



EL DORADO

THE FINE ART OF LIVING WELL

City of El Dorado, KS
220 E. First Avenue
El Dorado, KS 67402
Phone: (316) 321-9100
Fax: (316) 321-6282
www.eldoks.com

TO: City Commission
FROM: Tabitha Sharp, City Clerk
SUBJ: Work Session Meeting Agenda
DATE: July 24, 2017

A Work Session is scheduled for July 26, 2017 at 4:00 pm in the Commission Chambers at City Hall, 220 E. First Avenue. The following items will be presented:

I. Items to be Placed on the Consent Agenda

- a. Minutes from the July 18, 2017 Regular Meeting and the July 12, 2017 Special City Commission Meeting

II. Items to be Placed on the Regular Agenda

- a. 2017 El Dorado CDBG Housing Application
- b. STO and UPOC Adoption
- c. Red Coach Inn CID
- d. CDBG Public Hearing
- e. Resolution of Intent for BG Products IRB

III. Items for Presentation and Discussion

- a. Proposed Financial Policies
- b. 2nd Quarter Financial Report
- c. Discussion on Guidelines for City-Owned Land
- d. Discussion on Open Consumption Area Designation

IV. Reports

- a. City Commission Reports
- b. City Manager's Report

2017 Commission Priorities

Water Sales • Parks & Recreation Master Plan • Housing • Roads • Drainage Plan • Community Image

GENERAL FINANCIAL AND BUDGETARY POLICIES

City of El Dorado, Kansas

[Insert Effective Date]

Revenue

The City's operations will be funded from a diversified and stable revenue system that will shelter the municipal government from short-term fluctuations in any one revenue source.

The City will project revenues five years into the future, to include the upcoming budget year. Projections will be updated annually based on trend analysis and other factors. Each existing and potential revenue source will be reviewed annually.

The City will identify all revenue sources that are restricted and ensure that processes are implemented and monitored to ensure that such restricted funds are allocated for their intended purposes and not used for general governmental uses. Where necessary by legal mandate or otherwise prudent financially, the City will create separate funds to track the receipt and expense of restricted funds. The City will periodically review programs funded, in whole or in part, by restricted funds to ensure that adequate funding exists to continue providing such services at existing levels.

All potential grants shall be carefully examined for matching requirements (both actual dollar and in-kind contributions) and future allocation of resources.

Intergovernmental assistance shall be used to finance only those capital improvements that are consistent with the Comprehensive Plan, Capital Improvement Plan, and local government priorities, and whose operating and maintenance costs have been included in the operating budget forecasts.

One-time revenues will only be used for one-time expenditures. Moreover, one-time revenues, such as grants, will be used only after an examination determines whether they are subsidizing an imbalance between operating revenues and expenditures, and then only if a long-term forecast shows that the operating deficit will not continue.

For each service associated with a user fee or charge, at least 50% of direct and indirect costs will be covered by fees and charges. Fees and charges will be set at a level to ensure that the specific level of coverage is met and will annually review fees and charges to ensure that the coverage ratio continues with increases in service delivery. Recreation programming and court services may be exempt from this policy when adhering to the formula would establish fees and charges at a level that may be considered a hardship for the general public.

User fees and charges will be revised automatically each year, based on the Municipal Price Index, as prepared by American City & County magazine.

Expenditures

Reports comparing the actual revenues and expenditures to budgeted amounts will be prepared by the Finance Department and provided to Department Directors monthly. In addition, such comparative reports will be provided to the governing body at least quarterly.

Expenditure levels in constant dollars will be held constant in all functional service areas except at the recommendation of the City Manager and approval of the governing body during the annual budget process as allowed by state law.

Before the City undertakes any agreement, partnership, or action that creates fixed costs, the cost implications (both operating and capital) for such arrangements will be fully determined for the current and future years. Future years shall be defined as the useful life of the project, vehicle or equipment, etc. that such fixed costs are attributed to in the arrangement.

All externally mandated services for which funding is available will be fully costed out, including overhead, to allow complete reimbursement of expenses.

All offers of employment and promotions shall include an analysis of total compensation to include direct salary and the employer and employee share of fringe benefits. The Department Director, supervisor, and employee will be informed of the total compensation cost of the proposed change.

Cost analysis of proposed salary increases will include the effect of such increases on the employer share of related fringe benefits.

All current operating expenditures will be paid for with current operating revenues, or as otherwise allowed on a modified accrual basis.

Budgetary procedures that fund current expenditures at the expense of future needs, such as postponing expenditures, accruing future revenues, or rolling over short-term debt, will be avoided.

Enterprise Funds

All fees and charges for each enterprise funds will be set at a level that fully supports the direct and indirect cost of the activity. Indirect costs include annual depreciation.

Revenue generated from user fees and utility rates will be reviewed annually to ensure that such fees and rates are set at a level that is fully self-supporting.

Cash Reserves

The City recognizes the need to maintain appropriate cash reserves to secure and maintain investment-grade credit ratings, meet seasonal requirements in cash flow, and reduce susceptibility of negative impacts from emergency or unanticipated expenditures or revenue shortfalls. To meet these requirements, the City will adopt an annual budget that will provide for an undesignated cash reserve in each of the City's budgeted funds, in accordance with the following guidelines:

General Fund - A cash reserve will be established and maintained to cope with emergencies and unanticipated situations. The General Fund reserve will be maintained within a range of 15% to 25% of the general operating fund, although the target balance for the reserve will be equal to 15% of the average of the prior three years' operating expenditures. Any funds in excess of the target balance may be allocated to one-time governmental purposes at the discretion of the governing body. In the event the fund reserve falls below the target balance, the City Manager will report such event to the governing body and with a plan to return the cash reserve to at least the target balance within a reasonable period of time.

Bond and Interest Fund - A cash reserve will be established for the Bond and Interest Fund of not less than 10% of the anticipated general obligation debt service payment, including principle and interest, for the upcoming budget year, including any special assessment supported debt, but excluding debt planned for repayment by enterprise funds or other City funds. However, the City may establish a higher cash reserve to mitigate impacts of potential delinquencies in cases of significant exposure to special assessment payment delinquencies.

Enterprise Funds – A cash reserve will be maintained for each enterprise fund within a range of 15% to 25% of each funds' operating expenditures. The target balance for the cash reserve will be equal to 15% of the average of the prior three years' operating expenditures. In addition, enterprise funds will also retain sufficient reserves to meet or exceed any bond covenants or other obligations required in the issuance of debt to support said enterprises.

Other Budgeted Funds - Cash reserves shall be planned for and maintained as needed for other budgeted funds, based on the volatility and reliability of the revenue mix for each fund, as well as the predictability and degree to which expenditures in each fund are controllable.

Cash Management

The City will maintain one primary checking account. Other checking accounts may be used when required by bond covenants, grant programs, or specialized activities such as the Health Insurance or Flexible Spending employee benefit accounts. All checking accounts must be approved by the City Manager and Finance Director.

Petty cash funds may be established with the approval of the City Manager and Finance Director.

All checking and petty cash funds shall be balanced monthly. Reconciliations shall be maintained for review by the independent auditors on an annual or non-routine basis.

A cash-flow analysis will be made of all funds on an annual basis. Disbursement, collection, and deposition of all funds will be scheduled to ensure maximum cash availability.

The accounting system will provide regular information about cash position and investment performance.

When permitted by law, cash from several different funds will be pooled for investment to maximize the return on investment. Interest will be distributed based on the percentage of contribution of participating funds.

Debt

Proceeds from long-term debt will not be used for current, ongoing operations.

Long-term borrowing will be confined to capital improvements too large to be financed from current revenues. Long-term debt will have approximately level debt service payments and will be paid back within a period not to exceed the useful life of the capital improvement or asset being financed and no greater than a period of twenty years.

Where possible, special assessment, revenue, or other self-supporting bonds will be considered before issuing general obligation bonds. General obligation (G.O.) debt may be used for enterprise activities, provided the specific enterprise fund makes the debt service payments on the bonds.

The City will use short-term debt, defined as debt with a maturity of up to four years, in anticipation of issuing bonds or for the purposes of financing capital improvements for which it is not practicable to rely on cash financing and for which long-term bonds are not deemed to be appropriate. Temporary financing will be retired within six months of the completion of the project using such temporary financing.

Total debt service for general obligation debt will not exceed ten percent of net operating revenues.

The impact of debt service on total annual fixed costs will be analyzed prior to the governing body's formal commitment to a project and before the issuance of debt for any such authorized project.

The City will apply for a bond rating from a rating agency such as Standard and Poor's or Moody's for bond issues when such a rating is deemed advantageous to the City's ability to issue bonds. The City will make all reasonable efforts necessary to maintain the City's bond rating and seek upgrades when financial conditions merit. A policy of full disclosure on every financial report and bond prospectus will be followed.

The City shall retain a qualified, independent financial advisor and qualified bond counsel to advise the City and assist in protecting the City's interest when any municipal bonds or temporary financing are to be issued by the City or a subsidiary entity.

Post-Issuance Compliance

The City will monitor post-issuance compliance of tax-exempt qualified obligations issued by the City, or its subordinate units, to ensure compliance with applicable provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

The City recognizes that complying with applicable provisions of the Code is an ongoing process, required for the entire time bonds remain outstanding, and is an integral component of the City's debt management. Consequently, the City will require ongoing monitoring and consultation with Bond Counsel beyond the scope of its initial engagement with respect to outstanding bonds.

All post-issuance compliance monitoring requirements shall be performed by the City no less than once annually with respect to all outstanding bonds of the City. Performance of annual responsibilities of

post-issuance compliance shall be completed on or before September 1st of each calendar year bonds are outstanding.

Training for post-issuance compliance shall be provided to employees designated to implement the City's post-issuance practices shall occur once every five years, or when significant changes to the Code or applicable law occurs, or when a new individual is hired for a position with delegated responsibilities for such compliance.

For each issue of bonds and each project financed with proceeds of bonds, the City shall adopt, or cause its duly authorized corporate trustee to adopt, an accounting methodology that separately maintains each source of funding for a project and identifies the use of such sources of funding by individual project, and monitors and identifies the expenditure of proceeds of the bonds.

The City shall maintain or ensure that all pertinent records related to the issuance of bonds are maintained by the City or a duly appointed corporate trustee. All such records shall be retained during the time any bond remains outstanding and for a minimum of five years or as otherwise required by law.

The Finance Director shall monitor the use of all projects financed with bond proceeds to ensure that no unqualified private use is made of such proceeds. Bond Counsel shall review any arrangement or contract which may result in private use of bond-financed facilities prior to the issuance of bonds. If the City identifies any possible private use of bond-financed projects, the City Manager will consult with Bond Counsel to determine whether such use will have an adverse effect under the Code and whether remedial action, as allowed by the Code, is necessary.

Following completion of a bond-financed project, the Finance Director shall: 1) review the expenditures of the bond proceeds to determine whether all bond proceeds have been allocated to the project as intended; 2) direct the use of unspent proceeds in accordance with the limitations of the bond documents, and if no provision is made otherwise, to the redemption or defeasance of outstanding bonds of the same issue; and 3) consult with Bond Counsel regarding the potential yield restriction or yield reduction payments if unspent bond proceeds remain after three years from issuance.

The Finance Director shall review with Bond Counsel each Certificate Related to Arbitrage and Tax Matters, Tax Compliance Agreement, or other tax certificate or agreement related to bonds and shall

If the City issues tax-exempt industrial revenue bonds or other conduit bonds on behalf of a third-party borrower, the City will consult with Bond Counsel and require that before such bonds or obligations are issued, the documents prepared in connection with such issues require appropriate post-issuance compliance measures be undertaken by the conduit borrower or the bond trustee, or both.

Before the City issues bonds to advance refund any outstanding bonds, the City Manager shall consult with the Bond Counsel, Financial Advisor, and others as necessary, to determine if the proposed refunding complies with all applicable requirements of the Code, including a determination that the bonds to be advanced refunded remain tax-exempt obligations in compliance with all applicable provisions of the Code.

The City Manager, or designee, shall review the Continuing Disclosure Undertaking for each issue of bonds and determine the financial information and operating data the City is required to include in an annual report filed with the Municipal Securities Rulemaking Board (MSRB) or the Electronic Municipal Market Access (EMMA), and cause the annual report to be filed as required by the applicable Continuing Disclosure Agreement. The City Manager, or designee, in consultation with Bond Counsel,

will review the Continuing Disclosure Undertaking to determine which material events related to the issue of bonds will require filing a notice with the MSRB. The City Manager will cause appropriate notice to be filed as provided in the Continuing Disclosure Agreement if a material event is determined to require notification.

Investments

The first and primary objective for each investment transaction is to insure that capital losses are avoided. As such, The City's cash management portfolio shall be designed with the objective of maximizing net earnings, consistent with constraints imposed by safety objectives, cash flow considerations, state laws, and City priorities.

All investments shall be made in accordance with applicable Kansas law and Section 3.04.200 of the City Code of the City of El Dorado, Kansas.

Management responsibility for the investment program is delegated to the Finance Director, who shall establish procedures for the operation of the investment program, consistent with this investment policy and subject to the approval of the City Manager. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual securities credit risk or market price change, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to avoid adverse developments.

Assets of the City may be invested in instruments whose maturities do not exceed four years.

Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector so as to reduce the extent of losses due to having an unbalanced portfolio in terms of maturities, instrument type, and issuers.

Risk of market price volatility shall be controlled through the adoption of a "buy and hold" strategy whereby the City holds each investment to maturity, coupled with maintenance of an adequate liquidity position to insure the ability to meet normal anticipated cash flow needs. When advantageous, it is allowable to sell investments to realize a gain due to price fluctuations; however, such transactions shall not be a part of the normal course of business.

Collateralization shall be required on all deposits and repurchase agreements. Collateral pledged must meet state statute requirements, and must be held by the Federal Reserve Bank, the Federal Home Loan Bank in Topeka, or by a third party custodian pursuant to an adopted tri-party custody agreement. The City shall enter into a Security Agreement for Deposits with the depository bank for all deposits. The City will receive deposit advice for the pledged securities from the Federal Reserve Bank, or a joint custody receipt from the third party custodian. The maximum Federal Insurance provided for account customers may be considered a part of the institution's pledge collateral. Collateralization shall be maintained at 100% of the market value of principal and accrued interest at all times, including peak

periods. At the end of each month, the depository bank will provide the market value of each pledged security to the City.

In the event a third party custodian is used, such custodian shall not have an ownership relationship or affiliation with the depository bank.

Pledged collateral shall not be released until an acceptable re-pledging of collateral is made by the depository bank and confirmed to the Finance Director, or their designee, in the event of a transfer of collateral.

Collateralization of investments shall be by the actual investment instrument. All securities owned by the City must be perfected in the name of the City and held by the City or its authorized safekeeping agent. All investments of the City shall be issued as required by this policy. The City will enter into a safekeeping agreement with a safekeeping agent whereby all investments are held in the City's account in the City's name by the safekeeping agent. By state statute, all Municipal Investment Pool accounts shall be exempt from providing safekeeping receipts or written confirmation. The Finance Director, or designee, may receive verbal confirmation by phone following Municipal Investment pool guidelines.

Per Section 3.04.240 of the City Code, the interest or other earnings from investments made pursuant to Sections 3.04.200 through 3.04.230 of the City Code may be budgeted and credited to any fund designated by the governing body without regard to the fund or funds from which the investments were made. As a general rule, interest earnings will be credited to those funds based on average of the balance and the cash balance at year end. This distribution may be manually adjusted if, in the Director's judgment, there are obvious inter-fund inequities.

At the end of each quarter, the Finance Director shall prepare and submit to the City Manager a report outlining the quarter's investment activity. Such report shall contain sufficient information to evaluate the performance of the investment program and verify that investment officials have acted in accordance with the investment policy and written investment procedures.

Budget

The budget will provide sufficient funding for adequate maintenance and orderly replacement of facilities, vehicles, and equipment.

All assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs.

All equipment replacement and maintenance needs for the next five years will be projected and the projection will be updated annually. A maintenance and replacement schedule based on this projection will be developed and followed.

A full cost analysis will be done for all new capital facilities and vehicles and equipment prior to inclusion in the Capital Improvement Plan.

In accordance with Kansas law, the City Manager shall be responsible for the preparation of the annual budget. A proposed budget for the following fiscal year shall be submitted to the City Commission for review and discussion on or before July 1st of each year, along with timely consideration and approval of the budget by August 25th, as required by state law.

The annual budget must be balanced for all budgeted funds. Total anticipated revenues, including the portion of anticipated reserves in excess of the target balance, or in accordance with a target balance plan, must equal total estimated expenditures.

Funds may be added to or removed from the budget with approval of the City Commission as requirements change. In general, any continuing operations of the City shall be accounted for through budgeted funds. Non-budgeted funds are used for construction projects authorized through the issuance of debt, for trust and agency activities, for activities funded by state and federal grants that are not of a continuing nature, and for special purpose funds.

All budgets will be adopted on a cash basis as modified to include: expenditures for the fiscal year, expenditures incurred but not paid, and purchase commitments. Revenues will be recognized at the time revenue becomes measurable and available, whether or not it was billed or due in another period.

All appropriations lapse at year-end, except for encumbered appropriations, which will be carried forward into the next fiscal year as reservations of fund reserve.

The budget shall be adopted at the fund level. Expenditures may not exceed the fund's budget without approval from the City Commission. When appropriated, the budget for a fund may be republished to reflect changes deemed necessary and appropriate by the City Commission.

Department budgets will also be specified during the annual budget. The City Manager must authorize all inter-transfers between funds. The Finance Director must authorize all intra-fund transfers or reclassifications.

The City will seek to maintain an amount in the General Fund operating budget (i.e., a line item for contingencies) for unforeseen operating expenditures or revenue shortfalls. The amount of the contingency that may be spent will be limited to between \$100,000 and \$200,000, and is contingent upon available budget authority and available funds. All planned expenditures from the General Fund contingency line item shall be approved in advance by the City Commission.

The City will maintain a budgetary control system to monitor compliance with the budget.

Capital Improvement Program

The City shall establish a five-year Capital Improvement Program (CIP) to guide decision-making on public improvements and major program expenditures. The CIP provides a mechanism for scheduling public physical improvements over a number of years. It also establishes the City's priorities for public projects based on available financial resources and project criteria.

The CIP shall be updated annually following analysis of unaudited year-end financial reports and prior to the adoption of the City's annual operating budget.

The City shall use a portion of its annual budgeted revenues for "pay-as-you-go" capital investments. The City Commission may dedicate mill levy proceeds, sales taxes, user fees or other local revenues to fund capital improvements.

In 2008, citizens of El Dorado approved a 1.0% sales tax for the purpose of funding various public needs identified in the authorizing ordinance allocated as follows: \$1.35 million to property tax

reduction, \$600,000 to street improvement projects, and \$50,000 to economic development initiatives. Funds generated in excess of the aforementioned amounts shall be allocated to additional property tax reduction (up to a maximum of \$300,000) and capital expenditures identified in the CIP.

The City will seek to maintain its physical assets at a level adequate to protect its capital investment and to minimize future maintenance and replacement costs. The CIP and operating budget will provide for the major renovation and orderly replacement of buildings, facilities, and equipment from current revenues where possible.

The Planning Commission, pursuant to K.S.A. 12-747 and Section 2.28.020 of the City Code, shall review and make recommendations on public improvement programming each year. The Planning Commission's review shall include a finding and recommendation on the conformance of the CIP to the Comprehensive Plan. In addition to the Planning Commission's review, the City shall also implement various public engagement opportunities to ascertain input from the public on proposed capital improvements.

The City Manager, in making CIP recommendations to the City Commission, shall use the following criteria in evaluating projects:

- Capital investment projects which preserve existing infrastructure and maintain basic public services;
- Capital projects which implement a component of an approved City plan;
- Projects that advance governing body goals and priorities;
- Projects which specifically replace or renovate an essential, but obsolete, facility;
- Projects which reduce the cost of operations, maintenance or energy consumption;
- Projects identified as addressing important public health and safety issues;
- Projects mandated by the federal or state government;
- Projects that support economic development, defined as the growth and expansion of the City's tax base;
- Projects which are funded, in whole or in part, by leveraged or partnership funding, including grants, private funds, or other outside funding source; and
- Such other criteria as the City Commission or City Manager may require.

The five-year CIP, as approved, shall contain the following sections:

A listing of potential capital projects which require significant additional information (i.e., concept design, feasibility report, cost estimates, funding source analysis, etc.) before they can be formally considered for approval and placement in a specific year in the CIP. This section shall be titled "Projects for Further Review."

A listing of preliminarily approved capital projects, including estimated cost and funding source by years, which have undergone review for costs and benefits and have identified funding expected to be available for the project. This section shall be titled "Preliminarily Approved Projects."

A listing of projects for which adequate information exists as to planning, estimated costs, benefits, etc., and which the City Commission agrees would be desirable projects for the community in the future, but for which an adequate and appropriate funding mechanism has not yet been determined as available. This section shall be titled "Projects Identified but Unfunded."

Financial Reporting

The City will establish and maintain accounting records in such a manner that financial statements and reports will be issued consistent with the standards applicable to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The City will contract for an annual independent audit of City accounting records. The audit shall be conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. The City will comply with the Federal Single Audit Act, as required.

The City will comply with all financial reporting requirements set forth in Kansas law.

The City will identify and implement less formal methods than the annual budget documents and the audited financial reports to provide important financial data to the citizens of the community. Efforts will be made to provide these "popular reports" via print and electronic media.

The City Manager will provide the City Commission with an unaudited year-end summary financial report within sixty days of the end of the fiscal year. Interim updates on financial condition shall also be provided to the governing body throughout the fiscal year. The City Manager shall provide Revenue and Expenditure Reports, Fund Balance Reports and other explanatory reports and updates to the governing body at study sessions to be held each quarter. Additional updated information shall also be provided as needed during the annual budget process.

Purchasing

The underlying purposes of this policy are: 1) to ensure fair and equitable treatment of all persons who wish to, or do conduct business with the City of El Dorado; 2) to provide for the greatest possible economy in city procurement activities; and 3) to foster effective broad-based competition within the free enterprise system to ensure that the city will receive the best possible service or product at the lowest responsible bid price.

Exemptions from this policy include: 1) this policy shall not prevent the city from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with the law; 2) when procurement involves the expenditure of state or federal assistance funds, the city shall comply with applicable state or federal law and regulations.

The City Manager or his/her designee has legal authority to make procurements, solicit bids and proposals, enter into and administer contracts, and make written determinations for the city. The City Commission must approve all expenses above \$50,000 (aggregate), including those that have been budgeted, and all purchases requiring transfers of budget between funds or from contingency funds.

Exceptions to competitive bidding or purchases not requiring formal solicitation but consistent with budgeted expenses include (NOTE: purchases shall not be artificially divided so as to constitute a small purchase under these guidelines):

1. Micro Purchases - Under \$5,000

- a. Department heads and/or their designee use their discretion regarding shopping the appropriate product, price and delivery subject to budget limitations.
- b. Purchases should be local if available.
- c. Purchases should be distributed equitably among qualified suppliers.
- d. Travel and training with a cumulative cost (registration, travel, lodging and meals) of more than \$1,500 must be approved by the City Manager in writing prior to payment of any registration or other costs associated with the travel and training.

2. Small Purchases - Over \$5,000 and up to \$10,000

- a. Department heads and/or their designee request verbal quotes from at least three sources, unless fewer than three sources can be identified.
- b. Quotes shall be recorded in the department for no less than 90 days.

3. Large Purchases - Over \$10,000

- a. Department heads request informal written quotes from at least three sources, unless fewer than three sources can be identified, and submit them to the City Manager for written approval.
- b. The quotes must be filed in the City Clerk's office and maintained according to the City's records retention policy.
- c. Any item not budgeted must first be approved in writing by the City Manager prior to going out to bid.

Additionally, the following are exempt from competitive bidding requirements.

- Purchases made through cooperative purchasing contracts with other units of government (County, State, Regional or Federal) when: it is in the best interest of the city and pursuant to law and the contract specifically states usability by other entities.
- Purchases made from a single-source provider. These purchases must be accompanied by a written explanation detailing why the good/material or service can be purchased from only one vendor.
- Purchases must meet compatibility requirements with existing equipment or contracts owned by the city.

- Purchases required during a publicly declared emergency (i.e. an eminent threat to the public's health, welfare or safety). However, purchases should remain practical and limited to the necessary resolution of the emergency.
- The dollar limits for quotations are waived for the following purchases:
 - Petty Cash Reimbursements;
 - Utility Bills;
 - Maintenance, Repairs and Parts (up to \$5,000);
 - Bulk Purchases (up to an aggregate of \$3,500);
 - Interdepartmental Transfers or Charges;
 - Medical Expenses;
 - Legal Notices;
 - Postage Costs;
 - Fees and Taxes of Other Units of Government; and
 - Payments of City Commission approved debt.

Competitive Bidding – Sealed Bid Procedures (Request for Proposals or RFP)

1. The competitive bidding process for contracts over \$50,000 shall be awarded by competitive sealed bidding to the “lowest and/or best bidder” except as otherwise provided for in the policy.
2. An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation shall be sent using the official City form and include a complete, adequate and realistic specification or purchase description, all contractual terms and conditions applicable to the procurement, time and place for bid opening and whether a bid deposit or bond(s) will be required. Under KSA 60-1111, a payment bond is required for construction projects which exceed \$40,000 and all other bonds as required by the City Commission.
3. All bids shall be sent to the attention of the City Clerk at 220 E 1st Avenue, El Dorado, KS 67042 or at cityclerk@eldoks.com when applicable. The department responsible for the request for bids shall schedule the opening with the City Clerk prior to sending the request to vendors.
4. Bids shall be opened in the presence of one or more witnesses at the time and place designated in the invitation for bids. All bids shall be open to public inspection.
5. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids.
6. An invitation for bids, a request for proposals, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or in part, as may be specified in the solicitation, when it is in the best interests of the city.

Requests for Qualifications

- Requests for qualifications shall be submitted for professional services or services requiring special or technical skill, training or expertise. The individual or company must be chosen based on accountability, reliability, responsibility, skill, education and training, judgment, integrity and moral worth.
- Requests for Qualifications shall be submitted for all professional services averaging more than \$1,000 per month.

Criteria for determining the “Lowest and/or Best Bidder” include, but are not limited to:

- The ability, capacity, and skill of the bidder to perform the contract or provide the service required.

- The ability of the bidder to perform promptly or within the time specified, without delay or interference.
- The reputation and experience of the bidder, including the city's previous experience with the bidder.
- The quality, availability and adaptability of the supplies or contractual services to the particular use required.
- The ability and availability of the bidder to provide future maintenance and service for the use of the subject of the contract.
- Any conditions attached to the bid by the bidder.

All funds/divisions shall honor contracts entered into as a result of Competitive Bidding and/or Requests for Qualifications.

Contract negotiations shall be allowed if they are in the best interest of the City of El Dorado, with the exception of equipment/vehicle purchases, those must follow the purchasing policy.

All leases must be approved by the City Commission and signed by the City Manager. All records relating to the bidding process shall follow the records retention policy of the City of El Dorado.

City staff may utilize any local bidder that is within ten percent of the lowest and/or best bid.

No person involved in making procurement decisions may have personal investments in any business entity which will create a substantial conflict between their private interests and their public duties per K.S.A. 75-4301a et seq. Any person involved in making procurement decisions is guilty of a felony if the person asks, receives, or offers to receive any compensations, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own benefit or any other person or organization from anyone interested in selling to the city. A conflict of interest may occur due to the nature of city operations. A disclosure statement regarding a conflict of interest shall not prohibit any person or organization from submitting a bid or proposal.

Appeals from any actual or prospective bidder who feels aggrieved in connection with the solicitation or award of a contract may submit an appeal in writing to the City Clerk within five working days after the bid tabulation has been released. The City Manager shall issue a written decision regarding any appeals within ten business days, less holidays, if it not settled by a mutual agreement. The decision shall state the reasons for the action taken.

The City shall follow all applicable State and Federal laws, executive orders, and rules and regulations of governmental entities that exist to govern equal employment opportunity and affirmative action in the award of public contracts. The Equal Opportunity Division of the Federal and/or State government may be contacted for explanations, interpretations and information on these laws. Failure to comply with any of the terms of the provisions of these laws shall be a breach of the present contract which may be cancelled, terminated or suspended in whole, or in part, by the City of El Dorado.

Failure by City staff to comply with any of the rules and regulations listed in this policy shall result in disciplinary action, up to and including termination of employment.

2017 Commission Priorities

Water Sales • Parks & Recreation Master Plan • Housing • Roads • Drainage Plan • Community Image

TO: City Commission
CC: Department Directors
FROM: David Dillner, City Manager
SUBJ: 2nd Quarter Financial Summary (*Unaudited*)
DATE: July 21, 2017

City funds, in aggregate, ended the second quarter of 2017 with year-to-date revenue of \$8.7 million against year-to-date expenses of \$7.4 million. Thus far, revenue exceeds expenditures for all funds by \$1.3 million. The City budgeted to generate \$21.4 million in revenue for the year while budgeting to spend \$23.6 million in expenditures. Aggregate cash balance at the end of the quarter is \$5.6 million. The aggregate cash balance as of January 1, 2017 was \$3.6 million.

General Fund

The General Fund ended the second quarter of 2017 with year-to-date revenue of \$4.7 million against year-to-date expenses of \$3.2 million. The City budgeted to generate \$9.2 million in revenue for the year, while budgeting to spend \$10.9 million.

The General Fund cash balance is about \$3.4 million as of the end of the quarter. The year-end cash balance for the General Fund will be much less than the \$3.4 million balance as some sources of revenue come in at the beginning of the year and are used to pay expenses throughout the year.

Water Fund

The Water Fund ended the second quarter of 2017 with year-to-date revenue of \$1.5 million against year-to-date expenses of \$1.2 million. The City budgeted to generate \$4.3 million in revenue for the year, while budgeting to spend \$4.7 million.

The Water Fund cash balance is slightly more than \$1.0 million as of the end of the quarter. The fund's cash balance as of January 1, 2017 was \$0.59 million. The City's current cash balance policy requires a balance of \$0.94 million for the fund, although the City is proposing to change its self-imposed reserve requirements to require a reserve balance between \$0.58 and \$0.96 million. At its present level, the Water Fund would be in compliance with either policy.

The City Commission has elected to increase readiness-to-serve fees, effective September 1, 2017, to generate additional funds to operate the Water Utility and to bring the Water Fund into compliance with reserve requirements. The water readiness-to-serve fee increase is projected to generate an additional \$308,000 for the fund by year-end.

Sewer Fund

The Sewer Fund ended the second quarter of 2017 with year-to-date revenue of \$0.94 million against year-to-date expenses of \$0.69 million. The City budgeted to generate \$2.5 million in revenue for the year, while budgeting to spend \$2.6 million.

The Sewer Fund cash balance is slightly less than \$0.32 million as of the end of the quarter. The fund's cash balance as of January 1, 2017 was \$0.08 million. The City's current cash balance policy requires a balance of \$1.3 million for the fund, although the City is proposing to change its self-imposed reserve requirements to require a reserve balance between \$0.68 and \$1.1 million. At its present level, the Sewer Fund would not be in compliance with either policy requirement.

The City Commission has elected to increase readiness-to-serve fees, effective September 1, 2017, to generate additional funds to operate the Sewer Utility and to bring the Sewer Fund into compliance with reserve requirements. The sewer readiness-to-serve fee increase is projected to generate an additional \$345,000 for the fund by year-end.

Refuse Fund

The Refuse Fund ended the second quarter of 2017 with year-to-date revenue of \$0.67 million against year-to-date expenses of \$0.56 million. The City budgeted to generate \$1.5 million in revenue for the year, while budgeting to spend \$1.4 million.

The Refuse Fund cash balance is slightly less than \$0.56 million as of the end of the quarter. The fund's cash balance as of January 1, 2017 was \$0.38 million. The City's current cash balance policy requires a balance of \$0.39 million for the fund, although the City is proposing to change its self-imposed reserve requirements to require a reserve balance between \$0.21 and \$0.36 million. At its present level, the Refuse Fund exceeds both policy requirements.

Other Units

All other government units (Airport, Major Street, Cemetery, Stormwater, Prairie Trails, Tourism, Compressed Natural Gas, and Data Processing) ended the second quarter of 2017 with year-to-date revenue of \$0.87 million against year-to-date expenses of \$1.7 million. The City budgeted to generate \$3.9 million in revenue for the year for these funds, while budgeting to spend \$4.1 million. The aggregate cash balance for these funds is \$0.28 million as of the end of the quarter, and the aggregate cash balance for these funds as of January 1, 2017 was \$0.98 million.

Fund	Budgeted		Actual		Cash Balance
	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	
Airport	\$305,381	\$340,484	\$138,799	\$89,670	\$68,727
Major Street	\$993,080	\$1,120,523	\$132,222	\$414,915	(\$7,410)
Cemetery	\$174,136	\$202,968	\$32,394	\$89,178	(\$27,705)
Stormwater	\$426,500	\$579,111	\$224,670	\$94,997	\$291,793
Prairie Trails	\$684,514	\$776,225	\$222,130	\$404,829	(\$155,374)
Tourism	\$344,112	\$626,832	\$105,947	\$182,760	\$312,364
Compressed Gas	\$25,000	\$16,580	\$10,829	\$5,147	\$23,710
Data Processing	\$1,046,200	\$1,192,201	\$800	\$423,829	(\$223,503)

A more thorough review of the 2nd Quarter Financials for the City will be presented at the July 26th Study Session.



City of El Dorado, KS

Treasurers Report Summary

Date Range: 04/01/2017 - 06/30/2017

Fund	Beginning Cash Balance	Revenues	Expenses	Net Change Assets	Net Change Liabilities	Actual Ending Balance
001 - GENERAL FUND	\$ 2,951,780.78	\$ 2,112,559.59	\$ 1,666,139.59	\$ (28,309.69)	\$ (10,189.65)	\$ 3,436,700.12
002 - EQUIPMENT RESERVE FUND	\$ 426,893.30	\$ 23,750.60	\$ 5,000.00	\$ -	\$ -	\$ 445,643.90
003 - AIRPORT FUND	\$ 45,787.36	\$ 62,540.12	\$ 37,520.58	\$ 3,522.52	\$ (1,443.09)	\$ 68,727.47
004 - FAMILY LIFE CENTER GRANT FUND	\$ -	\$ 14,602.00	\$ 14,602.00	\$ -	\$ (3,633.00)	\$ 3,633.00
005 - EL DORADO SENIOR CENTER FUND	\$ (38,131.61)	\$ 11,920.00	\$ 28,639.80	\$ -	\$ 3,520.47	\$ (58,371.88)
006 - LIBRARY FUND	\$ 20,669.71	\$ 159,583.57	\$ 159,545.62	\$ -	\$ -	\$ 20,707.66
007 - MAJOR STREET FUND	\$ 97,160.44	\$ 117,562.62	\$ 227,201.46	\$ -	\$ (5,068.09)	\$ (7,410.31)
008 - CEMETERY FUND	\$ (1,106.57)	\$ 17,493.00	\$ 42,776.34	\$ -	\$ 1,314.60	\$ (27,704.51)
009 - STORMWATER FUND	\$ 271,587.15	\$ 73,686.23	\$ 53,914.08	\$ -	\$ (433.53)	\$ 291,792.83
010 - ECONOMIC DEVELOPMENT SALES TAX FUND	\$ 180,597.97	\$ 6,799.25	\$ 8,181.29	\$ -	\$ (1,056.99)	\$ 180,272.92
011 - BRADFORD MEMORIAL LIBRARY	\$ 229,485.99	\$ 294,048.77	\$ 110,801.91	\$ -	\$ 2,805.24	\$ 409,927.61
012 - LAKE DEBT RESERVE FUND	\$ 1,160,541.86	\$ -	\$ -	\$ -	\$ -	\$ 1,160,541.86
013 - PRAIRIE TRAILS RESTAURANT/GOLF	\$ (63,028.05)	\$ 107,004.92	\$ 177,842.99	\$ -	\$ 21,508.06	\$ (155,374.18)
014 - INDUSTRIAL MILL LEVY FUND	\$ 446,898.64	\$ 34,824.85	\$ 43,906.19	\$ -	\$ (29,278.40)	\$ 467,095.70
015 - LIBRARY CAPITAL IMPROVMNT FUND	\$ 45,366.69	\$ -	\$ 99,859.51	\$ (99,859.51)	\$ -	\$ 45,366.69
016 - SPECIAL PARKS & RECREATION FUND	\$ 50,162.27	\$ 11,927.35	\$ -	\$ -	\$ -	\$ 62,089.62
017 - SPECIAL ALCOHOL PROGRAM FUND	\$ -	\$ 5,963.69	\$ -	\$ -	\$ -	\$ 5,963.69
018 - SELF INSURANCE RESERVE FUND	\$ 471,987.14	\$ 409,644.74	\$ 598,076.19	\$ 96.96	\$ 178.22	\$ 283,280.51
020 - SALES TAX FUND	\$ 1,597.74	\$ 4,313.27	\$ 2,843.77	\$ 142.64	\$ 1,315.46	\$ 1,609.14
021 - CUSTOMER DEPOSIT FUND	\$ 3,409.08	\$ -	\$ -	\$ -	\$ -	\$ 3,409.08
022 - LAW ENFORCEMENT TRUST FUND	\$ 13,970.62	\$ -	\$ -	\$ -	\$ -	\$ 13,970.62
023 - POLICE DEPT SEIZED ASSETS	\$ 1,317.46	\$ -	\$ -	\$ -	\$ -	\$ 1,317.46
024 - TOURISM TAX FUND	\$ 337,330.50	\$ 71,413.12	\$ 96,597.99	\$ -	\$ (218.52)	\$ 312,364.15
025 - REVOLVING LOAN FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
026 - ORDINANCE STREET SALES TAX	\$ 1,016,335.52	\$ -	\$ -	\$ -	\$ -	\$ 1,016,335.52
027 - EXPENDABLE TRUST FUND	\$ 406,932.54	\$ 1,700.00	\$ 41,113.01	\$ -	\$ (894.09)	\$ 368,413.62
028 - EXCESS SALES TAX	\$ 547,995.90	\$ -	\$ -	\$ -	\$ -	\$ 547,995.90
030 - CONSTRUCTION FUND	\$ 44,532.94	\$ 448,389.42	\$ 1,151,338.59	\$ 99,859.51	\$ (97,757.81)	\$ (660,517.93)
031 - BUILDING DEMOLITION	\$ -	\$ -	\$ 580.37	\$ (475.37)	\$ (105.00)	\$ -
040 - BOND & INTEREST FUND	\$ 446,136.13	\$ 498,723.84	\$ 1,793.79	\$ 19,850.71	\$ -	\$ 923,215.47
060 - WATER FUND	\$ 802,004.65	\$ 911,388.82	\$ 586,078.06	\$ 135,997.44	\$ (18,798.29)	\$ 1,010,116.26
063 - SEWER FUND	\$ 59,630.19	\$ 545,975.72	\$ 417,226.03	\$ (128,748.87)	\$ (2,470.23)	\$ 319,598.98
066 - REFUSE FUND	\$ 465,223.76	\$ 390,817.90	\$ 250,774.77	\$ 27,206.11	\$ 19,080.69	\$ 558,980.09
069 - COMPRESSED NATURAL GAS STATION FUND	\$ 19,904.70	\$ 7,280.19	\$ 5,037.04	\$ (1,478.46)	\$ (83.52)	\$ 23,709.83
070 - PAYROLL LIABILITIES FUND	\$ 142,742.20	\$ -	\$ -	\$ -	\$ 129,321.36	\$ 13,420.84
071 - EXTERNAL STORES FUND	\$ (84,791.81)	\$ -	\$ -	\$ (4,223.42)	\$ 11,201.47	\$ (91,769.86)
072 - DATA PROCESSING FUND	\$ 8,722.52	\$ -	\$ 169,298.16	\$ (536.25)	\$ 63,463.92	\$ (223,503.31)
099 - GENERAL FIXED ASSET FUND	\$ -	\$ -	\$ 411,268.00	\$ (411,268.00)	\$ -	\$ -
Report Total:	\$ 10,529,647.71	\$ 6,343,913.58	\$ 6,407,957.13	\$ (388,223.68)	\$ 82,279.28	\$ 10,771,548.56