it shall be placed on the agenda.

Special Meetings

A special meeting of the City Council may be called by the Mayor upon his own request or by the Mayor upon the request of three or more City Council members on a day other than the third Monday or a time other than the Regular Meeting. Upon written request of two City Council members, the Mayor, City Manager or City Secretary will poll the remainder of the City Council members to determine whether or not a special meeting is needed or desired on the date requested to include, at a minimum, the items requested. Upon the concurrence of three City Council members or two City Council members and the Mayor, a special meeting shall be called. Such concurrence will be considered if provided in writing (or email) to the Mayor, City Manager or City Secretary within twenty four (24) hours of notification to City Council members of the request and if received in time to adequately post an agenda pursuant to state law. The Mayor may, at his/her discretion, place any additional item(s) on the agenda that he/she believes appropriate to conduct the City's business. The concurrence of not less than four members of the City Council (the Mayor can be included as one of the four) is required for an item to be listed on the agenda of a special meeting as an action item.

Agenda Order

The order of the agenda items, whether for a regular or special meeting, is at the discretion of the Mayor as the presiding officer of the City Council.

SECTION 2.

The Rules adopted in this Resolution may be amended by the City Council from time to time, in accordance with the City Charter.

SECTION 3.

This Resolution shall become effective from and after its passage.

ADOPTED BY THE CITY COUNCIL, THIS 5th DAY OF MARCH, 2018.

APPROVED:

MAYOR, BRIAN JOHNSON

[CITY SEAL]

ATTEST:

CITY SECRETARY, LESLIE GALLOWAY

Staff Report to the Honorable Mayor and City Council

Date: March 5, 2018

Agenda Item No: DECISION ITEMS - B.

I. Subject:

Consider adoption of Resolution 520, adopting an amended City of Kennedale Purchasing Policy

II. Originated by:

Brady Olsen, Finance Director

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. The attached Purchasing Policy (*originally adopted November 13, 2008; and most recently reviewed and adopted October 17, 2016*) establishes standard practices and procedures to create uniformity, economy, efficiency, and effectiveness in our purchasing program. The City Council recently requested that staff research potential amendments to the adopted purchasing policy.

Since 2005, the City of Kennedale has maintained an internal administrative purchasing policy. In 2008, with changes to Local Government Code 252, this policy was officially adopted by the City Council. A part of this change was increasing the minimum purchase requiring Council approval from \$25,000 to \$50,000, in order to match state guidelines. The policy has been regularly reviewed since 2008.

Mayor Pro Tem Joplin suggested lowering this requirement to \$10,000. This change would be more restrictive than industry standards, as shown by the comparisons in the below chart. The lowest policy requirement staff found in area cities was \$25,000 (in the Cities of Burleson and Crowley). Also of note, the Cities of Forest Hill and Alvarado require only City Manager approval for any purchase that was approved in the adopted budget.

Spending cap that does not require City Council approval

City	Policy	Budget Size
Arlington	\$50,000	\$50 million+
Haltom City	\$50,000	\$50 million+
Burleson	\$25,000	\$50 million+
Watauga	\$50,000	\$25 million
White Settlement	\$50,000	\$20 million
Crowley	\$25,000	\$18 million
Kennedale	\$50,000	\$15 million
Forest Hill	All Budgeted	\$15 million
Lake Worth	\$50,000	\$13 million
Keene	\$50,000	\$8.5 million
Alvarado	All Budgeted	\$8 million

Significantly reducing the purchasing limit, which requires Council approval, would create a very restrictive practice and diminish the effective and efficient level of service in daily operations of the City. The City would be at risk of delayed payments, harming relationships with vendors, and slowing the progress of needed improvements. Below are a sampling of payments which would have been delayed based upon staff's understanding of the proposed purchasing limitation.

02/12/2016	\$ 14,719.56	Street Maintenance
02/26/2016	\$ 28,346.00	Motor Vehicle
03/04/2016	\$ 13,140.00	Street Maintenance
03/04/2016	\$ 12,369.25	Capital Bond Construction
03/18/2016	\$ 10,411.37	Safebuilt
03/24/2016	\$ 31,811.00	Street Maintenance
09/15/2017	\$ 18,450.00	Grant Expenditure
09/29/2017	\$ 14,947.64	Motor Vehicle Maintenance
09/30/2017	\$ 10,547.35	Strategic Communication
09/30/2017	\$ 17,400.59	Engineering
09/30/2017	\$ 37,541.41	Quick Roofing
09/30/2017	\$ 16,122.65	Quick Roofing
09/30/2017	\$ 20,979.00	Quick Roofing
01/05/2018	\$ 40,481.63	Phones
01/19/2018	\$ 13,594.25	Water System maintenance

For this reason, staff recommends adopting the existing policy with no changes in an effort to promote efficiency of service delivery to our citizens.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Alternative Actions (see below)

VII. Alternative Actions:

In order to maintain maximum efficiency of day-to-day operations of City Government while maintaining purchasing policies and practices within the limitations of state law, it is recommended that Council re-adopt the Purchasing Policy as it currently exists (*as attached*).

Council consideration of Resolution 520 as presented or as it may be modified by Council is respectfully requested.

VIII. Attachments:

1.	Resolution	R520 Amending Purchasing Policy 2018.pdf
2.	20180305 Purchasing Policy	20180305 Purchasing Policy.docx

RESOLUTION NO. 520

**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 March 5, 2018, attached hereto as "Exhibit A."

PASSED AND APPROVED THIS 5th DAY OF MARCH, 2018.

APPROVED:

MAYOR, BRIAN JOHNSON

[CITY SEAL]

ATTEST:

CITY SECRETARY, LESLIE GALLOWAY

CITY OF KENNEDALE



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
OCTOBER 13, 2014
OCTOBER 19, 2015
OCTOBER 17, 2016
March 5, 2018

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 statutes, 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 \$3,000.01) 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 **\$3000 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 **\$3,000.01 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 **\$50,000 or more** must be processed as competitive solicitations (e.g. sealed bids, request for proposals).

- 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. capital 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 - \$3,000.00	\$3,000.01 - \$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/cmb/cmbhub.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.