

AGENDA FOR REGULAR MEETING

KERRVILLE CITY COUNCIL

TUESDAY, JUNE 12, 2012, 6:00 P.M.

KERRVILLE CITY HALL COUNCIL CHAMBERS

800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

KERRVILLE CITY COUNCIL AGENDA
REGULAR MEETING, TUESDAY, JUNE 12, 2012, 6:00 P.M.
CITY HALL COUNCIL CHAMBERS
800 JUNCTION HIGHWAY, KERRVILLE, TEXAS

CALL TO ORDER

INVOCATION offered by Reverend Fern Lancaster of the First Assembly of God Church.

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mr. Grover Crocker of the Military Officers Association of America.

Those in attendance may stand if they wish.

1. VISITORS/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the Council. Prior to speaking, each speaker must fill out the speaker request form and give it to the city secretary. Council may not discuss or take any action on an item but may place the issue on a future agenda. The number of speakers will be limited to the first ten speakers and each speaker is limited to four minutes.

2. PRESENTATION:

2A. Presentation of a portrait of Major James Kerr by Joe Herring, Jr. (Mayor Pratt)

3. CONSENT AGENDA:

These items are considered routine and can be approved in one motion unless a councilmember asks for separate consideration of an item. It is recommended that council approve the following items which will grant the Mayor or City Manager the authority to take all actions necessary for each approval:

3A. Minutes of the special city council meeting held at 10:00 a.m. on May 22, 2012, and the regular city council meeting held at 6:00 p.m. on May 22, 2012. (staff)

3B. A one year extension to an interlocal cooperation contract for City of Kerrville ambulance/emergency medical services to the Department of State Health Services on behalf of its facility, Kerrville State Hospital located at 721 Thompson Drive in Kerrville, Texas. (staff)

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1117 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: June 8, 2012 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Deputy City Secretary, City of Kerrville, Texas

3C. Council authorization for City Manager to purchase a dump truck from Austin Freightliner in the amount of \$80,978.00. (staff)

3D. Updating the financial policy of the City of Kerrville. (staff)

3E. A Resolution adopting amendments to the City's purchasing policy and procedures manual. (staff)

END OF CONSENT AGENDA

4. DISCUSSION AND POSSIBLE ACTION:

4A. Appointment of a City Council Member to the Kerrville Convention and Visitors Bureau Executive Director Recruitment and Selection Committee. (staff)

4B. Review the status and funding commitments for the river trail and Louise Hays Park capital projects and provide direction to city staff. (Keeble)

4C. Receive a report from city staff regarding amendments to the City of Kerrville Sign Regulations and schedule a special meeting on June 19, 2012, to hold the first reading of an ordinance to amend the City of Kerrville Sign Regulations. (staff)

5. INFORMATION AND DISCUSSION:

5A. Water resources report. (staff)

5B. Budget and economic update. (staff)

6. ITEMS FOR FUTURE AGENDAS

7. ANNOUNCEMENTS OF COMMUNITY INTEREST:

Announcement of items of community interest, including expressions of thanks, congratulations, or condolences; information regarding holiday schedules; honorary recognitions of city officials, employees, or other citizens; reminders about upcoming events sponsored by the city or other entity that is scheduled to be attended by city officials or employees; and announcements involving imminent threats to the public health and safety of the city. No action will be taken.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1117 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: June 8, 2012 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Deputy City Secretary, City of Kerrville, Texas

8. EXECUTIVE SESSION:

The City Council reserves the right to adjourn into executive session at any time to discuss any of the matters listed as permitted by law including if they meet the qualifications in Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices) and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Texas Government Code.

9. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION

10. ADJOURNMENT.

The facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this event. Please contact the City Secretary's Office at 830-258-1117 for further information.

I do hereby certify that this notice of meeting was posted on the bulletin board at the city hall of the city of Kerrville, Texas, and said notice was posted on the following date and time: June 8, 2012 at 4:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting.

Deputy City Secretary, City of Kerrville, Texas

Agenda Item:

2A. Presentation of a portrait of Major James Kerr by Joe Herring, Jr. (Mayor Pratt)



HERRING PRINTING COMPANY

615 Water Street • Kerrville, Texas 78028 • (830) 257-7242 • Fax (830) 896-6222
Fredericksburg (830) 997-0887

March 18, 2012

Jack Pratt,
Mayor of Kerrville
Kerrville City Hall
800 Junction Hwy
Kerrville, Texas 78028

Dear Mayor Pratt,

As you probably know I collect rare images of Kerrville and Kerr County. Recently I received a very rare image of Major James Kerr, for whom Kerrville and Kerr County are named.

At your earliest convenience I would like to present a framed copy of this portrait to the city council for display in the new city hall. I'd be happy to attend a city council meeting to make the presentation.

Thank you for your willingness to serve our community.

All the best,

A handwritten signature in blue ink that reads "Joe Herring Jr." in a cursive style.

Joe Herring Jr.

Agenda Item:

3A. Minutes of the special city council meeting held May 22, 2012, and the regular city council meeting held at 6:00 p.m. on May 22, 2012. (staff)

CITY COUNCIL MINUTES
OF A SPECIAL MEETING

KERRVILLE, TEXAS
MAY 22, 2012

On May 22, 2012, 10:00 a.m. the Kerrville City Council special meeting was called to order by Mayor Wampler in the city hall council chambers, 800 Junction Highway. Dr. Greg Cummings, Kerrville Church of Christ, offered the invocation, followed by the Pledge of Allegiance to the Flag led by Mike Erwin.

MEMBERS PRESENT:

David Wampler	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
T. Scott Gross	Councilmember
Stacie Keeble	Councilmember

MEMBER ABSENT: None

VISITORS PRESENT: List on file in city secretary's office for required retention period.

1. OFFICIAL CANVASS OF VOTES. Mayor Wampler opened the canvass envelop and read the results of the General Election held on May 12, 2012:

There were 1,766 votes cast with the following results:

Mayor:

David A. Wampler	867
Jack Pratt	890

Councilmember Place Three:

Justin MacDonald	1,210
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Councilmember Place Four:

Gene Allen	1,239
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2. STATEMENTS BY OUTGOING COUNCILMEMBERS

Statements were made by Councilmember Gross and Mayor Wampler.

3. RESOLUTION NO. 13-2012, CANVASSING THE RETURNS AND DECLARING THE RESULTS OF THE MAY 12, 2012, CITY GENERAL ELECTION

Mr. Conklin moved for approval of Resolution No. 13-2012; Ms. Keeble seconded the Motion and it passed 5-0.

4. OATHS OF OFFICE GIVEN BY KERR COUNTY JUDGE PAT TINLEY:

Oaths of Office were issued by Kerr County Judge Pat Tinley to the following:

- Mayor: Jack Pratt

- Councilmember Place Three: Justin MacDonald
- Councilmember Place Four: Gene Allen

5. CERTIFICATES OF ELECTION SIGNED AND ISSUED BY MAYOR JACK PRATT:

Certificates of Election were signed and issued by Mayor Pratt to the following:

- Mayor: Jack Pratt
- Councilmember Place Three: Justin MacDonald
- Councilmember Place Four: Gene Allen

6. STATEMENTS BY NEWLY-ELECTED COUNCILMEMBERS:

Statements were made by the newly-elected members of the city council:

- Mayor: Jack Pratt
- Councilmember Place Three: Justin MacDonald
- Councilmember Place Four: Gene Allen

7. PRESENTATIONS TO OUTGOING COUNCILMEMBERS:

Presentations were given by Mayor Pratt to the following:

- David A. Wampler for serving as Mayor.
- T. Scott Gross for serving as Councilmember Place Three and Mayor Pro Tem 2008-2009.

Adjournment: Mr. MacDonald moved for adjournment; the motion was seconded by Mr. Conklin, and passed 5-0; the meeting adjourned at 10:36 a.m.

APPROVED: _____

ATTEST:

Jack Pratt, Jr., Mayor

Brenda G. Craig, City Secretary

CITY COUNCIL MINUTES
REGULAR MEETING

KERRVILLE, TEXAS
MAY 22, 2012

On May 22, 2012, the Kerrville City Council meeting was called to order by Mayor Pratt at 6:00 p.m. in the city hall council chambers, 800 Junction Highway. The invocation was offered by Matt Melton, Pastor of High Peak Fellowship, followed by the Pledge of Allegiance led by Allie Finch and Makenzie Skrumedas, and members of the Girl Scouts of America.

COUNCILMEMBERS PRESENT:

Jack Pratt	Mayor
Gene Allen	Mayor Pro Tem
Carson Conklin	Councilmember
Stacie Keeble	Councilmember
Justin MacDonald	Councilmember

COUNCILMEMBER ABSENT: None

CITY EXECUTIVE STAFF PRESENT:

Todd Parton	City Manager
Mike Hayes	City Attorney
Brenda G. Craig	City Secretary
Kristine Ondrias	Assistant City Manager
Keith Magnell	Information Technology Department
Mike Erwin	Director of Finance
Kim Meismer	Director of General Operations
Jason Lutz	City Planner
Mark Beavers	Assistant Fire Chief
Charlie Hastings	Director of Public Works

VISITORS PRESENT: List on file in city secretary's office for the required retention period.

1. VISITORS/CITIZENS FORUM: No one spoke.

2. PRESENTATIONS:

2A. Proclamation designating 2012 as "Girl Scouts of the United States of America 100 Year Centennial Celebration, and the Year of the Girl."

2B. Proclamation designating May 25, 2012 as "Byron Nelson Day." (Mayor Pratt). The city was invited to attend an event at the Riverhill Golf Course on Friday, May 25 where the proclamation would be presented to Mrs. Nelson.

2C. Proclamation designating the week of May 20 through 26, 2012, as "National Public Works Week. (Mayor Pratt)

2D. Presentation by Peterson Regional Medical Center on Peterson's Community Care Program.

Steve Pautler and Lisa Winters, PRMC representatives, announced plans for the

opening of Peterson Community Care, a hospital based facility to be located at 841 Junction Highway. The facility would offer quality primary care and specialty care, regardless of payment status, for persons needing non-emergency care or in place of a primary physician. PRMC anticipated opening the facility in fall 2012.

3. CONSENT AGENDA:

Staff requested item 3B be removed from the consent agenda.

Mr. Conklin moved for approval of items 3A, 3C, 3D, 3E, and 3F; Mr. Allen seconded the motion and it passed 5-0:

3A. Minutes of the regular city council meeting held May 8, 2012.

3C. Contract with City-County Benefits Services (C-CBS) for the period of June 1, 2012 – May 31, 2013, in the amount of \$30,000.00, for employee benefit consulting services.

3D. Interlocal Service Agreement for Physical Addressing Services between the City of Kerrville, Texas and Kerr Emergency 9-1-1 Network.

3E. Resolution No. 14-2012 adopting amendments to the City of Kerrville Investment Policy regarding the investment of City funds in accordance with the Public Funds Investment Act.

3F. Resolution No. 16-2012 waiving park fees for Juneteenth Celebration within Carver Park pavilion scheduled for June 15 – 17, 2012.

END OF CONSENT AGENDA

3B. Contract with Qro Mex Construction, Inc. for the construction of the Harper Highway Utility Extension-Phase Two project in the amount of \$578,722.00, with change orders authorized but not to exceed the total amount of \$646,595.00.

Mr. Parton noted in 2009 the city extended wastewater services to the James Avery Craftsman campus; this project would extend utility services to properties that front on Harper Road. Mr. Parton requested authority to award the contract to the lowest qualified bidder, Qro Mex Construction, Inc. in the amount of \$578,722.00, and to issue change orders that may exceed \$50,000, but not to exceed the total amount of \$646,595.00.

Ms. Keeble moved for approval of the contract to Qro Mex Construction; Mr. Conklin amended the motion to include authorization for the city manager to issue change orders that may exceed \$50,000 but not to exceed the total amount of \$646,595.00. Mr. Conklin seconded the amended motion and it passed 5-0.

4. PUBLIC HEARING

4A. Consider petition protesting the February 2012 increase in water rates imposed by Aqua Texas for its customers within the City limits.

Mr. Hastings (director of public works) estimated the rate increase affected 80-150 city residents that were on the Aqua Texas system. State law provided that if the city received complaints from 10% of the Aqua Texas customers inside the city limits, the city must set a public hearing; the city received 37 letters.

Mayor Pratt declared the public hearing open at 6:31 p.m. and the following persons spoke:

1. William Cathey stated he lived outside the city limits, within the Horizon, but represented customers inside the city, and noted the following:

- Aqua Texas instituted a rate increase effective February 21, 2012, designed to recoup \$31.7 million invested in the Southwest Region since 2004; each ratepayer's share was estimated at \$2,300.
- AT customers were paying three times more than city water rates; most did not use 1,000 gallons a month.
- AT proposed setting the same rate for their entire southwest region, which included the Kerrville South area, resulting in 38% higher base rate.
- AT customers in the city of Ingram were not subject to regionalization and were granted an exception to AT's regionalization by the Texas Commission on Environmental Quality.
- The city had original ratemaking jurisdiction and could approve or contest AT's rates; the city could negotiate rates with AT; if AT was not satisfied with the rates, AT could appeal to TCEQ.
- AT takes no responsibility for providing water for fire protection; all hydrants were painted black.
- AT's rate increase required all of their southwest region ratepayers (13,731) to pay the same rate, which equated to a 60% rate increase in this area.

Mr. Cathey recommended the city set a just and reasonable water rate for Aqua Texas customers inside the Kerrville city limits and noted the regional pass through charge proposed by AT had nothing to do with the Kerrville area.

2. Michael Piper stated he was an AT commercial customer and had a 62% rate increase in February, and he paid higher insurance premiums because AT would not provide a fire hydrant in his area. If his costs continued to rise, he would have to raise the cost of his products; he urged council to deny AT's rate increase.

No one else spoke, and Mayor Pratt closed the public hearing at 6:47 p.m.

Mr. Hayes (city attorney) noted that Aqua Texas had the burden of proving that their proposed rate was fair and just, and they had been notified of this meeting. Under state law, if the city believed the rate was unfair, then the city had to determine what rate was fair. The city was acting as the point of original jurisdiction and could hire rate consultants, etc. and those costs could be passed on to AT, similar to the Atmos rate process; however, AT could then pass those costs on to their ratepayers. He noted that by holding this public hearing, the protestors were locking themselves into the evidence that could be presented and considered at future rate hearings. Mr. Hayes also noted that if the city issued a finding that the rate was unfair and unjust, TCEQ required an order from the city; also, both sides could appeal the council's decision to TCEQ. He noted that the appeal process for AT customers outside the city limits was to TCEQ.

Mr. MacDonald moved to issue an order finding that the Aqua Texas rate increase was unfair and unreasonable. Mr. Conklin seconded the motion and it passed 5-0.

The council noted that no one was present to represent Aqua Texas, and the burden was on AT to justify the rate they were asking for.

Mr. MacDonald moved that due to a lack of evidence to support the Aqua Texas rate increase, that the council deem that the prior rate was fair and reasonable, and require that Aqua Texas revert back to the previous rate structure. Mr. Allen seconded the motion and it passed 5-0.

5. ORDINANCE SECOND AND FINAL READING

5A. Ordinance No. 2012-04 amending the budget for fiscal year 2012 to account for changes in the status of various capital improvement projects; and to amend other city funds to account for balances for approved purposes. Mayor Pratt read the ordinance by title only.

Mr. Erwin noted no changes since first reading.

Mr. Conklin moved for approval of Ordinance No. 2012-04 on second reading; Mr. Allen seconded the motion and it passed 5-0.

6. CONSIDERATION AND POSSIBLE ACTION:

6A. Sidewalk café permit for 804 Water Street (Yeo-Bo's Café).

Mr. Parton noted that the previous restaurant owner had a sidewalk café at this location and the new restaurant owners requested the permit be reinstated to allow outdoor seating. The new owners had satisfied all city standards.

Mr. Allen moved to authorize Mr. Parton to issue the sidewalk café permit as stated. Ms. Keeble seconded the motion and it passed 5-0.

6B. Resolution No. 15-2012 denying Atmos Energy Corp., Mid-Tex Division's requested rate change; requiring the Company to reimburse the City's reasonable ratemaking expenses; finding that the meeting at which this Resolution is passed is open to the Public as required by law; requiring notice of this Resolution to the Company and ACSC's legal counsel.

Mr. Hayes noted that in January Atmos filed a rate increase of \$49 million, and in February, members of the Atmos Cities Steering Committee (ACSC) voted to suspend the effective date of the proposed increase to allow attorneys and consultants to negotiate a settlement. ACSC and Atmos had not reached a settlement; therefore, ACSC recommended denial of the rate increase to prevent the rate increase from taking effect on June 11, and allow more time for a negotiated settlement. Atmos was aware of the city's actions and supported delaying the time to allow continued negotiations.

Mr. Conklin moved for approval of Resolution No. 15-2012; Ms. Keeble seconded the motion and it passed 5-0.

6C. Consideration of reducing the makeup of the Zoning Ordinance Input Committee from seven (7) regular members to five (5) regular members and to appoint two City Council members as liaisons to the committee.

Mr. Parton noted ZOIC was originally a seven member board appointed by council in 2010 to begin a comprehensive rewrite of the zoning ordinance. Since that time, the board had experienced turnover in membership, most recently the resignation of Justin MacDonald due to his election to council. ZOIC was nearing completion of the project and requested the membership be reduced to five members and two city council liaisons, i.e. Mr. Conklin and Mr. MacDonald.

Mr. MacDonald moved to reduce ZOIC membership from seven members to five regular members; Mr. Allen seconded the motion. Ms. Keeble amended the motion to include the appointment of Mr. MacDonald and Mr. Conklin as council liaisons to ZOIC, and the amended motion passed 5-0.

6D. Appointment of Mayor Pro Tem. Deferred to executive session.

7. INFORMATION AND DISCUSSION:

7A. Budget and economic update. Mr. Erwin reported sales tax for April 2012 was 17% higher than April 2011; and HOT continued to increase. General fund revenue was at \$15.2 million and expenditures at \$11 million; water and sewer fund revenue was at \$4.8 million and expenditures at \$4.6 million.

8. BOARD APPOINTMENTS:

8A. Appointment of Councilmembers to city boards and commissions.
Deferred to executive session.

8B. Appointments to the Economic Improvement Corporation.
Deferred to executive session.

8C. Appointments to the Planning and Zoning Commission.
Deferred to executive session.

9. **ITEMS FOR FUTURE AGENDAS:** None discussed.

10. ANNOUNCEMENTS OF COMMUNITY INTEREST:

- Mr. Beavers announced that the Kerrville Fire Department would be collecting funds for the Muscular Dystrophy Association on Memorial Day weekend and on June 9 at Main and Sidney Baker. In 2011 KFD collected over \$17,000 and their goal for 2012 was to collect \$20,000.
- June 9 was "Bark for Life" at River Star Park; events would start at 9:00 a.m.
- Arts and Crafts Fair at River Star Park May 25-28.

- Kerrville's 4th on the River event would be held Saturday, June 30, beginning at 3:00 p.m. in Louise Hays Park; eight artists including Monte Montgomery and Stoney LaRue.
- City council special meeting was scheduled May 31 at 9:00 a.m. to discuss wastewater treatment system master plan and river trail project.

11. EXECUTIVE SESSION:

Mr. Conklin moved for the city council to go into executive closed session under Sections 551.074 (personnel matters) of the Texas Government Code; the motion was seconded by Mrs. Keeble and passed 5-0 to discuss the following matters: Section 551.074:

- Appointment of Councilmembers to City boards and commissions.
- Appointments to the Economic Improvement Corporation.
- Appointments to the Planning and Zoning Commission.
- Appointment of Mayor Pro Tem.

At 7:19 p.m. the regular meeting recessed and council went into executive closed session at 7:32 p.m. At 9:10 the executive closed session recessed and council returned to open session at 9:11 p.m. The mayor announced that no action had been taken in executive session.

12. ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:

6D. Appointment of Mayor Pro Tem.

Mr. Allen moved to appoint Stacie Keeble as mayor pro tem; the motion was seconded by Mr. Conklin and passed 5-0.

8A. Appointment of Councilmembers to City boards and commissions.

Mr. Conklin moved to appoint the following councilmembers to city boards; Ms. Keeble seconded the motion and it passed 5-0:

CITY BOARD	EXISTING COUNCIL REPRESENTATIVE	PROPOSED COUNCIL REPRESENTATIVE
Airport Planning Committee	Carson Conklin David Wampler	Jack Pratt Carson Conklin
Audit Committee	Gene Allen Stacie Keeble	Gene Allen Justin MacDonald
Economic Improvement Corporation	Stacie Keeble	Stacie Keeble
Food Service Advisory Board	Scott Gross	Stacie Keeble
Golf Course Advisory Board	Carson Conklin	Carson Conklin
Kerrville Economic Development Corporation	David Wampler	Carson Conklin
Kerrville Public Utility Board	David Wampler	Jack Pratt

Library Advisory Board	Scott Gross	Justin MacDonald
Main Street Advisory Board	Scott Gross	Gene Allen
Municipal Court Review Committee	David Wampler Stacie Keeble	Jack Pratt Stacie Keeble
Parks and Recreation Advisory Board	Stacie Keeble	Gene Allen
Planning and Zoning Commission	Carson Conklin	Justin MacDonald
Playhouse 2000	Gene Allen	Stacie Keeble
Zoning Ordinance Input Committee (ZOIC)	Carson Conklin	Carson Conklin Justin MacDonald

8B. Appointments to the Economic Improvement Corporation.

Ms. Keeble moved to reappoint Polly Rickert and Rex Boyland, and to appoint David Wampler, all with terms to expire June 1, 2014; Mr. Conklin seconded the motion and it passed 4 to 1 with Members Keeble, Conklin, Allen, and MacDonald voting in favor of the motion, and Mayor Pratt voting against the motion.

8C. Appointments to the Planning and Zoning Commission.

Mr. Conklin moved to appoint T. Beck Gipson to fill an unexpired term due to expire January 1, 2013; Mr. MacDonald seconded the motion and it passed 5-0.

13. ADJOURNMENT. Mr. MacDonald moved to adjourn the meeting; the motion was seconded by Mr. Allen and passed 5-0. The meeting adjourned at 9:17 p.m.

APPROVED: _____

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

Agenda Item:

3B. A one (1) year extension to an Interlocal Cooperation Contract for City of Kerrville Ambulance/Emergency Medical Services to the Department of State Health Services on behalf of its facility, Kerrville State Hospital located at 721 Thompson Drive in Kerrville, Texas. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Approval of a one (1) year extension to an Interlocal Cooperation Contract for City of Kerrville Ambulance/Emergency Medical Services to the Department of State Health Services on behalf of its facility, Kerrville State Hospital located at 721 Thompson Drive in Kerrville, Texas.

FOR AGENDA OF: June 12, 2012

DATE SUBMITTED: June 1, 2012

SUBMITTED BY: Chief Robert Ojeda *RO* **CLEARANCES:** Michael C. Hayes, City Attorney

EXHIBITS: Interlocal Cooperation Contract #537-9-0000048249 between the Department of State Health Services and the City of Kerrville as well as the Amendment #3 to this Interlocal Contract.

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *R*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
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PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Currently, by contract, the City of Kerrville (City) provides Emergency Medical Services (EMS) to patients under the care of the Department of State Health Services (DSHS) at their Kerrville State Hospital (KSH) facility. Under said contract, the DSHS provides for payment of services to the City per the City's current fee schedule.

On August 31, 2012 the current Interlocal Cooperation Contract for City Ambulance/Emergency Medical Services to the DSHS on behalf of the KSH will expire. This action exercises an option to extend the existing contract for one (1) year from September 1, 2012 to August 31, 2013. This will be the first year option of three (3) to extend this contract.

By the execution of this Amendment to the Interlocal Contract, DSHS will pay for EMS services performed by the City at the KSH. The total amount of this contract shall not exceed \$60,000 and the amount may be amended as needed during the term of the contract based on services provided.

RECOMMENDED ACTION

The Fire Chief recommends that the City Council authorizes the City to exercise an option to extend the existing Interlocal Cooperation Contract for City Ambulance/Emergency Medical Services to the DSHS on behalf of the KSH for one (1) year from September 1, 2010 to August 31, 2011.

THE STATE OF TEXAS
COUNTY OF KERR

Contract Form No. 004
Contract ID No. 537-9-000048249
Performer's TIN 74-6001490
Source of Funds _____
Contract Manager Harry Schneider

INTERLOCAL COOPERATION CONTRACT

THIS INTERLOCAL COOPERATION CONTRACT ("the Contract") is entered into by and between the governmental agencies shown below as Contracting Parties, pursuant to the authority granted and in compliance with the provisions of "The Interlocal Cooperation Act", Texas Government Code, Chapter 791.

I. CONTRACTING PARTIES:

The Receiving Agency: Department of State Health Services on behalf of its facility
Kerrville State Hospital, 721 Thompson Drive, Kerrville, Texas 78028
Contact: Harry Schneider Phone: 830-896-2211 #6208

The Performing Agency: City of Kerrville
800 Junction Hwy, Kerrville, Texas 78028
Contact: Eric Maloney Phone: 830-257-5333

II. STATEMENT OF SERVICES TO BE PERFORMED:

Ambulance/Emergency Medical Services (EMS)

III. BASIS FOR CALCULATING REIMBURSABLE COSTS:

Per City of Kerrville current fee schedule

IV. CONTRACT AMOUNT:

The total amount of this Contract shall not exceed: Sixty Thousand Dollars (\$60,000.00). Contract dollar amount may be amended as needed during the term of the contract based on services provided.

V. PAYMENT FOR SERVICES:

DSHS will pay for services performed in accordance with this Contract. Payments for service performed shall be invoiced: Monthly.

Payments received by the Performing Agency shall be credited to its current appropriation item(s) or account(s) from which the expenditures of that character were originally made. This Contract is subject to the continued availability of funds. If funds become unavailable through lack of appropriations, budget cuts, transfer of funds between programs or agencies, amendment of the appropriation act, health and human services agency consolidations, or any other disruption of current appropriations, DSHS will terminate this Contract in accordance with Section VI of this Contract.

VI. TERM OF CONTRACT:

This Contract is to begin September 1, 2008, or the date signed by DSHS, whichever date is later, and shall terminate August 31, 2010. At which time contract can be extended for a period of three (3) years, in one year increments if agreed upon by both parties in writing prior to expiration.

The contracting parties may terminate this Contract prior to the expiration date by mutual agreement. Either contracting party may terminate this Contract by giving the other contracting party 30 days written notice.

VII. STATUTORY REQUIREMENTS:

If this Contract is funded in whole or in part with federal funds, Performing Agency must comply with all federal requirements, including, but not limited to the Uniform Contract and Grant Management Act, Texas Government Code, Chapter 783.

THE UNDERSIGNED CONTRACTING PARTIES do hereby certify that, (1) the services specified above are necessary and essential for activities that are properly within the statutory functions and programs of the effected contracting parties, (2) the proposed arrangements serve the interest of efficient and economical administration, and (3) the services, supplies, or materials contracted for are not required by Section 21 of Article 16 of the Constitution of Texas to be supplied under contract given to the lowest bidder.

DSHS further certify that it has the authority to contract for the above services by authority granted in

Texas Health and Safety Code, Titles 7 and 12, and the current General Appropriations Act
(Statute, Constitution, Appropriation Bill)

City of Kerrville (Performing Agency) further certify that it has the authority to perform the services contracted for by authority granted in

City Ordinance
(Statute, Constitution, Appropriation Bill)

Receiving Agency
Department of State Health Services
Kerrville State Hospital

Jude Highsmith
Authorized Signature
Stephen R. Anfinson
Printed or Typed Name

Title: Superintendent

Date: 9-18-08

Performing Agency
City of Kerrville

Robert Ojeda
Authorized Signature
Robert Ojeda
Printed or Typed Name

Title: Fire Chief

Date: 9/17/08

Contract Number 537-9-000048249

Contract Manager Harry Schneider

Form No. 5912 Revised 10/1/11

**Interlocal Contract (IL)
Client Services
Amendment No. 3**

This IL is hereby amended as follows:

Amend Section VI. Term of Contract by adding the following provision:

DSHS and Contractor are exercising the option to extend said contract for one year. This will be the third option to extend of the (3) additional years. This third option shall be for the period September 1, 2012 thru August 31, 2013 with no renewals remaining. The total amount of funds expended this third renewal term shall not exceed \$60,000.00

Except as amended herein, all other provisions of the IL and any previous amendments remain unchanged.
The effective date of this amendment is September 1, 2012.

Receiving Agency

Kerrville State Hospital

Performing Agency

City of Kerrville

Authorized Signature

Jay Norwood

Printed or Typed Name

Acting Superintendent

Title

Date

Authorized Signature

Printed or Typed Name

Title

Date

Agenda Item:

3C. Council authorization for City Manager to purchase a dump truck from Austin Freightliner in the amount of \$80,978.00. (staff)



FREIGHTLINER OF AUSTIN

1701 Smith Rd. (Hwy. 183 So.)
Austin, Texas 78721

Bus: 512-389-0000
FAX: 512-389-2663
Wats: 1-800-395-2005

Invoice Number

Date: 2-16-2012

PURCHASING NAME City of Kerrville		TELEPHONE 830-258-1131	
ADDRESS 310 McFarland		CITY Kerrville	STATE Tx
		ZIP CODE 78028	

YEAR	MAKE	MODEL/BODY	VIN	LICENSE PLATE
2013	Freightliner	M2-106	Order	

MILEAGE:	
Buy Board contract 358-10	
2013 Freightliner M2-106 chassis per specs	66,788.00
6-8 Yard dump body with pintle hook and tarp per Wabash Equip quote	13,790.00
Buy Board fee	400

Disclaimer of Warranties

Any warranties on the products sold hereby are those made by the factory. The Seller, Freightliner of Austin, hereby expressly disclaims all warranties, either expressed or implied including any implied warranty of merchantability or fitness for a particular purpose, and Freightliner of Austin, neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this vehicle.

CUSTOMER SIGNATURE

SALESMAN SIGNATURE

CONTRACTUAL DISCLOSURE STATEMENT FOR USED VEHICLE ONLY. *The information you see on the window form for this vehicle is part of this contract. Information on the window form overrides any contrary provisions in the contract of sale.*

MILEAGE:		TRADE-IN:	
YEAR	MAKE	MODEL/BODY	VIN
MILEAGE:		TRADE-IN:	
YEAR	MAKE	MODEL/BODY	VIN

		TOTAL	80,978.00
PAYOFF TO:		Trade Allowance	
ADDRESS:		Trading Difference	
		Sales Tax	
GOOD UNTIL:		Vehicle Inventory Tax	
QUOTED BY:		License Fee	
SHOW LEIN TO:		Documentary Fee	
ADDRESS:		Federal Excise Tax	
		State Insp.:	TOTAL SALE PRICE
DATED:		License:	80,978.00
LIEN AMOUNT \$		Payoff on Trade	
DRAFT FOR \$		Title:	Ext. Service Agreement
DRAFT THRU:		Transfer:	Less Deposit
ADDRESS:		Total Balance Due	

Agenda Item:

3D. Updating the financial policy of the City of Kerrville. (staff)

Purpose.

The City of Kerrville, Texas 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 Kerrville City 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.

Annual budget.

The fiscal year of the City of Kerrville shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.

The City Manager shall prepare each year a budget to cover all proposed expenditures of the government of the City for the succeeding year. Such budget shall be carefully itemized so as to make as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes for the preceding year. The budget shall also show as definitely as possible each of the various projects for which appropriations are set up in the budget, and the estimated amount of money carried in the budget for each of these projects. The budget shall also contain a complete financial statement of the City showing all outstanding obligations of the City, the cash on hand to the credit of each and every fund, the funds received from all sources during the previous year, the funds available from all sources during the ensuing year, the estimated revenue available to cover the proposed budget, and the estimated rate of tax which will be required.

On or before the 31st day of July of each year, the City Manager shall submit to the City Council and City Secretary a budget for the ensuing fiscal year and an accompanying budget message. The full text of the proposed budget and message shall be made available for public review in the office of the City Secretary, at the City's library, and prominently linked on the City's website.

The fiscal year of the City government shall begin on the first day of October each year and shall end on the last day of September the following year. Such year shall constitute the budget year of the City government.

The City Manager's budget message shall explain the budget both in fiscal terms and in terms of the work programs, linking those programs to organizational goals and community priorities. It shall outline the proposed financial policies of the City for the ensuing fiscal year and the impact of those policies on future years. It shall describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position, including factors affecting the ability to raise resources through debt issues, and include such other material as the City Manager deems desirable.

City Council Action on Budget.

Notice and Hearing. The City Council shall publish the general summary of the budget and a notice stating:

1. The times and places where copies of the message and budget are available for inspection by the public, and
2. The time and place, not less than two weeks after such publication, for a public hearing(s) on the budget.

Amendment before Adoption. After the public hearing, the City Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income.

Adoption. The City Council shall adopt the budget on or before the 30th day of September of the fiscal year currently ending. If it fails to adopt the budget by this date, the budget proposed by the City Manager shall go into effect.

"Publish" defined. As used in this section, the term "publish" means to print in the contemporary means of information sharing, which includes, a newspaper of general circulation which is published in the City, and on the City's website. In addition, the budget shall be made available in the office of the City Secretary and in the City's library.

Budget.

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year and, except as required by law or this Charter, shall be in such form as the City Manager deems desirable or the City Council may require for effective management and an understanding of the relationship between the budget and the City's strategic goals. The budget shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy; and all proposed expenditures, including the amount of salary or compensation of officers and employees and debt service for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

1. The proposed goals and expenditures for current operations during the ensuing fiscal year, detailed for each fund by department or by other organization unit, and program, purpose or activity, method of financing such expenditures, and methods to measure outcomes and performance related to the goals;
2. Proposed longer-term goals and capital expenditures during the ensuing fiscal year, detailed for each fund by department or by other organization unit when practicable, the proposed method

of financing each such capital expenditure, and methods to measure outcomes and performance related to the goals; and

3. The proposed goals, anticipated income and expense, profit and loss for the ensuing year for each utility or other enterprise fund or internal service fund operated by the City, and methods to measure outcomes and performance related to the goals. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus carried forward fund balance exclusive of reserves.

Appropriation and Revenue Ordinances.

To implement the adopted budget, the City Council shall adopt, prior to the beginning of the fiscal year.

1. An appropriation ordinance making appropriations by department, fund, or other organizational unit and authorizing an allocation for each program or activity; and
2. A tax levy ordinance authorizing the property tax levy or levies and setting the tax rate or rates.

Amendments after Adoption.

Supplemental Appropriations. If during or before the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council by ordinance may make supplemental appropriations for the year up to the amount of such excess.

Emergency Appropriations. To address a public emergency affecting life, health, property, or the public peace, the City Council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of Section 3.06 above of the City charter. To the extent that there are no available un-appropriated revenues or a sufficient fund balance to meet such appropriations, the Council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid or refinanced as long-term debt not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.

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Reduction of Appropriations. If at any time during the fiscal year it appears probable to the City Manager that the revenues or fund balances available will be insufficient to finance the expenditures for which appropriations have been authorized, the manager shall report to the City Council without delay, indicating the estimated amount of the deficit, any remedial action taken by the manager and recommendations as to any other steps to be taken. The Council shall then take such further action as it deems necessary to prevent or reduce any deficit and for that purpose it may by ordinance reduce or eliminate one or more appropriations.

Transfer of Appropriations. At any time during or before the fiscal year, the City Council may by resolution transfer part or all of the unencumbered appropriation balance from one department, fund, or organizational unit to the appropriation for other departments or organizational units or a new

appropriation. The manager may transfer funds among programs within a department, fund, or organizational unit and shall report such transfers to the Council in writing in a timely manner,

Limitation; Effective Date. No appropriation for debt service may be reduced or transferred, except to the extent that the debt is refinanced and less debt service is required, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

Independent Audit.

As soon as practicable after the close of each fiscal year, an independent audit shall be made of all accounts of the City government by certified public accountants, to be selected by the Council, who have no personal interest directly or indirectly in the financial affairs of the City government. The results of this audit shall be published immediately upon its completion.

Basis of accounting and budgeting.

The City's finances shall be accounted for in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

1. The accounts of the City are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is 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. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and

interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

3. The City utilizes encumbrance accounting for its governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
4. The City's 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.

The City's annual budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary fund budgets. All annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as restricted fund balances and do not constitute expenditures or liabilities since the commitments will be reappropriated and honored the subsequent fiscal year.

The issuance of Statement 34 by GASB has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the City will continue utilizing the accounting and budgeting processes as described in paragraphs (1) and (2) of this section. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types.

The Governmental Accounting Standards Board (GASB) issued Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" effective for periods after June 15, 2010. The objective of this Statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes limitations on the purposes for which Fund Balance can be used.

a. Non-spendable Fund Balance – Some assets reported in governmental funds may be inherently non-spendable from the vantage point of the current period.

Assets that will never convert to cash such as; prepaid items or inventories,

Assets that will not convert to cash soon enough to affect the current period such as; non-financial assets held for resale,

Resources that must be maintained intact pursuant to legal or contractual requirements such as; capital of a revolving loan fund

b. Restricted Fund Balance – This represents the portion of fund balance that is subject to externally enforceable legal restrictions. Such restrictions are typically imposed by parties altogether outside the City such as creditors, grantors, contributors or other governments.

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Restrictions can also arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose.

c. **Committed Fund Balance** – This represents the portion of fund balance whose use is constrained by limitations that the City imposes on itself by City Council (highest decision making level) and remains binding unless removed in the same manner. The City does not use committed funds in its normal course of business.

Requires action by City Council to commit fund balance

Formal City Council action is necessary to impose, remove or modify a constraint reflected in the committed fund balance

d. **Assigned Fund Balance** – This describes the portion of fund balance that reflects the City's intended use of resources. This authority rests with City Manager and is delegated to staff through the use of encumbrances.

e. **Unassigned Fund Balance** – This describes total fund balance in the General Fund in excess of non-spendable, restricted, committed and assigned fund balance.

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Budget administration.

All expenses of the City shall be made in accordance with the adopted annual budget. The fund or department level is the legal level of control enacted by the City Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

The following represents the City's budget amendment policy delineating responsibility and authority for the amendment process. At any time during or before the fiscal year, the City Council may by resolution transfer part or all of the unencumbered appropriation balance from one department, fund, or organizational unit to the appropriation for other departments or organizational units or a new appropriation. The manager may transfer funds among programs within a department, fund, or organizational unit and shall report such transfers to the Council in writing in a timely manner.

Financial reporting.

Following the conclusion of the fiscal year, the City's 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 GASB. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

The CAFR shall show the status of the City's finances on the basis of GAAP. The CAFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. In all but

two cases this reporting conforms to the way the City prepares its budget. Compensated absences (accrued but unused sick leave) are not reflected in the budget but are accounted for in the CAFR's long-term debt account group. Depreciation expense is not shown in the budget's proprietary funds, although the full purchase price of equipment and capital improvements is reflected as uses of working capital.

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.

The Director of Finance shall issue reports to the City Council reflecting the City's financial condition as requested, but not less than once a quarter.

Financial reporting should reflect budget to actual comparisons.

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Revenues.

To protect the City's financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the City will attempt to reduce its dependence on sales tax revenue.

For every annual budget, the City shall levy two property tax rates: operation/maintenance and interest and sinking. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the City's outstanding general obligation debt for that budget year. The interest and sinking levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the eight percent rollback rate as defined by the State of Texas Property Tax Code. City Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

The City will maintain a policy of levying the lowest tax rate on the broadest tax base. The City may consider providing tax abatements or other incentives to encourage development.

The City 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. Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.
3. 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, and accuracy of water meters).

The City 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 will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.

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 taking into account 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.

One Time or Unpredictable Revenues are discouraged for use for ongoing expenditures.

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Funding will be used from the most restricted to least restricted when different funding sources are available.

Operating expenditures.

Expenditures shall be accounted, reported, and budgeted for in the following major categories:

1. Personnel
2. Supplies
3. Maintenance
4. Services
5. Other Expenses
6. Capital Outlay

The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e., status quo) quality and scope of city services.

The City 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.

Personal service 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.

Supply expenditures shall be sufficient for ensuring the optimal productivity of City employees.

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.

The City 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 least expense to the City.

Capital equipment is defined as equipment that exceeds \$5,000.00 and has a useful life of at least one year. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of City employees.

Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the City Manager. Projected expenditures that exceed the ceiling must be submitted as separate budget adjustment requests. The City Manager will recommend the adjustment requests to the City Council, which will vote on the requests.

Fund balance.

The annual budget shall be presented to City Council with the General Fund and the Water & Sewer Fund's reflecting an ending fund unassigned fund balance or unrestricted net which position that is 15 to 25 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending-unassigned fund balances may be established which exceed the 25 percent minimum.

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Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or debt.

The City will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Kerrville 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.

Fund transfers.

Transfer may occur when one fund provides goods or services to another fund. Fund transfers may occur when surplus fund balances are used to support nonrecurring capital expenses or when needed to satisfy debt service obligations. Transfers are permitted between funds to support economic development programs.

Debt expenditures.

The City will issue debt only to fund capital projects that cannot be supported by current, annual revenues.

To minimize interest payments on issued debt, the City will seek to maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding 20 years, except in instances when the capital improvements will significantly benefit the community beyond the 20-year period. Retirement of debt principal will be structured to ensure consistent annual debt payments.

The City will attempt to maintain base bond ratings (prior to insurance) of AA- or better (Standard & Poor's) on its general obligation debt.

When needed to minimize annual debt payments, the City will obtain insurance for new debt issues.

Debt service obligations for the General Fund shall not cause the I&S tax rate to exceed 25% of the total tax rate.

Debt Obligations in the Water and Sewer Fund shall not exceed 35% of the annual revenues.

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Capital project expenditures.

The City 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.

Capital projects will be constructed to:

1. Protect or improve the community's quality of life.
2. Protect or enhance the community's economic vitality.
3. Support and service new development.

To minimize the issuance of debt, the City will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e., "pay-as-you-go").

Utility capital expenditures.

The City will design utility rates sufficient for both current and long term obligations.

Long-term financial plans.

The City will adopt every annual budget in context of a long-term financial plan for the General Fund and Water & Sewer Fund. Financial plans for other funds may be developed as needed.

The General Fund long-term plan will establish assumptions for revenues, expenditures and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.

Facility construction; best value methods for entering into contract.

For purposes of this section, the term "facility" means buildings the design and construction of which are governed by accepted building codes; such term does not include (i) highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, wharves, docks, airport runways and taxiways, drainage projects, or related types of projects associated with civil engineering construction, or (ii) buildings or structures that are incidental to projects that are primarily civil engineering construction projects

In entering into and awarding a contract for the construction, rehabilitation, alteration, or repair of a facility, the city shall use one of the following methods that provides the best value for the city (such methods being those set forth in Section 271.113(a) of the Texas Local Government Code):

1. Competitive bidding;
2. Competitive sealed proposals for construction services;
3. A design-build contract;
4. A contract to construct, rehabilitate, alter, or repair facilities that involve using a construction manager; or
5. A job order contract for the minor repair, rehabilitation, or alteration of a facility.

The use or implementation of any of such methods shall comply in all respects with Chapter 271, Subchapter H of the Texas Local Government Code and any other applicable law.

The determination of which of the best value methods set forth in subparagraph (b) shall be used shall be made before advertising as required by law. The authority of the city council to make such determination is hereby delegated to the city manager (or the city manager's designee), and the city manager (and any designee of the city manager) is hereby authorized to make such determination.

Reserved.

Agenda Item:

3E. A Resolution adopting amendments to the City's purchasing policy and procedures manual. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Resolution amending the purchasing policy of the City of Kerrville

FOR AGENDA OF: June 12, 2012 **DATE SUBMITTED:** May 31, 2012

SUBMITTED BY: Mike Erwin 
Director of Finance **CLEARANCES:** Todd Parton
City Manager

EXHIBITS: Resolution, City's Proposed Purchasing Policy
AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:
REVIEWED BY THE DIRECTOR OR FINANCE:

SUMMARY STATEMENT

Council last approved the city's purchasing policy in 2010. This updates the city's policy to reflect a change in quotes and approvals required. The major change is members of the executive team are now able to approve purchases up to \$4,999.99 and are not required to seek three written quotes.

The chart below reflects the State's current policy and the City's recommendation for purchasing:

CITY OF KERRVILLE APPROVAL REQUIREMENTS			
Total Amount of Request*	Type of Bid/Quotes Required	Individual Responsible for Bid/Quotes	Approvals Required*
Items costing \$50,000 or more	Sealed bids to be opened at a public meeting by the City Secretary and Purchasing Agent	Purchasing, Project Manager	City Council, and City Manager, or Designee
Items costing \$25,000 to \$49,999.99	3 Written Quotes based on like products***	Purchasing, Project Manager	City Manager, or Designee, or City Council **
Items costing from \$5,000.00 to \$24,999.99	3 Written Quotes based on like products***	Department Designee	Department Directors, and Finance
Items costing up to \$4,999.99	Efforts should be made to obtain the best value for the City	Department Designee	Supervisors, and Finance

*Approvals apply to all Finance Forms including Purchase Requests, Check Requests, Purchasing Cards and all Petty Cash, travel and other type of forms.

**City Council authorization will be necessary for items that were not detailed in the budget process.
 ***Written quotes should be made on the vendor's letterhead or on the purchasing department's quotation form and will expire after 6 months. All three quotes must be attached to the final invoice when submitted to Accounts Payable for payment.

RECOMMENDED ACTION

Staff requests approval of the proposed purchasing policy.



PURCHASING POLICY AND PROCEDURES MANUAL

March 2011 June 2012

INTRODUCTION

This is the Purchasing Policy and Procedures Manual (manual) for the City of Kerrville, Texas (City). Various City staff members have prepared this manual to inform each City department about the City's purchasing processes.

City purchasing procedures are governed to a large extent by Texas law. Therefore, state law is the primary authority on the validity of purchasing procedures. Because the procedures described in this manual derive from state law, at times and where appropriate, this manual uses language taken directly from state statutes. At other times, the manual paraphrases and generalizes state law in an effort to assist in the understanding and application of purchasing requirements. That said, this manual cannot and does not address every purchasing situation; thus, when an unusual situation occurs or a difficult factual or legal issue arises, the exact statutory language must be carefully reviewed and analyzed.

The Finance Department will assist each department with procuring quality goods and services that are required to provide our citizens and customers with the services that they expect. The goal of the Finance Department is to secure the lowest, responsible cost for the City.

MISSION, VISION, AND GOALS WITH RESPECT TO CITY PURCHASING

Mission: To generate fair and open competition to receive the best prices, terms, and conditions on purchases for the City.

Vision: To serve the citizens and customers of the City through greater efficiencies, both in terms of economy and services, and the procurement of quality supplies, equipment, and services.

Goals:

1. Establish policies and procedures that maintain the integrity of the purchasing process, encourage competition, and achieve cost savings.
2. Procure goods and services of the requested quality and quantity from responsible sources using the most efficient and economical means and at the best possible price and to have them available when and where they are needed.
3. Improve the speed of delivery of supplies, equipment, and services through planning and predetermining through supply contracts or other means, the available purchasing sources before an actual need becomes known and when possible, to take advantage of quantity and special discounts.
4. Comply with state and federal laws and this manual during the procurement and purchasing process.

POLICY & PROCEDURES

1. POLICY STATEMENTS.

A. Public interest. The City will conduct all purchasing – whether for goods or services – on the basis of economic and business merit. This policy is intended to promote the best interests of the City's citizens and customers.

B. Use of competitive bidding. City purchasing must operate in full view of the public. To assure an open, transparent purchasing process with the goal of obtaining the lowest possible price, the City Council has determined that the City will use competitive bidding as much as possible in the purchase of goods and services.

C. Employee support. The City seeks to maintain a cost effective purchasing system conforming to good management practices. To be successful, all employees must support the system. The establishment and maintenance of a good purchasing system is possible only through cooperative effort.

D. Planning. The purchasing process is not instantaneous. Planning is required to complete the steps required by state law and this manual. Again, a cooperative effort is required to accomplish the timely purchasing of goods and services at the lowest possible price.

E. Compliance with state law and manual. City officers and employees must comply with state law and this manual with respect to purchasing. Where a question or issue arises, an employee should not hesitate to contact the Purchasing Agent for guidance. Failure to comply with state law or this manual may result in disciplinary action being taken against the employee, up to and including termination. As specified below, violations of state laws concerning competitive bidding may also result in criminal convictions.

2. PURCHASING AUTHORITY

A. Purchasing Agent. The City Manager, pursuant to the City's Charter and City Council's approval of this manual, has delegated purchasing authority and responsibilities to the Purchasing Agent. The Purchasing Agent is an employee of the Finance Department. The Purchasing Agent must use this authority to purchase goods and services for the City in conformance with this manual. In certain instances, and as specified in this manual, the City Manager has also granted this authority to specified employees, which in turn have been authorized by their Department Directors. In no case shall purchasing authority be delegated to an employee or other person who has not been authorized by the City Manager or a Department Director.

B. Responsibilities of Purchasing Agent. The Purchasing Agent's responsibilities include the following:

1. The Purchasing Agent is responsible to ensure compliance with state and federal laws and this manual and to ensure that purchasing is practiced in a fully open, transparent, competitive, and ethical environment.
2. The Purchasing Agent is responsible for invitations for bid, bid openings, and assisting

departments in the presentation for the purchases of goods and services to the City Council. The Purchasing Agent will notify the City Secretary's office of all advertising requirements.

3. The Purchasing Agent will assist departments with identifying potential vendors or contractors or researching any information needed to make purchases.

4. The Purchasing Agent will assist departments in developing specifications for the purchase of goods and services along with the desired delivery schedules.

5. The Purchasing Agent will encourage competition between vendors and contractors through negotiations, competitive bidding, and bulk purchasing by continuously monitoring requisitions from departments. This includes the consolidation of purchases where possible.

6. The Purchasing Agent will monitor and evaluate the performance of vendors and contractors.

7. The Purchasing Agent will solicit evaluations and recommendations from departments on bids received from vendors or contractors.

8. The Purchasing Agent will oversee the transfer and/or reuse of products and equipment between offices and departments or the sale of surplus, obsolete, or unused supplies, materials, or equipment.

9. The Purchasing Agent will assist departments with the testing of goods and services for compliance with specifications.

10. The Purchasing Agent, where applicable, will negotiate all warranties and service agreements.

11. The Purchasing Agent will recommend the use of Cooperative Purchasing Agreements, Interlocal Agreements, and purchasing contracts for price and performance advantages.

12. The Purchasing Agent will consult with the Legal Department to assure forms and contracts are current and approved for their intended use.

C. Responsibilities of Department. A Department has the following responsibilities with respect to making and managing the expenditure of funds to acquire goods or services for the City. In this manual, "Department" refers to the group of employees responsible for a service(s) or a particular set of duties (e.g., the Public Works Department) and it also refers to the employee(s) within each Department that is authorized and responsible for making purchases.

1. A Department must determine the availability of budgeted funds in the appropriate category before requesting any purchase. The Finance Department will return purchase requisitions if funds are not available and will not restart processing the requisition until the Department addresses this issue.

2. A Department, where required, must submit all purchasing requests to the Purchasing Agent to allow sufficient time to comply with the procedures established by this manual.

3. A Department will plan and budget to eliminate and/or reduce work stoppages and rush

ordering.

4. A Department, with the assistance of the Purchasing Agent, must provide minimum specifications for goods and services by completing the detailed specification form . A Department must write the specifications to encourage competition, whenever possible.

5. A Department that believes that a product, equipment, or service is only available through a sole source must provide a written explanation and justification for the purchase in accordance with this manual.

6. A Department will use existing City contracts when available for all purchases.

7. A Department must immediately and thoroughly inspect all deliveries of goods and equipment and determine their quality and conformance with specifications.

8. A Department must immediately notify the Purchasing Agent upon the discovery of an incorrect order or damaged products, materials, or equipment.

9. A Department will continuously monitor the performance of goods and services and immediately report any deficiencies or violations in the performance of a contract to the Purchasing Agent.

10. Where possible and when applicable, a Department's communications with vendors or contractors regarding purchasing should be arranged through and under the direction of the Purchasing Agent. This practice may include the evaluation of samples or products.

11. A Department must provide the Purchasing Agent with a copy (email preferred) of any correspondence between a vendor or contractor and the Department.

3. BASIS FOR PURCHASING

A. Purchasing authority under state law.

1. Pursuant to state law, before the City may enter into a contract that requires an expenditure greater than \$50,000.00, the City must comply with the procedure established by state law for competitive sealed bidding or competitive sealed proposals. (See Ch. 252, Subch. B, TX. Local Gov't Code)

2. Pursuant to state law, the City may use the competitive sealed proposal procedure to purchase goods and services, including high technology items and insurance. (See §252.021(b), TX. Local Gov't Code)

3. The City Council, pursuant its adoption of this manual and in accordance with state law, has delegated to the City Manager, or designee, the authority to determine the purchasing method, including competitive sealed bids, competitive sealed proposals, or otherwise, which provides the best value to the City. (See §252.021(c), TX. Local Gov't Code)

4. Pursuant to state law, the City, in making expenditure greater than \$3,000.00 but less than \$50,000.00, must contact at least two historically underutilized businesses (HUB) on a rotating basis, based on information provided by the state comptroller. If the state's list fails to identify

an eligible HUB, the City is exempt from this requirement. (See Ch. 252, Subch. B, TX. Local Gov't Code)

5. The City is entitled to reject any and all bids. (See §§ 252.043(f), 271.027(a), TX. Local Gov't Code)

B. Exemptions from the requirement of competitive bidding. Pursuant to state law, the following purchases do not require competitive bidding (some exemptions are explained more fully in other sections of this manual):

1. a purchase made because of an emergency;
2. a purchase for personal, professional, or planning services;
3. a purchase for work that is performed and paid for by the day as the work progresses;
4. a purchase of land or a right-of-way; and/or
5. a purchase of items that are available from only one source ("sole source"), including:
 - 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. captive replacement parts or components for equipment;
 - e. books, papers, and other library materials for a public library that are available only from the persons 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;
 - g. a purchase of rare books, papers, and other library materials for a public library;
 - h. paving, drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;
 - i. a public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;
 - j. a payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212, TX. Local Gov't Code;
 - k. personal property sold:
 - 1) at an auction by a state licensed auctioneer;
 - 2) at a going out of business sale held in compliance with Chapter 17, Subchapter F, TX. Business & Commerce Code;
 - 3) by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
 - 4) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
 - l. services performed by blind or severely disabled persons;

- m. goods purchased by a municipality for subsequent retail sale by the municipality;
- n. electricity; or
- o. advertising, other than legal notices. (*See* §252.022, TX. Local Gov't Code)

C. Procurement of professional services.

1. State law prohibits the City from obtaining certain professional services through competitive bidding. The Professional Services Procurement Act provides that the City may not use competitive bidding procedures when seeking professional services. Instead, the City must award a professional services contract on the basis of demonstrated competence and qualification for the performance of that particular type of professional service. (*see* Ch. 2254, TX. Gov't Code)

2. Fees must be fair and reasonable, consistent with and not in excess of published recommended practices and fees of applicable professional organizations, and not in excess of any maximums specified by state law.

3. "Professional services" includes services within the scope of the practice of accounting, architecture, optometry, professional engineering; this includes services performed by any licensed architect, optometrist, physician, surgeon, certified public accountant or registered professional engineer in connection with his or her professional employment or practice.

4. In procuring architectural, engineering, or land surveying services, the City must first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and then attempt to negotiate a contract with that provider at a fair and reasonable price. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the City must formally end negotiations with that provider, select the next most highly qualified provider, and attempt to negotiate a contract with that provider at a fair and reasonable price. The City must continue this process to select and negotiate with providers until a contract is entered into.

D. Purchases through a state contract. The state comptroller may perform purchasing services for local governments. A city that makes purchases under such a contract satisfies all state competitive bidding laws. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. D, TX. Local Gov't Code)

E. Cooperative purchasing programs. Pursuant to state law, the City may participate in a cooperative purchasing program with another local government or a local cooperative organization. A city that makes purchases under such a program satisfies all state competitive bidding laws. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. F, TX. Local Gov't Code)

F. Interlocal cooperation. State law authorizes the City to enter into cooperative purchasing agreements with other jurisdictions (*see* Ch. 791, TX. Gov't Code). In addition, state law authorizes the extension of state bids and contracts to participating local governments under certain conditions. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. D, TX. Local Gov't Code).

G. Local preference.

1. If two or more bidders have bids that are identical in nature and amount, with one bidder being a resident of the City and the other bidder or bidders being non-residents, the City must select the resident bidder. (*see* §271.901, TX. Local Gov't Code)
2. If purchasing real property or personal property that is not affixed to real property and the City receives one or more bids from a bidder whose principal place of business is in the City and whose bid is within three percent (3%) of the lowest bid price received from a bidder who is not a resident of the City, the City may enter into a contract with either the lowest bidder or the bidder whose principal place of business is in the City; however, if the City awards the contract to the resident bidder, the City Council must determine, in writing, that the local City bidder offers the City the best combination of contract price and additional economic development opportunities for the City created by the contract award, including the employment of City residents of the local government and increase tax revenues to the City. (*see* §271.905(b), TX. Local Gov't Code)
3. For contracts less than \$100,000, if the City receives one or more competitive bids or quotations from a bidder whose principal place of business is in the City and whose bid is within five percent (5%) of the lowest bid price received by the City from a bidder who is not a resident of the City, the City may enter into a contract with the lowest bidder or the bidder whose principal place of business is in the City if the City Council determines, in writing, that the local bidder offers the City the best combination of contract price and additional economic development opportunities for the City created by the contract award, including the employment of residents of the City and increased tax revenues to the City. (*see* §271.9051, TX. Local Gov't Code)

H. Bonding for public works projects. State law requires contractors to submit bonds to the City for bids, payment, and performance of contracts on certain public works projects. State law establishes standards for when the bonds are required and the amount of the bond. A corporate surety duly authorized and admitted to do business in the State of Texas must issue the bonds. Although the term "public work" is not defined by statute, it is generally understood to mean the construction, repair, or renovation of a structure, road, highway, utilities, or other improvement or addition to real property. Bonds are required in the following amounts:

1. *Bid bond.* A bid bond, in the amount of 10% of the proposed contract price, is required where a contract is in excess of \$100,000.00.
2. *Performance bond.* A performance bond, in the total amount of the contract, is required if the contract is in excess of \$100,000.00.
3. *Payment bond.* A payment bond is required if the contract is in excess of \$50,000.00, in the total amount of the contract. The bond is intended solely for the protection of all claimants supplying labor and material in the prosecution of the work provided for in the contract.
4. *Maintenance bond.* In addition to the above statutorily required bonds, the City will require a maintenance bond for all public work projects for a minimum time period of one year. (*see* Ch. 2253, TX. Gov't Code)

I. Disqualification of bidder/proposer. Pursuant to state law, the City may reject any and all bids

and/or reject a bid(s) on the basis that it is nonresponsive. In addition, the City may disqualify a bidder where there is a reasonable belief that the bidder might not be able to satisfactorily fulfill the contract or that past performance by the bidder has left grounds for suspecting that the bidder might not perform. The City will not take the act of disqualification lightly. The City may consider the safety and financial records of bidders and proposers. Where a bidder or proposer has had past unsatisfactory performance, the Department must document the experience by completing a Vendor Performance Form (see Exhibit A). Upon completion, the Department must forward the form to the Purchasing Agent who will maintain a list of bidders and proposers and their performance history.

J. Alternative delivery methods. Pursuant to state law, City Council may determine that the alternative delivery methods described by Chapter 271, Subchapter H, TX. Local Gov't Code, provide a better value for the City with respect to expenditures which exceed \$50,000.00 than the competitive bidding procedures described in Chapter 252, TX. Local Gov't Code. If such a determination is made, the City must use one of the alternative delivery methods described in Chapter 271, Subchapter H with respect to that expenditure.

K. Tax exempt status. The City is exempt from federal, state, and local taxes except in certain prescribed cases. An exemption certificate is available from the Finance Department. Upon request, a Department may furnish the certificate to any of the City's vendors or contractors.

M. Criminal penalties. State law provides criminal penalties where a city officer or employee fails to comply with competitive bidding requirements.

4. **PURCHASING AMOUNTS—THRESHOLDS.** The following table provides general guidelines for purchases and the procedures and approvals required (more specific information follows):

CITY OF KERRVILLE APPROVAL REQUIREMENTS			
Total Amount of Request	Type of Bid/Quotes Required	Employee(s) Responsible for Bid/Quotes	Approvals Required
Goods/services costing \$50,000 or more	Competitive bids/proposals opened at a public meeting by the City Secretary & Purchasing Agent	Purchasing Agent, Department (Project Manager)	City Council & City Manager
Goods/services costing \$25,000 to \$49,999.99	3 Written Quotes based on like products	Purchasing Agent, Department (Project Manager)	City Manager
Goods/services costing from \$35,000.00 to \$24,999.99	3 Written Quotes based on like products	Purchasing Agent, Department (Project Manager)	Department Director and Finance
Goods/services costing up to \$24,999.99	Efforts made to obtain the best value for the City	Department	Supervisor or Manager and Directors

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5. **PURCHASES LESS THAN \$24,999.99.** A Department may purchase products, materials, or services up to \$24,999.99 from a vendor or contractor by the following method. Because the administrative cost of requesting competitive bids would more likely be more than the amount that could be saved by receiving bids, the competitive bidding procedure does not apply to purchases of \$24,999.99 or less. However, even though bids are not required for this purchase, a Department must

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still seek out the lowest possible pricing. Further, because a significant amount of small purchases may occur locally and in many cases result in the lowest or competitive pricing, a Department should consider local vendors and contractors for purchases in this amount.

6. PURCHASES LESS THAN \$ 25,000.00

A. Three written bids. A Department must purchase goods and services that are estimated to cost less than \$25,000.00 by first developing written specifications and then using these specifications to obtain a minimum of three written bids (quotes). Written bids must be made on the vendor's or contractor's letterhead or on the bid form provided by the Purchasing Agent (*see Exhibit B*). Departments must attach copies of each written bid to the purchase order. Bids are valid for 6 months and will then automatically expire such that the City will need to obtain new bids.

B. Purchase requisition. All purchases shall require a purchase requisition initiated by the Department whose appropriation will be charged and a purchase order approved by the Purchasing Agent. No contract or order shall be issued to any vendor or contractor unless and until the Finance Department certifies the availability of sufficient funds. Inclusion in an approved budget does not automatically entitle the Department to the goods or services requisitioned.

C. Historically underutilized business. State law (§252.0215, TX. Local Gov't Code) requires Texas cities to contact at least two (2) historically underutilized businesses (HUB) on a rotating basis when making any expenditure of more than \$3,000 but less than \$50,000. The HUB must be based on information provided by the Texas Comptroller (*see www.window.state.tx.us/procurement*). If the list fails to identify a disadvantaged business in Kerr County or if the purchase is an emergency (*see* §17 of the manual below), the City is not required to follow this requirement.

D. Sequence for purchases less than \$25,000.00

1. The Department sends a purchase request via the City's purchasing software with minimum requirements, such as description, unit price, quantity, total price, deliver/freight costs, payment terms, account code, vendor/contractor name. The Finance Department will then certify the availability of funds and accuracy of account code(s).
2. The Purchasing Agent must verify the receipt of written, competitive bids, proposals or current contracts and will then assign a purchase order number.
3. The Purchasing Agent or Department will place the order.

7. PURCHASES BETWEEN \$25,000.00 TO \$49,999.99

A. Authority. Only the Purchasing Agent, and subject to approval by the City Manager, has authority to make purchases in the amounts between \$25,000.00 and \$49,999.99. Any such purchase must be for an item or service that was approved within the budget.

B. Three written bids. Prior to any purchase of goods or services that are estimated to cost between \$25,000.00 and \$49,999.99, the Purchasing Agent, with assistance from the Department, must develop written specifications. The Purchasing Agent will then use these specifications to obtain a minimum of three written bids (quotes). Written bids must be made on the vendor's or

contractor's letterhead or on the bid form provided by the Purchasing Agent (*see Exhibit B*). The Purchasing Agent will attach copies of each written bid to the purchase order. Bids are valid for 6 months and will then automatically expire such that the City will need to obtain new bids.

C. Purchase requisition. All purchases shall require a purchase requisition initiated by the Department whose appropriation will be charged and a purchase order approved by the Purchasing Agent. No contract or order shall be issued to any vendor or contractor unless and until the Finance Department certifies the availability of sufficient funds. Inclusion in an approved budget does not automatically entitle the Department to the good or service requisitioned.

D. Historically underutilized business. State law (§252.0215, TX. Local Gov't Code) requires Texas cities to contact at least two (2) historically underutilized businesses (HUB) on a rotating basis when making any expenditure of more than \$3,000.00 but less than \$50,000.00. The HUB must be based on information provided by the Texas Comptroller ([see www.window.state.tx.us/procurement](http://www.window.state.tx.us/procurement)). If the list fails to identify a disadvantaged business in Kerr County or if the purchase is an emergency (*see* §17 of the manual below), the City is not required to follow this requirement.

E. Sequence for purchases between \$25,000.00 and \$49,999.99.

1. Department submits purchasing request form and detailed specification form to the purchasing agent.
2. The Purchasing Agent will create a purchase request via the City's purchasing software with minimum requirements, such as description, unit price, quantity, total price, deliver/freight costs, payment terms, account code, vendor/contractor name. The Finance Department will then certify the availability of funds and accuracy of account code(s).
3. The Purchasing Agent will then assign a purchase order number.
4. The Purchasing Agent, following approval by the City Manager, will place the order.

8. PURCHASES GREATER THAN \$50,000.00

A. Authority. State law (*see* §252.021, TX. Local Gov't Code) provides that purchases estimated at greater than \$50,000.00 require advertising which requests sealed bids or proposals. The Purchasing Agent is responsible for the advertisement and distribution of the requests for bids or proposals. City Council is responsible for selecting and approving the bid or proposal, in accordance with state law.

B. Sequence for purchases greater than \$50,000.00.

1. A Department must initiate the bid process by completing a Request for Purchasing (*see Exhibit C*) to obtain an Invitation to Bid (ITB), Request for Proposal (RFP), or Request for Qualifications (RFQ).
2. Departments must avoid any act or practice of component, consecutive, or sequential purchases, as detailed in §23 of the manual, below.

3. The Department is responsible for preparing or aiding the Purchasing Agent in the preparation of specifications for bids.

4. The Purchasing Agent will assign the bid a number or group it with other like items in an existing bid.

5. The Purchasing Agent will prepare bids and bidder mailing lists. After consulting with the Department, the Purchasing Agent will set the bid advertising dates and schedule the bid opening date and time. Where appropriate, the Purchasing Agent will utilize website notices for national advertising.

6. The City Secretary will receive bids and maintain them in a locked file until the date of the bid opening. At the time of the bid opening, the City Secretary will present all bids to the Purchasing Agent for opening, review, and analysis. The City will reject as nonresponsive any bid or proposal which is received after the due date and time. The time stamp in the City Secretary's Office will be the official time. Bid or proposal openings are open to the public.

7. The Purchasing Agent will conduct bid or proposal openings. Such opening will take place in Council Chambers or at the place designated in the advertisement and notice.

8. The Purchasing Agent will prepare a tabulation for each item or group of items and after opening the bids, will read them aloud. The Purchasing Agent will consult with the Department for consensus of a recommendation.

9. Pursuant to state law, the City must award bids on the basis of the lowest responsible bidder or the bid that provides the best value. As for "best value", the City, pursuant to law, may consider:

- a. the price;
- b. reputation of the bidder;
- c. reputation of the bidder's goods or services;
- d. the quality of the bidder's goods or services;
- e. the extent to which the goods and services meet the City's needs;
- f. the bidder's past relationship with the City;
- g. the impact to the City's ability to comply with HUB requirements;
- h. total long-term cost to the City of acquiring the goods or services; and
- i. any relevant criteria that the City listed in its ITB or RFP (*see* §252.043, TX. Local Gov't Code).

10. In the event of a disagreement between the Department and the Purchasing Agent, City Manager or his/her designee, will determine the recommendation to Council.

11. The Purchasing Agent, with Department input, will prepare an agenda bill with the staff recommendation for Council approval and award.

12. The Department will use the City's purchasing software to submit a requisition to the Purchasing Agent for processing.

9. INSURANCE REQUIREMENTS. Where the City contracts with an outside party (contractor, consultant, vendor, or concessionaire) for goods or services, the ITB or RFP that is advertised must

include a proposed contract. The contract should include indemnity and hold harmless provisions that appropriately transfer the project risks from the City to the contractor. Because the contractor may or may not have the financial resources to account for the risks, the City requires the contractor to purchase and maintain valid insurance to help ensure the financial security required by the City. The insurance types and amounts are as follows:

A. Workers compensation. Workers Compensation covering all employees per the state statutory requirement is required on all contracts.

B. Liability insurance. The following insurance is required on all contracts over \$15,000.00:

1. Employer's Liability of \$100,000;
2. Comprehensive General Liability and Bodily Injury & Property Damage \$1,000,000 (per occurrence and aggregate); and
3. Business Automobile Liability covering owned vehicles, rented and non-owned vehicles, and employee non-ownership Bodily Injury Property Damage \$1,000,000 (per occurrence and aggregate).

C. Reasonable coverage. Although insurance coverage is not required for every project, and limits will vary by exposure, understanding insurance is important to assure that all of the City's potential liabilities and exposures from a project are properly and reasonably protected. Where questions arise about the types of insurance or amounts, the Department should contact the Purchasing Agent, who may in turn consult the Risk Manager and/or the Legal Department.

10. WARRANTIES AND SERVICE AGREEMENTS. A Department must include any requirement for warranties or service agreements for the purchase specifications for use in creating the ITB or RFP documents. Where negotiation is possible, the Purchasing Agent will negotiate all warranties and service agreements. A Department is responsible to ensure that service agreements exist on equipment, as necessary. A Department must not agree to a service agreement unless prior approval is received from the Purchasing Agent. The Purchasing Agent will forward approved agreements to the Department for final signature. It is the responsibility of each Department to maintain and actively monitor agreements that pertain to their Departments, to schedule service calls under the agreements, and to notify the Purchasing Agent when agreement renewals should be scheduled.

11. BONDS FOR NON-PUBLIC WORKS PROJECTS. Based upon good business practices, whenever the City enters into a contract for the purchase of a product system or service in which the system or service will be of little value to the City until it is complete, then the City may require performance and payment bonds.

12. SOLE SOURCE PURCHASES. The purchase of items which are available from only one source are exempt from competitive bidding pursuant to state law. The City will strictly interpret this exemption. Items that are available through a single distributor will not be considered as sole source unless the distributor has an exclusive right to distribute the item and a like item cannot be purchased through any other distributor. Items such as captive replacement parts or components may be considered as "sole source" items. (See §252.022(a)(7), TX. Local Gov't Code)

A. Sole source purchases greater than \$3,000.00. The following is the procedure for all sole source purchases which are greater than \$3,000.00:

1. The Department must contact the vendor or manufacturer for verification and justification as to why the procurement is sole source. The Department shall submit a Sole Source Affidavit (*see Exhibit D*) to the Purchasing Agent for consideration and approval.

2. The Department should seek other information (Thomas Register of American Manufacturers, other cities, yellow pages) in an attempt to verify the vendor's or manufacturer's information and document the findings.

B. Sole source purchasing greater than \$50,000.00. All sole source purchases greater than \$50,000.00 must be reviewed by the City Manager prior to placement on the Council agenda. The Department shall submit a Sole Source Affidavit (*see Exhibit D*) to the Purchasing Agent for consideration and approval.

C. Verification. All sole source purchases must be verified annually.

13. HIGH TECHNOLOGY PURCHASING PROCEDURES. All purchases of high technology items must be processed through the Information Technology Department (IT) unless a specific exemption is granted by IT or the City Manager. "High technology" items means the procurement of equipment, goods, or services of a highly technical nature, including data processing equipment, software and firmware, telecommunications equipment, and technical services related to these items. The City may solicit for high technology procurements through a request for proposal. The RFP must specify the relative importance of price and other evaluation factors. High technology is defined as information processing equipment, software, telecommunications equipment, radio and microwave, electronic distributed control systems and the technical services related to such equipment. (*see* §§252.001 and 252.021(b), TX. Local Gov't Code)

14. PURCHASING OF INSURANCE. All purchases of insurance related products must be processed through the Human Resources Department (HR) unless a specific exemption is granted by HR or the City Manager. The City may solicit for insurance through a request for proposal. (*see* §252.021(b), TX. Local Gov't Code)

15. PURCHASE OF COMPUTERS AND RELATED EQUIPMENT AND SUPPLIES

A. Requests. The Information Technology Department must review all requests for computers and related equipment, software, services, or supplies. IT's review will help standardize the type and quality of equipment in the City's inventory, ensure that purchases are made with minimum delay, facilitate tracking of requests, assist IT in maintaining accurate inventories for insurance and other purposes, and contribute to the most effective use of City resources. IT will review each request for compatibility with other hardware and software and may investigate alternatives. IT's recommendations and comments will include:

1. Any additional maintenance costs incurred because of the purchase;
2. Compatibility considerations;
3. Cost effectiveness of the request; and
4. Alternatives that would effectively meet a user's needs.

B. Placing the Order. The Purchasing Agent, in consultation with the Department and IT, will

prepare and submit the necessary purchase requests.

16. EMERGENCY EXPENDITURES

A. Emergency expenditures authorized; defined. Pursuant to state law, there is an exemption from the bidding process for emergency purchases. An emergency is described as follows:

1. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of residents or to preserve City property;
2. A procurement necessary to preserve or protect the public health or safety of residents;
3. A procurement necessary because of unforeseen damage to public machinery, equipment, or other property, (*see* §252.022(a)(1-3), TX. Local Gov't Code)

B. Sequence for emergency purchases. Where an emergency exists and a purchase estimated at being over \$5,000.00 is required, the following procedure will be used:

1. The Department must complete the Emergency Justification form to justify the emergency to the Purchasing Agent who shall notify the City Manager. If the expenditure does not exceed \$25,000, Department Director must review and approve the purchase. If the expenditure exceeds \$25,000.00, the Purchasing Agent must have the City Manager review and approve of the transaction.
2. For expenditures exceeding \$25,000.00, the Purchasing Agent and the City Manager must certify that the expenditure is derived from an emergency condition specified by state law, the need for the expenditure was unforeseen, the continued expeditious operation of the City requires that the expenditure be made before the time necessary to obtain City Council approval (for expenditures exceeding \$50,000.00) in advance or to obtain competitive bids, and that funds are available for the expenditure.
3. A copy of the certification shall be delivered to City Council as soon as possible with an explanation of a description of the expenditure, an explanation of the necessity of the expenditure, the source of funds, and evidence of all necessary approvals.

17. RECEIVING ORDERS

A. Inspection. Upon receiving an order, a Department must inspect the delivery prior to acceptance when possible or otherwise as soon as possible.

B. Action upon receipt. A Department will acknowledge that all item(s) were physically received and send a confirmation to the Purchasing Agent.

C. Notice of discrepancies. A Department shall inspect all items against the purchase order for acceptability and discrepancy. If the items are unacceptable or any discrepancy occurs, the Department will immediately notify the vendor or contractor. The Department must also send a notice of this issue to the Purchasing Agent.

D. Invoice. Where the order is deemed correct, the Department shall send the invoice for payment to the Purchasing Agent as soon as possible, as in many cases, state law requires payment within 30 days of the receipt of a correct and proper invoice.

18. CONTRACT RENEWAL PROCEDURES

A. Terms. Renewal terms should not exceed a total of five years including the original year. The Purchasing Agent, in consultation with the City Manager, may make an exception on case-by-case basis when in the best interest of the City. Any renewal provision must include language that such renewal is subject to budgeting and appropriations.

B. Multiple Award Contracts. When multiple vendor awards occur, if all vendors do not agree to renew, the contract in its entirety may be rebid or just that vendor's part may be rebid.

C. Price Changes. Renewal terms due to quantity changes or vendor proposed price increases may be recommended on a case-by-case basis considering the merits of the renewal offer. No price changes will be considered in the middle of a contract year.

D. Performance. The City will always consider the performance of a vendor and contractor when considering whether or not to renew or rebid. A Department will ensure that a Vendor Performance Form (*see Exhibit A*) is completed when appropriate.

19. CHANGE ORDERS

A. General Information

1. A Department must submit a change order request to the Purchasing Agent. Included in the request should be the number for the original Purchase Order.
2. Pursuant to state law, an original contract may not be increased by more than 25%; nor may the original contract price be decreased by more than 25% without the consent of the contractor. (*see §§252.048 and 271.060, TX. Local Gov't Code*).
3. Pursuant to state law, a change order is required if, after the contract has been executed:
 - a. Changes in plans or specifications are necessary;
 - b. It is necessary to decrease or increase the quantity of work to be performed; or
 - c. It is necessary to decrease or increase the quantity of materials, equipment, or supplies to be furnished. (*see §252.048, TX. Local Gov't Code*)

B. Material Changes. Following advertisement and submission of bids, the City may not make any material changes in the scope, quantities, or related work for goods or services. The City strives to ensure, and the law requires, that the City provides all potential bidders with an equal opportunity to bid and that toward the end, bidders submit bids upon the same terms and conditions involved in all the items and parts of the contract. To the extent that the City must make such a change after the submission of bids, the City may proceed by rejecting any and all bids.

C. Changes to Professional Services. A Department that is requesting a change order to a contract for professional services, must submit such request to the Purchasing Agent. The Purchasing Agent may approve the change provided that the change order does not increase the

original contract amount by more than ten percent (10%). The City Manager must approve changes in excess of this amount. Change orders with a cost which exceeds \$50,000.00 require City Council approval.

20. APPROVALS

A. City Council. Only City Council has the authority to approve and award bids, proposals, and contracts that exceed \$50,000.00. In most cases, the City Council will authorize the City Manager to enter into the contract.

B. City Manager. The City Manager is authorized to approve expenditures without further approval of the City Council for all budgeted items not exceeding \$50,000.00. Only the City Manager or designee may execute a contract for the City.

21. PROCEDURE FOR DISPOSAL OF SURPLUS PROPERTY. All Departments must review their assets and supplies each year and determine whether any items are no longer needed. A Department must submit a list of any surplus, obsolete, or unused supplies, materials or equipment to the Purchasing Agent, and include a description, make, model, and serial numbers. The Purchasing Agent, in coordination with a Department, may transfer items between Departments based upon needs. Where equipment or durable goods are deemed to be surplus, obsolete, or unused, the Purchasing Agent will remove the item from the City's fixed asset list. The Purchasing Agent may attempt to sell surplus, obsolete, or unused supplies, materials, or equipment in a manner that attempts to secure a fair market value price for the City. Funds received from sale of surplus items will be returned to the appropriate City fund.

22. ETHICAL REQUIREMENTS RELATING TO MUNICIPAL PROCUREMENT

A. State laws. City officials and employees must comply with various state laws with respect to purchasing. The following is intended to provide a summary and the general requirements of the laws.

1. Chapter 176, Texas Local Gov't Code.

a. Chapter 176 of the Texas Local Government Code is applicable to the City. The law also applies to a local government corporation, board, commission, district or authority whose members are appointed by City Council. Anyone designated as an "executive officer" of the City, including a Councilmember, City Manager, Department Director, administrator, or any other person who is designated as an executive officer of the City must comply with the law.

b. As authorized by the state law, the City has extended the requirements of Chapter 176 to any City employee who has the authority to approve contracts on behalf of the City. (see §176.005(a), TX. Local Gov't Code).

c. Chapter 176 requires executive officers to disclose employment and business relationships with vendors who conduct business with the City.

d. An executive officer is required to file a conflicts disclosure statement ("statement") if a vendor enters into a contract with the City, or if the City is considering entering into a contract with the vendor, and the officer or officer's family member has an employment or

other business relationship with the vendor that results in the officer or officer's family member receiving taxable income that exceeds \$2,500.00 in the preceding twelve months.

e. An executive officer is required to file a statement if the officer or officer's family member accepts a gift(s) from a vendor with an aggregate value of more than \$250.00 in the preceding twelve months. An officer is not required to file a statement in relation to a gift, regardless of amount, that is accepted by an officer or officer's family member if the gift is given by a family member of the person accepting the gift, is a political contribution, or is food, lodging, transportation, or entertainment accepted as a guest.

f. An officer or vendor who knowingly fails to file a statement or a disclosure when required to do so commits a Class C misdemeanor.

2. Chapter 171, Texas Local Gov't Code.

a. Chapter 171 of the Texas Local Government Code regulates a local public official's conflicts of interest. The law defines "local public official" as an elected official, such as a Councilmember, or an appointed official (paid or unpaid) who exercises responsibilities that are more than advisory in nature.

b. The law prohibits a local public official from voting or participating in any matter involving a business entity or real property in which the official has a substantial interest if an action on the matter will result in a special economic effect on the business that is distinguishable from the effect on the public or, in the case of a substantial interest in real property, it is reasonably foreseeable that the action will have a special economic effect on the value of the property, distinguishable from its effect on the public.

c. A local public official who has such interest is required to file, before a vote or decision on any matter involving the business entity or real property, an affidavit with City Secretary, stating the nature and extent of the interest.

d. A local public official is required to abstain from participating in the matter.

e. A local public official who is required to file an affidavit is not required to abstain from participating in the matter if a majority of the members of the governing body have a substantial interest and file affidavits of similar interests on the same official matter.

3. Chapter 252, Texas Local Government Code.

a. If a person fails to comply with the competitive bidding or competitive proposal procedures required by Chapter 252, Texas Local Government Code, that person may be convicted of a Class B misdemeanor. This includes a situation in which a person makes or authorizes separate, sequential, or component purchases in an attempt to avoid competitive bidding requirements. A Class B misdemeanor may be punished by a fine of up to \$2,000.00, confinement in jail for up to 180 days, or both the fine and confinement.

b. An individual is automatically removed from his or her position if that person is finally convicted of failing to comply with the competitive bidding or competitive proposal procedures required by Chapter 252. Once removed from office, such a person may not hold any public office in this state for four years after the date of final conviction. Also, for

four years after the date of final conviction, the convicted person may not be employed by the city where the person was serving when the offense occurred and may not receive any compensation through a contract with the city.

c. State law specifies that if a city enters into a contract without complying with the competitive bidding or competitive proposal requirements of Chapter 252, the contract is void. (See §252.061, TX. Local Gov't Code)

d. Separate, sequential, or component purchases to avoid placing any purchase in a lower cost bracket in order to avoid approval levels or the competitive bid process are prohibited. A Department shall manage and plan in such ways that all purchases are made in sufficient quantities to meet needs. "Separate Purchases" mean purchases made separately of items that in normal purchasing practices would be bought in one purchase. "Component Purchases" means purchases of the component parts of an item that in normal purchasing practices would be bought in one purchase. "Sequential Purchases" means purchases of items made over a period that in normal purchasing practices would be bought in one purchase. (See §§252.001, 252.062, TX. Local Gov't Code).

B. City ethical rules. The City demands the highest ethical standards of conduct from its employees and from vendors or contractors dealing with the City. City employees engaged in purchasing must comply with the following ethical standards.

1. *Gratuities.* Certain kinds of conduct such as offering gifts, gratuities, or discounts to City employees to influence their decisions in the purchasing process are expressly prohibited. The City may reject a bid or cancel a contract without liability if it is determined by the City that gratuities were offered or given by a vendor or contractor, or an agent or representative of the vendor or contractor, to any officer or employee of the City with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such a contract. In the event a contract is cancelled by the City pursuant to this provision, the City will be entitled, in addition to any other rights and remedies, to recover and withhold the amount of the cost incurred by the vendor or contractor in providing such gratuities.

2. *Confidential information.* It is a violation of City policy for any employee to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

3. *Purchase of materials, equipment, and supplies for personal use.* Unless approved in writing by the City Manager, no employee may purchase City property for personal use unless it is purchased through the City's public auction, online bidding/auction, or through the sealed bid procedures of the City.

4. *Purchases for personal, private use.* No employee may use the purchasing power of the City to make purchases for personal, private use. Employees should not have private purchases sent or delivered to the City.

5. *Travel, meals, and other expenses paid by vendor or contractor.* Travel costs to a vendor's or contractor's site shall be paid by the vendor or contractor only if the bid or proposal solicitation specifically stated that such visits would be at the vendor's or contractor's sole expense. The City will pay all other travel costs. Employees must fully document the visits and related expenses.

23. PURCHASING (P-CARD) CARD POLICY AND PROCEDURES

A. Overview. The City issues and authorizes the use of Purchasing Cards (P-card) to establish a more efficient, cost-effective method of purchasing and payments. P-cards are intended to streamline the purchasing and accounts payable process by reducing paperwork generated by low cost, high volume transactions; providing immediate access to goods and services; and facilitating quick payments to vendors and providers. Such use also results in a significant reduction of both data entry and paperwork. The P-card is designed to delegate the authority and capability to purchase limited items directly to an authorized employee. A P-card will enable authorized employees to purchase non-restricted goods directly from vendors without the issuance of a purchase order. Authorized employees may use a P-card with vendors that accept VISA.

B. SCOPE. This policy applies to all Departments. All P-cards are governed by this policy and employees who are authorized to use P-cards to perform official City business must comply with state law and this manual.

C. RESPONSIBILITIES.

1. The Finance Director is the administrator of the P-card program.

2. A Department Director, where appropriate, may authorize an employee(s) under their direction to use a P-card. The Director will make recommendations to the Purchasing Agent as to recommended limits on the account, to include monthly spending limits, number of transactions per day, number of transactions per billing cycle, and merchant category restrictions.

3. An employee authorized to use a P-card must sign a Purchasing Card Cardholder Agreement (*see Exhibit E*) prior to being issued a P-card. The employee is responsible for not only protecting the card, but is also responsible and accountable for all purchases made using the P-card. The employee must keep the P-card in their possession and not allow anyone to use the P-card issued in their name. The employee will assume responsibility that all purchases made with the P-card adhere to this policy and will insure that no unauthorized purchases are made. The City will consider unauthorized purchases to be misappropriation of City funds which violates City policy and potentially state law. The employee authorized to use the P-card and the Department Director are responsible for the integrity and accuracy of P-card purchases and as such, are responsible for receipts for all P-card purchases and transactions. All purchases processed against a P-card must be made by, or under the immediate direction of, the employee to whom the card is issued. P-card receipts must specify all purchased items. Receipts that show only a total amount without any itemized details are unacceptable. The employee must inform the merchant of the City's tax exempt status; where the employee fails to do this, the employee will be responsible for reimbursing the tax amount to the City. The City will hold the employee personally responsible for items purchased without the supporting documentation.

4. The Purchasing Agent will return incomplete receipts to the P-card holder and the Department Director who will then be responsible for obtaining a detailed receipt.

5. P-card holders who do not retain acceptable receipts for P-Card purchases may have their authority for using the P-card revoked. The Purchasing Agent will notify a Department Director concerning any misuse of a P-card.

D. Purchases. P-cards are intended for small purchases of products and supplies needed during the course of business. The Purchasing Agent will place limitations and restrictions on each P-card issued to an authorized employee depending on job duties. Merchant Category Codes (MCC) will limit the vendors allowed to accept the card and limits will be set for single purchases and maximum monthly purchase limit. The P-card must not be used on any goods or services or with any merchant which would be considered to be an inappropriate use of public funds. The following list constitutes examples of inappropriate purchases made with a P-card, but is not intended to be an exhaustive or an inclusive list:

1. Items for personal use;
2. Alcoholic beverages;
3. Bars, cocktail lounges, etc.
4. Consulting services (e.g., construction, engineering, etc.);
5. Cash advances;
6. Salaries and wages;
7. Purchases made from merchants with restricted MCC codes;
8. Gifts or donations;
9. Transaction amounts greater than the cardholder's transaction limit;
10. Split purchases to bypass limits on P-card;
11. Separate, sequential, and component purchases or transactions made with the intent to circumvent state law or this manual.

E. Reconciliation. The Purchasing Agent will place spending limits and other restrictions on each P-card issued to an authorized employee depending on the purchasing authority of the cardholder. The Department must maintain receipts for each purchase throughout the month. During the month and at month's end the Department may view all purchases online. The Department must review the charges, print the register, and reconcile the amounts with the receipts for the purchases. The Department must then forward the register and receipts to the Purchasing Agent. The Purchasing Agent will review the purchases and authorize or reject any payment. The Purchasing Agent will then forward the paperwork to Accounts Payable for payment. A Department does not need to create a purchase requisition as Account Payable will issue one purchase requisition for the City-wide purchases for the month. The Purchasing Agent will immediately notify a Director of any unauthorized purchases during the review process.

F. Disputed Charges. An authorized employee who is issued a P-card holder is responsible for attempting to resolve any dispute with a vendor. The employee must attempt to resolve such dispute within fifteen (15) days of receipt of a purchase. If a resolution is not possible, the employee must immediately notify the bank of the disputed item. The bank should provide a dispute form that the employee cardholder must complete and return to the bank. The employee must submit a copy of the form to their Department Director and the Purchasing Agent. In most cases, the bank will work directly with the employee to resolve the problem.

G. Termination or transfer of employee. When an employee who has been issued a P-card

terminates from City employment or transfers from a Department, the Department Director must immediately, but in any event within one business day, contact the Purchasing Agent to report the change. The Purchasing Agent will have the Department complete the appropriate form that reflects this change. The Department will submit this form and pending receipts to the Purchasing Agent for processing. Where possible, the Department must try to have a terminated employee reconcile his/her P-card statements prior to termination. If there are any remaining charges on the P-Card not accounted for, those charges will be billed to the terminated cardholder or recuperated through other means.

H. Audit of records. The Finance Department may periodically audit any Department for P-card activity. Any failure to comply with this policy in the use or administration of a P-card may result in cancellation of a card and subject the cardholder to discipline, up to and including termination.

I. Loss of P-card. A P-card holder must report a lost P-card immediately but in any event, within one business day of discovered loss. The City may hold an employee liable for any losses not covered by the protection plan. The City may also hold an employee responsible for the cost of a replacement card.

24. PETTY CASH DISBURSEMENT

A. Rules and forms.

1. A Department may submit a request for petty cash from the Finance Department. The request and disbursement must not exceed \$100.00. If cash payment is necessary due to unforeseeable circumstances, the Finance Director may approve expenditure over the \$100.00 limit.
2. Only expenditures specifically authorized by this manual are allowed.
3. A Department must not use petty cash pay for services rendered.
4. An employee must not use petty cash for any use that violates this manual.

B. Maintaining petty cash. Petty cash vouchers, receipts, and cash on hand must at all time equal the total amount authorized for the petty cash fund. The Finance Department will issue a petty cash voucher to a Department at the time money is advanced for an employee to make purchases on the City's behalf. The Department must sign the petty cash voucher indicating approval for the purchase. The sales receipt must be attached to the petty cash voucher after the purchase. The petty cash voucher should include the amount and purpose of the proposed expenditure, the expense account number, and be signed and dated by the recipient the Department. Vouchers may not be used as a substitute for a sales receipt. Where a Department maintains a departmental petty cash, the Department must turn in petty cash vouchers with receipts attached to the Finance Department on a weekly basis to exchange for cash in reimbursing the departmental petty cash.

C. Audit of petty cash. The Finance Director will periodically audit petty cash expenditures as to form and regulations and may confirm purchases.

25. RENTAL OR LEASE OF EQUIPMENT

A. Rental procedures. Where a Department seeks to rent or lease equipment, such acquisition must be handled as any other type of purchase such that a purchase requisition is sent to the Purchasing Agent for the procurement. Prior to placing a request, a Department should determine whether the equipment that is proposed for rental or lease is available in any other Department.

B. Lease/purchase agreements. Any equipment lease may occur but only after the availability of a lease option has been fully evaluated for efficiency and cost effectiveness. A Department will work with the Purchasing Agent and Finance Department when proposing either a short-term or long-term lease of equipment for analysis of actual capital costs including interest charges. The total cost of the lease shall be calculated. Where such cost exceeds an authorized purchasing threshold for either the City Manager or City Council under this manual, the City Manager or City Council, as appropriate, will need to approve the lease agreement. Under no circumstances may a Department sign a rental or lease agreement unless prior approval has been granted by the Purchasing Agent.

EXHIBIT A
Vendor Performance Form – City of Kerrville, TX.

Instructions: Complete this form to report exceptional or unsatisfactory vendor performance and return to the Purchasing Agent.

Purchase Order No.		Requisition No.		Today's Date:	
Vendor Name: Contact: Address: City, State: Phone: Fax: E-mail:			Department: Contact: Phone: Fax: E-mail:		
Nature of report (Check all applicable boxes):					
<p><u>POOR PERFORMANCE</u></p> <input type="checkbox"/> Late Delivery <input type="checkbox"/> Failure to Deliver <input type="checkbox"/> Delivery made at wrong destination <input type="checkbox"/> Failure to identify shipments per contract terms <input type="checkbox"/> Short/over weight or count <input type="checkbox"/> Vendor shipped incorrect merchandise <input type="checkbox"/> Failure to replace damaged goods <input type="checkbox"/> Slow replacement of damaged goods <input type="checkbox"/> Failure to pick up incorrect shipment <input type="checkbox"/> Improper Product Packaging <input type="checkbox"/> Failure to meet specifications <input type="checkbox"/> Failure to follow palletizing instructions <input type="checkbox"/> Poor product quality <input type="checkbox"/> Poor product performance <input type="checkbox"/> Failure to respond to letter or phone call <input type="checkbox"/> Failure to promptly notify Purchasing concerning Manufacturer discontinuation of an item <input type="checkbox"/> Poor customer service (Requires comment) <input type="checkbox"/> Unauthorized substitution <input type="checkbox"/> Unsatisfactory installation <input type="checkbox"/> Service not performed within specifications <input type="checkbox"/> Incorrect invoices <input type="checkbox"/> Failure to comply with terms & conditions of contract (Requires comment)			<p><u>RESOLUTION</u></p> <input type="checkbox"/> Complaint withdrawn <input type="checkbox"/> Vendor failed to receive purchase order <input type="checkbox"/> Delivery made after late notice sent <input type="checkbox"/> Performance corrected <input type="checkbox"/> Material or item replaced <input type="checkbox"/> Equipment performance corrected <input type="checkbox"/> Invoice Corrected <input type="checkbox"/> Item cancelled from contract (Vdr failure-Vdr initiated) <input type="checkbox"/> Item cancelled from contract (Vdr failure- Purchasing initiated) <input type="checkbox"/> Item cancelled from contract (No fault of vendor) <input type="checkbox"/> Entire order cancelled <input type="checkbox"/> Entire contract cancelled (Vendor fault) <input type="checkbox"/> Entire contract cancelled (No fault of vendor) <input type="checkbox"/> Damages paid <input type="checkbox"/> Vendor counseled <input type="checkbox"/> Order completed <input type="checkbox"/> Correct shipment received <input type="checkbox"/> Damages not paid – Vendor removed from bid list <input type="checkbox"/> Performance not corrected – Vendor removed from bid list		
<p><u>ACTION TAKEN BY PURCHASING</u></p> <input type="checkbox"/> 1 ST Written notice issued for late delivery <input type="checkbox"/> 2 ND Written notice issued for late delivery <input type="checkbox"/> Damaged assessed <input type="checkbox"/> Vendor commended <input type="checkbox"/> Shipment rejected <input type="checkbox"/> Vendor counseled			<p><u>EXCEPTIONAL PERFORMANCE</u></p> <input type="checkbox"/> Shipment made early upon Purchasing/Department request <input type="checkbox"/> Product upgrade substitution suggested and accepted <input type="checkbox"/> Exceptional customer service response <input type="checkbox"/> Exceptional service provided for return of products <input type="checkbox"/> Provided technical/training/set-up assistance when not required <input type="checkbox"/> Price reduction for large order <input type="checkbox"/> Vendor commended		
Detailed explanation (Please be specific)					
Resolution completed by Purchasing: _____			Date: _____		
Buyer: _____					

Exhibit F
Detailed Specification form

I. Title:

II. Summary:

Provide summary of what the product or service will be used for and the department(s) that will use it.

III. Definition:

(Required) Define technical and critical terms of product or services to be purchased. Attach detailed specification documents.

IV. Requirements:

(Required) List all needs and performance requirements and include work-related needs that this item or service must fulfill. Include any testing, certification, or other quality control requirements.

(Optional) List all design requirements, including materials, manufacturing standards and directions, dimensions, physical characteristics and workmanship standards.

(Optional) List any requirements not cover.

Submitted By: _____ Dept: _____ Date: _____

EXHIBIT C

Purchasing Request
Invitation for Bid (IFB) and/or Request for Proposal (RFP)
\$50,000.00 +

Date Requested: _____

Department: _____

Funds Budgeted in Account: _____

Budgeted Amount: _____

Point of Contact: _____

1st Advertising Notice Date requested: _____ Notice of the time and place at which the bids will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a newspaper published in the municipality. (if unknown leave blank)

2nd Advertising Notice Date requested: _____ (if unknown leave blank)

Requested Opening Date: _____ The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud. (if unknown leave blank)

Attachments:

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|--------------------------|
| 1) Detailed Specifications pertaining to requested item(s) to be purchased. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) List of any vendors known by the department to provide material or services. | <input type="checkbox"/> | <input type="checkbox"/> |

Signatures:

Director: _____

Date: _____

Purchasing Manager: _____

Date: _____



EXHIBIT D

FINANCE DEPARTMENT
SOLE SOURCE AFFIDAVIT

THIS IS AN OFFICIAL PURCHASING DOCUMENT – RETAIN WITH
PURCHASE ORDER FILE

Before me, the undersigned official, on this day, personally appeared _____, a person known to me to be the person whose signature appears below, whom after being duly sworn upon his/her oath deposed and said:

1. My name is _____. I am over the age of 18, have never been convicted of a crime and am competent to make this affidavit.

2. I am an authorized representative of the following company or firm:

3. The above named company or firm is the sole source for the following item(s), product(s) or service(s):

4. Competition in providing the above named item(s) product(s), service(s) is precluded by the existence of a patent, copyright, secret process or monopoly as stated under Sections 252.022(a)(7)(A) or (7)(B-F), TX. Local Gov't Code. Also, attached is a sole source letter, which sets forth the reasons why this Vendor is a sole source provider (dated and signed).

5. There is/are no other like item(s) or product(s) available for purchase that would serve the same purpose or function.

6. Note: This Vendor understands that by providing false information on this Sole Source Affidavit, it may be considered a non-responsible Vendor on this and future purchases and may result in discontinuation of any/all business with the City of Kerrville.

Signature

THE STATE OF TEXAS §
COUNTY OF KERR §

SUBSCRIBED AND SWORN to before me on this the ____ day of _____, _____.

Notary Public for the State of Texas
Printed Name: _____
My commission expires: _____

COMPANY NAME: _____
ADDRESS, CITY, STATE & ZIP: _____

PHONE: _____ FAX NUMBER: _____

CONTACT NAME AND TITLE: _____

WEB ADDRESS: _____ EMAIL: _____

FEDERAL TAX ID NUMBER: _____

TEXAS SALES TAX NUMBER: _____

EXHIBIT E

REQUEST FOR PURCHASING CARD (P-Card)

TO: Purchasing Agent

FROM:

DEPARTMENT:

SUBJECT: *Request for Purchasing Card (P-Card)*

DATE:

I request that the Finance Department issue the following employee a City Purchasing Card (P-card) for the purpose of making purchases in the normal course of authorized City business.

Full Name of Employee (print): _____

Employee Title: _____

Employee Signature: _____

Single Item Purchase-Supplies or Material (Not to exceed \$3,000): _____

Daily Transaction Limit: _____ # of Transactions: _____

30-Day Limit: _____

Restrictions: _____

REQUESTED BY: _____
Signature of Department Director

APPROVED BY: _____
Signature of Purchasing Agent

Date: _____

Copy: Designated Cardholder
Director/Manager

PURCHASING CARD (P-CARD) CARDHOLDER AGREEMENT

I, _____ hereby agree to comply with the Purchasing Card (P-card) policy and procedures and the following terms and conditions regarding my use of the card. As a cardholder, I have read and understand the City of Kerrville Purchasing Policy and Procedures, which includes the P-card policy.

1. I understand that I am being entrusted with a valuable tool, the P-card. I will be making financial commitments on behalf of the City of Kerrville. I will always obtain the best value for the City by using the P-card wisely and with discretion.

2. I agree to use this card for official City business and approved purchases only. I fully understand that my misuse or abuse of the P-card will result in revocation of the card and appropriate disciplinary action, which may include termination of my employment. I also agree to attend training on the use of this card as prescribed by Purchasing Agent.

3. The following acts are prohibited, and I understand that this is not an exclusive or exhaustive list:

- Expenditures for personal purposes;
- Cash advances or refunds;
- Expenditures for entertainment, including but not limited to the purchase of alcoholic beverages;
- Purchases under contracts, unless an emergency exception is granted;
- Separate, sequential, and component purchases or transactions made with intent to circumvent state law or City policy;
- Transaction amounts greater than the limits on the P-card issued to me;
- Failure to submit proper documentation with each monthly statement, and;
- Allowing the card to be used by someone else

4. I understand I do not own the P-card and that the City has issued the card to me so that I can conduct authorized City business in an efficient, expeditious, and cost-effective manner. I agree to return the P-card immediately upon request or upon termination of employment (including retirement and resignation). Should I be transferred between Departments or positions, qualify for extended leave, or undergo an organizational change which causes my duties to no longer necessitate the use of the P-card, I agree to return it immediately.

5. If the card is lost or stolen, I agree to immediately notify the Purchasing Agent and my Department Director.

I understand and agree that my use of the P-card is subject to the following specific purposes or restrictions:

Employee Signature Date Department

Department Director Date Purchasing Agent Date

Transaction Limit: \$ _____ Monthly Limit: \$ _____

PURCHASING CARD (P-CARD) LOST/STOLEN REPORT

TO: Purchasing

FROM:

DEPARTMENT:

Card Number: _____

Full Name of Employee (print): _____

Employee Signature: _____

Employee Title: _____

Date of Loss: _____

Date Stolen: _____

Details: _____

Copy: Designated Cardholder
Director/Manager

CARDHOLDER STATEMENT OF DISPUTED ITEM(S)

RE: _____

CARDHOLDER NAME: _____ CARD NUMBER: _____

MERCHANT (VENDOR) NAME: _____ DISPUTED AMOUNT: \$ _____

I dispute the charge(s) described herein as follows: [Check Appropriate Box(es)]

I certify that the charge listed above was not made by me nor were the goods or services represented by the above transaction received by me or by a person authorized by me.

I do not recognize the transaction as listed above. Please inform me of merchant name and description of merchandise purchases.

Although I did engage in the above transaction, I dispute all or part of the charge in the amount of \$ _____.

I have contacted the merchant and requested a credit adjustment that I did not receive or was not satisfactory.

I have been charged twice for the same transaction. Posting dates: _____ and _____

A credit slip was listed as a sale on my statement.

The amount of the sales slip was increased from \$ _____ to \$ _____. Enclosed is my copy of the sales slip prior to alteration.

I received a price adjustment (credit slip) on the above transaction, and it has not appeared on my statement. Enclosed is a copy of the credit memorandum.

Non-Acceptance

Other, please explain completely.

I am disputing the charge because: _____

Designated Cardholder Signature: _____

Daytime Phone: _____

Date: _____

Fax Dispute Form to: Purchasing Agent

Exhibit G
EMERGENCY JUSTIFICATION

This questionnaire has been designed to assist staff in providing information necessary in the processing of emergency requisitions for the purchase of products and/or services. Please complete and forward to Purchasing. If more space is needed, please attach additional page(s).

REQUISITION NO.: _____

1. State the reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency situation:

2. State the financial or operational damage/risk that will occur if needs are not satisfied immediately (do not simply say there will be a loss or some damage):

3. State why the needs were not or could not be anticipated so that goods/services could not have been purchased following standard procedures:

4. State the reason and process used for selecting the vendor (attach all quotes/proposals received from other sources, if applicable):

5. State the part of the City's Purchasing Policy this Emergency Purchase falls under.

I certify that the above statements are true and correct, and that no other material fact or consideration offered or given has influenced this recommendation for an emergency procurement.

Submitted By: _____

Authorized Signature

Date

Dept Director: _____

Authorized Signature

Date

PURCHASING USE ONLY

Approved By: _____

Date:

Exhibit H
CITY OF KERRVILLE

TRAVEL REQUEST AND AUTHORIZATION (BEFORE TRAVEL)

NAME: _____

DEPARTMENT: _____

DESTINATION: _____

PURPOSE OF TRIP: _____

DATE/TIME OF DEPARTURE: _____

DATE/TIME OF RETURN: _____

BUDGET ITEM: _____ YES _____ NO ACCOUNT# _____

TRANSPORTATION: PERSONAL AUTO _____ CITY AUTO _____ OTHER _____

ESTIMATED EXPENSE:

PERSONAL AUTO @ .51 PER MILE \$ _____

LODGING: \$ _____

SEND TO HOTEL _____

GIVE TO EMPLOYEE _____

PER DIEM RATE (\$54/DAY) _____

REGISTRATION: \$ _____

MAIL WITH FORM _____

GIVE TO EMPLOYEE _____

OTHER: \$ _____

TOTAL EXPENSE: \$ _____

ADVANCE REQUEST \$ _____

DATE SUBMITTED: _____

APPROVED BY: _____ DATE: _____
(SUPERVISOR OR MANAGER)

APPROVED BY: _____ DATE: _____
(DIRECTOR)

APPROVED BY: _____ DATE: _____
(FINANCE)

- **Finance approval required if total travel expense exceed \$999.99.**

CITY OF KERRVILLE

TRAVEL REQUEST AND AUTHORIZATION (AFTER TRAVEL)

NAME: _____ DEPARTMENT: _____

DEPARTURE: _____ RETURN: _____
 (DATE) (TIME) (DATE) (TIME)

DESTINATION: _____ PURPOSE: _____

TRANSPORTATION:

PERSONAL VEHICLE: _____ MILES @ .51 PER MILE \$ _____
 COMMERCIAL AIR LINE \$ _____
 RENTAL VEHICLE \$ _____
 GAS/OIL CITY VEHICLE \$ _____

TOTAL TRANSPORTATION \$ _____

LODGING AND MEALS (meals cannot exceed \$54.00 per day)

DATE								Total
WEEKDAY	SUN	MON	TUES	WED	THU	ERI	SAT	
BREAKFAST								\$
LUNCH								\$
DINNER								\$
LODGING								\$

TOTAL LODGING AND MEALS \$ _____

MISCELLANEOUS EXPENSES:

BAGGAGE HANDLING, TIPS OTHER THAN MEALS,
 PARKING FEES, REGISTRATION NOT PREPAID, ETC. \$ _____

TOTAL TRIP EXPENSE (TRANSPORTATION+LODGING MEALS + MISCELLANEOUS)

AMOUNT ADVANCED \$ _____
 AMOUNT DUE EMPLOYEE -CHECK# \$ _____
 AMOUNT DUE CITY - RECEIPT # \$ _____

I HEREBY CERTIFY THAT THIS REPORT CORRECTLY REFLECTS TRAVEL EXPENSES
 INCURRED BY ME IN CONNECTION WITH OFFICIAL BUSINESS FOR THE CITY OF KERRVILLE.

 EMPLOYEE DATE SUPERVISOR DATE

 DEPARTMENT DIRECTOR DATE DIRECTOR OF FINANCE DATE

* MUST ATTACH RECEIPTS

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. ____-2012**

**A RESOLUTION ADOPTING AMENDMENTS TO THE
CITY'S PURCHASING POLICY AND PROCEDURES
MANUAL**

WHEREAS, City Council, pursuant to Resolution No. 030-2010 adopted on August 24, 2010, adopted a Purchasing Policy and Procedures Manual (the "Manual"), which regulates the way that the City purchases goods and services; and

WHEREAS, the Manual incorporates state law, which to a large extent governs the way that the City must purchase goods and services; and

WHEREAS, City staff recommends amendments to the Manual to provide that certain staff members now have the authority to approve purchases not to exceed \$5,000.00 and, are no longer required to seek three written quotes for such purchases;

WHEREAS, the City Council of the City of Kerrville, Texas hereby determines that it is in the public interest to adopt the amendments to the Manual; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The Purchasing Procedure and Policy Manual is amended to provide that certain staff members are authorized to approve purchases up to but not to exceed \$5,000.00 and to no longer require soliciting three written quotes for such purchases. Such amendments are further specified in **Exhibit A**.

SECTION TWO. Other than the amendments specified herein, there are no other changes to the Manual and Resolution No. 030-2010 remains in full force and effect.

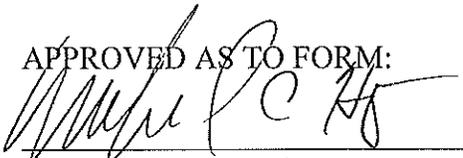
PASSED AND APPROVED ON this the ____ day of _____, A.D., 2012.

Jack Pratt, Jr., Mayor

ATTEST:

Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney



**PURCHASING
POLICY
AND
PROCEDURES
MANUAL**

June 2012

INTRODUCTION

This is the Purchasing Policy and Procedures Manual (manual) for the City of Kerrville, Texas (City). Various City staff members have prepared this manual to inform each City department about the City's purchasing processes.

City purchasing procedures are governed to a large extent by Texas law. Therefore, state law is the primary authority on the validity of purchasing procedures. Because the procedures described in this manual derive from state law, at times and where appropriate, this manual uses language taken directly from state statutes. At other times, the manual paraphrases and generalizes state law in an effort to assist in the understanding and application of purchasing requirements. That said, this manual cannot and does not address every purchasing situation; thus, when an unusual situation occurs or a difficult factual or legal issue arises, the exact statutory language must be carefully reviewed and analyzed.

The Finance Department will assist each department with procuring quality goods and services that are required to provide our citizens and customers with the services that they expect. The goal of the Finance Department is to secure the lowest, responsible cost for the City.

MISSION, VISION, AND GOALS WITH RESPECT TO CITY PURCHASING

Mission: To generate fair and open competition to receive the best prices, terms, and conditions on purchases for the City.

Vision: To serve the citizens and customers of the City through greater efficiencies, both in terms of economy and services, and the procurement of quality supplies, equipment, and services.

Goals:

1. Establish policies and procedures that maintain the integrity of the purchasing process, encourage competition, and achieve cost savings.
2. Procure goods and services of the requested quality and quantity from responsible sources using the most efficient and economical means and at the best possible price and to have them available when and where they are needed.
3. Improve the speed of delivery of supplies, equipment, and services through planning and predetermining through supply contracts or other means, the available purchasing sources before an actual need becomes known and when possible, to take advantage of quantity and special discounts.
4. Comply with state and federal laws and this manual during the procurement and purchasing process.

POLICY & PROCEDURES

1. POLICY STATEMENTS.

A. Public interest. The City will conduct all purchasing – whether for goods or services – on the basis of economic and business merit. This policy is intended to promote the best interests of the City’s citizens and customers.

B. Use of competitive bidding. City purchasing must operate in full view of the public. To assure an open, transparent purchasing process with the goal of obtaining the lowest possible price, the City Council has determined that the City will use competitive bidding as much as possible in the purchase of goods and services.

C. Employee support. The City seeks to maintain a cost effective purchasing system conforming to good management practices. To be successful, all employees must support the system. The establishment and maintenance of a good purchasing system is possible only through cooperative effort.

D. Planning. The purchasing process is not instantaneous. Planning is required to complete the steps required by state law and this manual. Again, a cooperative effort is required to accomplish the timely purchasing of goods and services at the lowest possible price.

E. Compliance with state law and manual. City officers and employees must comply with state law and this manual with respect to purchasing. Where a question or issue arises, an employee should not hesitate to contact the Purchasing Agent for guidance. Failure to comply with state law or this manual may result in disciplinary action being taken against the employee, up to and including termination. As specified below, violations of state laws concerning competitive bidding may also result in criminal convictions.

2. PURCHASING AUTHORITY

A. Purchasing Agent. The City Manager, pursuant to the City’s Charter and City Council’s approval of this manual, has delegated purchasing authority and responsibilities to the Purchasing Agent. The Purchasing Agent is an employee of the Finance Department. The Purchasing Agent must use this authority to purchase goods and services for the City in conformance with this manual. In certain instances, and as specified in this manual, the City Manager has also granted this authority to specified employees, which in turn have been authorized by their Department Directors. In no case shall purchasing authority be delegated to an employee or other person who has not been authorized by the City Manager or a Department Director.

B. Responsibilities of Purchasing Agent. The Purchasing Agent’s responsibilities include the following:

1. The Purchasing Agent is responsible to ensure compliance with state and federal laws and this manual and to ensure that purchasing is practiced in a fully open, transparent, competitive, and ethical environment.
2. The Purchasing Agent is responsible for invitations for bid, bid openings, and assisting

departments in the presentation for the purchases of goods and services to the City Council. The Purchasing Agent will notify the City Secretary's office of all advertising requirements.

3. The Purchasing Agent will assist departments with identifying potential vendors or contractors or researching any information needed to make purchases.
4. The Purchasing Agent will assist departments in developing specifications for the purchase of goods and services along with the desired delivery schedules.
5. The Purchasing Agent will encourage competition between vendors and contractors through negotiations, competitive bidding, and bulk purchasing by continuously monitoring requisitions from departments. This includes the consolidation of purchases where possible.
6. The Purchasing Agent will monitor and evaluate the performance of vendors and contractors.
7. The Purchasing Agent will solicit evaluations and recommendations from departments on bids received from vendors or contractors.
8. The Purchasing Agent will oversee the transfer and/or reuse of products and equipment between offices and departments or the sale of surplus, obsolete, or unused supplies, materials, or equipment.
9. The Purchasing Agent will assist departments with the testing of goods and services for compliance with specifications.
10. The Purchasing Agent, where applicable, will negotiate all warranties and service agreements.
11. The Purchasing Agent will recommend the use of Cooperative Purchasing Agreements, Interlocal Agreements, and purchasing contracts for price and performance advantages.
12. The Purchasing Agent will consult with the Legal Department to assure forms and contracts are current and approved for their intended use.

C. Responsibilities of Department. A Department has the following responsibilities with respect to making and managing the expenditure of funds to acquire goods or services for the City. In this manual, "Department" refers to the group of employees responsible for a service(s) or a particular set of duties (*e.g.*, the Public Works Department) and it also refers to the employee(s) within each Department that is authorized and responsible for making purchases.

1. A Department must determine the availability of budgeted funds in the appropriate category before requesting any purchase. The Finance Department will return purchase requisitions if funds are not available and will not restart processing the requisition until the Department addresses this issue.
2. A Department, where required, must submit all purchasing requests to the Purchasing Agent to allow sufficient time to comply with the procedures established by this manual.
3. A Department will plan and budget to eliminate and/or reduce work stoppages and rush

ordering.

4. A Department, with the assistance of the Purchasing Agent, must provide minimum specifications for goods and services by completing the detailed specification form . A Department must write the specifications to encourage competition, whenever possible.

5. A Department that believes that a product, equipment, or service is only available through a sole source must provide a written explanation and justification for the purchase in accordance with this manual.

6. A Department will use existing City contracts when available for all purchases.

7. A Department must immediately and thoroughly inspect all deliveries of goods and equipment and determine their quality and conformance with specifications.

8. A Department must immediately notify the Purchasing Agent upon the discovery of an incorrect order or damaged products, materials, or equipment.

9. A Department will continuously monitor the performance of goods and services and immediately report any deficiencies or violations in the performance of a contract to the Purchasing Agent.

10. Where possible and when applicable, a Department's communications with vendors or contractors regarding purchasing should be arranged through and under the direction of the Purchasing Agent. This practice may include the evaluation of samples or products.

11. A Department must provide the Purchasing Agent with a copy (email preferred) of any correspondence between a vendor or contractor and the Department.

3. BASIS FOR PURCHASING

A. Purchasing authority under state law.

1. Pursuant to state law, before the City may enter into a contract that requires an expenditure greater than \$50,000.00, the City must comply with the procedure established by state law for competitive sealed bidding or competitive sealed proposals. (*See* Ch. 252, Subch. B, TX. Local Gov't Code)

2. Pursuant to state law, the City may use the competitive sealed proposal procedure to purchase goods and services, including high technology items and insurance. (*See* §252.021(b), TX. Local Gov't Code)

3. The City Council, pursuant its adoption of this manual and in accordance with state law, has delegated to the City Manager, or designee, the authority to determine the purchasing method, including competitive sealed bids, competitive sealed proposals, or otherwise, which provides the best value to the City. (*See* §252.021(c), TX. Local Gov't Code)

4. Pursuant to state law, the City, in making expenditure greater than \$3,000.00 but less than \$50,000.00, must contact at least two historically underutilized businesses (HUB) on a rotating basis, based on information provided by the state comptroller. If the state's list fails to identify

an eligible HUB, the City is exempt from this requirement. (See Ch. 252, Subch. B, TX. Local Gov't Code)

5. The City is entitled to reject any and all bids. (See §§ 252.043(f), 271.027(a), TX. Local Gov't Code)

B. Exemptions from the requirement of competitive bidding. Pursuant to state law, the following purchases do not require competitive bidding (some exemptions are explained more fully in other sections of this manual):

1. a purchase made because of an emergency;
2. a purchase for personal, professional, or planning services;
3. a purchase for work that is performed and paid for by the day as the work progresses;
4. a purchase of land or a right-of-way; and/or
5. a purchase of items that are available from only one source ("sole source"), including:
 - 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. captive replacement parts or components for equipment;
 - e. books, papers, and other library materials for a public library that are available only from the persons 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;
 - g. a purchase of rare books, papers, and other library materials for a public library;
 - h. paving, drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;
 - i. a public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;
 - j. a payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212, TX. Local Gov't Code;
 - k. personal property sold:
 - 1) at an auction by a state licensed auctioneer;
 - 2) at a going out of business sale held in compliance with Chapter 17, Subchapter F, TX. Business & Commerce Code;
 - 3) by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
 - 4) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
- l. services performed by blind or severely disabled persons;

- m. goods purchased by a municipality for subsequent retail sale by the municipality;
- n. electricity; or
- o. advertising, other than legal notices. (*See* §252.022, TX. Local Gov't Code)

C. Procurement of professional services.

1. State law prohibits the City from obtaining certain professional services through competitive bidding. The Professional Services Procurement Act provides that the City may not use competitive bidding procedures when seeking professional services. Instead, the City must award a professional services contract on the basis of demonstrated competence and qualification for the performance of that particular type of professional service. (*see* Ch. 2254, TX. Gov't Code)
2. Fees must be fair and reasonable, consistent with and not in excess of published recommended practices and fees of applicable professional organizations, and not in excess of any maximums specified by state law.
3. "Professional services" includes services within the scope of the practice of accounting, architecture, optometry, professional engineering; this includes services performed by any licensed architect, optometrist, physician, surgeon, certified public accountant or registered professional engineer in connection with his or her professional employment or practice.
4. In procuring architectural, engineering, or land surveying services, the City must first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and then attempt to negotiate a contract with that provider at a fair and reasonable price. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the City must formally end negotiations with that provider, select the next most highly qualified provider, and attempt to negotiate a contract with that provider at a fair and reasonable price. The City must continue this process to select and negotiate with providers until a contract is entered into.

D. Purchases through a state contract. The state comptroller may perform purchasing services for local governments. A city that makes purchases under such a contract satisfies all state competitive bidding laws. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. D, TX. Local Gov't Code)

E. Cooperative purchasing programs. Pursuant to state law, the City may participate in a cooperative purchasing program with another local government or a local cooperative organization. A city that makes purchases under such a program satisfies all state competitive bidding laws. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. F, TX. Local Gov't Code)

F. Interlocal cooperation. State law authorizes the City to enter into cooperative purchasing agreements with other jurisdictions (*see* Ch. 791, TX. Gov't Code). In addition, state law authorizes the extension of state bids and contracts to participating local governments under certain conditions. Depending on expenditure levels, appropriate approvals are still required for this type of purchase. (*see* Ch. 271, Subch. D, TX. Local Gov't Code).

G. Local preference.

1. If two or more bidders have bids that are identical in nature and amount, with one bidder being a resident of the City and the other bidder or bidders being non-residents, the City must select the resident bidder. (*see* §271.901, TX. Local Gov't Code)
2. If purchasing real property or personal property that is not affixed to real property and the City receives one or more bids from a bidder whose principal place of business is in the City and whose bid is within three percent (3%) of the lowest bid price received from a bidder who is not a resident of the City, the City may enter into a contract with either the lowest bidder or the bidder whose principal place of business is in the City; however, if the City awards the contract to the resident bidder, the City Council must determine, in writing, that the local City bidder offers the City the best combination of contract price and additional economic development opportunities for the City created by the contract award, including the employment of City residents of the local government and increase tax revenues to the City. (*see* §271.905(b), TX. Local Gov't Code)
3. For contracts less than \$100,000, if the City receives one or more competitive bids or quotations from a bidder whose principal place of business is in the City and whose bid is within five percent (5%) of the lowest bid price received by the City from a bidder who is not a resident of the City, the City may enter into a contract with the lowest bidder or the bidder whose principal place of business is in the City if the City Council determines, in writing, that the local bidder offers the City the best combination of contract price and additional economic development opportunities for the City created by the contract award, including the employment of residents of the City and increased tax revenues to the City. (*see* §271.9051, TX. Local Gov't Code)

H. Bonding for public works projects. State law requires contractors to submit bonds to the City for bids, payment, and performance of contracts on certain public works projects. State law establishes standards for when the bonds are required and the amount of the bond. A corporate surety duly authorized and admitted to do business in the State of Texas must issue the bonds. Although the term "public work" is not defined by statute, it is generally understood to mean the construction, repair, or renovation of a structure, road, highway, utilities, or other improvement or addition to real property. Bonds are required in the following amounts:

1. *Bid bond.* A bid bond, in the amount of 10% of the proposed contract price, is required where a contract is in excess of \$100,000.00.
2. *Performance bond.* A performance bond, in the total amount of the contract, is required if the contract is in excess of \$100,000.00.
3. *Payment bond.* A payment bond is required if the contract is in excess of \$50,000.00, in the total amount of the contract. The bond is intended solely for the protection of all claimants supplying labor and material in the prosecution of the work provided for in the contract.
4. *Maintenance bond.* In addition to the above statutorily required bonds, the City will require a maintenance bond for all public work projects for a minimum time period of one year. (*see* Ch. 2253, TX. Gov't Code)

I. Disqualification of bidder/proposer. Pursuant to state law, the City may reject any and all bids

and/or reject a bid(s) on the basis that it is nonresponsive. In addition, the City may disqualify a bidder where there is a reasonable belief that the bidder might not be able to satisfactorily fulfill the contract or that past performance by the bidder has left grounds for suspecting that the bidder might not perform. The City will not take the act of disqualification lightly. The City may consider the safety and financial records of bidders and proposers. Where a bidder or proposer has had past unsatisfactory performance, the Department must document the experience by completing a Vendor Performance Form (*see Exhibit A*). Upon completion, the Department must forward the form to the Purchasing Agent who will maintain a list of bidders and proposers and their performance history.

J. Alternative delivery methods. Pursuant to state law, City Council may determine that the alternative delivery methods described by Chapter 271, Subchapter H, TX. Local Gov't Code, provide a better value for the City with respect to expenditures which exceed \$50,000.00 than the competitive bidding procedures described in Chapter 252, TX. Local Gov't Code. If such a determination is made, the City must use one of the alternative delivery methods described in Chapter 271, Subchapter H with respect to that expenditure.

K. Tax exempt status. The City is exempt from federal, state, and local taxes except in certain prescribed cases. An exemption certificate is available from the Finance Department. Upon request, a Department may furnish the certificate to any of the City's vendors or contractors.

M. Criminal penalties. State law provides criminal penalties where a city officer or employee fails to comply with competitive bidding requirements.

4. PURCHASING AMOUNTS–THRESHOLDS. The following table provides general guidelines for purchases and the procedures and approvals required (more specific information follows):

CITY OF KERRVILLE APPROVAL REQUIREMENTS			
Total Amount of Request	Type of Bid/Quotes Required	Employee(s) Responsible for Bid/Quotes	Approvals Required
Goods/services costing \$50,000 or more	Competitive bids/proposals opened at a public meeting by the City Secretary & Purchasing Agent	Purchasing Agent, Department (Project Manager)	City Council & City Manager
Goods/services costing \$25,000 to \$49,999.99	3 Written Quotes based on like products	Purchasing Agent, Department (Project Manager)	City Manager
Goods/services costing from \$5,000.00 to \$24,999.99	3 Written Quotes based on like products	Purchasing Agent, Department (Project Manager)	Department Director and Finance
Goods/services costing up to \$4,999.99	Efforts made to obtain the best value for the City	Department	Supervisor or Manager and Directors

5. PURCHASES LESS THAN \$4,999.99. A Department may purchase products, materials, or services up to \$4,999.99 from a vendor or contractor by the following method. Because the administrative cost of requesting competitive bids would more likely be more than the amount that could be saved by receiving bids, the competitive bidding procedure does not apply to purchases of \$4,999.99 or less. However, even though bids are not required for this purchase, a Department must

still seek out the lowest possible pricing. Further, because a significant amount of small purchases may occur locally and in many cases result in the lowest or competitive pricing, a Department should consider local vendors and contractors for purchases in this amount.

6. PURCHASES LESS THAN \$ 25,000.00

A. Three written bids. A Department must purchase goods and services that are estimated to cost less than \$25,000.00 by first developing written specifications and then using these specifications to obtain a minimum of three written bids (quotes). Written bids must be made on the vendor's or contractor's letterhead or on the bid form provided by the Purchasing Agent (*see Exhibit B*). Departments must attach copies of each written bid to the purchase order. Bids are valid for 6 months and will then automatically expire such that the City will need to obtain new bids.

B. Purchase requisition. All purchases shall require a purchase requisition initiated by the Department whose appropriation will be charged and a purchase order approved by the Purchasing Agent. No contract or order shall be issued to any vendor or contractor unless and until the Finance Department certifies the availability of sufficient funds. Inclusion in an approved budget does not automatically entitle the Department to the goods or services requisitioned.

C. Historically underutilized business. State law (§252.0215, TX. Local Gov't Code) requires Texas cities to contact at least two (2) historically underutilized businesses (HUB) on a rotating basis when making any expenditure of more than \$3,000 but less than \$50,000. The HUB must be based on information provided by the Texas Comptroller (*see www.window.state.tx.us/procurement*). If the list fails to identify a disadvantaged business in Kerr County or if the purchase is an emergency (*see §17 of the manual below*), the City is not required to follow this requirement.

D. Sequence for purchases less than \$25,000.00

1. The Department sends a purchase request via the City's purchasing software with minimum requirements, such as description, unit price, quantity, total price, deliver/freight costs, payment terms, account code, vendor/contractor name. The Finance Department will then certify the availability of funds and accuracy of account code(s).
2. The Purchasing Agent must verify the receipt of written, competitive bids, proposals or current contracts and will then assign a purchase order number.
3. The Purchasing Agent or Department will place the order.

7. PURCHASES BETWEEN \$25,000.00 TO \$49,999.99

A. Authority. Only the Purchasing Agent, and subject to approval by the City Manager, has authority to make purchases in the amounts between \$25,000.00 and \$49,999.99. Any such purchase must be for an item or service that was approved within the budget.

B. Three written bids. Prior to any purchase of goods or services that are estimated to cost between \$25,000.00 and \$49,999.99, the Purchasing Agent, with assistance from the Department, must develop written specifications. The Purchasing Agent will then use these specifications to obtain a minimum of three written bids (quotes). Written bids must be made on the vendor's or

contractor's letterhead or on the bid form provided by the Purchasing Agent (*see Exhibit B*). The Purchasing Agent will attach copies of each written bid to the purchase order. Bids are valid for 6 months and will then automatically expire such that the City will need to obtain new bids.

C. Purchase requisition. All purchases shall require a purchase requisition initiated by the Department whose appropriation will be charged and a purchase order approved by the Purchasing Agent. No contract or order shall be issued to any vendor or contractor unless and until the Finance Department certifies the availability of sufficient funds. Inclusion in an approved budget does not automatically entitle the Department to the good or service requisitioned.

D. Historically underutilized business. State law (§252.0215, TX. Local Gov't Code) requires Texas cities to contact at least two (2) historically underutilized businesses (HUB) on a rotating basis when making any expenditure of more than \$3,000.00 but less than \$50,000.00. The HUB must be based on information provided by the Texas Comptroller ([see www.window.state.tx.us/procurement](http://www.window.state.tx.us/procurement)). If the list fails to identify a disadvantaged business in Kerr County or if the purchase is an emergency (*see* §17 of the manual below), the City is not required to follow this requirement.

E. Sequence for purchases between \$25,000.00 and \$49,999.99.

1. Department submits purchasing request form and detailed specification form to the purchasing agent.
2. The Purchasing Agent will create a purchase request via the City's purchasing software with minimum requirements, such as description, unit price, quantity, total price, deliver/freight costs, payment terms, account code, vendor/contractor name. The Finance Department will then certify the availability of funds and accuracy of account code(s).
3. The Purchasing Agent will then assign a purchase order number.
4. The Purchasing Agent, following approval by the City Manager, will place the order.

8. PURCHASES GREATER THAN \$50,000.00

A. Authority. State law (*see* §252.021, TX. Local Gov't Code) provides that purchases estimated at greater than \$50,000.00 require advertising which requests sealed bids or proposals. The Purchasing Agent is responsible for the advertisement and distribution of the requests for bids or proposals. City Council is responsible for selecting and approving the bid or proposal, in accordance with state law.

B. Sequence for purchases greater than \$50,000.00.

1. A Department must initiate the bid process by completing a Request for Purchasing (*see Exhibit C*) to obtain an Invitation to Bid (ITB), Request for Proposal (RFP), or Request for Qualifications (RFQ).
2. Departments must avoid any act or practice of component, consecutive, or sequential purchases, as detailed in §23 of the manual, below.

3. The Department is responsible for preparing or aiding the Purchasing Agent in the preparation of specifications for bids.
4. The Purchasing Agent will assign the bid a number or group it with other like items in an existing bid.
5. The Purchasing Agent will prepare bids and bidder mailing lists. After consulting with the Department, the Purchasing Agent will set the bid advertising dates and schedule the bid opening date and time. Where appropriate, the Purchasing Agent will utilize website notices for national advertising.
6. The City Secretary will receive bids and maintain them in a locked file until the date of the bid opening. At the time of the bid opening, the City Secretary will present all bids to the Purchasing Agent for opening, review, and analysis. The City will reject as nonresponsive any bid or proposal which is received after the due date and time. The time stamp in the City Secretary's Office will be the official time. Bid or proposal openings are open to the public.
7. The Purchasing Agent will conduct bid or proposal openings. Such opening will take place in Council Chambers or at the place designated in the advertisement and notice.
8. The Purchasing Agent will prepare a tabulation for each item or group of items and after opening the bids, will read them aloud. The Purchasing Agent will consult with the Department for consensus of a recommendation.
9. Pursuant to state law, the City must award bids on the basis of the lowest responsible bidder or the bid that provides the best value. As for "best value", the City, pursuant to law, may consider:
 - a. the price;
 - b. reputation of the bidder;
 - c. reputation of the bidder's goods or services;
 - d. the quality of the bidder's goods or services;
 - e. the extent to which the goods and services meet the City's needs;
 - f. the bidder's past relationship with the City;
 - g. the impact to the City's ability to comply with HUB requirements;
 - h. total long-term cost to the City of acquiring the goods or services; and
 - i. any relevant criteria that the City listed in its ITB or RFP (*see* §252.043, TX. Local Gov't Code).
10. In the event of a disagreement between the Department and the Purchasing Agent, City Manager or his/her designee, will determine the recommendation to Council.
11. The Purchasing Agent, with Department input, will prepare an agenda bill with the staff recommendation for Council approval and award.
12. The Department will use the City's purchasing software to submit a requisition to the Purchasing Agent for processing.

9. INSURANCE REQUIREMENTS. Where the City contracts with an outside party (contractor, consultant, vendor, or concessionaire) for goods or services, the ITB or RFP that is advertised must

include a proposed contract. The contract should include indemnity and hold harmless provisions that appropriately transfer the project risks from the City to the contractor. Because the contractor may or may not have the financial resources to account for the risks, the City requires the contractor to purchase and maintain valid insurance to help ensure the financial security required by the City. The insurance types and amounts are as follows:

A. Workers compensation. Workers Compensation covering all employees per the state statutory requirement is required on all contracts.

B. Liability insurance. The following insurance is required on all contracts over \$15,000.00:

1. Employer's Liability of \$100,000;
2. Comprehensive General Liability and Bodily Injury & Property Damage \$1,000,000 (per occurrence and aggregate); and
3. Business Automobile Liability covering owned vehicles, rented and non-owned vehicles, and employee non-ownership Bodily Injury Property Damage \$1,000,000 (per occurrence and aggregate).

C. Reasonable coverage. Although insurance coverage is not required for every project, and limits will vary by exposure, understanding insurance is important to assure that all of the City's potential liabilities and exposures from a project are properly and reasonably protected. Where questions arise about the types of insurance or amounts, the Department should contact the Purchasing Agent, who may in turn consult the Risk Manager and/or the Legal Department.

10. WARRANTIES AND SERVICE AGREEMENTS. A Department must include any requirement for warranties or service agreements for the purchase specifications for use in creating the ITB or RFP documents. Where negotiation is possible, the Purchasing Agent will negotiate all warranties and service agreements. A Department is responsible to ensure that service agreements exist on equipment, as necessary. A Department must not agree to a service agreement unless prior approval is received from the Purchasing Agent. The Purchasing Agent will forward approved agreements to the Department for final signature. It is the responsibility of each Department to maintain and actively monitor agreements that pertain to their Departments, to schedule service calls under the agreements, and to notify the Purchasing Agent when agreement renewals should be scheduled.

11. BONDS FOR NON-PUBLIC WORKS PROJECTS. Based upon good business practices, whenever the City enters into a contract for the purchase of a product system or service in which the system or service will be of little value to the City until it is complete, then the City may require performance and payment bonds.

12. SOLE SOURCE PURCHASES. The purchase of items which are available from only one source are exempt from competitive bidding pursuant to state law. The City will strictly interpret this exemption. Items that are available through a single distributor will not be considered as sole source unless the distributor has an exclusive right to distribute the item and a like item cannot be purchased through any other distributor. Items such as captive replacement parts or components may be considered as "sole source" items. (See §252.022(a)(7), TX. Local Gov't Code)

A. Sole source purchases greater than \$3,000.00. The following is the procedure for all sole source purchases which are greater than \$3,000.00:

1. The Department must contact the vendor or manufacturer for verification and justification as to why the procurement is sole source. The Department shall submit a Sole Source Affidavit (*see Exhibit D*) to the Purchasing Agent for consideration and approval.

2. The Department should seek other information (Thomas Register of American Manufacturers, other cities, yellow pages) in an attempt to verify the vendor's or manufacturer's information and document the findings.

B. Sole source purchasing greater than \$50,000.00. All sole source purchases greater than \$50,000.00 must be reviewed by the City Manager prior to placement on the Council agenda. The Department shall submit a Sole Source Affidavit (*see Exhibit D*) to the Purchasing Agent for consideration and approval.

C. Verification. All sole source purchases must be verified annually.

13. HIGH TECHNOLOGY PURCHASING PROCEDURES. All purchases of high technology items must be processed through the Information Technology Department (IT) unless a specific exemption is granted by IT or the City Manager. "High technology" items means the procurement of equipment, goods, or services of a highly technical nature, including data processing equipment, software and firmware, telecommunications equipment, and technical services related to these items. The City may solicit for high technology procurements through a request for proposal. The RFP must specify the relative importance of price and other evaluation factors. High technology is defined as information processing equipment, software, telecommunications equipment, radio and microwave, electronic distributed control systems and the technical services related to such equipment. (*see* §§252.001 and 252.021(b), TX. Local Gov't Code)

14. PURCHASING OF INSURANCE. All purchases of insurance related products must be processed through the Human Resources Department (HR) unless a specific exemption is granted by HR or the City Manager. The City may solicit for insurance through a request for proposal. (*see* §252.021(b), TX. Local Gov't Code)

15. PURCHASE OF COMPUTERS AND RELATED EQUIPMENT AND SUPPLIES

A. Requests. The Information Technology Department must review all requests for computers and related equipment, software, services, or supplies. IT's review will help standardize the type and quality of equipment in the City's inventory, ensure that purchases are made with minimum delay, facilitate tracking of requests, assist IT in maintaining accurate inventories for insurance and other purposes, and contribute to the most effective use of City resources. IT will review each request for compatibility with other hardware and software and may investigate alternatives. IT's recommendations and comments will include:

1. Any additional maintenance costs incurred because of the purchase;
2. Compatibility considerations;
3. Cost effectiveness of the request; and
4. Alternatives that would effectively meet a user's needs.

B. Placing the Order. The Purchasing Agent, in consultation with the Department and IT, will

prepare and submit the necessary purchase requests.

16. EMERGENCY EXPENDITURES

A. Emergency expenditures authorized; defined. Pursuant to state law, there is an exemption from the bidding process for emergency purchases. An emergency is described as follows:

1. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of residents or to preserve City property;
2. A procurement necessary to preserve or protect the public health or safety of residents;
3. A procurement necessary because of unforeseen damage to public machinery, equipment, or other property. (*see* §252.022(a)(1-3), TX. Local Gov't Code)

B. Sequence for emergency purchases. Where an emergency exists and a purchase estimated at being over \$5,000.00 is required, the following procedure will be used:

1. The Department must complete the Emergency Justification form to justify the emergency to the Purchasing Agent who shall notify the City Manager. If the expenditure does not exceed \$25,000, Department Director must review and approve the purchase. If the expenditure exceeds \$25,000.00, the Purchasing Agent must have the City Manager review and approve of the transaction.
2. For expenditures exceeding \$25,000.00, the Purchasing Agent and the City Manager must certify that the expenditure is derived from an emergency condition specified by state law, the need for the expenditure was unforeseen, the continued expeditious operation of the City requires that the expenditure be made before the time necessary to obtain City Council approval (for expenditures exceeding \$50,000.00) in advance or to obtain competitive bids, and that funds are available for the expenditure.
3. A copy of the certification shall be delivered to City Council as soon as possible with an explanation of a description of the expenditure, an explanation of the necessity of the expenditure, the source of funds, and evidence of all necessary approvals.

17. RECEIVING ORDERS

A. Inspection. Upon receiving an order, a Department must inspect the delivery prior to acceptance when possible or otherwise as soon as possible.

B. Action upon receipt. A Department will acknowledge that all item(s) were physically received and send a confirmation to the Purchasing Agent.

C. Notice of discrepancies. A Department shall inspect all items against the purchase order for acceptability and discrepancy. If the items are unacceptable or any discrepancy occurs, the Department will immediately notify the vendor or contractor. The Department must also send a notice of this issue to the Purchasing Agent.

D. Invoice. Where the order is deemed correct, the Department shall send the invoice for payment to the Purchasing Agent as soon as possible, as in many cases, state law requires payment within 30 days of the receipt of a correct and proper invoice.

18. CONTRACT RENEWAL PROCEDURES

A. Terms. Renewal terms should not exceed a total of five years including the original year. The Purchasing Agent, in consultation with the City Manager, may make an exception on case-by-case basis when in the best interest of the City. Any renewal provision must include language that such renewal is subject to budgeting and appropriations.

B. Multiple Award Contracts. When multiple vendor awards occur, if all vendors do not agree to renew, the contract in its entirety may be rebid or just that vendor's part may be rebid.

C. Price Changes. Renewal terms due to quantity changes or vendor proposed price increases may be recommended on a case-by-case basis considering the merits of the renewal offer. No price changes will be considered in the middle of a contract year.

D. Performance. The City will always consider the performance of a vendor and contractor when considering whether or not to renew or rebid. A Department will ensure that a Vendor Performance Form (*see Exhibit A*) is completed when appropriate.

19. CHANGE ORDERS

A. General Information

1. A Department must submit a change order request to the Purchasing Agent. Included in the request should be the number for the original Purchase Order.
2. Pursuant to state law, an original contract may not be increased by more than 25%; nor may the original contract price be decreased by more than 25% without the consent of the contractor. (*see* §§252.048 and 271.060, TX. Local Gov't Code).
3. Pursuant to state law, a change order is required if, after the contract has been executed:
 - a. Changes in plans or specifications are necessary;
 - b. It is necessary to decrease or increase the quantity of work to be performed; or
 - c. It is necessary to decrease or increase the quantity of materials, equipment, or supplies to be furnished. (*see* §252.048, TX. Local Gov't Code)

B. Material Changes. Following advertisement and submission of bids, the City may not make any material changes in the scope, quantities, or related work for goods or services. The City strives to ensure, and the law requires, that the City provides all potential bidders with an equal opportunity to bid and that toward the end, bidders submit bids upon the same terms and conditions involved in all the items and parts of the contract. To the extent that the City must make such a change after the submission of bids, the City may proceed by rejecting any and all bids.

C. Changes to Professional Services. A Department that is requesting a change order to a contract for professional services, must submit such request to the Purchasing Agent. The Purchasing Agent may approve the change provided that the change order does not increase the

original contract amount by more than ten percent (10%). The City Manager must approve changes in excess of this amount. Change orders with a cost which exceeds \$50,000.00 require City Council approval.

20. APPROVALS

A. City Council. Only City Council has the authority to approve and award bids, proposals, and contracts that exceed \$50,000.00. In most cases, the City Council will authorize the City Manager to enter into the contract.

B. City Manager. The City Manager is authorized to approve expenditures without further approval of the City Council for all budgeted items not exceeding \$50,000.00. Only the City Manager or designee may execute a contract for the City.

21. PROCEDURE FOR DISPOSAL OF SURPLUS PROPERTY. All Departments must review their assets and supplies each year and determine whether any items are no longer needed. A Department must submit a list of any surplus, obsolete, or unused supplies, materials or equipment to the Purchasing Agent, and include a description, make, model, and serial numbers. The Purchasing Agent, in coordination with a Department, may transfer items between Departments based upon needs. Where equipment or durable goods are deemed to be surplus, obsolete, or unused, the Purchasing Agent will remove the item from the City's fixed asset list. The Purchasing Agent may attempt to sell surplus, obsolete, or unused supplies, materials, or equipment in a manner that attempts to secure a fair market value price for the City. Funds received from sale of surplus items will be returned to the appropriate City fund.

22. ETHICAL REQUIREMENTS RELATING TO MUNICIPAL PROCUREMENT

A. State laws. City officials and employees must comply with various state laws with respect to purchasing. The following is intended to provide a summary and the general requirements of the laws.

1. Chapter 176, Texas Local Gov't Code.

a. Chapter 176 of the Texas Local Government Code is applicable to the City. The law also applies to a local government corporation, board, commission, district or authority whose members are appointed by City Council. Anyone designated as an "executive officer" of the City, including a Councilmember, City Manager, Department Director, administrator, or any other person who is designated as an executive officer of the City must comply with the law.

b. As authorized by the state law, the City has extended the requirements of Chapter 176 to any City employee who has the authority to approve contracts on behalf of the City. (see §176.005(a), TX. Local Gov't Code).

c. Chapter 176 requires executive officers to disclose employment and business relationships with vendors who conduct business with the City.

d. An executive officer is required to file a conflicts disclosure statement ("statement") if a vendor enters into a contract with the City, or if the City is considering entering into a contract with the vendor, and the officer or officer's family member has an employment or

other business relationship with the vendor that results in the officer or officer's family member receiving taxable income that exceeds \$2,500.00 in the preceding twelve months.

e. An executive officer is required to file a statement if the officer or officer's family member accepts a gift(s) from a vendor with an aggregate value of more than \$250.00 in the preceding twelve months. An officer is not required to file a statement in relation to a gift, regardless of amount, that is accepted by an officer or officer's family member if the gift is given by a family member of the person accepting the gift, is a political contribution, or is food, lodging, transportation, or entertainment accepted as a guest.

f. An officer or vendor who knowingly fails to file a statement or a disclosure when required to do so commits a Class C misdemeanor.

2. Chapter 171, Texas Local Gov't Code.

a. Chapter 171 of the Texas Local Government Code regulates a local public official's conflicts of interest. The law defines "local public official" as an elected official, such as a Councilmember, or an appointed official (paid or unpaid) who exercises responsibilities that are more than advisory in nature.

b. The law prohibits a local public official from voting or participating in any matter involving a business entity or real property in which the official has a substantial interest if an action on the matter will result in a special economic effect on the business that is distinguishable from the effect on the public or, in the case of a substantial interest in real property, it is reasonably foreseeable that the action will have a special economic effect on the value of the property, distinguishable from its effect on the public.

c. A local public official who has such interest is required to file, before a vote or decision on any matter involving the business entity or real property, an affidavit with City Secretary, stating the nature and extent of the interest.

d. A local public official is required to abstain from participating in the matter.

e. A local public official who is required to file an affidavit is not required to abstain from participating in the matter if a majority of the members of the governing body have a substantial interest and file affidavits of similar interests on the same official matter.

3. Chapter 252, Texas Local Government Code.

a. If a person fails to comply with the competitive bidding or competitive proposal procedures required by Chapter 252, Texas Local Government Code, that person may be convicted of a Class B misdemeanor. This includes a situation in which a person makes or authorizes separate, sequential, or component purchases in an attempt to avoid competitive bidding requirements. A Class B misdemeanor may be punished by a fine of up to \$2,000.00, confinement in jail for up to 180 days, or both the fine and confinement.

b. An individual is automatically removed from his or her position if that person is finally convicted of failing to comply with the competitive bidding or competitive proposal procedures required by Chapter 252. Once removed from office, such a person may not hold any public office in this state for four years after the date of final conviction. Also, for

four years after the date of final conviction, the convicted person may not be employed by the city where the person was serving when the offense occurred and may not receive any compensation through a contract with the city.

c. State law specifies that if a city enters into a contract without complying with the competitive bidding or competitive proposal requirements of Chapter 252, the contract is void. (See §252.061, TX. Local Gov't Code)

d. Separate, sequential, or component purchases to avoid placing any purchase in a lower cost bracket in order to avoid approval levels or the competitive bid process are prohibited. A Department shall manage and plan in such ways that all purchases are made in sufficient quantities to meet needs. "Separate Purchases" mean purchases made separately of items that in normal purchasing practices would be bought in one purchase. "Component Purchases" means purchases of the component parts of an item that in normal purchasing practices would be bought in one purchase. "Sequential Purchases" means purchases of items made over a period that in normal purchasing practices would be bought in one purchase. (See §§252.001, 252.062, TX. Local Gov't Code).

B. City ethical rules. The City demands the highest ethical standards of conduct from its employees and from vendors or contractors dealing with the City. City employees engaged in purchasing must comply with the following ethical standards.

1. *Gratuities.* Certain kinds of conduct such as offering gifts, gratuities, or discounts to City employees to influence their decisions in the purchasing process are expressly prohibited. The City may reject a bid or cancel a contract without liability if it is determined by the City that gratuities were offered or given by a vendor or contractor, or an agent or representative of the vendor or contractor, to any officer or employee of the City with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such a contract. In the event a contract is cancelled by the City pursuant to this provision, the City will be entitled, in addition to any other rights and remedies, to recover and withhold the amount of the cost incurred by the vendor or contractor in providing such gratuities.

2. *Confidential information.* It is a violation of City policy for any employee to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

3. *Purchase of materials, equipment, and supplies for personal use.* Unless approved in writing by the City Manager, no employee may purchase City property for personal use unless it is purchased through the City's public auction, online bidding/auction, or through the sealed bid procedures of the City.

4. *Purchases for personal, private use.* No employee may use the purchasing power of the City to make purchases for personal, private use. Employees should not have private purchases sent or delivered to the City.

5. *Travel, meals, and other expenses paid by vendor or contractor.* Travel costs to a vendor's or contractor's site shall be paid by the vendor or contractor only if the bid or proposal solicitation specifically stated that such visits would be at the vendor's or contractor's sole expense. The City will pay all other travel costs. Employees must fully document the visits and related expenses.

23. PURCHASING (P-CARD) CARD POLICY AND PROCEDURES

A. Overview. The City issues and authorizes the use of Purchasing Cards (P-card) to establish a more efficient, cost-effective method of purchasing and payments. P-cards are intended to streamline the purchasing and accounts payable process by reducing paperwork generated by low cost, high volume transactions; providing immediate access to goods and services; and facilitating quick payments to vendors and providers. Such use also results in a significant reduction of both data entry and paperwork. The P-card is designed to delegate the authority and capability to purchase limited items directly to an authorized employee. A P-card will enable authorized employees to purchase non-restricted goods directly from vendors without the issuance of a purchase order. Authorized employees may use a P-card with vendors that accept VISA.

B. SCOPE. This policy applies to all Departments. All P-cards are governed by this policy and employees who are authorized to use P-cards to perform official City business must comply with state law and this manual.

C. RESPONSIBILITIES.

1. The Finance Director is the administrator of the P-card program.

2. A Department Director, where appropriate, may authorize an employee(s) under their direction to use a P-card. The Director will make recommendations to the Purchasing Agent as to recommended limits on the account, to include monthly spending limits, number of transactions per day, number of transactions per billing cycle, and merchant category restrictions.

3. An employee authorized to use a P-card must and sign a Purchasing Card Cardholder Agreement (*see Exhibit E*) prior to being issued a P-card. The employee is responsible for not only protecting the card, but is also responsible and accountable for all purchases made using the P-card. The employee must keep the P-card in their possession and not allow anyone to use the P-card issued in their name. The employee will assume responsibility that all purchases made with the P-card adhere to this policy and will insure that no unauthorized purchases are made. The City will consider unauthorized purchases to be misappropriation of City funds which violates City policy and potentially state law. The employee authorized to use the P-card and the Department Director are responsible for the integrity and accuracy of P-card purchases and as such, are responsible for receipts for all P-card purchases and transactions. All purchases processed against a P-card must be made by, or under the immediate direction of, the employee to whom the card is issued. P-card receipts must specify all purchased items. Receipts that show only a total amount without any itemized details are unacceptable. The employee must inform the merchant of the City's tax exempt status; where the employee fails to do this, the employee will be responsible for reimbursing the tax amount to the City. The City will hold the employee personally responsible for items purchased without the supporting documentation.

4. The Purchasing Agent will return incomplete receipts to the P-card holder and the Department Director who will then be responsible for obtaining a detailed receipt.

5. P-card holders who do not retain acceptable receipts for P-Card purchases may have their authority for using the P-card revoked. The Purchasing Agent will notify a Department Director concerning any misuse of a P-card.

D. Purchases. P-cards are intended for small purchases of products and supplies needed during the course of business. The Purchasing Agent will place limitations and restrictions on each P-card issued to an authorized employee depending on job duties. Merchant Category Codes (MCC) will limit the vendors allowed to accept the card and limits will be set for single purchases and maximum monthly purchase limit. The P-card must not be used on any goods or services or with any merchant which would be considered to be an inappropriate use of public funds. The following list constitutes examples of inappropriate purchases made with a P-card, but is not intended to be an exhaustive or an inclusive list:

1. Items for personal use;
2. Alcoholic beverages;
3. Bars, cocktail lounges, etc.
4. Consulting services (*e.g.*, construction, engineering, etc.);
5. Cash advances;
6. Salaries and wages;
7. Purchases made from merchants with restricted MCC codes;
8. Gifts or donations;
9. Transaction amounts greater than the cardholder's transaction limit;
10. Split purchases to bypass limits on P-card;
11. Separate, sequential, and component purchases or transactions made with the intent to circumvent state law or this manual.

E. Reconciliation. The Purchasing Agent will place spending limits and other restrictions on each P-card issued to an authorized employee depending on the purchasing authority of the cardholder. The Department must maintain receipts for each purchase throughout the month. During the month and at month's end the Department may view all purchases online. The Department must review the charges, print the register, and reconcile the amounts with the receipts for the purchases. The Department must then forward the register and receipts to the Purchasing Agent. The Purchasing Agent will review the purchases and authorize or reject any payment. The Purchasing Agent will then forward the paperwork to Accounts Payable for payment. A Department does not need to create a purchase requisition as Account Payable will issue one purchase requisition for the City-wide purchases for the month. The Purchasing Agent will immediately notify a Director of any unauthorized purchases during the review process.

F. Disputed Charges. An authorized employee who is issued a P-card holder is responsible for attempting to resolve any dispute with a vendor. The employee must attempt to resolve such dispute within fifteen (15) days of receipt of a purchase. If a resolution is not possible, the employee must immediately notify the bank of the disputed item. The bank should provide a dispute form that the employee cardholder must complete and return to the bank. The employee must submit a copy of the form to their Department Director and the Purchasing Agent. In most cases, the bank will work directly with the employee to resolve the problem.

G. Termination or transfer of employee. When an employee who has been issued a P-card

terminates from City employment or transfers from a Department, the Department Director must immediately, but in any event within one business day, contact the Purchasing Agent to report the change. The Purchasing Agent will have the Department complete the appropriate form that reflects this change. The Department will submit this form and pending receipts to the Purchasing Agent for processing. Where possible, the Department must try to have a terminated employee reconcile his/her P-card statements prior to termination. If there are any remaining charges on the P-Card not accounted for, those charges will be billed to the terminated cardholder or recuperated through other means.

H. Audit of records. The Finance Department may periodically audit any Department for P-card activity. Any failure to comply with this policy in the use or administration of a P-card may result in cancellation of a card and subject the cardholder to discipline, up to and including termination.

I. Loss of P-card. A P-card holder must report a lost P-card immediately but in any event, within one business day of discovered loss. The City may hold an employee liable for any losses not covered by the protection plan. The City may also hold an employee responsible for the cost of a replacement card.

24. PETTY CASH DISBURSEMENT

A. Rules and forms.

1. A Department may submit a request for petty cash from the Finance Department. The request and disbursement must not exceed \$100.00. If cash payment is necessary due to unforeseeable circumstances, the Finance Director may approve expenditure over the \$100.00 limit.
2. Only expenditures specifically authorized by this manual are allowed.
3. A Department must not use petty cash pay for services rendered.
4. An employee must not use petty cash for any use that violates this manual.

B. Maintaining petty cash. Petty cash vouchers, receipts, and cash on hand must at all time equal the total amount authorized for the petty cash fund. The Finance Department will issue a petty cash voucher to a Department at the time money is advanced for an employee to make purchases on the City's behalf. The Department must sign the petty cash voucher indicating approval for the purchase. The sales receipt must be attached to the petty cash voucher after the purchase. The petty cash voucher should include the amount and purpose of the proposed expenditure, the expense account number, and be signed and dated by the recipient the Department. Vouchers may not be used as a substitute for a sales receipt. Where a Department maintains a departmental petty cash, the Department must turn in petty cash vouchers with receipts attached to the Finance Department on a weekly basis to exchange for cash in reimbursing the departmental petty cash.

C. Audit of petty cash. The Finance Director will periodically audit petty cash expenditures as to form and regulations and may confirm purchases.

25. RENTAL OR LEASE OF EQUIPMENT

A. Rental procedures. Where a Department seeks to rent or lease equipment, such acquisition must be handled as any other type of purchase such that a purchase requisition is sent to the Purchasing Agent for the procurement. Prior to placing a request, a Department should determine whether the equipment that is proposed for rental or lease is available in any other Department.

B. Lease/purchase agreements. Any equipment lease may occur but only after the availability of a lease option has been fully evaluated for efficiency and cost effectiveness. A Department will work with the Purchasing Agent and Finance Department when proposing either a short-term or long-term lease of equipment for analysis of actual capital costs including interest charges. The total cost of the lease shall be calculated. Where such cost exceeds an authorized purchasing threshold for either the City Manager or City Council under this manual, the City Manager or City Council, as appropriate, will need to approve the lease agreement. Under no circumstances may a Department sign a rental or lease agreement unless prior approval has been granted by the Purchasing Agent.

EXHIBIT A

Vendor Performance Form – City of Kerrville, TX.

Instructions: Complete this form to report exceptional or unsatisfactory vendor performance and return to the Purchasing Agent.

Purchase Order No.	Requisition No.	Today's Date:
Vendor Name: Contact: Address: City, State: Phone: Fax: E-mail:		Department: Contact: Phone: Fax: E-mail:
Nature of report (Check all applicable boxes):		
<p><u>POOR PERFORMANCE</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Late Delivery <input type="checkbox"/> Failure to Deliver <input type="checkbox"/> Delivery made at wrong destination <input type="checkbox"/> Failure to identify shipments per contract terms <input type="checkbox"/> Short/over weight or count <input type="checkbox"/> Vendor shipped incorrect merchandise <input type="checkbox"/> Failure to replace damaged goods <input type="checkbox"/> Slow replacement of damaged goods <input type="checkbox"/> Failure to pick up incorrect shipment <input type="checkbox"/> Improper Product Packaging <input type="checkbox"/> Failure to meet specifications <input type="checkbox"/> Failure to follow palletizing instructions <input type="checkbox"/> Poor product quality <input type="checkbox"/> Poor product performance <input type="checkbox"/> Failure to respond to letter or phone call <input type="checkbox"/> Failure to promptly notify Purchasing concerning Manufacturer discontinuation of an item <input type="checkbox"/> Poor customer service (Requires comment) <input type="checkbox"/> Unauthorized substitution <input type="checkbox"/> Unsatisfactory installation <input type="checkbox"/> Service not performed within specifications <input type="checkbox"/> Incorrect invoices <input type="checkbox"/> Failure to comply with terms & conditions of contract (Requires comment) <p><u>ACTION TAKEN BY PURCHASING</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> 1ST Written notice issued for late delivery <input type="checkbox"/> 2nd Written notice issued for late delivery <input type="checkbox"/> Damaged assessed <input type="checkbox"/> Vendor commended <input type="checkbox"/> Shipment rejected <input type="checkbox"/> Vendor counseled 	<p><u>RESOLUTION</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Complaint withdrawn <input type="checkbox"/> Vendor failed to receive purchase order <input type="checkbox"/> Delivery made after late notice sent <input type="checkbox"/> Performance corrected <input type="checkbox"/> Material or item replaced <input type="checkbox"/> Equipment performance corrected <input type="checkbox"/> Invoice Corrected <input type="checkbox"/> Item cancelled from contract (Vdr failure-Vdr initiated) <input type="checkbox"/> Item cancelled from contract (Vdr failure- Purchasing initiated) <input type="checkbox"/> Item cancelled from contract (No fault of vendor) <input type="checkbox"/> Entire order cancelled <input type="checkbox"/> Entire contract cancelled (Vendor fault) <input type="checkbox"/> Entire contract cancelled (No fault of vendor) <input type="checkbox"/> Damages paid <input type="checkbox"/> Vendor counseled <input type="checkbox"/> Order completed <input type="checkbox"/> Correct shipment received <input type="checkbox"/> Damages not paid – Vendor removed from bid list <input type="checkbox"/> Performance not corrected – Vendor removed from bid list <p><u>EXCEPTIONAL PERFORMANCE</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Shipment made early upon Purchasing/Department request <input type="checkbox"/> Product upgrade substitution suggested and accepted <input type="checkbox"/> Exceptional customer service response <input type="checkbox"/> Exceptional service provided for return of products <input type="checkbox"/> Provided technical/training/set-up assistance when not required <input type="checkbox"/> Price reduction for large order <input type="checkbox"/> Vendor commended 	
<p><u>Detailed explanation (Please be specific)</u></p> 		
<p><u>Resolution completed by Purchasing:</u> _____</p> <p>Buyer: _____</p>	<p>Date: _____</p>	

Exhibit F
Detailed Specification form

I. Title:

II. Summary:

Provide summary of what the product or service will be used for and the department(s) that will use it.

III. Definition:

(Required) Define technical and critical terms of product or services to be purchased. Attach detailed specification documents.

IV. Requirements:

(Required) List all needs and performance requirements and include work-related needs that this item or service must fulfill. Include any testing, certification, or other quality control requirements.

(Optional) List all design requirements, including materials, manufacturing standards and directions, dimensions, physical characteristics and workmanship standards.

(Optional) List any requirements not cover.

Submitted By: _____ Dept: _____ Date: _____

EXHIBIT C

Purchasing Request

Invitation for Bid (IFB) and/or Request for Proposal (RFP)

\$50,000.00 +

Date Requested: _____

Department: _____

Funds Budgeted in Account: _____

Budgeted Amount: _____

Point of Contact: _____

1st Advertising Notice Date requested: _____ Notice of the time and place at which the bids will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a newspaper published in the municipality. (if unknown leave blank)

2nd Advertising Notice Date requested: _____ (if unknown leave blank)

Requested Opening Date: _____ The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud. (if unknown leave blank)

Attachments:

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|--------------------------|
| 1) Detailed Specifications pertaining to requested item(s) to be purchased. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) List of any vendors known by the department to provide material or services. | <input type="checkbox"/> | <input type="checkbox"/> |

Signatures:

Director: _____

Date: _____

Purchasing Manager: _____

Date: _____



EXHIBIT D

**FINANCE DEPARTMENT
SOLE SOURCE AFFIDAVIT**

**THIS IS AN OFFICIAL PURCHASING DOCUMENT – RETAIN WITH
PURCHASE ORDER FILE**

Before me, the undersigned official, on this day, personally appeared _____, a person known to me to be the person whose signature appears below, whom after being duly sworn upon his/her oath deposed and said:

1. My name is _____. I am over the age of 18, have never been convicted of a crime and am competent to make this affidavit.

2. I am an authorized representative of the following company or firm:

3. The above named company or firm is the sole source for the following item(s), product(s) or service(s):

4. Competition in providing the above named item(s) product(s), service(s) is precluded by the existence of a patent, copyright, secret process or monopoly as stated under Sections 252.022(a)(7)(A) or (7)(B-F), TX. Local Gov't Code. Also, attached is a sole source letter, which sets forth the reasons why this Vendor is a sole source provider (dated and signed).

5. There is/are no other like item(s) or product(s) available for purchase that would serve the same purpose or function.

6. Note: This Vendor understands that by providing false information on this Sole Source Affidavit, it may be considered a non-responsible Vendor on this and future purchases and may result in discontinuation of any/all business with the City of Kerrville.

Signature

THE STATE OF TEXAS §
COUNTY OF KERR §

SUBSCRIBED AND SWORN to before me on this the ____ day of _____, _____.

Notary Public for the State of Texas
Printed Name: _____
My commission expires: _____

COMPANY NAME: _____

ADDRESS, CITY, STATE & ZIP: _____

PHONE: _____ FAX NUMBER: _____

CONTACT NAME AND TITLE: _____

WEB ADDRESS: _____ EMAIL: _____

FEDERAL TAX ID NUMBER: _____

TEXAS SALES TAX NUMBER: _____

EXHIBIT E

REQUEST FOR PURCHASING CARD (P-Card)

TO: Purchasing Agent

FROM:

DEPARTMENT:

SUBJECT: *Request for Purchasing Card (P-Card)*

DATE:

I request that the Finance Department issue the following employee a City Purchasing Card (P-card) for the purpose of making purchases in the normal course of authorized City business.

Full Name of Employee (print): _____

Employee Title: _____

Employee Signature: _____

Single Item Purchase-Supplies or Material (Not to exceed \$3,000): _____

Daily Transaction Limit: _____ # of Transactions: _____

30-Day Limit: _____

Restrictions: _____

_____.

REQUESTED BY: _____
Signature of Department Director

APPROVED BY: _____
Signature of Purchasing Agent

Date: _____

Copy: Designated Cardholder
Director/Manager

PURCHASING CARD (P-CARD) CARDHOLDER AGREEMENT

I, _____ hereby agree to comply with the Purchasing Card (P-card) policy and procedures and the following terms and conditions regarding my use of the card. As a cardholder, I have read and understand the City of Kerrville Purchasing Policy and Procedures, which includes the P-card policy.

1. I understand that I am being entrusted with a valuable tool, the P-card. I will be making financial commitments on behalf of the City of Kerrville. I will always obtain the best value for the City by using the P-card wisely and with discretion.

2. I agree to use this card for official City business and approved purchases only. I fully understand that my misuse or abuse of the P-card will result in revocation of the card and appropriate disciplinary action, which may include termination of my employment. I also agree to attend training on the use of this card as prescribed by Purchasing Agent.

3. The following acts are prohibited, and I understand that this is not an exclusive or exhaustive list:

- Expenditures for personal purposes;
- Cash advances or refunds;
- Expenditures for entertainment, including but not limited to the purchase of alcoholic beverages;
- Purchases under contracts, unless an emergency exception is granted;
- Separate, sequential, and component purchases or transactions made with intent to circumvent state law or City policy;
- Transaction amounts greater than the limits on the P-card issued to me;
- Failure to submit proper documentation with each monthly statement, and;
- Allowing the card to be used by someone else

4. I understand I do not own the P-card and that the City has issued the card to me so that I can conduct authorized City business in an efficient, expeditions, and cost-effective manner. I agree to return the P-card immediately upon request or upon termination of employment (including retirement and resignation). Should I be transferred between Departments or positions, qualify for extended leave, or undergo an organizational change which causes my duties to no longer necessitate the use of the P-card, I agree to return it immediately.

5. If the card is lost or stolen, I agree to immediately notify the Purchasing Agent and my Department Director.

I understand and agree that my use of the P-card is subject to the following specific purposes or restrictions:

Employee Signature Date Department

Department Director Date Purchasing Agent Date

Transaction Limit: \$ _____ Monthly Limit: \$ _____

PURCHASING CARD (P-CARD) LOST/STOLEN REPORT

TO: Purchasing

FROM:

DEPARTMENT:

Card Number: _____

Full Name of Employee (print): _____

Employee Signature: _____

Employee Title: _____

Date of Loss: _____

Date Stolen: _____

Details: _____

Copy: Designated Cardholder
Director/Manager

CARDHOLDER STATEMENT OF DISPUTED ITEM(S)

RE: _____

CARDHOLDER NAME: _____ CARD NUMBER: _____

MERCHANT (VENDOR) NAME: _____ DISPUTED AMOUNT: \$ _____

I dispute the charge(s) described herein as follows: [Check Appropriate Box(es)]

I certify that the charge listed above was not made by me nor were the goods or services represented by the above transaction received by me or by a person authorized by me.

I do not recognize the transaction as listed above. Please inform me of merchant name and description of merchandise purchases.

Although I did engage in the above transaction, I dispute all or part of the charge in the amount of \$ _____.

I have contacted the merchant and requested a credit adjustment that I did not receive or was not satisfactory.

I have been charged twice for the same transaction. Posting dates: _____ and _____

A credit slip was listed as a sale on my statement.

The amount of the sales slip was increased from \$ _____ to \$ _____. Enclosed is my copy of the sales slip prior to alteration.

I received a price adjustment (credit slip) on the above transaction, and it has not appeared on my statement. Enclosed is a copy of the credit memorandum.

Non-Acceptance

Other, please explain completely.

I am disputing the charge because: _____

Designated Cardholder Signature: _____

Daytime Phone: _____

Date: _____

Fax Dispute Form to: Purchasing Agent

Exhibit G
EMERGENCY JUSTIFICATION

This questionnaire has been designed to assist staff in providing information necessary in the processing of emergency requisitions for the purchase of products and/or services. Please complete and forward to Purchasing. If more space is needed, please attach additional page(s).

REQUISITION NO.: _____

1. State the reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency situation:

2. State the financial or operational damage/risk that will occur if needs are not satisfied immediately (do not simply say there will be a loss or some damage):

3. State why the needs were not or could not be anticipated so that goods/services could not have been purchased following standard procedures:

4. State the reason and process used for selecting the vendor (attach all quotes/proposals received from other sources, if applicable):

5. State the part of the City's Purchasing Policy this Emergency Purchase falls under.

I certify that the above statements are true and correct, and that no other material fact or consideration offered or given has influenced this recommendation for an emergency procurement.

Submitted By: _____

Authorized Signature

Date

Dept Director: _____

Authorized Signature

Date

PURCHASING USE ONLY

Approved By: _____

Date: _____

Exhibit H
CITY OF KERRVILLE

TRAVEL REQUEST AND AUTHORIZATION (BEFORE TRAVEL)

NAME: _____

DEPARTMENT: _____

DESTINATION: _____

PURPOSE OF TRIP: _____

DATE/TIME OF DEPARTURE: _____

DATE/TIME OF RETURN: _____

BUDGET ITEM: _____ YES _____ NO ACCOUNT# _____

TRANSPORTATION: PERSONAL AUTO _____ CITY AUTO _____ OTHER _____

ESTIMATED EXPENSE:

PERSONAL AUTO @ .51 PER MILE \$ _____

LODGING: \$ _____

 SEND TO HOTEL _____

 GIVE TO EMPLOYEE _____

PER DIEM RATE (\$54/DAY) _____

REGISTRATION: \$ _____

 MAIL WITH FORM _____

 GIVE TO EMPLOYEE _____

OTHER: \$ _____

 TOTAL EXPENSE: \$ _____

 ADVANCE REQUEST \$ _____

DATE SUBMITTED: _____

APPROVED BY: _____ DATE : _____
 (SUPERVISOR OR MANAGER)

APPROVED BY: _____ DATE : _____
 (DIRECTOR)

APPROVED BY: _____ DATE : _____
 (FINANCE)

- **Finance approval required if total travel expense exceed \$999.99.**

CITY OF KERRVILLE

TRAVEL REQUEST AND AUTHORIZATION (AFTER TRAVEL)

NAME: _____ DEPARTMENT: _____

DEPARTURE: _____ RETURN: _____
 (DATE) (TIME) (DATE) (TIME)

DESTINATION: _____ PURPOSE: _____

TRANSPORTATION:

PERSONAL VEHICLE: _____ MILES@ .51 PER MILE \$ _____
 COMMERCIAL AIR LINE \$ _____
 RENTAL VEHICLE \$ _____
 GAS/OIL CITY VEHICLE \$ _____

TOTAL TRANSPORTATION

\$ _____

LODGING AND MEALS (meals cannot exceed \$54.00 per day)

DATE								Totals
WEEKDAY	SUN	MON	TUES	WED	THU	FRI	SAT	
BREAKFAST								\$
LUNCH								\$
DINNER								\$
LODGING								\$

TOTAL LODGING AND MEALS

\$ _____

MISCELLANEOUS EXPENSES:

BAGGAGE HANDLING, TIPS OTHER THAN MEALS,
 PARKING FEES, REGISTRATION NOT PREPAID, ETC. \$ _____

TOTAL TRIP EXPENSE (TRANSPORTATION+LODGING MEALS + MISCELLANEOUS)

AMOUNT ADVANCED \$ _____

AMOUNT DUE EMPLOYEE -CHECK# \$ _____

AMOUNT DUE CITY - RECEIPT # \$ _____

I HEREBY CERTIFY THAT THIS REPORT CORRECTLY REFLECTS TRAVEL EXPENSES
 INCURRED BY ME IN CONNECTION WITH OFFICIAL BUSINESS FOR THE CITY OF KERRVILLE.

 EMPLOYEE DATE

 SUPERVISOR DATE

 DEPARTMENT DIRECTOR DATE

 DIRECTOR OF FINANCE DATE

* MUST ATTACH RECEIPTS

Agenda Item:

4A. Appointment of a City Council Member to the Kerrville Convention and Visitors Bureau Executive Director Recruitment and Selection Committee. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

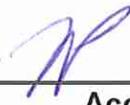
SUBJECT: Appointment of a City Council member to the Kerrville Convention and Visitors Bureau Executive Director Recruitment and Selection Committee

FOR AGENDA OF: June 12, 2012 **DATE SUBMITTED:** June 8, 2012

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS: None

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

With the recent announcement by Sudie Burditt, Executive Director of the Kerrville Convention and Visitors Bureau (KCVB), the KCVB is initiating the recruitment and selection process for a new Executive Director. Mrs. Burditt has served the KCVB for nearly 30 years and is planning to retire in December 2012.

The KCVB Board is establishing a recruitment and selection committee to find a successor and has invited the Kerrville City Council to select a member to serve on the committee. The committee is currently composed of three members of the KCVB Board which is being chaired by Mr. Bob Miller. The two other members are Karol Schreiner and Jan Lynch.

The selection committee has started meeting and is preparing a candidate profile and reviewing the current job description.

RECOMMENDED ACTION

City staff recommends that the City Council select a member to serve on the KCVB Executive Director Recruitment and Selection Committee.

Agenda Item:

4B. Review the status and funding commitments for the river trail and Louise Hays Park capital projects and provide direction to city staff. (Keeble)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Review the status and funding commitments for the river trail and Louise Hays Park capital projects and provide direction to city staff

FOR AGENDA OF: June 12, 2012 **DATE SUBMITTED:** June 6, 2012

SUBMITTED BY: Stacie Keeble **CLEARANCES:**
Place 2, City Council

EXHIBITS: 1. Funding Agreement with Kerrville Economic Improvement Corporation
– December 13, 2011
2. EIC Debt Service Schedule
3. EIC Status Report – Kerrville River Trail

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: 

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:
REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

With the addition of two new members to the Kerrville City Council, Council needs to review the river trail and Louise Hays Park construction projects and to provide any additional direction or clarification to city staff.

Attached to this agenda bill are a copy of a funding agreement between the City of Kerrville and the Kerrville Economic Improvement Corporation (EIC). This agreement establishes that 4B sales tax revenues will be used to provide up to \$8 million for the design and construction of these projects. A total of \$7 million in bonds were to be sold with an additional \$1 million in cash. Furthermore, this agreement clearly defines the scope and content of the improvements. Should the City Council desire to construct projects that are not substantially consistent with the projects as defined in the agreement, then the EIC must first consider and approve the change(s).

After negotiating the agreement, the City of Kerrville initiated two bond sales. Certificates of obligation were sold in December 2011 and in February 2012. The December 2011 bonds were sold solely to fund these two projects and provided approximately \$3.5 million in construction funds. These bonds are restricted to river trail and parks improvements. The February 2012 bonds were sold to provide another \$3.5 million for these two projects and an additional \$6.5 million to fund utility projects. These bonds are restricted to river trail, parks, and utility system improvements.

City Council and the EIC Board were judicious in determining the amount of funding for this project. Funding was structured in such a way that there would be no long-term increase in the EIC's existing debt service obligations and in such a way that both issuances were bank-qualified. In fact, the City of Kerrville received very favorable financing arrangements with the average interest rates for both issuances being 2.44%.

The City has moved this project forward in a well-planned and organized fashion. In the workshop held on May 31, 2012, city staff presented routing options for discussion by the City Council. Council evaluated all reasonable options and then directed staff to speak to affected property owners. Since the workshop, the staff has confirmed that is actively meeting with property owners and that owner opposition appears to be limited to a few tracts. Staff has received preliminary indications from the affected state agencies that they will work to accommodate the trail system.

RECOMMENDED ACTION

The river trail and Louise Hays Park projects represent very important economic development and quality of place improvements for the City of Kerrville. City Council needs to:

1. Reaffirm its commitment to completing this project;
2. Direct city staff to talk with land owners;
3. Set a meeting to finalize routing and initiate design by June 28, 2012; and
4. Direct city staff to provide a routine progress report on the second City Council meeting of each month.

EXHIBIT 1

**Funding Agreement with
Kerrville Economic Improvement Corporation-
December 13, 2011**

PROJECT FUNDING AGREEMENT BETWEEN THE CITY OF KERRVILLE, TEXAS, ECONOMIC IMPROVEMENT CORPORATION AND THE CITY OF KERRVILLE, TEXAS (PARKS AND TRAIL SYSTEM IMPROVEMENT PROJECT)

THIS PROJECT FUNDING AGREEMENT is entered into this 13 day of December, 2011, by and between the City of Kerrville, Texas ("City"), a Texas home rule municipality, and the City of Kerrville, Texas Economic Improvement Corporation ("EIC"), a Texas non-profit corporation established by City pursuant to Section 4B of Article 5190.6 of the Texas Revised Civil Statutes and now codified in Chapters 501, 502, and 505 of the Texas Local Government Code (otherwise known as the Development Corporation Act of 1979 and hereafter called "the Act").

WITNESSETH:

WHEREAS, pursuant to Chapter 505 of the Act, EIC is authorized to construct, or to provide funding to construct, projects which the EIC finds to be encompassed by the definition of "Projects", as that word is defined in Chapters 501 and 505 of the Act; and

WHEREAS, in May 1995, the citizens of the City, voting at an election, approved a proposition authorizing the levy of a one-half of one percent ($\frac{1}{2}\%$) sales and use tax upon the receipts at retail of taxable items pursuant to the Act (the "4B Sales Tax") to undertake projects, as defined, including but not limited to:

Expenditures required or suitable for projects related to recreational or community facilities, including land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for use for professional and amateur sports, including children's sports, athletic, entertainment, tourist, and public park purposes and events, including amphitheatres, parks and park facilities, open space improvements, and related automobile parking facilities, related area transportation facilities, and related roads, streets, and water and sewer facilities, and other related improvements that enhance any of the items described herein; and

WHEREAS, the City Council of the City (the "City Council") and the Board of Directors of the EIC (the "Board") have determined to undertake a project to provide improvements to the City's parks, including an approximate six (6) mile river trail, pavilion, cooking facility, amphitheater, sprayground, parking areas, roadways, playground equipment, picnic areas, restrooms, utilities, and other related improvements (collectively, the "Improvements"), all as authorized by the Act; and

WHEREAS, the City Council and the Board find that the costs related to the Improvements to be paid from the 4B Sales Tax pursuant to this Agreement will not exceed the costs of such Improvements that are eligible to be paid from the 4B Sales Tax; and

WHEREAS, after due consideration of the available means to finance the costs of the Improvements, the benefit to the City, the EIC, and the citizens of the City of providing the Improvements, and the purposes for which the EIC was created and the 4B Sales Tax was authorized,

the City Council and Board have further determined that the most cost effective and beneficial arrangement would be for the City to issue certificates of obligation secured in part from the City's ad valorem tax taxing authority with the understanding and agreement that the EIC would pay the costs of such Improvements as described below by remitting to the City from the receipts from the 4B Sales Tax amounts equal to the principal of and interest on the obligations issued by the City to finance the costs of such Improvements as such principal and interest becomes due and payable; and

WHEREAS, the City Council and the Board find it necessary and advisable to enter into this Agreement with respect to the Improvements in accordance Section 501.054 of the Act to set forth the duties and responsibilities of the respective parties for the funding, acquisition, and construction of the Improvements; and

WHEREAS, the Board and the City Council find that the Improvements constitute a "project", as authorized and defined by Section 505.152 of the Act, which will greatly enhance both the community's health and economic base by developing amenities and public space improvements that will help attract both residents and tourists to the Kerrville area; and

WHEREAS, EIC has determined that this grant complies with the Act and is in keeping with the mission of EIC and the *City of Kerrville Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures* in that it will enhance the "quality of life" within the community; and

WHEREAS, the Board and the City Council find that it is in the public interest to enter into this Agreement to provide 4B Sales Tax to City for the Improvements; and

WHEREAS, on November 21, 2011, in a meeting that was open to the public in accordance with the Texas Open Meetings Act, the EIC held a public hearing pursuant to Section 501.072 of the Act related to the proposed expenditures of 4B Sale Tax for the Improvements;

NOW THEREFORE, for and in consideration of the recitals set forth above and the promises made herein, City and EIC agree as follows:

1. **Findings**. The facts and findings set forth in the preamble above are hereby found to be true and correct and are adopted.
2. **"Improvements" Defined**.
 - a. When used in this Agreement, "Improvements" shall mean the project summaries described and depicted in **Exhibits A and B** attached hereto and included herein for all purposes. Said descriptions and depictions shall not be substantively altered in any respect without the prior approval of the EIC.
 - b. The parties agree that the City may use the 4B Sales Tax for the acquisition of property interests, to include appraisals, surveys, and other costs necessary for such purposes; as well as the design, bidding, acquisition, and construction of the Improvements. The City will use such payments made by EIC to City for "costs" as defined in the Act.

3. **Financing of Improvements.** The parties agree that the cost of acquiring and constructing the Improvements and paying for the cost of the issuances of bonds is estimated at an amount which shall not exceed \$8,000,000.00. \$7,000,000.00 of this amount will be paid from the proceeds of the certificates of obligation (the "Certificates of Obligation") to be issued and sold by City under and pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended (also known as the "Certificate of Obligation Act of 1971"). The City intends to issue and sell the Certificates of Obligation in two, separate offerings, the first such offering being held in December 2011 and the second offering expected to be held in 2012. The offerings are intended to be for approximately \$3,500,000.00 each. The remaining \$1,000,000.00 will be paid from either the proceeds of another issuance of certificates of obligation issued by EIC, or from payments of 4B Sales Tax from EIC to City.

4. **Obligation of the EIC.**

(a) EIC pledges and agrees to pay City 100% of the debt service for the Certificates of Obligation currently scheduled to be issued in the total amount of \$7,000,000.00, with such payments being subject to EIC's annual budgeting and appropriations. The amounts currently expected to be paid by EIC are set forth in **Exhibit C** ("Payment Schedule") attached hereto and are presented as an estimate of the yearly debt payment. Upon a firm delivery date being established for each issuance of the Certificates of Obligation, City agrees to notify EIC of such dates and confirm in writing such delivery dates. Following each delivery of the Certificates of Obligation, City shall furnish EIC with an updated Payment Schedule, showing the final, actual payments to be made by EIC to City in accordance with this Agreement. Such amounts shall be considered acceptable by EIC without the necessity of obtaining further approval from the Board. EIC shall make each payment to the City at least thirty (30) days prior to each scheduled debt service payment date specified by the Payment Schedule.

(b) EIC also pledges and agrees to pay City either i) 100% of the debt service for Certificates of Obligation on the remaining \$1,000,000.00; or ii) direct payments to the City from 4B Sales Tax in an amount not to exceed \$1,000,000.00.

(c) EIC agrees that City shall be entitled to a first claim on and right to the amounts budgeted each year by EIC for the payment of debt service on the Certificates of Obligation; provided, however, that, EIC's obligation to make the payments due hereunder shall be subordinate to the payment of debt service payments and reserves required in connection with any bonds or other obligations heretofore or hereafter issued by EIC under the Act; and further provided that with the approval of the City Council, the Board may issue or incur other obligations secured by and payable from a superior lien on and pledge of the 4B Sales Tax superior to its obligations hereunder.

5. **Construction Contracts; Ownership of Improvements.**

(a) City shall own and construct the Improvements and shall be solely responsible for the acquisition, construction, maintenance, and operation of the Improvements. EIC shall have no liability with respect to the acquisition, construction, maintenance, and operation of the

Improvements or the Certificates of Obligation other than to make the payments to the City herein contemplated from EIC's receipt of the 4B Sales Tax.

(b) Prior to the advertisement of bids for the acquisition or construction of the Improvements or any portion thereof, the Board or a designated representative thereof shall have the opportunity to review the design plans and specifications and make its recommendations to the City regarding such design plans and specifications.

(c) City will provide monthly reports to EIC with respect to the funding, design, acquisition, and construction of the Improvements.

6. **Financing of the Improvements, Construction, and Completion.** City agrees that upon receipt of the proceeds of sale of the Certificates of Obligation it will proceed with due diligence with the acquisition, construction, and completion of the Improvements. City does not anticipate delays in the acquisition and construction of the Improvements and EIC shall not be liable for any damages caused by any delays in completion of the Improvements or any additional costs in reference to the Improvements.
7. **Force Majeure.** If by reason of Force Majeure either party shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as used herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the government regarding landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. It is specifically excepted and provided, however, that in no event shall any Force Majeure relieve City of its obligation to transfer 4B Sales Tax to EIC as required under the Act.
8. **Regulatory Bodies.** This Agreement shall be subject to all valid rules, regulations, and laws applicable thereto passed or promulgated by the United States of America, the State of Texas, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.
9. **Counterparts.** This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

10. **Severability.** In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
11. **Term of Agreement.** The term of this Agreement shall be for the period during which the Certificates of Obligation are outstanding.
12. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The Agreement is entered into and fully performable within Kerr County, Texas. Accordingly, venue for any cause of action arising pursuant to this Agreement shall be proper only in Kerr County, Texas.

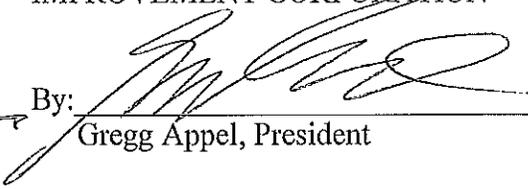
IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the year and as of the date indicated.

CITY OF KERRVILLE, TEXAS

CITY OF KERRVILLE, TEXAS ECONOMIC
IMPROVEMENT CORPORATION

By: 

David Wampler, Mayor

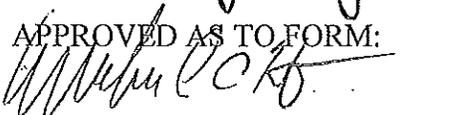
By: 

Gregg Appel, President

ATTEST:


Brenda G. Craig, City Secretary

APPROVED AS TO FORM:


Michael C. Hayes, City Attorney

Scope of Work
Kerrville River Trail

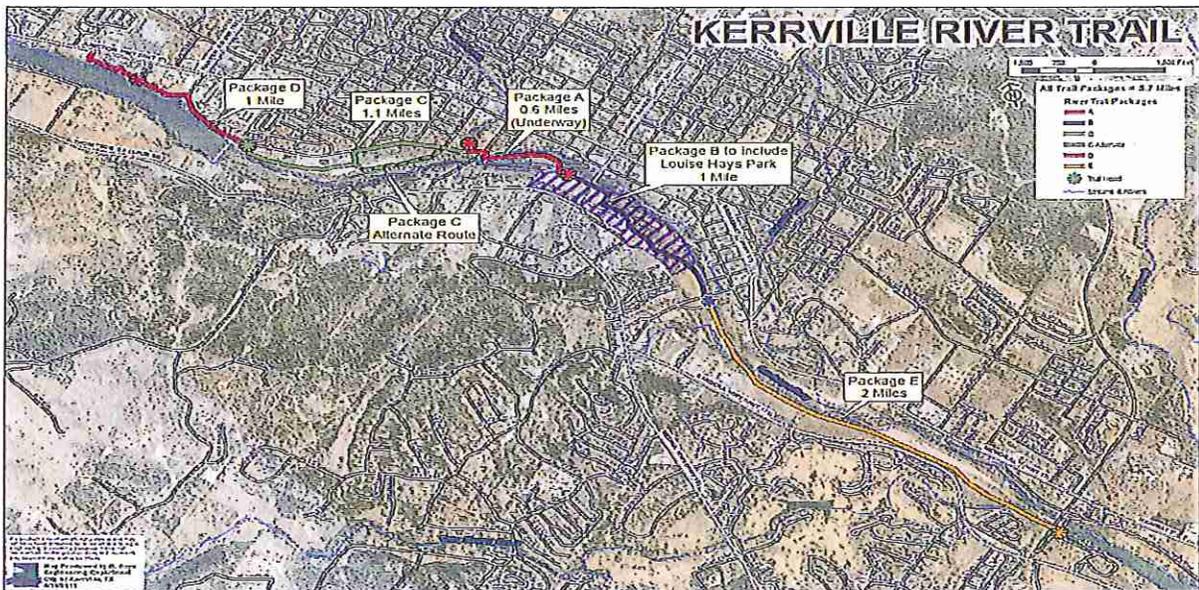
Proposed Improvements and Cost Projections

The *Kerrville River Trail* project is to follow the Guadalupe River corridor as generally located by the *Kerrville River Trail* Master Plan completed in 2009, for a distance of approximately 6 miles. The project has been segmented to allow for scheduling flexibility and design/engineering efficiency. The trail route will extend generally from Kerrville-Schreiner Park to the 1400 block of Junction Hwy, and extended to the Thompson Dr. bridge, if funding is available.

The majority of the trail will require the securing of recreation easements or deeded property from private property owners. Parks, rights-of-way, and easements will be used for public parking and access to trailheads.

The elements of the project will include, but not be limited to, site work; 10' wide trail construction; drainage improvements; walls, ramps, and connections meeting ADA, AASHTO, and floodplain requirements/guidelines; bridging; trailheads with parking and security lighting, curb/gutter, flatwork; kiosks and wayfinding/interpretive signage; trail amenities (seating areas, drinking fountains, etc.); utility connections/extensions; property access/control (signage, gates, barriers); construction contingency, design/engineering services, survey, associated costs to secure easements/property, and construction inspection; for a total project cost of \$6,000,000.00.

Master Plan



Scope of Work

Louise Hays and Lehmann Monroe Parks

Proposed Improvements and Cost Projections

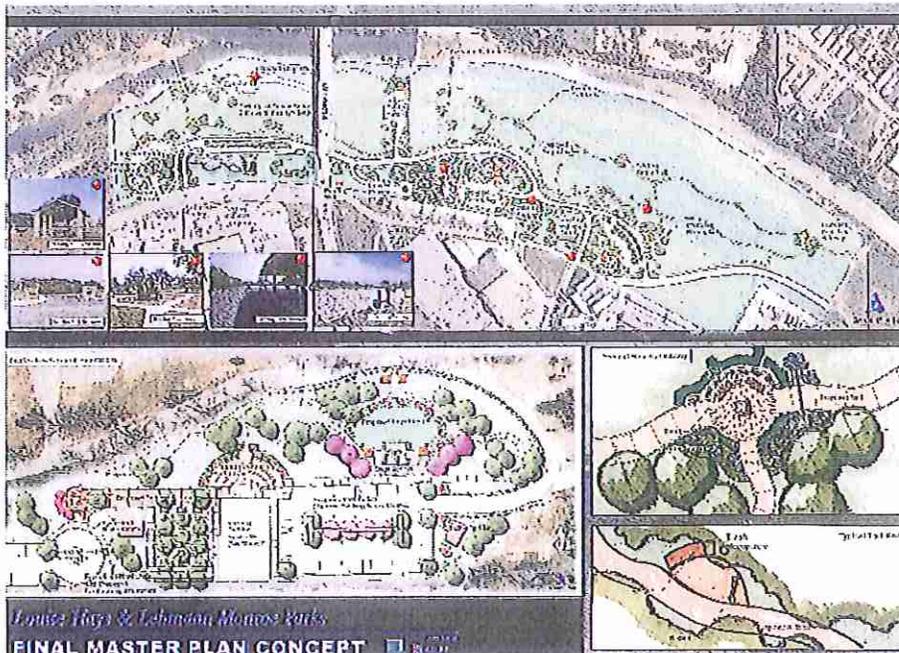
Park improvements will include site work; renovation of the large pavilion and BBQ facility; a new amphitheater/stage for large events; sprayground with parking; improved existing parking/park roads/access to the River Trail; improved river access for boating, swimming, and fishing; additional playground and picnic areas; restrooms; utility/lighting/irrigation improvements; landscaping; design/engineering services, survey, construction inspection, and contingencies, for a total project cost of \$2,000,000.00

The redevelopment of the park will coincide and be designed/constructed with the River Trail segment through the park area. The River Trail through the park is to be funded from the River Trail project budget.

Implementation

The projected schedule to complete design and construction for the project is directly tied to two other capital improvement projects. First, the Jefferson Wastewater Project and 16" Water Transmission Line will need to be completed, which extend through the parks. These utilities are projected to be completed in the first half of 2013. The River Trail segment which extends through the parks from the west end of Louise Hays Park to 'G' St. will be included in the same design and construction package as the Louise Hays and Lehmann Monroe Parks improvements for coordination and efficiency purposes. Design is schedule to begin on the parks project in 2012 with construction start in mid 2013.

Master Plan



DRAFT - FOR PURPOSES OF DISCUSSION

City of Kerrville, Texas - Economic Improvement Corporation
 Projected Debt Service - Certificates of Obligation, Series 2011A & Series 2012

Fiscal Year Ending 30-Sep	4B Projected Sales Tax Revenues ⁽¹⁾	Existing Debt Service	Certificates of Obligation, Series 2011A ⁽²⁾			Certificates of Obligation, Series 2012 ⁽³⁾			Total Projected Debt Service	Debt Service Coverage Ratio
			Principal	Interest	Total	Principal	Interest	Total		
2012	\$ 2,346,438	\$ 499,066	\$ -	\$ 81,793	\$ 81,793	\$ -	\$ 65,363	\$ 646,222	3.63	
2013	2,346,438	498,248	-	125,300	125,300	-	130,725	754,273	3.11	
2014	2,346,438	496,276	-	125,300	125,300	-	130,725	752,301	3.12	
2015	2,346,438		160,000	123,420	283,420	155,000	128,788	567,208	4.14	
2016	2,346,438		160,000	119,660	279,660	160,000	124,850	564,510	4.16	
2017	2,346,438		165,000	115,841	280,841	165,000	120,788	566,629	4.14	
2018	2,346,438		170,000	111,905	281,905	170,000	116,600	568,505	4.13	
2019	2,346,438		175,000	107,414	282,414	170,000	111,925	564,339	4.16	
2020	2,346,438		180,000	101,905	281,905	180,000	106,225	568,130	4.13	
2021	2,346,438		185,000	95,791	280,791	185,000	99,838	565,629	4.15	
2022	2,346,438		190,000	89,035	279,035	190,000	92,800	561,835	4.18	
2023	2,346,438		200,000	81,528	281,528	200,000	85,000	566,528	4.14	
2024	2,346,438		210,000	73,635	283,635	205,000	76,900	565,535	4.15	
2025	2,346,438		215,000	65,454	280,454	215,000	68,500	563,954	4.16	
2026	2,346,438		225,000	56,984	281,984	225,000	59,700	566,684	4.14	
2027	2,346,438		235,000	48,129	283,129	235,000	50,500	568,629	4.13	
2028	2,346,438		240,000	38,985	278,985	245,000	40,900	564,885	4.15	
2029	2,346,438		250,000	28,928	278,928	255,000	30,263	564,190	4.16	
2030	2,346,438		265,000	17,726	282,726	265,000	18,563	566,289	4.14	
2031	2,346,438		275,000	5,981	280,981	280,000	6,300	567,281	4.14	
2032	2,346,438									
2033	2,346,438									
2034	2,346,438									
2035	2,346,438									
2036	2,346,438									
Total			\$ 3,500,000	\$ 1,614,713	\$ 5,114,713	\$ 3,500,000	\$ 1,665,250	\$ 11,773,553		

Notes:

- (1) Unaudited fiscal year 2011 actual. Source: Texas Comptroller of Public Accounts. Assumes no growth, for purposes of illustration.
- (2) Assumes delivery date of 12-20-2011. 20 Year Amortization, first three years interest only. FSC Preliminary uninsured scale (Aa3, AA-) as of September 16, 2011 plus 35 bps for purposes of illustration.
- (3) Assumes delivery date of 2-15-2012. 20 Year Amortization, first three years interest only. FSC Preliminary uninsured scale (Aa3, AA-) as of September 16, 2011 plus 50 bps for purposes of illustration.

EXHIBIT 2

EIC Debt Service Schedule

**EIC Debt Service Schedule
Current Debt Payments - 2012 to 2031**

Year	Annual Payment	EIC Revenue	
		Projection	% Debt Service
2012	\$ 588,231	\$ 2,400,000	24.5%
2013	\$ 667,134	\$ 2,400,000	27.8%
2014	\$ 665,162	\$ 2,400,000	27.7%
2015	\$ 507,236	\$ 2,400,000	21.1%
2016	\$ 510,386	\$ 2,400,000	21.3%
2017	\$ 508,336	\$ 2,400,000	21.2%
2018	\$ 511,186	\$ 2,400,000	21.3%
2019	\$ 508,836	\$ 2,400,000	21.2%
2020	\$ 511,386	\$ 2,400,000	21.3%
2021	\$ 508,736	\$ 2,400,000	21.2%
2022	\$ 511,036	\$ 2,400,000	21.3%
2023	\$ 506,836	\$ 2,400,000	21.1%
2024	\$ 507,024	\$ 2,400,000	21.1%
2025	\$ 511,649	\$ 2,400,000	21.3%
2026	\$ 510,686	\$ 2,400,000	21.3%
2027	\$ 509,193	\$ 2,400,000	21.2%
2028	\$ 506,927	\$ 2,400,000	21.1%
2029	\$ 508,855	\$ 2,400,000	21.2%
2030	\$ 509,830	\$ 2,400,000	21.2%
2031	\$ 510,588	\$ 2,400,000	21.3%

EIC Debt Service Schedule 2.44% Avg Interest Rate

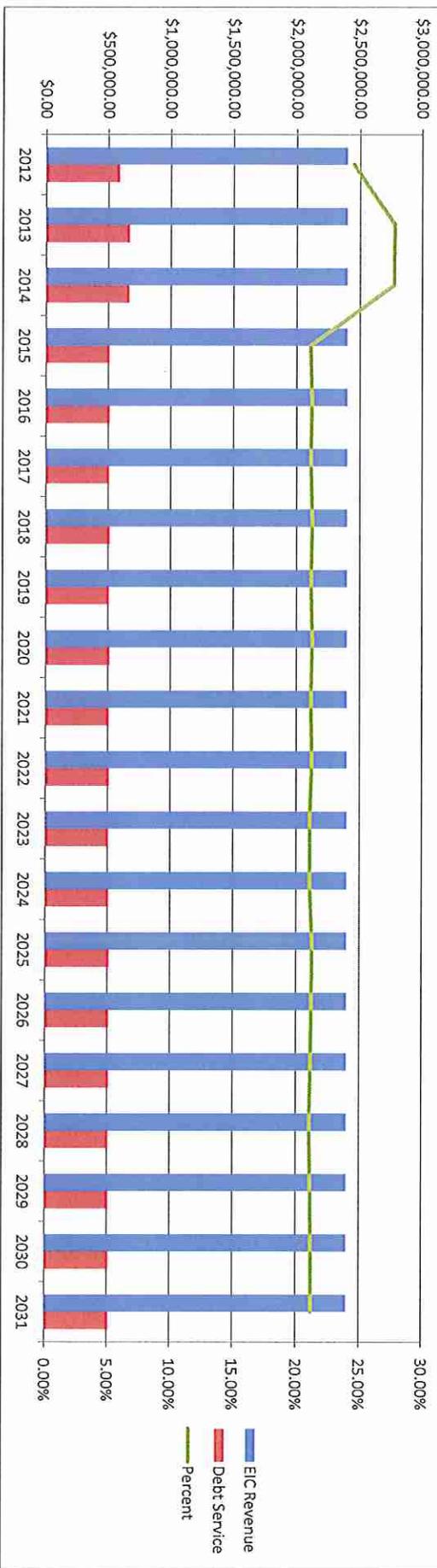


EXHIBIT 3

EIC Status Report – Kerrville River Trail

EIC Status Report Kerrville River Trail

Package A

SCOPE	Package A extends from a new trailhead at the Riverside Nature Center parking lot, along the west property line of the RNC, down to the river's edge, under the Lemos St. Bridge, construction of a trail bridge across the river, through Tranquility Island, to the west end of the parking area in Louise Hays Park. The 10' wide trail will be constructed of concrete, except for the segment that runs along the RNC western property line. Total trail length: 0.6 miles
Amenities	Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, and signage. [Note: additional amenities, such as trail entries, kiosks, and interpretive signage, will be added with future packages, once designed with future packages.]

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from RNC	complete by 5/21/12	RNC to provide easement to City	requires RNC approval
	lease renewal to RNC of CoK property	complete by 5/31/12	City to provide lease to RNC	requires City Council approval
	approval from TXDoT and GLO for use of state property	complete by 5/21/12	TXDoT approval of plans and Const./Maint. Agreement	will require SA office approval; include in MMA
Property Survey	construction easements, if needed	NA	NA	NA
Misc. Reports/Permits	M&B and Topo surveys	11/31/11 (complete)	identify property boundary and grades	
	LOMR	submit 7/31/12	flood level impact, if any	submission to FEMA
	TPWD (land & water permit)	(complete)	coffer dam - bridge construction review	review by TPWD
Design	USACE	(complete)	Determine any jurisdictional waters of the US; response expected 3/23/12	could require USACE individual permit
	under contract - Hewitt Engineering			
	location of trail	12/31/11 (complete)	define gradients and layout (complete)	
Preliminary Design	schematic plans with amenities;	50% review - 12/2/11 (complete)	all project elements	
	prelim. costs	75% review - 1/13/12 (complete)	all project elements	
		90% review - 2/20/12 (complete)	all project elements	
Construction Drawings	final plans/specs/costs/ documents	(complete)	all project elements	
Bidding/Contracts	secure contractor	Bid March 2012; award May 2012	bid process, contract prep	project delay, bid cost, permit approvals, etc.
Construction	build project	start May 2012; complete Sept. 2012	sequencing of work	typical delays/field alterations

FUNDING - BUDGET		Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
G.O. bonds (2002) Park Dedication Funds	\$500,000 <u>25,000</u> \$525,000	2002 bonds \$147,112 [includes completion of the River Trail Master Plan and survey work]	\$377,888	Construction bid: \$667,427 plus 10% contingency \$735,000	2002 bonds \$377,888 2011 bonds \$357,112 (includes contingency)	
COs (4B)	\$357,112					

EIC Status Report Kerville River Trail

Package B, Package C, and Parks Project

SCOPE

Package B, Package C, and Parks Project extends the trail from Guadalupe Park, connects to Package A at the RNC and picks up at the west end of the Louise Hays Park parking lot, through Louise Hays Park and Lehmann & Monroe Park, to G St. r.o.w. The 10' wide trail will be constructed of concrete. This Package will be coordinated with the Jefferson Wastewater Project and Water transmission Line Project, both slated for completion in the first half of 2013. This Package will include the entire scope of work for the Louise Hays Park/Lehmann & Monroe Park Project, as funded by 4B. Total trail length: 2.5 miles

Amenities

Trail - trailheads with lighting, observation areas, seating areas, bridging, drainage, signage, trail entries, kiosks, and interpretive signage.
Parks - park amenities, amphitheater/stage, playground/sprayground, picnic areas, group pavilion upgrades, river access, restrooms, parking, lighting, utilities, landscaping, and signage.

PHASING

Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	complete by 1/31/13	CoK to secure easements from property owners; title work and surveys	requires property owner approval, purchase, or other, coord. possible use of KSH property.
Property Survey	complete by 1/31/13 (partially complete)	determine need by 11/30/12	requires property owner approval
Misc. Reports/Permits		identify property boundary and grades	may require submittal to FEMA
		flood impact, if any if needed	review by TPWD
Design	6/1/12 approval 3/19/12	routing preference	approval by State, if needed
		define route options w/ costs	complete March 20; prior to final design contract
Preliminary Design	negotiate by 4/14/12	all remaining design phases	requires Council approval (May)
	50% review - (partially complete)	all project elements	coord. with utilities projects
	75% review -	all project elements	
	90% review -	all project elements	
Construction Drawings	complete by late 2013	all project elements	project delay assoc. with approvals
Bidding/Contracts		bid process, contract prep	project delay, bid cost, etc.
Construction	early 2014	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B) [will include LHP/LMP Renovation Project 4B funding]					

EIC Status Report Kerrville River Trail

Package D

SCOPE

Package D extends from a new trailhead at the Knapp Crossing Boat Ramp parking lot, runs adjacent to the river, ties into the Guadalupe St. r.o.w. (Package C). The 10' wide trail will be constructed of concrete. TBD - this package's design/construction expected to be integrated with private sector improvements. Total trail length: 0.2 miles

Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, interpretive signage, and private improvement interface.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners	requires property owner approval, purchase, or other
Property Survey	construction easements, if needed	complete by 1/31/13 (partially complete)	determine need by 11/30/12	requires property owner approval
Misc. Reports/Permits	M&B and Topo surveys		identify property boundary and grades	
	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	review by TPWD
Design	TBD	(partially complete)		
Routing	location of trail	(partially complete)	define gradients and layout	
Preliminary Design	schematic plan with amenities; prelim. costs	50% review - 75% review - 90% review -	all project elements all project elements all project elements	
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	late 2013	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	early 2013	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

Package E

EIC Status Report Kerrville River Trail

SCOPE

Package E extends from near the Spur 98 bridge on Junction Hwy along the river's edge, connect to a new trailhead at the Cypress Boat Ramp parking lot, to the trailhead at the Knapp Crossing trailhead. The 10' wide trail will be constructed of concrete. Total trail length: up to 1 mile

Amenities

Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners	requires property owner approval, purchase, or other
Property Survey	construction easements, if needed	complete by 1/31/13	determine need by 11/30/12	requires property owner approval
Misc. Reports/Permits	M&B and Topo surveys	(partially complete)	identify property boundary and grades	
	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	review by TPWD
Design	-Trail Confirmation/Cost agreement - Half team	approval 3/19/12	define route options w/ costs	complete March 20; prior to final design contract
Preliminary Design	-Final Design Contract - Half Team schematic plan with amenities; prelim. costs	negotiate by 4/14/12 50% review - (partially complete) 75% review - 90% review -	all remaining design phases all project elements all project elements all project elements	requires Council approval (May) coord. with utilities projects
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
Bidding/Contracts	secure contractor	late 2013	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	early 2014	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (4B)					

EIC Status Report

Kerrville River Trail

Package F

SCOPE
 Package F extends from G St. (Package B) along the river to Kerrville Schreiner Park. The 10' wide trail will be constructed of concrete. Consultant team scope will include design criteria used throughout the River Trail Project. *Total trail length: 1.9 miles*
Amenities
 Trailheads with lighting, observation areas, seating areas, trail bridge, drainage, signage, trail entries, kiosks, and interpretive signage.

PHASING	Action Item	Schedule (Status)	Task/Issues	Comments/Risks
Recreation easements or Property Agreements	easement to CoK from property owners	complete by 1/31/13	CoK to secure easements from property owners	requires property owner approval, purchase, or other
	construction easements, if needed	complete by 1/31/13	determine need by 11/30/12	requires property owner approval
Property Survey	M&B and Topo surveys	partially complete	identify property boundary and grades	coord. w/ utilities projects
Misc. Reports/Permits	LOMR		flood impact, if any	may require submittal to FEMA
	TPWD (land & water permit)		if needed	
Design	-Trail Confirmation/Cost agreement - Terra Design Group (TDG) team	approval 3/19/12	define route options w/ costs	complete March 20; prior to final design contract
	-Final Design Contract - TDG Team	negotiate by 4/14/12	all remaining design phases	requires Council approval (May)
Preliminary Design	schematic plans with amenities;	50% review --	all project elements	coord. with utilities projects
	prelim. costs	75% review --	all project elements	
		90% review --	all project elements	
Construction Drawings	final plans/specs/costs/ documents	complete by	all project elements	project delay assoc. with approvals
	secure contractor	early 2013	bid process, contract prep	project delay, bid cost, etc.
Construction	build project	mid 2013	sequencing of work	typical delays/field alterations

FUNDING - BUDGET	Allocation	Expended - Encumbered	Balance	Cost Est. for Package	Needed to Complete Package
COs (46)					

Other Services to be Evaluated

Required reporting and permitting may dictate additional professional services or consolidation of services assigned to the design teams. These include, but are not limited to, the following.

1. Floodplain/Floodway Impact, Hydraulic Analysis, Section 404 – Clean Water Act submittals (Corps of Engineers), and Flood Insurance Rate Map/ Letter of Map Revision preparation and submittal (CoK, FEMA) may be best completed by one firm in order to comprehensively address the issues and data collection/reporting. This could avoid multiple submittals (costs) and reduce mistakes and need for resubmittals. We will make a determination on this approach in the near future.
2. Archeological and Environmental Surveys and Section 404 review will need to be completed in areas where sensitive site conditions are probable. We anticipate now extreme findings in the initial surveys/reports; however, if further study is required by state or federal agencies, those services will require amendments to the consultant contracts.
3. TDLR permitting for ADA compliance, CoK building permits, Texas Historical Commission plan review, any other city or state agency submittals, will best be submitted by each of the design teams at the time of plan completion. This keeps regulation compliance with the design teams.

Agenda Item:

4C. Receive a report from city staff regarding amendments to the City of Kerrville Sign Regulations and schedule a special meeting on June 19, 2012, to hold the first reading of an ordinance to amend the City of Kerrville Sign Regulations. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Receive a report from city staff regarding amendments to the City of Kerrville Sign Regulations and schedule a special meeting on June 19, 2012, to hold the first reading of an ordinance to amend the City of Kerrville Sign Regulations

FOR AGENDA OF: June 12, 2012 **DATE SUBMITTED:** June 8, 2012

SUBMITTED BY: Todd Parton **CLEARANCES:**
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER:

Expenditure	Current Balance	Amount	Account
Required:	in Account:	Budgeted:	Number:
\$ 0	\$ 0	\$ 0	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DEPARTMENT:

SUMMARY STATEMENT

Work has continued with the sign code committee to finalize a draft ordinance to amend the City of Kerrville Sign Regulations. The committee is nearing completion of a draft code and is working to ensure that the code revisions will be ready for adoption by the June 26, 2012, regular City Council meeting. This will ensure that the new standards are in place as the existing sign moratorium expires.

The committee held its last meeting on June 7, 2012, and staff is processing the comments from that meeting. Part of that processing is the creation of a code comparison table that will be presented to the City Council at the meeting on June 12, 2012.

This code revision is very comprehensive. Some standards are being relaxed while others are being increased. The committee has reached consensus on many of these modifications, but there are some key issues that are being discussed and finalized. Some of the major elements that the committee is finalizing include, but are not limited to, the following:

1. Allowing for the replacement of existing signs at their existing dimensions, particularly existing lighted message boards, where they need to be replaced for reasons not caused by the owner – i.e. new technology;
2. Prohibiting signs mounted onto vehicles, trailers, etc. solely for the purpose of off-site or on-site advertising. These provisions would exclude the placement of logos

- or commercial information on commercial vehicles;
3. Providing for more definition for signage within the Central Business District to include a limit on the advertising square footage for wall and window signs that would be based on the type of street and the amount of street frontage;
 4. Regulating banners to require a banner permit, limit of one banner per establishment, and a limitation of a total of 120 days that a banner could be displayed per year;
 5. Establishing standards for roof signs and limiting the use of them for situations where a freestanding sign is not allowed by the ordinance; and
 6. Tightening the penalties for violations of the sign code.

City Council direction and input will be requested on the following items:

1. Whether to restrict the use of photos or pictures on electronic sign displays; and
2. Whether to prohibit the use of electronic signs within 100 feet of any residential zoning district.

RECOMMENDED ACTION

City staff recommends that the City Council call a special meeting for Tuesday, June 19, 2012, for the sole purpose of discussing the sign code revisions and to hold the first reading of the ordinance to amend the City of Kerrville Sign Regulations.

Agenda Item:

5A. Water resources report. (staff)

**TO BE CONSIDERED BY THE CITY COUNCIL
CITY OF KERRVILLE, TEXAS**

SUBJECT: Water Resources Report

FOR AGENDA OF: 6/12/12

DATE SUBMITTED: 5/31/12

SUBMITTED BY: Charlie Hastings ^{CA}
Public Works Director

CLEARANCES: Todd Parton
City Manager

EXHIBITS:

AGENDA MAILED TO:

APPROVED FOR SUBMITTAL BY CITY MANAGER: *JP*

Expenditure Required:	Current Balance in Account:	Amount Budgeted:	Account Number:
\$	\$	\$	

PAYMENT TO BE MADE TO:

REVIEWED BY THE FINANCE DIRECTOR:

SUMMARY STATEMENT

Staff will present an update on the water supply and availability as it relates to the drought.

RECOMMENDED ACTION

Information and discussion.

Agenda Item:

5B. Budget and economic update. (staff)

