



CITY OF MCKINNEY, TEXAS

Agenda City Council Regular Meeting

Tuesday, September 20, 2016

6:00 PM

Council Chambers
222 N. Tennessee Street
McKinney, Texas 75069

AMENDED

CALL TO ORDER

INVOCATION AND PLEDGE OF ALLEGIANCE

Invocation given by Senior Pastor John McLarty, Stonebridge United Methodist Church

CITIZEN COMMENTS

CONSENT AGENDA

These items consist of non-controversial or housekeeping items required by law. Items may be considered individually by any Council member making such request prior to a motion and vote on the Consent Items.

MINUTES

16-925 [Minutes of the City Council Regular Meeting of September 6, 2016](#)

Attachments: [Minutes](#)

16-884 [Minutes of the Historic Preservation Advisory Board Regular Meeting of July 7, 2016](#)

Attachments: [Minutes](#)

16-919 [Minutes of the McKinney Armed Services Memorial Board Meeting of August 11, 2016](#)

Attachments: [Minutes](#)

16-758 [Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of May 23, 2016](#)

Attachments: [Minutes](#)

16-757 [Minutes of the McKinney Convention & Visitors Bureau Board Meeting of May 24, 2016](#)

Attachments: [Minutes](#)

16-853 [Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of July 22, 2016](#)

Attachments: [Minutes](#)

16-852 [Minutes of the McKinney Convention & Visitors Bureau Board Meeting of July 26, 2016](#)

Attachments: [Minutes](#)

16-901 [Minutes of the Main Street Board Meeting of August 11, 2016](#)

Attachments: [Minutes](#)

16-906 [Minutes of the Parks and Recreation Board Meeting of July 14, 2016](#)

Attachments: [Minutes](#)

16-917 [Minutes of the Planning and Zoning Commission Work Session of August 23, 2016](#)

Attachments: [Minutes](#)

16-918 [Minutes of the Planning and Zoning Commission Regular Meeting of August 23, 2016](#)

Attachments: [Minutes](#)

RESOLUTIONS

16-926 [Consider/Discuss/Act on a Resolution Adopting the Purchasing Policy and Procedures Manual](#)

Attachments: [Resolution](#)
[Purchasing Policy - Redline](#)
[Purchasing Policy - Final](#)

- 16-927** [Consider/Discuss/Act on a Resolution Adopting the Investment Policy for Fiscal Year 2016-2017](#)
Attachments: [Resolution](#)
 [Investment Policy-2017](#)
- 16-928** [Consider/Discuss/Act on a Resolution Adopting the Fiscal Year 2016-2017 Financial Policies](#)
Attachments: [Resolution](#)
 [Financial Policies FY17 - Redline](#)
 [Financial Policies FY17](#)
- 16-929** [Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Supplemental Agreement with the Texas Department of Transportation \(TxDOT\) for the Installation and Reimbursement for the Operation and Maintenance of Traffic Signals within a Municipality](#)
Attachments: [Resolution](#)
- 16-930** [Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract and All Necessary Change Orders with North Texas Contracting, Inc. for the Construction of WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project](#)
Attachments: [Resolution](#)
 [Location Map](#)
 [Award Recommendation Letter](#)
- 16-931** [Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract with Metroplex Aquatics of Parker, Texas, for Aquatic Program Rentals/Providers at McKinney Apex Centre](#)
Attachments: [Resolution](#)
 [Evaluation Scoring Summary](#)
- 16-932** [Consider/Discuss/Act on a Resolution Awarding a Contract to Texoma Concrete Cutting, LLC of Van Alstyne, Texas, for Crack Seal Services](#)
Attachments: [Resolution](#)

- 16-933** [Consider/Discuss/Act on a Resolution Amending the Policy on Board and Commission Member Appointment and Eligibility](#)
Attachments: [Resolution](#)
 [Board and Commission Policy - Redline](#)
- 16-934** [Consider/Discuss/Act on a Resolution Amending the Appointment Terms for Various Boards and Commissions](#)
Attachments: [Resolution](#)
- 16-935** [Consider/Discuss/Act on a Resolution Authorizing an Adjustment to the Solid Waste Contract with Progressive Waste Solutions of Texas, Inc.](#)
Attachments: [Resolution](#)
 [Solid Waste Rates 2017](#)
 [Progressive Increase Request May 2016](#)

END OF CONSENT

REGULAR AGENDA AND PUBLIC HEARINGS

This portion of the agenda consists of items requiring individual consideration by the Council.

- 16-936** [Consider/Discuss/Act on a Resolution to Name a 16-Acre Neighborhood Park Site Located at 1849 Reagan Drive](#)
Attachments: [Resolution](#)
 [PROS Board Role in Naming Parks](#)
 [Municipal Facility Naming Policy](#)
- 16-937** [Conduct Second Public Hearing to Consider/Discuss/Act on the Adoption of the Budget Appropriation Ordinance for FY 2016-17](#)
Attachments: [Ordinance](#)
 [Presentation](#)
- 16-938** [Consider/Discuss/Act on an Ordinance to Ratify the Property Tax Revenue Increase in the Fiscal Year 2016-17 Budget as a Result of the City Receiving More Revenues from Property](#)

Taxes than the Previous Fiscal Year

Attachments: Ordinance
Motion

16-939 Consider/Discuss/Act on an Ordinance Adopting a Tax Rate for Fiscal Year 2016-17

Attachments: Ordinance
Motion

16-940 Consider/Discuss/Act on an Ordinance to Change Rates/Fees for City Services

Attachments: Ordinance
Fee Change Summary
Fee Change - Redline

16-216SP2 Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for an Office and Storage Facility (Public Safety Building), Located Approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive

Attachments: 08.23.16 PZ Minutes
PZ Report
Standard Conditions Checklist
Location Map and Aerial Exhibit
Letter of Intent
Proposed Site Plan
Proposed Landscape Plan
PowerPoint Presentation

16-257M2 Conduct a Public Hearing to Consider/Discuss/Act on a Request by the City of McKinney to Amend Chapter 146, Appendix F-4 (Schedule of Uses) and Appendix G (MTC - McKinney Town Center Zoning District) of the Zoning Regulations, and Accompanying Ordinance

Attachments: [09.13.16 PZ Minutes](#)
[Proposed Ordinance](#)
[Proposed Exhibit B](#)
[Proposed Exhibit C](#)
[Redline Appendix F-4 Changes](#)
[Redline Appendix G-2.6 Changes](#)

16-215PF [Consider/Discuss/Act on a Preliminary-Final Plat for Lot 1, Block A, of the Nelson Addition, Located on the Southeast Corner of County Road 410 and County Road 411](#)

Attachments: [Staff Report](#)
[Standard Conditions Checklist](#)
[Location Map and Aerial Exhibit](#)
[Letter of Intent](#)
[Proposed Preliminary-Final Plat](#)
[PowerPoint Presentation](#)

16-958 [Consider/Discuss/Act on a Facilities Agreement for Lot 1, Block A, of the Nelson Addition, Located on the Southeast Corner of County Road 410 and County Road 411](#)

Attachments: [Location Map and Aerial Exhibit](#)
[Proposed Facilities Agreement](#)

16-941 [Consider/Discuss/Act on Filling the Vacant Position on the McKinney Arts Commission](#)

Attachments: [Arts Commission Applicants](#)

CITIZEN COMMENTS

COUNCIL AND MANAGER COMMENTS

Council and Manager Comments relating to items of public interest: Announcements regarding local or regional civic and charitable events, staff recognition, commendation of citizens, traffic issues, upcoming meetings, informational update on City projects, awards, acknowledgement of meeting attendees, birthdays, requests of the City Manager for items to be placed on upcoming agendas, and condolences.

EXECUTIVE SESSION

In Accordance with the Texas Government Code:

A. Section 551.071 (2). Consultation with City Attorney on any Work Session, Special or Regular Session agenda item requiring confidential, attorney/client advice necessitated by the deliberation or discussion of said items (as needed) and legal consultation on the following item(s), if any:

B. Section 551.071 (A) Pending or contemplated litigation

- Arch Resorts, LLC v. the City of McKinney, Texas, and Rick Herzberger, Chief Building Official of the City Of McKinney, Texas, No. 219-01855-2015, 219th District Court of Collin County, Texas

C. Section 551.072. Deliberations about Real Property

- Municipal Facilities

D. Section 551.087 – Discuss Economic Development Matters

- Project A144 – Project Red River
- Project A146 – Project Frost

ACTION ON EXECUTIVE SESSION ITEMS**ADJOURN**

Posted in accordance with the Texas Government Code, Chapter 551, on the 16th day of September, 2016 at or before 5:00 p.m.

Sandy Hart, TRMC, MMC
City Secretary

Accommodations and modifications for people with disabilities are available upon request. Requests should be made as far in advance as possible, but no less than 48 hours prior to the meeting. Call 972-547-2694 or email contact-adacompliance@mckinneytexas.org with questions or for accommodations.

16-925



TITLE: Minutes of the City Council Regular Meeting of September 6, 2016

SUPPORTING MATERIALS:

[Minutes](#)

CITY COUNCIL REGULAR MEETING

SEPTEMBER 6, 2016

The City Council of the City of McKinney, Texas met in regular session in the Council Chambers of the Municipal Building on September 6, 2016 at 6:00 p.m.

Council Present: Mayor Brian Loughmiller, Council members: Chuck Branch, Don Day, and Travis Ussery. Council Absent: Mayor Pro Tem Randy P. Pogue, Council members: Tracy Rath and Rainey Rogers.

Staff Present: City Manager Paul Grimes; Deputy City Manager Jose Madrigal; Assistant City Manager Barry Shelton; City Attorney Mark Houser; City Secretary Sandy Hart; Planning Director Brian Lockley; Executive Director of Development Services Michael Quint; Director of Engineering Mark Hines; Fire Chief Danny Kistner; Chief of Police Greg Conley; Police Department - Lari Weaver and Rusty May; Director of Strategic Services Chandler Merritt; Fire Department - Chief Brian Judd and Dennis Guinn; Planning Manager Jennifer Arnold; McKinney Economic Development Corporation President Darrell Auterson; Airport Executive Director Ken Wiegand Engineering - Gary Graham and Nicolas Ataie; IT Desktop Support Technician Nicholas Martin; Interim Finance Director Mark Holloway; Budget - Trevor Minyard, Donna Chamberlain, and Eric Corder; Purchasing - Lisa Littrell, Ian Coubrough and Tonya Hall; Police Corporal Melissa Taylor; Housing and Community Development - Janay Tieken, Shirletta Best, and Cristel Todd; and Human Resources - Ike Obi and Joe Mazzola. There were approximately 45 guests present.

Mayor Loughmiller called the meeting to order at 6:00 p.m. after determining a quorum was present. Invocation was given by Senior Pastor Myron Bradford, New Jerusalem Baptist Church. Mayor Loughmiller led the Pledge of Allegiance.

16-887 Presentation of Achievement of Excellence in Procurement Award. Interim Chief Financial Officer Mark Holloway presented the Achievement of Excellence in Procurement Award to Mayor Loughmiller and recognized the Purchasing Department Staff for all that they do to deserve this award.

16-888 Blood Cancer Awareness Proclamation. Mayor Loughmiller presented the Blood Cancer Awareness Proclamation to Mr. Roy Ponder.

Mayor Loughmiller called for Citizen Comments.

Mr. Tim Anders, 8168 CR 859, McKinney spoke about the Walnut Grove annexation and their request for an extension.

Mr. Tim Biggio, 8108 CR 859, McKinney spoke about the Walnut Grove annexation and their request for an extension.

Ms. Valerie New, 308 Northwood Drive, McKinney spoke against the North Texas Gay Pride Event.

The following individuals spoke in favor of agenda item 16-898 regarding the proposed Community Revitalization Plan:

Ms. Juli Smith, 3206 St. Pierre, McKinney

Ms. Sandy Escamilla, 1200 N. Tennessee Street, McKinney

Ms. Amathist Escamilla, 1200 N. Tennessee Street, McKinney

Mr. LaShadion Shemwell, 1200 N. Tennessee Street, McKinney

Ms. Bethany Shalis, 114 N. Bowden Avenue, Anna

Mr. Layne Killingsworth, 1200 N. Tennessee Street, McKinney

Ms. Nacole Tate, 1200 N. Tennessee Street, McKinney

Ms. Roslyn Miller, 1200 N. Tennessee Street, McKinney

Mr. Gary Kesler, 4894 CR 862, McKinney did not wish to speak but wanted his support for the proposed Community Revitalization Plan entered into the record.

Ms. Roslyn Miller, 1200 N. Tennessee Street, McKinney spoke for Chang Coleen who was unable to attend but wanted her concerns regarding public housing for seniors over 55 and public transportation in McKinney entered into the record.

Council unanimously approved the motion by Council member Ussery, seconded by Council member Branch, to approve the following consent items:

16-889 Minutes of the City Council Work Session of August 15, 2016

16-890 Minutes of the City Council Regular Meeting of August 16, 2016

16-891 Minutes of the City Council Special Meeting of August 22, 2016

16-686 Minutes of the Board of Adjustment Meeting of June 22, 2016

16-781 Minutes of the Community Grants Advisory Commission Meeting of June 16, 2016

- 16-848** Corrected Minutes of the Library Advisory Board Meeting of June 16, 2016
- 16-847** Minutes of the Library Advisory Board Meeting of July 21, 2016
- 16-788** Minutes of the Main Street Board Meeting of July 14, 2016
- 16-795** Minutes of the McKinney Armed Services Memorial Board Meeting of July 13, 2016
- 16-798** Minutes of the McKinney Arts Commission Meeting of July 27, 2016
- 16-840** Corrected Minutes of the McKinney Arts Commission Meeting of April 21, 2016
- 16-864** Minutes of the McKinney Community Development Corporation Meeting of July 28, 2016
- 16-801** Minutes of the McKinney Economic Development Corporation Meeting of July 19, 2016
- 16-802** Minutes of the McKinney Economic Development Corporation Special Meeting of August 9, 2016
- 16-892** Minutes of the McKinney Housing Authority Meeting of June 28, 2016
- 16-793** Minutes of the Planning and Zoning Commission Regular Meeting of July 26, 2016
- 16-863** Minutes of the Planning and Zoning Commission Regular Meeting of August 9, 2016
- 16-862** Minutes of the Planning and Zoning Commission Work Session of August 9, 2016
- 16-811** Minutes of the Tax Increment Reinvestment Zone Number One Meeting of May 17, 2016
- 16-814** Minutes of the Tax Increment Reinvestment Zone Number Two Meeting of January 19, 2016
- 16-824** Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract and All Necessary Change Orders with Wall Enterprises for the McKinney On-Street Bicycle Treatment Project (GR1412) Contingent upon Receipt of Written Concurrence from the

Texas Department of Transportation. Caption reads as follows:

RESOLUTION NO. 2016-09-130 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT IN THE AMOUNT OF \$249,968.00 WITH WALL ENTERPRISES FOR THE MCKINNEY ON-STREET BICYCLE TREATMENT PROJECT AND AUTHORIZING ALL NECESSARY CHANGE ORDERS UNDER SAID CONTRACT UP TO AN AGGREGATE CONTRACT AMOUNT, INCLUSIVE OF ANY CHANGE ORDERS, NOT TO EXCEED \$260,000, SUBJECT TO THE SUBSEQUENT CONCURRENCE OF THE TEXAS DEPARTMENT OF TRANSPORTATION

- 16-893** Consider/Discuss/Act on a Resolution Approving the Sixth Amended and Restated Bylaws of McKinney Economic Development Corporation.
Caption reads as follows:

RESOLUTION NO. 2016-09-131 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, APPROVING THE SIXTH AMENDED AND RESTATED BYLAWS OF THE MCKINNEY ECONOMIC DEVELOPMENT CORPORATION; AND PROVIDING AN EFFECTIVE DATE

- 16-894** Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract with Rich Leidl, P.C. for Federal Legislative Services.
Caption reads as follows:

RESOLUTION NO. 2016-09-132 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR FEDERAL LEGISLATIVE CONSULTING SERVICES FROM RICH LEIDL, P.C. OF WASHINGTON, DC

- 16-895** Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract with Lee Engineering for Professional Engineering Services for the Enhancement of the City's Traffic Crash Database and Any Necessary Supplemental Agreements. Caption reads as follows:

RESOLUTION NO. 2016-09-133 (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH LEE ENGINEERING FOR PROFESSIONAL ENGINEERING SERVICES FOR THE ENHANCEMENT OF THE CITY'S TRAFFIC CRASH DATABASE AND ANY NECESSARY SUPPLEMENTAL AGREEMENTS UNDER SAID CONTRACT UP TO AN AGGREGATE CONTRACT

AMOUNT, INCLUSIVE OF SAID SUPPLEMENTAL
AGREEMENTS, NOT TO EXCEED \$90,000

END OF CONSENT

16-896 Mayor Loughmiller called for the Second Public Hearing on Proposed Tax Rate for Fiscal Year 2016-17. Interim Chief Financial Officer Mark Holloway stated that this is the second public hearing on the tax rate. The tax rate is proposed at \$0.5770 with existing values increasing 9% over FY16 values and new values accounting for 3.5% of the taxable roll which brings the total taxable roll up 12.5%. Our taxable value has increased from \$15.2 billion in FY16 to \$17.1 billion in FY17. Staff looked at additional options to further reduce the tax rate. With a partial delay of the Fire Station Alerting System, we could reduce the tax rate to \$0.5745 and a rate of \$0.5730 with a full delay of the Fire Station Alerting System. In order to achieve a rate of \$0.5650 we would need to make additional cuts in the proposed budget. At the September 20th meeting, Council will adopt the budget, adopt the fee schedule and take two votes on the tax rate. City Manager Grimes stated that as a matter of policy, we propose a conservative sales tax rate revenue. Mayor Loughmiller called for public comments.

The following individuals spoke in opposition of the proposed tax rate:

Mr. Mike Giles, 3213 Gillespie Road, McKinney

Ms. Laura Ludtek, 2901 Cedar Ridge Drive, McKinney

Ms. Juanita Horne, 2580 Collin McKinney, McKinney spoke about the cost of apartment rent in McKinney.

Council unanimously approved the motion by Council member Ussery, seconded by Council member Day, to close the public hearing.

Mayor Loughmiller stated that he would like for Council to focus on the \$0.5730 tax rate as this rate does not implicate cutting back on staffing needs. By statute, our reserves must be at 25% and in order to maintain

our AAA bond rating we must be greater than 30%. In order to lower that reserve rate, we would have to change the reserve policy early in the budget cycle. With the City's rapid growth and the need for infrastructure, it is difficult to lower the tax rate without impacting the future development of McKinney. Council member Branch stated that we are preparing for the future now more than we have in the past. This helps us set our priorities for the budget as we move forward toward increasing our sales tax revenue base. Mr. Holloway stated that at the September 20th meeting, Council will adopt the budget first so staff will proceed with changes and notifications to set the tax rate at \$0.5730.

16-897 Mayor Loughmiller called for the First Public Hearing on the Budget Appropriation Ordinance for FY 2016-17. Interim Chief Financial Officer Mark Holloway stated that this is the first public hearing on the budget. All of the component units have adopted their budgets and are waiting on Council's final approval. We will adopt a budget of \$409 million that includes all funds. The General fund revenues are made up of 55% from property taxes, 17% from sales tax, 11% from franchise fees, 7% from licenses and permits, and 6% from charges and fines. Expenditures are made up from 47% for public safety, 18% for general government, 10% for parks and libraries, 9% for public works, and 8% for development services. There are 44 new positions requested with 35 being in public safety which includes 18 fire personnel for Fire Station No. 9. The second public hearing on the budget will be held September 20th. The adoption of the budget and the tax rate will be considered that evening. Mayor Loughmiller called for public comments.

The following individuals spoke against the proposed budget:

Mr. Mike Giles, 3213 Gillespie Road, McKinney

Mr. LaShadion Shemwell, 1200 N. Tennessee Street, McKinney

Council unanimously approved the motion by Council member Ussery, seconded by Council member Branch, to close the public hearing.

16-205Z2 Mayor Loughmiller called for a Public Hearing to Consider/Discuss/Act on a Request to Rezone the Subject Property from "PD" - Planned Development District to "PD" - Planned Development District, Generally to Modify the Development Standards, Generally Located Approximately 445 Feet North of Wilmeth Road, on the East Side of Hardin Boulevard, and South of County Road 164 (Future Bloomdale Road), and Accompanying Ordinance. Director of Planning Brian Lockley stated the applicant is requesting to rezone the property to modify the development standards by removing the lot coverage requirements. The subject property is governed by two PDs; Tract 1 by Ordinance 2001-08-094 and Tracts 2, 3 and 4 by Ordinance 2002-06-069. Both Ordinances include a 50% lot coverage requirement. By removing this requirement, we will bring the PD into accordance with the other developments in the area. Colin Helffrich, 5225 Village Creek Drive, Plano, stated that he was present to answer questions on behalf of the applicant and there were none. Mayor Loughmiller called for public comments and there were none. Council unanimously approved the motion by Council member Ussery, seconded by Council member Day, to close the public hearing and approve an Ordinance rezoning the subject property from "PD" - Planned Development District to "PD" - Planned Development District, generally to modify the development standards, generally located approximately 445 feet north of Wilmeth Road, on the east side of Hardin Boulevard, and south of County Road 164 (Future Bloomdale Road). Caption reads as follows:

ORDINANCE NO. 2016-09-070

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE ZONING MAP OF THE CITY OF MCKINNEY, TEXAS; SO THAT AN APPROXIMATELY 197.109 ACRE PROPERTY, LOCATED APPROXIMATELY 445 FEET NORTH OF WILMETH ROAD, ON THE EAST SIDE OF HARDIN BOULEVARD, AND SOUTH OF COUNTY ROAD 164 (FUTURE BLOOMDALE ROAD), IS REZONED FROM "PD" – PLANNED DEVELOPMENT DISTRICT TO "PD" – PLANNED DEVELOPMENT DISTRICT, GENERALLY TO MODIFY THE DEVELOPMENT STANDARDS; PROVIDING FOR SEVERABILITY; PROVIDING FOR INJUNCTIVE RELIEF,

PROVIDING FOR NO VESTED INTEREST; PROVIDING FOR THE PUBLICATION OF THE CAPTION OF THIS ORDINANCE; PROVIDING FOR A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

- 16-898** Mayor Loughmiller called for Discussion on Information to City Council and Receive Feedback on a Proposed Community Revitalization Plan for the Redevelopment of Merritt Homes. Housing and Community Development Manager Janay Tieken presented the Community Revitalization Plan (CRP). The Plan is a way of dealing with and addressing the below-market rate housing needs in McKinney. The Texas Department of Housing and Community Affairs (TDHCA) allows cities to designate revitalization areas, outside of “high opportunity areas”, in which developments may be eligible to receive additional points on the competitive 9% Low-Income Housing Tax Credit (LIHTC) application. The 9% competitive LIHTC funds provide for greater investor equity into an affordable housing development (thus decreasing the need for outside funding) versus the 4% non-competitive, tax exempt bonds. The proposed boundaries of the CRP include Merritt Homes and other McKinney Housing Authority properties to be redeveloped. If directed by Council, the Community Revitalization Plan (CRP) will be brought back to City Council for final approval before the end of 2016. City Council does not have to support developments simply because they are within the boundaries of the CRP. The CRP outlines what needs to be done in order to make the redevelopment of Merritt eligible for the 9% tax credits and brings in a greater amount of equity into the project which results in a lower gap. Ms. Tieken stated that the CRP must address 5 of 8 factors. Of those 8 factors, McKinney addresses 5 of those in revitalizing the east side: adverse environmental conditions, either natural or man-made; presence of blight which may include obsolete land use; presence of inadequate transportation or infrastructure; lack of accessibility and/or presence of inadequate health care facilities; and lack of local businesses

providing employment opportunities. Merritt Homes would like to apply for the 9% tax credits in the upcoming 2017 funding cycle. Any developments within the CRP will have an advantage to obtaining the 9% tax credit and the property is supported by City Council. The CRP establishes a zone that can be competitive for the 9% tax credits. For the City's support, the City Council would consider a Resolution of support for a project. Council members Day and Ussery stated they both support this item. Mayor Loughmiller stated that he does not want to have competing areas in McKinney for affordable housing. He would like to see the waiting listing for affordable housing by zip code so that we can know how many individuals are outside of McKinney versus residents of McKinney. Council would like to see what other cities in Collin County are doing to provide affordable housing. Ms. Roslyn Miller, Director of the McKinney Housing Authority, stated that there are two Collin County Housing Authorities, Frisco Housing Authority and Plano Housing Authority. Ms. Miller stated that applicants can apply for affordable housing anywhere. She stated the majority of their residents apply locally because that is where we advertise and they are able to stay in a 50 mile radius because they may not find units in this area. Council's consensus is to move forward with a Resolution creating the Comprehensive Revitalization Plan and then move forward to adopt a Resolution supporting the 9% tax credits for Merritt Homes.

Mayor Loughmiller called for Citizen Comments.

The following individuals spoke regarding the revitalization of Merritt Homes.

Mr. LaShadion Shemwell, 1200 N. Tennessee Street, McKinney

Ms. Nacole Tate, 1200 N. Tennessee Street, McKinney

Ms. Connie Crosby, 612 N. Wood Street, McKinney

Mayor Loughmiller called for Council and Manager Comments.

Council member Branch stated on August 31, 2016, a citizen witnessed a baby being left alone in the car and proceeded to break the window and called for assistance.

Once the first responders arrived on the scene, they measured the temperature inside the car at 130 degrees. Mr. Branch expressed his appreciation to the citizen for stepping up and saving the baby. Mr. Branch stated that he appreciates when people are willing to step up and take action when necessary.

Council member Day did not have any comments.

Council member Ussery thanked staff for what they do day in and day out. Mr. Ussery applauded Mr. Grimes during his inaugural period and your engagement with the community. You are off to a wonderful foundation.

Mayor Loughmiller stated that he recently attended the McKinney Convention and Visitors Bureau and the McKinney Housing Authority meetings.

City Manager Grimes gave a shout out to Empress Drane and the Old Settler's Recreation Center and her efforts and volunteer work she did until the late hours of the evening for a back to school event on Sunday, August 21st called "Committed to the Kids." The event was put on by 3e McKinney and over 200 kids were served with back to school supplies. It was a very successful event and Empress Drane was a fundamental part of the event's success. Mr. Grimes congratulated the Purchasing Department for their well-deserved Procurement Award. This award exemplifies the quiet professionalism that our staff brings each day. Mr. Grimes stated that planning is underway for this year's Oktoberfest that will be held September 23 – 25 in downtown McKinney. The City is celebrating the America's PreparAthon. The City of McKinney is encouraging residents to take the Preparedness Pledge, to Do-One-Thing to better prepare themselves for all hazards. Residents who take the Preparedness Pledge will have their names entered to win a NOAA Weather Radio.

Mayor Loughmiller wished Council member Ussery a happy birthday. Mayor Loughmiller stated that the City of McKinney is currently working on a transportation plan. The City has already passed a Resolution to pursue an Urban Transit District which allows us to access some funds through the State for public transportation. We have also been working with the North Texas Council of Governments and the Regional Transportation Commission on the Direct Recipient status which would give us the ability to negotiate with providers that can provide transit services. Whatever the City

does, it will be very limited and will include on demand services and not fixed routes due to being cost prohibitive.

Mayor Loughmiller recessed the meeting into executive session at 7:55 p.m. per Texas Government Code Section 551.071 (2) Consultation with City Attorney on any Work Session, Special or Regular Session agenda item requiring confidential, attorney/client advice necessitated by the deliberation or discussion of said items (as needed), Section 551.071 (1) (A). Litigation / Anticipated Litigation, Section 551.072 Discuss Real Property, Section 551.074 Discuss Personnel Matters, and Section 551.087 Discuss Economic Development Matters as listed on the posted agenda. Mayor Loughmiller recessed to the open session at 8:55 p.m.

Council unanimously approved the motion by Council member Ussery, seconded by Mayor Loughmiller, to adjourn. Mayor Loughmiller adjourned the meeting at 8:55 p.m.

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary

16-884



TITLE: Minutes of the Historic Preservation Advisory Board Regular Meeting of July 7, 2016

SUPPORTING MATERIALS:

[Minutes](#)

HISTORIC PRESERVATION ADVISORY BOARD

JULY 7, 2016

The Historic Preservation Advisory Board of the City of McKinney, Texas met in regular session in the Council Chambers of the Municipal Building on Thursday, July 7, 2016 at 5:30 p.m.

Board Members Present: Vice-Chairperson Shannon Burton, Peter Bailey, Kelly Buettner, Kate White, and Karen Zupanic

Board Members Absent: Chairperson Kevin McGraw and Amber Douzart

Staff Members Present: Planning Manager Samantha Pickett, Historic Preservation Officer Guy Giersch, and Administrative Assistant Terri Ramey

There was one guest present.

Vice-Chairperson Burton called the meeting to order at 5:30 p.m. after determining a quorum was present.

The Board unanimously approved the motion by Board Member Zupanic, seconded by Board Member White, to approve the following consent item, with a vote of 5-0-0:

**16-667 Minutes of the Historic Preservation Advisory Board
Regular Meeting of April 7, 2016**

END OF CONSENT

Vice-Chairperson Burton continued the agenda with the Discussion items.

16-668 Historic Home Recognition Program Update

Mr. Guy Giersch, Historic Preservation Officer for the City of McKinney, and the Board discuss the Historic Home Recognition Program. No official decisions were made on the 2016-2017 calendar.

END OF DISCUSSION ITEM

Board Member Bailey suggested that City Staff make any necessary interpretive changes to the Historic Tax Exemption Program Ordinance and not bring it back before the Historic Preservation Advisory Board for consideration. Mr. Giersch stated that Chairperson McGraw had requested that this ordinance be reviewed and discussed by

HISTORIC PRESERVATION ADVISORY BOARD MINUTES
THURSDAY, JULY 7, 2016
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the Board and Staff; therefore, he felt it needed to come back before the Historic Preservation Advisory Board for consideration.

There being no further business, Vice-Chairperson Burton declared the meeting adjourned at 6:00 p.m.

SHANNON BURTON
Vice-Chairman

16-919



TITLE: Minutes of the McKinney Armed Services Memorial Board Meeting of
August 11, 2016

SUPPORTING MATERIALS:

[Minutes](#)

McKINNEY ARMED SERVICES MEMORIAL BOARD

AUGUST 11, 2016

The McKinney Armed Services Memorial Board met at the Parks, Recreation, and Open Space Conference Room, 1611 North Stonebridge Drive, McKinney, Texas on August 11, 2016 at 6 p.m.

Board members present: Chairman Barry Brown, George Lodge, Colin Kimball, Andrew Hudson and Marlene Bockler.

Board members absent: James Creedon and Matthew Parker.

Staff members present: Tim White, Parks Maintenance Superintendent and Melissa Lee, Administrative Assistant, Parks and Recreation Department.

Board Chairman Barry Brown called the meeting to order at 6 p.m. after determining a quorum was present.

16-795 Minutes of the McKinney Armed Services Memorial Board Meeting of July 13, 2016

Board members unanimously approved the motion by Board member George Lodge, seconded by Board member Colin Kimball, approving the minutes of the McKinney Armed Services Memorial Board Meeting of July 13, 2016.

16-796 Consider/Discuss/Act on the Veterans Day Ceremony of 2016 at the Veterans Memorial Park in McKinney, Texas

No action taken.

16-797 Consider/Discuss/Act on the Gold Star Monument at the Veterans Memorial Park in McKinney, Texas

Board members unanimously approved the motion by Board member Marlene Bockler, seconded by Board member Colin Kimball, determining the orientation of the soldier within the Gold Star Memorial as facing the Veterans Memorial wall.

Chairman Barry Brown asked for any board comments, Board member Colin Kimball discussed the WFAA Channel 8 news piece that was broadcast on August 10, 2016 by Hannah Davis regarding the Gold Star Monument.

Board members unanimously approved the motion by Board member Marlene Bockler, seconded by Board member Colin Kimball, to adjourn. Chairman Barry Brown adjourned the meeting at 7:04 p.m.

BARRY BROWN
Chairman

16-758



TITLE: Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of May 23, 2016

SUPPORTING MATERIALS:

[Minutes](#)

MCKINNEY CONVENTION AND VISITORS BUREAU BOARD

Finance Committee Meeting

May 23, 2016

The McKinney Convention & Visitors Bureau Finance committee met for a meeting on May 23, 2016 at 200 W. Virginia Street, McKinney Texas.

In attendance were Board members: Susan Brusa, Wayne Hill & Jim Bressler.

Staff: Executive Director Dee-dee Guerra.

The meeting was called to order at 8:30 a.m.

The Committee looked over the following items:

1. April & May 2016 Financials- Director Hill asked for an explanation for the variance in the May 2016 register. Director Guerra stated that it was due to a compensation study that was done by HR and that the variance was from retro pay from January-March 2016.
2. FY 16-17 MCVB Proposed Budget -The committee discussed the Supplemental items that were being submitted and a few changes that transpired after the meeting with the City Manager's office and the Finance/Budget office.
3. MIM Store revenue- No discussion.
4. April 2016 STR Report – No discussion.

The MCVB Finance Committee meeting was adjourned at 9:05 am

Wayne Hill
MCVB Finance Committee

16-757



TITLE: Minutes of the McKinney Convention & Visitors Bureau Board Meeting of
May 24, 2016

SUPPORTING MATERIALS:

[Minutes](#)

MCKINNEY CONVENTION AND VISITORS BUREAU BOARD

REGULAR MEETING

MAY 24, 2016

The McKinney Convention and Visitors Bureau Board met in regular session at the Heard Natural Science Museum and Wildlife Sanctuary, 1 Nature Place, McKinney, Texas, on May 24, 2016, at 7:30 a.m.

Board members present: Sally Huggins, Cricket Killingsworth, Susan Brusa, Wayne Hill, Melissa Moreno, and Jim Bressler.

Absent: Hal Harbor, Bonnie Tinsley, and Jennifer Estes.

Staff Present: Executive Director Dee-dee Guerra and staff members Sue Davis, Vanesa Rhodes and Beth Shumate.

Guests: Councilman Branch, Councilman Rogers, City of McKinney – Senior Financial Services Trevor Minyard and Director of Strategic Services Chandler Merritt, Eric Nishimoto, and Danny Meyer.

Vice Chairman Killingsworth called the meeting to order.

Board members unanimously approved the motion by Board member Jim Bressler, seconded by Board member Wayne Hill, to approve the following minutes:

- 16-546** Minutes of the McKinney Convention & Visitors Bureau Board Meeting of March 22, 2016.
- 16-547** Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of March 18, 2017.
- 16-548** Presentation from Eric Nishimoto - Update on the Sestercentennial Event. Mr. Nishimoto updated board members on the Collin McKinney Sestercentennial activities that had taken place in April. He stated the cities participating in the events were: Allen, Anna, Celina, McKinney, Murphy, and Van Alstyne. The kickoff event took place at the McKinney Chamber annual banquet in which the debut of Collin McKinney: Man of Vision video was shown. In addition, Mr. Nishimoto reviewed the events that will coordinate with this celebration throughout the remainder of the year.

16-549 Executive Directors Report – Executive Director Guerra reviewed the staff reports from March and April 2016 as well as gave a recap of 2Q16 accomplishments. In addition, Ms. Guerra advised Board members that Pedi Cabs are now available on the weekends in downtown McKinney. Councilman Branch commented that he was appreciative of the accomplishments that the MCVB staff had attained and thanked the Board and staff on their dedication to selling McKinney and for providing detailed reports. Executive Director Guerra advised Board members that she would be attending the TTIA travel college conference in late June, therefore there would not be a June MCVB Board meeting.

16-550 Board and Liaison Reports

Finance Committee Report – Committee Chair Wayne Hill reviewed March financials with Board members and advised that the MCVB was tracking as expected. Mr. Hill also gave an update on the proposed budget for FY 16/17, stating there was a slight decrease due to new car allowances no longer being permitted.

City of McKinney – Chandler Merritt advised that City Council had selected the new city manager who would begin August 1, 2016. Mr. Merritt also invited everyone to attend the Bike The Bricks event that would take place in downtown McKinney on May 27, 2016. In addition, Mr. Merritt stated that the budget process would continue to go through September 2016.

Main Street/MPAC - MCVB Executive Director Guerra reported on behalf of Main Street/MPAC stating that the upcoming Bike The Bricks event will include an “egg fest” (Big Green Egg Cook-Off) at KitchenWares on the Square and live entertainment. Guerra advised that the street closures for the race would begin late Thursday evening and the race would begin at 3 p.m. on Friday.

MCDC – MCDC liaison Michelle Gamble stated the next MCDC Board meeting would be held in Council Chambers at 8 a.m. on May 26, 2016.

Gamble stated their Board would be hearing from three project applicants. In addition, Gamble advised that MCDC is currently finalizing the production of their 20th anniversary video.

McKinney Chamber of Commerce – MCVB Executive Director Guerra spoke on behalf of the Chamber. Ms. Guerra introduced Danny Meyer, a college intern who is currently working at the chamber offices. Guerra advised the chamber is accepting applications for McKinney Leadership class through June 1. In addition she advised Board members that the annual Serve McKinney open house would take place on June 9.

- 16-551** Consider/Discuss/Act on Approval of Proposed FY 2016-2017 MCVB Budget. Board members unanimously approved the motion by Board member Wayne Hill, seconded by Board member Susan Brusa, to approve, with amendments of the Sales Position to reflect \$69,212 versus \$72,212, the proposed FY 2016-2017 MCVB Budget.

Vice Chair Killingsworth asked for a motion to adjourn the meeting. Board member Bressler made the motion with a second from Board member Hill. The meeting was adjourned at 8:50 a.m.

Cricket Killingsworth
Vice Chair

16-853



TITLE: Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of July 22, 2016

SUPPORTING MATERIALS:

[Minutes](#)

MCKINNEY CONVENTION AND VISITORS BUREAU BOARD

Finance Committee Meeting

July 22, 2016

The McKinney Convention & Visitors Bureau Finance Committee met for a meeting on July 22, 2016 at 200 W. Virginia Street, McKinney Texas.

In attendance were Board members: Wayne Hill & Jim Bressler

Staff: Executive Director Dee-dee Guerra.

The meeting was called to order at 8:30 a.m.

The Committee looked over the following items:

1. May & June 2016 Financials - Director Guerra addressed the May & June Financials and stated that the variances were due to higher dollar amount items of invoices being paid in line items of Advertising's & Promotion for these two months.
2. MIM Store revenue - No discussion.
3. FY 16-17 Budget - Director Guerra shared with the Committee the Supplemental items that were approved by the City Manager for the MCVB and what he would be proposing to Council on July 27, 2016 during their budget meeting.
4. May & June 2016 STR Report - Board member Bressler pointed out in the STR Reports to the Committee that May & June continue to be strong months for McKinney hotels.

The MCVB Finance Committee meeting was adjourned at 9:10 am

Wayne Hill
MCVB Finance Committee

16-852



TITLE: Minutes of the McKinney Convention & Visitors Bureau Board Meeting of July 26, 2016

SUPPORTING MATERIALS:

[Minutes](#)

MCKINNEY CONVENTION AND VISITORS BUREAU BOARD

REGULAR MEETING

JULY 26, 2016

The McKinney Convention and Visitors Bureau Board met in regular session at the Carriage House at the Heard-Craig House, 205 W. Hunt, McKinney, Texas on July 26, 2016 at 7:30 a.m.

After determining a quorum was present, Board Chair Harbor called the meeting to order at 7:51 a.m.

Board members present: Jim Bressler, Hal Harbor, Wayne Hill, Sally Huggins, and Bonnie Tinsley.

Absent: Susan Brusa, Jennifer Estes, Cricket Killingsworth, and Melissa Moreno.

Staff: Executive Director Dee-dee Guerra, and staff members Vanesa Rhodes and Beth Shumate.

Guests: City of McKinney Councilman Rogers, City of McKinney Senior Financial Analyst Trevor Minyard, Main Street & MPAC Director Amy Rosenthal, and Aaron Bloxham and Jennifer Arnold of City Planning.

Board members unanimously approved the motion by Board member Wayne Hill, seconded by Board member Jim Bressler, to approve the following minutes from the McKinney Convention & Visitors Bureau:

- 16-757** Minutes of the McKinney Convention & Visitors Bureau Board Meeting of May 24, 2016.
- 16-758** Minutes of the McKinney Convention & Visitors Bureau Finance Committee Meeting of May 23, 2016.
- 16-759** Update on the ONE McKinney 2040 Comprehensive Plan Initiative. City Planner Aaron Bloxham presented to board members highlighting the future land use for McKinney. Mr. Bloxham stated the planned vision is scheduled to carry through the year 2040 and advised board members of the five districts that the planning department is focusing their attention. Those five districts are: 1. Cultural Entertainment, 2. Economic, 3. Transportation, 4. Housing and Neighborhoods, and 5. Natural Assets.

Mr. Bloxham stated the estimated population for McKinney by 2040 is expected to reach 284,000 with a total build-out projected to be 388,000 around the year 2060. Bloxham directed Board members to visit the website www.onemckinney2040.com to access more information.

16-760 Executive Director's Report – Executive Director Guerra reviewed both the May and June staff reports. Ms. Guerra praised MCVB Communications Manager Beth Shumate for her dedication in building rapport with travel writers and editors which resulted in an 11-page editorial on McKinney in Texas Highways magazine. The ad value on this editorial was approximately \$82K and PR value of approximately \$247K.

16-761 Board and Liaison Reports

Chair Report – Board Chair Harbor thanked Heard-Craig Executive Director Karen Zupanic for hosting the MCVB board meeting and asked Ms. Zupanic to give a brief overview/history of the 116- year-old house.

Finance Committee Report - Committee Chair Hill gave the finance report stating that the MCVB budget was tracking on target. Mr. Hill stated that YTD, the hotel occupancy was up 20% and hotel revenue was up 34%.

City of McKinney – Senior Financial Analyst Trevor Minyard advised board members the City Finance department will be conducting the budget workshop with City Council in the morning at 8:30 a.m. The finance department will present a comprehensive report with the City Council and present the City Manager's budget to City Council. Mr. Minyard advised that all departments will be covered at this presentation. Mr. Minyard also advised board members the new City Manager, Paul Grimes, would begin on August 1, 2016. Additionally, Mr. Minyard stated between August and September, the public hearings on the budget will be presented to the citizens of McKinney.

Main Street/MPAC - Executive Director Rosenthal updated board members on the following upcoming events taking place in historic

downtown McKinney: Concert by Madi Davis, contestant from the TV show, “The Voice”; Sawyer Fredrick, winner from last season’s “The Voice”; Texas Singer-Songwriter Randy Roster; A Classic Film Festival; and Oktoberfest. In addition, Ms. Rosenthal advised board members of the Explorer Club program for families and kids currently taking place in the downtown area. Ms. Rosenthal also thanked the CVB for their partnership.

McKinney Chamber of Commerce – MCVB Executive Director Guerra spoke on behalf of the Chamber, stating the Chamber’s staff reorganization is complete and now in place. Ms. Guerra advised board members the Chamber Quarterly Luncheon would take place at the Eldorado Country Club on July 28th as well as stating that the McKinney Leadership class for 2016-2107 had been selected. In addition, Guerra advised that the MISD new teacher breakfast would take place on August 9, 2016.

Board Chair Harbor adjourned the meeting at 8:35 a.m.

HAL HARBOR
Chair

16-901



TITLE: Minutes of the Main Street Board Meeting of August 11, 2016

SUPPORTING MATERIALS:

[Minutes](#)

McKinney Main Street
aka McKinney Downtown Business Re-Development Board

AUGUST 11, 2016

The McKinney Downtown Business Re-Development Board of the City of McKinney, Texas met in regular session at the McKinney Performing Arts Center, Encore Wire Room, 111 N. Tennessee Street, McKinney, Texas on August 11, 2016 at 8:30 a.m.

Chairwoman Jan Elwell called to order the meeting of the McKinney Downtown Business Re-Development Board at 8:32 a.m. Board members present: Jan Elwell, Alex Lanio, Jolie Williams, Amber Gutschlag, Edna Brown, Robert Hamilton and Ric Anderson.

Absent: Rebecca Drekmann, Kaci Lyford.

Main Street staff present: McKinney Main Street Director Amy Rosenthal, McKinney Main Street Program Coordinator Aaron Werner, MPAC Marketing Coordinator Jakia Dudley-Faine, McKinney Special Events Coordinator Geoff Fairchild and MPAC/Main Street Executive Assistant Belinda Kennedy.

Guests: City of McKinney Mayor Pro-Tem Randy Pogue, City of McKinney Assistant City Manager Barry Shelton and City of McKinney Marketing and Development Coordinator Michelle Feldker.

16-786 City Liaison Report

Mr. Shelton began by updating the Board on the New McKinney City Manager, Mr. Paul Grimes, who joined the city on August 1, 2016. Mr. Shelton informed the Board about plans to add downtown parking spaces by paving or restriping current lots. The city will add approximately 100 spaces on the Wysong lot and 95 spaces at a lot leased from the First United Methodist Church. The nine acre development at Tennessee and Davis could begin construction as early as November 1 and will be completed in two phases. The three city departments currently located in Annex B will be relocated to offices close to the downtown area.

16-787 Director's Report

Ms. Rosenthal's report included her vacation travels to several other Main Street towns in Texas: Bastrop, Lockhart, Hico, Wimberly, San Marcos and Hamilton. While many have Court Houses, few have as vibrant a downtown as McKinney. Ms. Rosenthal discussed the authentic/commercial balance and local/visitor balance of these other cities versus McKinney. Ms. Rosenthal updated the Board on the progress for the Downtown Membership program. There are 86 participants so far. The funds will be used to print maps, directional signage and additional advertising. The city has started a new program to monitor KPI's or Key Performance Indicators. Many of the KPI's for Main Street are already measurements that we report to the Texas or National Main Street programs. Some examples of the KPI's are Number of Main Street programs, events, activities; attendance at events; number of new businesses, etc. Ms. Rosenthal updated the Board on issues concerning noise ordinance and sign ordinance violations, concerns with construction parking permits and street entertainer regulations. The Board discussed. Ms. Rosenthal then discussed the plans for Arts in Bloom 2017. A group of McKinney artists have voiced concern over costs and other issues with the event. Plans are still ongoing and the Board discussed.

16-788 Minutes of the Main Street Board Meeting of July 14, 2016

Board members unanimously approved the motion by Board member Amber Gutschlag, seconded by Board member Robert Hamilton, to approve the Minutes of the Main Street Board Meeting of July 14, 2016.

16-789 Consider/Discuss/Act on Financial Reports

Board members unanimously approved the motion by Board member Edna Brown, seconded by Board member Robert Hamilton, to approve the Financial Reports.

16-790 Consider/Discuss/Act on Establishing a "Rainy Day" Account and Accompanying Criteria

Ms. Gutschlag discussed the idea of putting aside a certain amount of money from profitable events to save for unforeseen costs if events are rained out/cancelled. The idea to save a percentage of the profits to be put aside could help the board manage expenses when there is a shortfall from an event. The Board discussed several options including what percentage, how would it be decided if the funds were to be accessed? This item was tabled to the next meeting so that specific parameters could be formulated and then voted on.

16-791 Consider/Discuss/Act on Establishing an Award Program for Qualifying Downtown Merchants

Ms. Gutschlag discussed the idea of putting aside funds from profitable events to create an awards/grant program for downtown merchants. The Board discussed. This item was tabled to be referred to a subcommittee to further discuss and decide on the parameters for a program.

16-792 Discuss Upcoming Events

Ms. Rosenthal discussed the upcoming Oktoberfest event. Steins have been ordered, budget is in progress, new areas for the festival include a competition and games area, we are in need of volunteers, advance tickets sales plans are underway as well as shuttle service. Cash revenues so far are doing well, \$16,000 in sponsorships, vendor fees projection is \$20,000, and expo booths are \$7,500. Expenses are still in progress with estimates being updated daily.

Chairwoman Elwell adjourned the meeting at 9:56 a.m.

JAN ELWELL
Chair



16-906

TITLE: Minutes of the Parks and Recreation Board Meeting of July 14, 2016

SUPPORTING MATERIALS:

[Minutes](#)

PARKS, RECREATION AND OPEN SPACE ADVISORY BOARD

JULY 14, 2016

The Parks, Recreation, and Open Space Board met in regular session at the Parks, Recreation, and Open Space Conference Room, 1611 North Stonebridge Drive, McKinney, Texas on July 14, 2016 at 5 p.m.

Board members Present: Chairman Jackie Brewer, Melanie Butler, Richard Moreno, Bryan Perkins and Cecil Warren.

Board members Absent: Kip Dixon and Larry Pereira.

Staff members Present: Rhoda Savage, Director of Parks and Recreation; Ryan Mullins, Assistant Director of Parks and Recreation; Hamilton Doak, McKinney Community Development Corporation Board member; Tim White, Parks Maintenance Superintendent and Melissa Lee, Administrative Assistant of Parks and Recreation.

Board Chairman Jackie Brewer called the meeting to order at 5:15 p.m. after determining a quorum was present.

16-682 Minutes of the Parks, Recreation and Open Space Advisory Board Meeting of June 9, 2016

Board members unanimously approved the motion by Board member Richard Moreno, seconded by Board member Cecil Warren, to approve the Minutes of the June 9, 2016 Parks, Recreation and Open Space Advisory Board Meeting.

16-683 Consider/Discuss/Act on a Recommendation to the City Council for the Name APEX, tag line and logo for the new Aquatic and Fitness Center located at 3003 Alma Rd. McKinney, TX 75070

Board members unanimously approved the motion by Board member Bryan Perkins, seconded by Board member Richard Moreno, the recommendation to City Council of the name APEX, tag line and logo for the new Aquatic and Fitness Center located at 3003 Alma Road.

- 16-684** Consider/Discuss/Act on Making a Recommendation to the City Council for Renaming the Wilson Creek Softball/Baseball Complex, 1401 Wilson Creek Parkway, to the Grady Littlejohn Softball/Baseball Complex

Board members unanimously approved the motion by Board member Cecil Warren, seconded by Board member Melanie Butler, the recommendation to City Council of renaming the Wilson Creek Softball/Baseball Complex located at 1401 Wilson Creek Parkway to the Grady Littlejohn Softball/Baseball Complex.

- 16-685** Consider/Discuss/Act on Making a Final Recommendation to the City Council for Naming a 16 Acre Neighborhood Park Located at 1849 Reagan Drive

Board members unanimously approved the motion by Board member Melanie Butler, seconded by Board member Cecil Warren, the recommendation to City Council of the name Monarch Park for the 16 acre neighborhood park located at 1849 Reagan Drive with Dr. Mack Moran Hill and George Webb as alternates.

Chairman Jackie Brewer asked for any Board comments. Hamilton Doak, McKinney Community Development Corporation Board member, discussed the All Abilities Playground funding of \$200,000 with the caveat of reapproaching MCDC if any additional funding was necessary. Rhoda Savage, Director of Parks and Recreation commented on the Master Plan and 10 year list of parks as well as the acquisition of an additional 62 acres of Grey Branch property.

Board members unanimously approved the motion by Board member Cecil Warren, seconded by Board member Richard Moreno, to adjourn. Board Chairman Jackie Brewer adjourned the meeting at 5:47 p.m.

JACKIE BREWER
Chairman

16-917



TITLE: Minutes of the Planning and Zoning Commission Work Session of August 23, 2016

SUPPORTING MATERIALS:

[Minutes](#)

PLANNING AND ZONING COMMISSION WORK SESSION

AUGUST 23, 2016

The Planning and Zoning Commission of the City of McKinney, Texas met in work session in the Council Chambers of the Municipal Building on Tuesday, August 23, 2016 at 5:30 p.m.

City Council Members Present: Chuck Branch and Travis Ussery

Commission Members Present: Chairman Bill Cox, Janet Cobbel, Deanna Kuykendall, Cameron McCall, Brian Mantzey, Pamela Smith, and Mark McReynolds – Alternate

Commission Member Absent: Vice-Chairman Eric Zepp

Staff Present: Director of Planning Brian Lockley; Development Manager Brandon Opiela; Planning Managers Matt Robinson and Jennifer Arnold; Facilities Construction Manager Patricia Jackson; Planners Eleana Galicia, Steven Doss, Danielle Quintanilla, and Melissa Spriegel; and Administrative Assistant Terri Ramey

There were eight guests present.

Chairman Cox called the work session to order at 5:33 p.m. after determining a quorum was present.

Chairman Cox called for discussion on the following work session item with no action taken:

16-256M Update on ONE McKinney 2040 Comprehensive Plan Update

Chairman Cox declared the meeting adjourned at 5:58 p.m.

BILL COX
Chairman

16-918



TITLE: Minutes of the Planning and Zoning Commission Regular Meeting of August 23, 2016

SUPPORTING MATERIALS:

[Minutes](#)

PLANNING AND ZONING COMMISSION

AUGUST 23, 2016

The Planning and Zoning Commission of the City of McKinney, Texas met in regular session in the Council Chambers of the Municipal Building on Tuesday, August 23, 2016 at 6:00 p.m.

City Council Members Present: Chuck Branch and Travis Ussery

Commission Members Present: Chairman Bill Cox, Janet Cobbel, Deanna Kuykendall, Cameron McCall, Brian Mantzey, Pamela Smith, and Mark McReynolds – Alternate

Commission Member Absent: Vice-Chairman Eric Zepp

Staff Present: Director of Planning Brian Lockley; Development Manager Brandon Opiela; Planning Manager Matt Robinson; Facilities Construction Manager Patricia Jackson; Planners Eleana Galicia, Danielle Quintanilla, and Melissa Spriegel; and Administrative Assistant Terri Ramey

There were eight guests present.

Chairman Cox called the regular meeting to order at 6:00 p.m. after determining a quorum was present.

Chairman Cox explained the format and procedures of the meeting, as well as the role of the Commission. He announced that some of the items considered by the Commission on this date would be only heard by the Planning and Zoning Commission and others would be forwarded on to City Council. Chairman Cox stated that he would advise the audience if the case will go on to City Council or be heard only by the Planning and Zoning Commission. He stated that guests would need to limit their remarks to three minutes and speak only once. Chairman Cox explained that there is a timer located on the podium, and when one minute of the speaker's time is remaining the light will switch to yellow, and when the time is up the light will change to red. He asked that everyone treat others with respect, be concise in all comments, and avoid over talking the issues.

Chairman Cox continued the meeting with the Consent Items.

The Commission approved the motion by Commission Member Smith, seconded by Commission Member McCall, to approve the following two Consent items, with a vote of 7-0-0.

16-862 Minutes of the Planning and Zoning Commission Work Session of August 9, 2016

16-863 Minutes of the Planning and Zoning Commission Regular Meeting of August 9, 2016

END OF CONSENT

Chairman Cox continued the meeting with the Regular Agenda Items and Public Hearings on the agenda.

16-165SUP Conduct a Public Hearing to Consider/Discuss/Act on a Specific Use Permit Request for a Storage Facility (Simply Storage), Located Approximately 350 Feet North of McKinney Ranch Parkway and on the East Side of Hardin Boulevard (REQUEST TO BE TABLED)

Ms. Eleana Galicia, Planner I for the City of McKinney, explained that Staff recommends that the public hearing be continued and the item be tabled to the September 13, 2016 Planning and Zoning Commission meeting per the applicant's request. She offered to answer questions.

Chairman Cox asked if the surrounding residents would be renotified for the next meeting for this item. Ms. Galicia stated that they would not be renotified if the public hearing was continued.

Chairman Cox opened the public hearing and called for comments.

Mr. John Haggarty, 2809 Vail Drive, McKinney, TX, stated that he lived directly behind the Simply Storage property. He stated that he was the Vice-President of the homeowner's association for his subdivision. Mr. Haggarty stated that they were in favor of the proposed development; however, they preferred that the proposed wall would not be built. He stated that they were in support of the extension of Denver Drive not going all the way over to McKinney Ranch Parkway due to traffic and safety concerns. Mr. Haggarty stated that they liked the proposed green space and that it would help buffer the new stadium.

On a motion by Commission Member Kuykendall, seconded by Commission Member McCall, the Commission voted unanimously to continue the public hearing and table the proposed specific use permit request to the September 13, 2016 Planning and Zoning Commission meeting as recommended by Staff, with a vote of 7-0-0.

16-233Z Conduct a Public Hearing to Consider/Discuss/Act on a Request to Rezone the Subject Property from "C1" - Neighborhood Commercial District to "C2" - Local Commercial District, Located Approximately 425 Feet

**East of Jordan Road and on the South Side of Virginia
Parkway (REQUEST TO BE TABLED)**

Ms. Eleana Galicia, Planner I for the City of McKinney, explained that Staff recommends that the public hearing be continued and the item be tabled to the September 13, 2016 Planning and Zoning Commission meeting per the applicant's request. She offered to answer questions.

Commission Member Smith asked why the item was being tabled. Ms. Galicia stated that the applicant wanted the zoning request and associated specific use permit to be considered at the same Planning and Zoning Commission meeting. She stated that the applicant was making some modifications to the site; therefore, the specific use permit request needed to be tabled to another meeting.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Kuykendall, seconded by Alternate Commission Member McReynolds, the Commission voted unanimously to continue the public hearing and table the proposed rezoning request to the September 13, 2016 Planning and Zoning Commission meeting as recommended by Staff, with a vote of 7-0-0.

**16-234SUP Conduct a Public Hearing to Consider/Discuss/Act on a
Specific Use Permit Request for an Automotive Service
and Repair Facility (Honest Auto Service), Located
Approximately 425 Feet East of Jordan Road and on the
South Side of Virginia Parkway (REQUEST TO BE
TABLED)**

Ms. Eleana Galicia, Planner I for the City of McKinney, explained that Staff recommends that the public hearing be continued and the item be tabled to the September 13, 2016 Planning and Zoning Commission meeting per the applicant's request. She offered to answer questions. There were none.

Chairman Cox asked if the applicant would like to make any comments on the request. Mr. Don Paschal, 904 Parkwood Ct., McKinney, TX, stated that he did not feel the need to make any comments at this time.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Mantzey, seconded by Commission Member McCall, the Commission voted unanimously to continue the public hearing and table the proposed specific use permit request to the September 13, 2016 Planning and Zoning Commission meeting as recommended by Staff, with a vote of 7-0-0.

16-216SP Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for an Office and Storage Facility (Public Safety Building), Located Approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive

Ms. Danielle Quintanilla, Planner I for the City of McKinney, explained the proposed site plan request. She stated that the City of McKinney was planning to construct a 27,501 square foot Public Safety office and storage facility. Ms. Quintanilla stated that typically site plans were administratively approved by Staff; however, since this was a City project the recommendation of the Planning and Zoning Commission would be forwarded to City Council for consideration at the September 20, 2016 meeting. She stated that Staff recommended approval of the proposed site plan as conditioned in the Staff report and offered to answer questions. There were none.

Ms. Patricia Jackson, Facilities Construction Manager for the City of McKinney, concurred with the Staff report and offered to answer questions.

Chairman Cox wanted to clarify that she was in agreement with the conditions listed in the Staff report. Ms. Jackson said yes.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Kuykendall, seconded by Commission Member Smith, the Commission voted unanimously to close the public hearing and recommend approval of the proposed site plan as conditioned in the Staff report, with a vote of 7-0-0.

Chairman Cox stated that the recommendation of the Planning and Zoning Commission will be forwarded to the City Council meeting on September 20, 2016.

16-161SP Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for Professional Office Condominiums (Golf Course Office West Addition), Located Approximately 445 Feet North of Westridge Boulevard and on the West Side of Custer Road

Ms. Melissa Spriegel, Planner I for the City of McKinney, explained the proposed site plan request. She stated that the applicant was planning to construct professional office condominiums which included ten office buildings approximately 4,900 square feet each. Ms. Spriegel stated that site plans could typically be approved by Staff; however, the applicant was requesting to utilize a living plant screen composed of Cleyera 42" at the time of planting to screen the heating and air conditioning equipment located on the north side of the northeastern most building from Custer Road. She stated that Staff has

no objections of the request to use the living plant screen and recommended approval of the proposed site plan as conditioned in the Staff report and offered to answer questions. There were none.

Mr. Arlyn Samuelson, Westwood Professional Services, 1512 Bray Central Dr., McKinney, TX, discussed the site plan and living plant screen request. He concurred with the Staff report and offered to answer questions.

Commission Member McCall asked if the proposed development was far enough from the nearby driving range that golf balls would not be an issue. Mr. Samuelson stated that a large, tall screen, similar to the net that Top Golf had on their property, was planned to be installed to catch golf balls.

Alternate Commission Member McReynolds asked if this one location was the only proposed screening for all of the heating and air conditioning equipment around the building. Mr. Samuelson stated that was correct. He stated that they proposed an "L" shaped living plant screen to screen all of those from the Custer Road right-of-way.

Commission Member Smith asked about the Cleyera proposed to be planted for the living plant screen. Mr. Samuelson stated that it was on the City's accepted plant list for living screening material. He stated that he did not believe that the Cleyera grew as tall and massive as some of the other approved screening plants. Mr. Samuelson stated that they were trying to keep it shorter, so that it did not obstruct the view from some of the windows of the building.

Commission Member Smith asked if the exception was a height issue. Mr. Samuelson said yes.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Mantzey, seconded by Alternate Commission Member McReynolds, the Commission voted unanimously to close the public hearing and approval of the proposed site plan as conditioned in the Staff report, with a vote of 7-0-0.

Chairman Cox stated that the Planning and Zoning Commission was the final authority on this site plan request.

16-081PFR Conduct a Public Hearing to Consider/Discuss/Act on a Preliminary-Final Replat for Lots 17R, 18 and 19, Block A, of the Village Park Phase 1A Addition, Located on the Northwest Corner of Collin McKinney Parkway and Lake Forest Drive

Mr. Brian Lockley, Director of Planning for the City of McKinney, explained the proposed preliminary-final replat. He stated that Staff recommends approval of the proposed preliminary-final replat as conditioned in the Staff report and offered to answer questions. There were none.

Mr. Jonathan Schnidler, 4821 Merlot Ave., Grapevine, TX, stated that he concurred with the Staff report and offered to answer questions. There were none.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Mantzey, seconded by Commission Member Cobbel, the Commission voted unanimously to close the public hearing and approve the proposed preliminary-final replat as conditioned in the Staff report, with a vote of 7-0-0.

Chairman Cox stated that the Planning and Zoning Commission was the final authority on this preliminary-final replat request.

END OF THE REGULAR ITEMS AND PUBLIC HEARING ITEMS

Chairman Cox thanked the City Council Members for attending the meeting and Staff for their hard work.

Commission Member Smith asked about possible upcoming training opportunities. Mr. Brian Lockley, Director of Planning for the City of McKinney, stated that Staff was researching into options and should be sending some information to the Commission shortly.

There being no further business, Chairman Cox declared the meeting adjourned at 6:26 p.m.

BILL COX
Chairman



16-926

TITLE: Consider/Discuss/Act on a Resolution Adopting the Purchasing Policy and Procedures Manual

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Purchasing Department

CONTACT: Lisa Littrell, Purchasing Manager

RECOMMENDED CITY COUNCIL ACTION:

- Adopt the Purchasing Policy and Procedures Manual

ITEM SUMMARY:

Revisions to the existing policy were drafted to insure compliance with legally mandated federal, state and local statutes, ordinances and codes, as well as provide uniformity with generally accepted purchasing practices. The updated policy includes comprehensive policies, procedures, and definitions in a clear, easy-to-read format. Notable revisions are as follows:

- **Chapter 4 - Code of Ethics:** New confidentiality statement provided by legal for inclusion
 - Clearly defines close family members
 - Clearly defines unauthorized person;
- **Chapter 11 - Procurement Cards:** Moved chapter up to follow open market purchases
 - Language added requiring cards to remain in cardholder sleeve
 - Prohibits travel/training related meals
 - Language added clearly stating cardholders shall not approve their own transactions
 - Updated the approval and reporting process
 - City marketplace purchases is the only exception for purchasing contracted items with procurement card;

- **Chapter 12 - Open Market Purchases between \$3,000 - \$25,000:** Requisitions exceeding \$3,000 routed through Purchasing for HUB/supplier sourcing;
- **Chapter 13 - Purchases between \$25,000 - \$50,000:** Formal quote threshold increased from \$15,000 to \$25,000;
- **Chapter 16 - Competitive Purchases > \$50,000:** Modified to allow City Manager to authorize purchases under ITB/RFP process in the event bids/proposals received are less than \$50,000
 - Added provision addressing electronic responses;
- **Chapter 19 - Procurement of Prof. Services:** Language added to allow more flexibility, as allowed by Statute, than current policy in obtaining professional services (RFP option included)
 - Added provision addressing electronic responses;
- **Chapter 20 - Disposal of Surplus Items:** Ability to donate to other governmental agencies giving preference to those residing in or adjacent to McKinney.

BACKGROUND INFORMATION:

- Policy Attached
- Proposed policy has been reviewed and revised by legal counsel

FINANCIAL SUMMARY:

- N/A

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Resolution](#)

[Purchasing Policy - Redline](#)

[Purchasing Policy - Final](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS,
ADOPTING THE PURCHASING POLICY AND PROCEDURES MANUAL**

WHEREAS, the City Council of the City of McKinney, Texas, has determined the need to formally adopt revisions to the Purchasing Policy and Procedures Manual to insure compliance with legally mandated federal, state and local statutes, ordinances and codes; and

WHEREAS, the Purchasing Department wishes to insure uniformity with generally accepted purchasing practices.

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

Section 1. The City Council of the City of McKinney, Texas, hereby adopts the attached Purchasing Policy and Procedures Manual to take effect October 1, 2016.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

City of McKinney

Purchasing Policy and Procedures Manual



Office of the City of McKinney Purchasing Department

Adopted: September 20, 2016
Issued: October 1, 2016

City of McKinney
Purchasing Policy and Procedures Manual
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Chapter 1: Introduction

Background	<p>This Purchasing Policies and Procedures Manual provides city departments information to assist in making decisions regarding the purchase of goods and services necessary to perform the functions of their offices and/or departments effectively.</p>
Mission	<p>The mission of the City of McKinney Purchasing Department is to:</p> <ul style="list-style-type: none">• Ensure compliance with local, state and federal laws applicable to city purchasing;• Provide all vendors, including HUBS, equal access to the City's competitive processes for the acquisition of goods and services;• Provide an ongoing supply of quality goods and services to all City offices; and• Protect the interests of City of McKinney taxpayers by avoiding any undue influence or political pressures.
Goals of Public Purchasing	<p>Public purchasing has several goals including:</p> <ul style="list-style-type: none">• purchasing the proper goods and services;• obtaining the best possible price for the goods or services, without sacrificing the quality needed; and• ensuring a continuing supply of goods and services are available where and when needed. <p>Public purchasing must also ensure:</p> <ul style="list-style-type: none">• Responsible bidders are given a fair opportunity to compete for the City's business. This goal can be accomplished by abiding with statutory requirements regarding competitive bids and proposals, and through the City's purchasing policy.• Public funds are safeguarded. The Purchasing Department should attempt to see that the best value is received for the public dollar.• Public spending is not used to enrich elected officials or City employees, or to confer favors. Adoption and implementation of a code of ethics and employee training and awareness of their responsibilities in the public purchasing area accomplish this goal.• Historically underutilized businesses (minority and women-owned) have an equal opportunity in the contract awards process. City of McKinney achieves this goal through complying with Texas Local Government Code Section 252.0215. <p>City of McKinney has adopted a partially centralized purchasing function that provides many benefits including, but not limited to, the following:</p> <ul style="list-style-type: none">• It allows for the consolidation of smaller purchases by individual departments into larger purchases for the entire city, resulting in lower unit prices and cost savings;• Vendors and the business community have a single central link to the city procurement process to facilitate consistent communication and understanding;• Purchasing Department personnel accumulate a solid foundation of knowledge and experience about purchasing, market trends, prices, and vendors. This expertise helps user departments save money by better defining their needs. It also promotes a more efficient procurement process; and• Centralized expertise places the purchasing processes on a professional footing and inspires public confidence in the City's actions.
Other Duties	<p>In addition to the above, the Purchasing Department is responsible for:</p>

- Historically Underutilized Business (HUB) Program;
- Interlocal Purchasing Agreements and Cooperative Purchasing Agreements;
- Inventory and Warehouse Management;
- Disposition of Seized Property; and
- Auctions of Surplus and Salvaged Property.

The Purchasing Department is committed to promoting effective, professional, and consistent procurement for the City of McKinney, as well as championing the public perception that tax dollars are wisely spent. To be successful, the system must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of the City.

The purchasing process is not instantaneous. Time is required to complete the steps required by law. In order to accomplish timely purchasing of products and services at the least cost to the City, all departments must cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and assure the process is both orderly and lawful.

This purchasing manual is not static. Purchasing procedures in the City of McKinney will change as needed, particularly evolving to incorporate technological advances and changing laws.

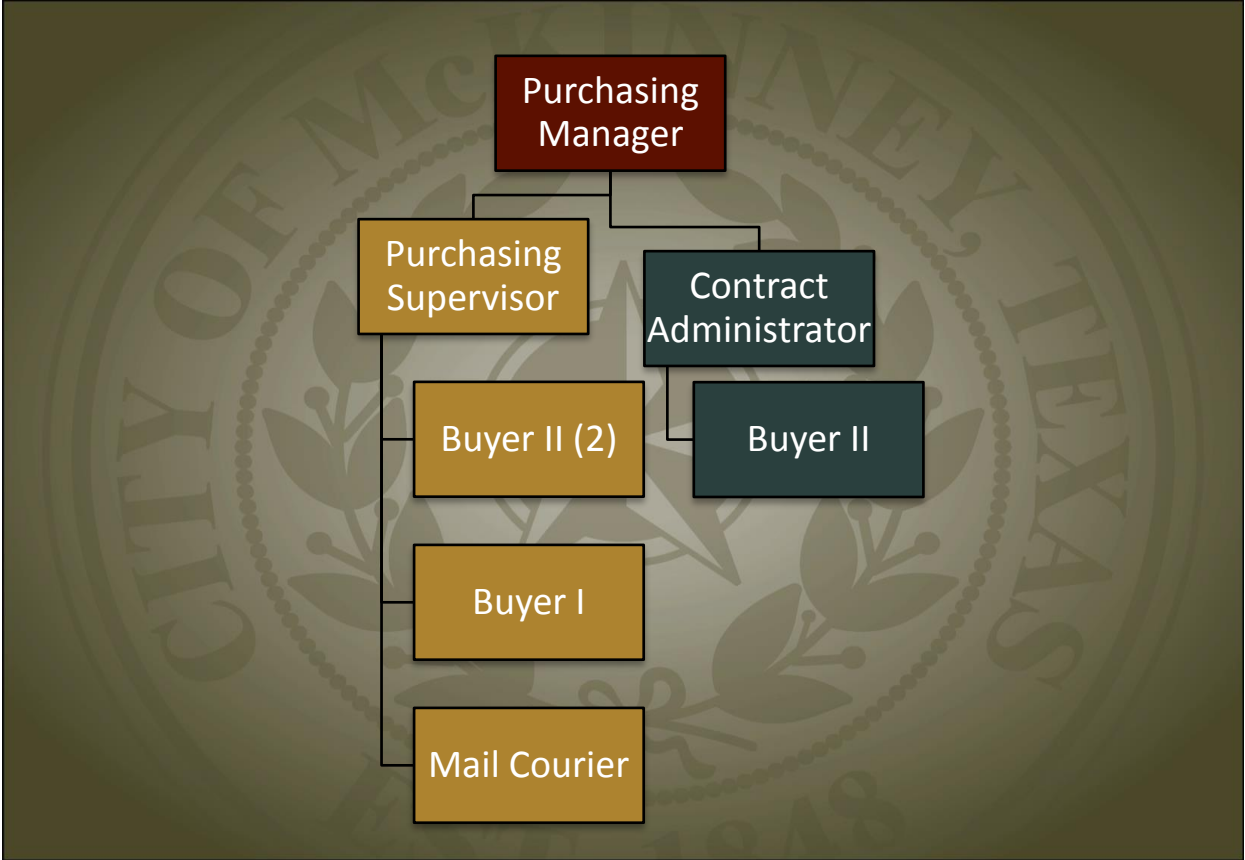
The organizational chart of the Purchasing Department is attached as Exhibit 1.

There are many terms used throughout this manual that pertain to purchasing activities. Definitions of key terms are found in Chapter 2.

A handwritten signature in black ink, reading "Lisa Littrell". The signature is written in a cursive, flowing style.

Ms. Lisa Littrell, CPPO, CPPB
City of McKinney Purchasing Manager

Exhibit 1:
City of McKinney
Purchasing Department Organizational Chart



Chapter 2: Definitions

Advertisement - A public notice in a newspaper of general circulation containing information about a solicitation in compliance with legal requirements

“After-the-Fact” Purchases - Purchases, which are typically unauthorized, that deviate from City of McKinney policies regarding purchases.

Alternate Delivery Method – A method of procuring construction services other than “traditional” competitive bidding. Methods may include best-value competitive bidding, competitive sealed proposals, design-build, construction manager (either at risk or as agent), and job order.

Amendment/Addendum - A document used to change the provisions of a Contract or a Solicitation. An Amendment typically changes a provision in a Contract and requires the consent of the parties to that Contract. An Addendum typically adds an omitted requirement or condition to a Solicitation before its due date and does not require mutual agreement. An Addendum may also add provisions to, delete provisions from, or otherwise modify a Contract prior to the execution of and as a part of the consideration for the execution of the underlying Contract.

Annual Term Contract - A recurring contract for goods or services, usually in effect on a 12 month basis.

ARS - City of McKinney Financial Management System that includes modules for accounting and purchasing.

Best Value - A method of evaluating competitive bids that includes an evaluation based on more factors than just price and whether the presumptive low bidder is responsible. The “best value” process allows the City to consider the following criteria:

1. the price;
2. the bidder’s experience and reputation;
3. the quality of the bidder’s goods or services;
4. the impact on the ability of the city to comply with rules relating to historically underutilized businesses;
5. the bidder’s safety record;
6. the bidder’s proposed personnel;
7. whether the bidder’s financial capability is appropriate to the size and scope of the project; and
8. any other relevant factor specifically listed in the request for bids, proposals, or qualifications.

Best value allows for the selection of the best and lowest overall life cycle cost proposal taking into consideration various factors depending on what is being procured and the factors set forth in the procurement document.

Bid Bonds – A deposit required of bidders to protect the City if a low bidder withdraws its bid following submission or fails to enter into a contract following award. Acceptable forms of bid deposits are limited to: cashier’s check, certified check, or irrevocable letter of credit issued by or drawn upon a financial institution chartered by and subject to the laws of the State of Texas and formal Bid Bonds underwritten by a surety company authorized to do business in the State of Texas and identified as a company authorized to underwrite federal obligations as reflected on the most recent edition of the United States Department of the Treasury’s Circular 570.

Bidder – A vendor that submits a bid including anyone acting on behalf of the vendor that submits a bid, such as agents, employees and representatives.

Bidders’ List - An automated list of vendors who have stated in writing an interest in submitting bids for particular categories of goods and services.

Centralized Master Bidders’ List (CMBL) - A list maintained by the Texas Procurement and Support Services of the Office of the Texas Comptroller of Public Accounts containing the names and addresses of prospective bidders.

Change Order, Contracts - A document used in connection with construction contracts to change a contract after the performance of the contract is begun if changes in the plans or specifications are necessary or if it is necessary to decrease or increase the quantity of work to

be performed or of materials, equipment, or supplies to be furnished, or adjusting the time for performance. A change order cannot be used to change the scope of the project for which the contract was awarded. Please be aware that there are certain legal requirements regarding the approval of change orders and the amount by which a change order may increase or decrease a contract amount.

Change Order, Purchase Order – A document used to modify a Purchase Order for the purchase of goods and services written on the city's standard purchase order form and which change, when accepted by the contractor without qualification within the specified time limit, becomes an amendment to the existing Purchase Order and operates as the vendor's authority to deliver and invoice for goods or services as modified.

City Council - City of McKinney City Council.

Commodity Code - The accounting system classification of goods and services with a unique number assigned to each description.

Competitive Bidding – A transparent procurement process in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract. The aim of competitive bidding is to obtain goods and services at the lowest price for such goods or services through competition and preventing favoritism. The City determines the lowest bidder that is responsible and awards the contract to the low responsible bidder.

Competitive Proposal Process – A transparent procurement process in which proposals from competing contractors, suppliers or vendors are invited by openly advertising the scope and specifications for a particular work, goods or services that also specifies the relative importance of price and other evaluation factors. The City ranks the proposers and then engages in negotiations with the top ranked proposer until an agreement is reached. If an agreement cannot be reached the City moves to the next highest ranked proposer and negotiates with the next highest ranked proposer until an agreement is reached, and so forth. Once the City concludes negotiating with a proposer and moves on to the next highest ranked proposer the City cannot return to negotiations with a previously higher ranked proposer. The aim of competitive proposals is to select the responsible proposer whose proposal is determined to be the most advantageous to the city considering the relative importance of price and the other evaluation factors included in the request for proposals. The competitive proposal process allows the City more flexibility in product solicitation and negotiation to obtain the best final offer in compliance with Section 252.042 of the Texas Local Government Code than is allowed in competitive bidding.

Component Purchases - A series of purchases of component parts of goods that in normal purchasing practices would be purchased in one purchase.

Consultant – A person who provides or proposes to provide advice and counsel in a specialized area.

Contract - A formal, written agreement executed by the City and a third-party containing the terms and conditions under which particular work, goods or services are furnished to the City typically in exchange for the payment of money by the City or the granting of some other form of benefit or consideration from the City to the third-party.

Contractor - A third-party that has been awarded a contract by the City of McKinney.

City - City of McKinney.

City Attorney – The attorney selected and hired by the City Council to handle legal matters for the City and his designated representatives.

Cycle Time - The time between when a purchase requisition is received in the Purchasing Department and placement of a purchase order with a vendor. Cycle time does not include the time required for delivery or the time it takes for the Purchasing Department to obtain corrections to line item accounts, commodity codes, and other necessary information.

Design-Build Contract – A single contract through which the City contracts with a single entity to provide both design and construction services for the construction, rehabilitation, alteration, or repair of a facility.

Design Criteria Package – A set of documents that provide the specifications for the work that must be performed including the explicit goals and end results desired in sufficient detail to permit

a contractor, supplier or vendor to prepare a response to City's request for competitive bids, proposals or qualifications and any additional information requested, including criteria for selection.

Department – That division or group of special expertise or responsibility within the City that deals with a specific subject or area of activity including all city offices and subdivisions of them as well as component agencies when the purchases are funded even partially with city funds.

Director - Any Director of a Department and any person authorized to act on his or her behalf.

Emergency Purchase - An item that must be purchased immediately because of a public calamity to relieve the necessity of the citizens or to preserve the property of the City. An emergency purchase might also include a purchase that is required: (a) to preserve or protect the public health or safety of the City's residents; or (b) as a result of unforeseen damage to public machinery, equipment or other property.

Employee - Any city appointed official, or employee.

Formal Competitive Bidding - The bidding process in compliance with Chapter 252 of the Texas Local Government Code which requires approval by the City Council.

Goods - Any personal property purchased by the City, including equipment, supplies, material, and component or repair parts.

Historically Underutilized Business (HUB) - Texas Administrative Code, Chapter 2161 defines a "Historically Underutilized Business" or "HUB", in part, as one with ownership by "a person who is economically disadvantaged because of the person's identification as a member of a certain group, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians, who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control". Also referred to as a disadvantaged business, Minority/Woman-owned Disadvantaged Business Enterprise or M/W/DBE.

Invitation to Bid (ITB) - Specifications and formal bidding documents requesting pricing for a specified work, good or service which has been advertised for bid in a newspaper.

Invitation to Quote (ITQ) - Specifications and informal bidding documents requesting pricing for a specified work, good or service within a designated time frame.

Lease - A contract for the use of personal property or real property for a period of time in return for a specified compensation.

Lowest Responsible Bid - The offer that provides the lowest price meeting all requirements of the specifications, terms, and conditions of the Invitation to Bid including any related costs to the City in a total cost concept and which submittal, including all reported references contained therein, provides the City with sufficient evidence of the bidder's financial and practical ability to perform the contract, references of past performance indicating the ability to comply with the Contract and satisfactorily complete the subject work, and other information provided to or obtained by the City demonstrating the subject bidder's capabilities, competence and success.

Modification - A document used to change the provisions of a contract.

Negotiations – A bargaining process between the City and one or more third-parties seeking to reach an agreement regarding the terms of a transaction or to resolve a dispute.

Occupant Department - The department that ultimately uses the finished goods or services when the purchase or construction is completed, which may be different from the user department.

Official - Any elected or appointed official and any person authorized to act on his or her behalf.

Payment Bond - A surety bond executed in connection with a contract that secures solely for the protection and benefit of those persons or entities that have a direct contractual relationship with the Contractor to supply public work labor or material ("Payment Bond Beneficiaries") and with which such Contractor the City has contracted for a particular contract the payment obligation of that Contractor to the Payment Bond Beneficiaries.

Performance Bond – A surety bond that provides assurance to the City that the Contractor will faithfully perform the work in accordance with the plans, specifications, and contract documents.

Personal Service – Services performed personally by the specific person who contracted to perform the services.

Policy – This Purchasing Policies and Procedures Manual.

Pre-Bid/Proposal Conference - A conference conducted by the Purchasing Department for the benefit of those wishing to submit a response for services or supplies required by the City that is held in order to allow vendors to ask questions about the proposed contract and particularly about the contract specifications.

Professional Services - Services directly related to professional practices as defined by the Professional Services Procurement Act, including those services within the scope of the practice of accounting; architecture; optometry; medicine; land surveying; and professional engineering.

Professional Services, Other – Those services usually referred to as a professional service, but not specifically listed in the Professional Services Procurement Act and that are within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Proprietary Information - Information provided in responses to solicitations to which a vendor claims ownership or exclusive rights and which may be protected from disclosure under the Texas Public Information Act (Texas Government Code, chapter 551) because such information contains trade secrets, would give advantage to a competitor or bidder or supports certification as a HUB or M/W/DBE provided that the vendor identifies such information as being proprietary.

Public Works - Constructing, altering, repairing or maintaining a public building, public infrastructure or other public asset or facility.

Purchase Order - An order issued by the Purchasing Department for the purchase of goods and services written on the City's standard purchase order form and which, when accepted by the contractor without qualification within the specified time period, becomes a contract or an amendment to an existing contract that authorizes the vendor to deliver to and invoice the City for goods or services specified and commits the City to accept the specified goods or services for an agreed upon price.

Purchase Requisition - An automated request from a user department submitted to the Purchasing Department that authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services for the City and authorizes the Finance Department to charge the appropriate department budget and which request is for internal use only and cannot be used by a department to order materials directly from a vendor.

Purchasing - The acquisition of goods and services including, but not limited to, construction and professional services.

Purchasing Department – The Office of the City of McKinney Purchasing Manager and her staff.

Purchasing Liaisons – The contact person within each department designated to communicate directly with the Purchasing Department.

Purchasing Manager – Means and includes the Purchasing Manager or her designee and may also mean or include the Finance Director in the absence of the Purchasing Manager.

Request for Information (RFI) - A general request to contractors for information regarding a potential future solicitation that is used as a research and information gathering tool for preparation of specifications and requirements.

Request for Proposal (RFP) - A document requesting a proposal from vendors that specifies the relative importance of price and other evaluation factors, and which allows for negotiations after a proposal has been received and before award of the contract for the goods and services sought. See *also* “Competitive Proposal Process,” above.

Request for Qualifications (RFQ) - A document that requests details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act or in conjunction with an alternative bid delivery process.

Responsive – A vendor who has complied with all material aspects of the solicitation document, including submission of all required documents.

Responsible – A vendor who has the capability to perform fully and deliver in accordance with the contract requirements based on consideration of past performance, financial capabilities, and business management together with any other pertinent information.

Sealed Bids - Offers in response to an Invitation to Bids that is advertised in a newspaper and submitted to the Purchasing Department in a manner that conceals the price.

Separate Purchases - Purchases made separately in different orders for goods and services that in normal purchasing practices would be purchased in a single order or in one purchase.

Sequential Purchases - Purchases of items made over a period of time that in normal purchasing practices would be purchased at one time or in one purchase.

Services - The furnishing of labor by a contractor that includes all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, personal or professional services.

Sole Source Good or Service - A good or service that can be obtained from only one source due to patents, copyrights, secret processes, or natural monopolies. The purchase of captive replacement parts or components for equipment that is already owned by the City may also be considered for acquisition as a sole source good or service.

Solicitation - A document, such as an invitation to bid, invitation to quote, request for proposal, request for information or request for qualifications issued by the Purchasing Department that contains terms and conditions for a contract to solicit a response from vendors to provide work, goods or services needed by the City.

Solicitation Conference – A meeting chaired by purchasing staff, designed to help potential vendors understand the requirements of a solicitation. Also known as a pre-bid or pre-proposal conference

Specifications - A total description of a good or service to be purchased by the City, and the requirements the vendor must meet to be considered for the contract which may include requirements for testing, inspection, or preparing any good or service for delivery, or preparing or installing it for use. See *also* “Design Criteria Package,” above.

User Department - The Department, defined above, from whose budget line item the contract is paid.

Vendor - A business entity or individual that seeks to have or has a contract to provide goods or services to the City.

Chapter 3: Purchasing Authority and Policy

Purchasing Laws	<p>The Texas Legislature has enacted laws regulating the purchase of goods and services by government entities. It is the policy of the City of McKinney to fully comply in all aspects with these laws as they may be amended from time to time.</p> <p>The City Manager has directed that the Purchasing Manager oversee and provide a framework for a partially-centralized purchasing system.</p> <p>The Purchasing Department, as well as officials, directors and employees of the City will strive to provide equitable and competitive access to the City’s procurement process for all responsible vendors. Further, City procurement will be conducted in a manner that promotes and fosters public confidence in the integrity of the City’s procurement process.</p>
Purchasing Policy and Procedures Manual	<p>The purpose of this Purchasing Policies and Procedures Manual (“Policy”) is to:</p> <ul style="list-style-type: none">• Seek the best quality, lowest priced goods and services that meet the needs of City and its personnel;• Provide all responsible vendors and contractors, including historically underutilized businesses (“HUBs”), equitable access to serving the needs of the City and its personnel through competitive acquisition of goods and services;

- Comply with all federal and state laws that apply to city purchasing and comply with the requirements in this Policy;
- Manage City inventory efficiently and accurately; and
- Dispose of all surplus, salvage and seized property in a manner that benefits the taxpayers of City, fosters interlocal cooperation and provides assistance to other governmental entities, and complies with applicable law.

Application

The Policy applies to all City officials and employees. The Purchasing Department and City personnel must purchase or lease all goods and services, including maintenance and repair, for all departments in accordance with the Policy.

The requirements and procedures set forth in this Policy are adopted by the City Council.

Effective Date

This Policy shall become effective upon approval by the City Council.

Precedents and Interpretation

- This Policy shall be interpreted liberally to accomplish its purpose.
- If there is any conflict between this Policy and a State or Federal law, or a rule adopted under a State or Federal law, the stricter of the conflicting provisions prevails.
- The masculine, feminine, and neutral genders shall be interpreted to include the other genders as required. The singular and plural shall be interpreted to include the other number as required.
- Headings and titles at the beginning of the various sections of this Policy have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in interpreting this Policy.
- If any provision of this Policy or the application of a provision to any person or circumstances is held invalid by a court of competent jurisdiction, such holding shall not affect the validity of the remainder of this Policy and the application of its provisions to other persons and circumstances shall not be affected.
- In general, the Purchasing Manager interprets this Policy. Any questions regarding the Purchasing Manager's interpretation and/or application of the Policy may be taken to the Chief Financial Officer for his review and consideration. The City Manager shall resolve any question about any interpretation and/or application of this Policy when there is a conflict with the Chief Financial Officer's determination.

Additional Resources

For additional information, the following are listed as references:

- Comptroller of Public Accounts, State of Texas Cooperative Purchasing Manual
http://www.window.state.tx.us/procurement/prog/coop/coop_manual.pdf
- The State of Texas Contract Management Guide, Version 1.6
<http://www.cpa.state.tx.us/procurement/pub/contractguide/>

Chapter 4: City of McKinney Purchasing Code of Ethics

Policy	<p>It is the policy of City of McKinney that the following ethical principles should govern the conduct of every employee involved, directly or indirectly, in the City’s procurement process.</p>
Accountability	<p>It is essential for employees to take ownership of, and be responsible for, their actions to preserve the public trust and protect the public interest.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Apply sound business judgment.• Be knowledgeable of and abide by all applicable laws and regulations.• Be responsible stewards of public funds.• Maximize competition to the greatest extent practicable.• Practice due diligence.• Promote effective, economic and efficient acquisition.• Support economic, social and sustainable communities.• Use procurement strategies to optimize value to stakeholders.
Ethics	<p>It is essential for employees to act in a manner true to these values to preserve the public’s trust.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Act and conduct business with honesty and integrity, avoiding even the appearance of impropriety.• Maintain consistency in all processes and actions.• Meet the ethical standards of the profession.
Impartiality	<p>It is essential for employees to engage in unbiased decision-making and action to ensure fairness for the public good.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Be open, fair, impartial and non-discriminatory in all processes.• Treat suppliers equitably, without preference or discrimination, and without imposing unnecessary constraints on the competitive market.• Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders.
Professionalism	<p>It is essential for employees to uphold high standards of job performance and ethical behavior to balance diverse public interests.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Follow the lead of, and learn from, those with education, experience, and professional certification in public procurement.• Continually contribute value to the organization.• Continually develop as a professional through education, mentorship, innovation, and partnerships.• Develop, support, and promote the highest professional standards in order to serve the public good.• Seek continuous improvement through on-going training, education, and skill enhancement.
Service	<p>It is essential for employees to assist other City employees and citizens in a professional manner to support the public good.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Be a crucial resource and strategic partner within the organization and community.• Develop and maintain relationships with other City employees.• Develop collaborative partnerships to meet public needs.• Maintain a customer-service focus while meeting the needs, and protecting the interests, of the organization and the public.
Transparency	<p>It is essential for employees to have and follow easily accessible and understandable policies and processes that demonstrate responsible use of public funds.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Exercise discretion in the release of confidential information.• Maintain current and complete policies, procedures and records.• Provide open access to competitive opportunities.• Provide timely access to procurement policies, procedures and records.

Responsibility to City	Employees shall avoid activities that compromise or give the perception of compromising the best interests of the City of McKinney. Employees shall not knowingly use confidential proprietary information for actual, perceived or anticipated personal gain.
Conflict of Interest	<p>Employees shall avoid any activity that might create a conflict between their personal interests and the interests of the City of McKinney. Conflicts exist in any relationship where the City's best interest may be different from the employee's best interests or the best interest of someone associated with the employee. Conflicts of interest include an employee participating in any way in any procurement in which:</p> <ul style="list-style-type: none">• The employee or any member of the employee's family within the first degree of relationship by blood or marriage (a "close family member"), has a financial interest in the results of the City procurement process;• A business or organization in which the employee, or a close family member, has an employment relationship or an ownership of interest has a financial interest in the result of the City procurement process; or• Any other person, business, or organization with whom the employee or a close family member is negotiating for or has an arrangement concerning prospective employment. <p>If conflicts of interest exist, the employee shall notify the Purchasing Manager in writing and remove him or herself from the City procurement process.</p>
Perception	Employees shall avoid the appearance of unethical or possibly compromising practices in relationships, actions and communications associated with the City procurement process.
Gratuities	Employees shall not solicit or accept money, loans, gifts, favors or anything of value, from present or potential contractors that might influence or appear to influence a purchasing decision or the City procurement process. If anyone is in doubt about whether a specific transaction complies with this policy, the person should disclose the transaction to the Purchasing Manager for a determination of compliance.
Confidential Information	Employees shall, to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures, keep the proprietary information of vendors that is obtained during the procurement process confidential. Employees shall not disclose vendor proposal information obtained from a solicitation to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person") until such time as the contract has been awarded.
Confidentiality Statement	<p>The City of McKinney Purchasing Department uses a confidentiality statement (Exhibit 2) to ensure compliance with the City's ethics policy regarding the confidentiality of proprietary information. Before the evaluation of confidential proposals, the Purchasing Department sends the confidentiality statement to evaluation committee members for signature and certification, which signature and certification may be confirmed electronically. The statement contains the following requirements to which the evaluation committee member is expected to adhere during the course of the evaluation process and until an award is approved by the City Council:</p> <ul style="list-style-type: none">• All information in the vendor's response is to be kept confidential to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures.• No discussion of the proposal is to occur with any unauthorized person. Notwithstanding the foregoing, an evaluation committee member may discuss the proposal with the City Manager or one or more Deputy City Managers and Assistant City Managers upon request and consult with subject matter experts employed by the City regarding the proposal(s) provided that the subject matter expert has signed the applicable confidentiality statement.• Evaluation committee members must be familiar with and read the City of McKinney Purchasing Code of Ethics and agree to comply with its requirements including reporting any violations of the Purchasing Code of Ethics and any potential conflict of interest as well as any attempt to exercise undue influence or attempted communications from vendors and other third-parties during the evaluation process. <p>Compliance with the requirements outlined in the Confidentiality Statement is crucial. If proprietary information of any vendor is compromised during the procurement process, all proposals may be rejected.</p> <p>Exhibit 2: Example City of McKinney Confidentiality Statement</p>

CONFIDENTIALITY STATEMENT
DISCLOSURE OF SOURCE SELECTION INFORMATION

In accordance with the City of McKinney Purchasing Policy, this project was issued as a competitive proposal, and, therefore, all information contained in the response should be kept **CONFIDENTIAL** until an award is approved by City Council. I certify that I will make no disclosure or release of any source selection information to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an “unauthorized person”). This includes the contents of proposals submitted in response to the City of McKinney’s Request for Proposal for (insert project name) and any evaluation thereof prior to final execution of the contract.

I further certify that I will not discuss with any unauthorized person the Evaluation Team’s findings or decisions, the contractor’s approaches, or any information generated during the selection process. I understand that disclosure or release of any such information to an unauthorized person may subject me to adverse administrative action and may require the rejection of all proposals. Notwithstanding the foregoing it is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Deputy City Managers or Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

Please refer all questions for information to (insert buyer’s name).

To the best of my knowledge, neither I nor my spouse, ex-spouse (if applicable), children, stepchildren, parents, siblings or in-laws (collectively “close family member”) has a direct or indirect financial interest in, including any part-time or full-time employment with, any of the prime respondents (see attached list) that conflicts or appears to conflict with my duties as an evaluation team member; nor do I or a close family member have any other interest that might impact my independent judgment in connection with this evaluation. (I understand that a financial interest of any amount, no matter how small is considered a disqualifying financial interest for such purposes.)

In the event I later become aware of a conflict, I agree to disqualify myself and report this fact to the Purchasing Manager.

NOTE: Application for employment is considered a financial interest and must be reported.

PRINT NAME

_____ SIGNATURE	_____ DATE
Chapter 5: Purchasing Manager Authority and Responsibilities	

Authority	The City of McKinney Home-Rule Charter, Chapter VI, “Finance Department,” Sec. 49 – Purchasing Department, establishes a Purchasing department which shall purchase, store and distribute all supplies, materials and equipment required by any office, department or agency of the City.
Statutory Authority and Duties	<div>All Purchasing Department activity shall be conducted in compliance with the City of McKinney Home-Rule Charter, Chapter VI, Sections 49 and 50, the Code of Ordinances, City of McKinney, Texas (“McKinney Code”), Texas Local Government Code, Chapters 252 and 271, and Texas Government Code, Chapters 2252, 2253, 2254 and 2269 as any and all of such provisions may hereafter be added to, subtracted from, amended, revised or deleted.</div> <div><ul style="list-style-type: none">The Purchasing Department shall purchase all supplies, materials, and equipment required or used, and contract for all repairs to property used by the City or a subdivision, officer, or employee of the city, except purchases and contracts required by law to be made on competitive bid.The Purchasing Manager shall participate in all purchases made on competitive bid and shall see that all purchased supplies, materials, and equipment are delivered to the proper city officer or department in accordance with the contract terms.The Purchasing Manager shall recommend the transfer of City surplus or seized goods that are not needed or used, from one department or employee, to another department or employee requiring the goods or the use of the goods.The Purchasing Manager shall ensure compliance with the Professional Services Procurement Act.</div>

- Only the City Manager, or his designee, has signature authority to execute contracts of any nature (i.e. agreements, statement of work, etc.) which have been approved by Council via the budget or agenda item.
- The City Manager has authorized the Purchasing Manager to sign tax exemption forms and credit applications.
- Rules and procedures adopted by this Purchasing Policy include rules and procedures for employees to use City purchasing cards to pay for City purchases under the direction and supervision of the Purchasing Department.
- The Purchasing Manager shall confer with the City Attorney when necessary to interpret this Policy or requirements under applicable State and Federal laws.

Additional Responsibilities

In addition to statutory duties, the Purchasing Manager:

- Encourages and supports compliance with Texas purchasing laws;
- Works in conjunction with the Finance Department and other City officials in the development of efficient financial processes;
- Promotes local business participation in City procurement processes; and
- Provides the business community with a central link to City business

Chapter 6: Purchasing Process, Policy, Roles and Responsibilities

Purchasing Process

The general purchasing process as outlined in Exhibit 3 contains several stages with responsibilities that are often designated by statute. It begins with requirements planning and identification culminating with the receipt of and payment for goods and services.

Exhibit 3: Purchasing Process

Step	Performed By:
Identify requirements and obtain budget	User Department (Purchasing Department may assist)
Define/finalize requirements	User Department and Purchasing Department
Submit electronic requisition outlining requirements to Purchasing	User Department
Solicit, advertise, and generate Purchase Orders and Contracts from requisition and send to vendor	Purchasing
Submit electronic requisition identifying increase change to dollar value for Purchase Orders, (budget confirmation) reference original Purchase Order in reason field	User Department
Submit email requesting changes to Purchase Orders for correction of vendors and product/service descriptions	User Department
Generate Purchase Order change order from requisition and/or email and send to vendor	Purchasing
Receive good/service and verify completeness against contract	User Department (Purchasing Department coordinates)
Electronically receive item in the City's automated requisitioning system ("ARS") upon receipt of good/service and submit original invoice to Finance Department.	User Department
Match received amount with invoice and audit	Finance Department
Process and approve payment of invoice.	Finance Department
Disburse payment of invoice	Finance Department

User Do's and Don'ts

Coordination among many City departments and offices is necessary for the process to work smoothly. To avoid delays and comply with the Policy and state law, user departments should remember the following:

- **Do not authorize the purchase of any goods or services.**
- **Do not purchase any goods or services for your own personal benefit.**

- **Do not authorize product demonstrations, trials or wear tests without knowledge and coordination by the Purchasing Department.**
- **Do not obligate the City for the purchase of goods that are delivered for use on a trial basis.**
- **Do not commit to acquire goods or services without an authorized purchase order.** Anyone obligating an expenditure of funds for goods or services before securing a purchase order may be held personally responsible for the payment, and may face criminal charges.
- **Do not use purchasing strategies to avoid the requirements of this Policy or which may violate the law.** Strategies that are prohibited by law include:
 - purchasing component parts that would normally be purchased in one purchase (component purchases);
 - separately purchasing items that normally would be purchased in one purchase (separate purchases); and
 - purchasing items over a period of time, that normally would be purchased in one purchase (sequential purchases).

A city officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Texas Local Government Code Section 252.021 is committing a Class B misdemeanor according to Texas Local Government Code Section 252.062 (a). In addition, a city officer or employee who intentionally or knowingly violates the competitive bidding requirements of Texas Local Government Code Section 252.021 in some other manner is also committing a Class B misdemeanor. Tex. Loc. Gov't Code § 252.063. The final conviction of a City officer or employee for a violation of Section 252.021, as explained above, also results in the immediate removal of that person from any office or employment with the City; and, prohibits the removed individual from being appointed or elected to public office in the State of Texas and further prohibits the individual from working for the City or receiving any compensation through a contract with the City for a period of four years from the date of conviction. See Tex. Loc. Gov't Code § 252.063.

- **Adhere to the City Purchasing Code of Ethics and avoid activities and behaviors that are unethical or create a conflict of interest or the perception of a conflict of interest.** Examples of activities that are inappropriate include:
 - soliciting or accepting money, loans, gifts, favors or anything of value of any kind from present or potential contractors that might influence or appear to influence a purchasing decision;
 - failing to disclose in writing to the Purchasing Manager a conflict of interest and not removing yourself from the procurement process when there is a conflict; and
 - disclosing confidential proprietary information from solicitations to other vendors or using the information for personal gain.
- **Ensure funding is available before submitting a requisition.** Texas law does not allow expenditures of funds that exceed the City's fiscal year budget. Purchasing does not process requisitions for which there is not adequate funding in the current budget.
- **Plan purchases to minimize the use of emergency and expedited purchases.** Rush purchases are generally more expensive and they delay other requisitions already in the system. Vendors may attempt to charge premium prices for goods and services needed in an expedited manner. Costs can be elevated when there is insufficient time allowed to explore alternative sources or options.
- **Plan purchases to allow sufficient time to process purchase requests.** The Purchasing Department is committed to processing all requisitions within a reasonable amount of time. In general, departments should allow 1-2 weeks for all non-contract purchases between \$25,000 and \$50,000 and 6–8 weeks on all purchases requested over \$50,000 that are not covered by an existing contract. Existing contract requisitions and requisitions under \$25,000 are generally processed within one day of receipt.
- **Ensure that purchasing policies and procedures are understood before ordering.** Departments must assure that all employees responsible for making

department purchase requests have read and understand the purchasing procedures set forth in this Policy. Departments should also ensure that employees attend any training provided by the Purchasing Department.

- **Coordinate with Purchasing on receipt of goods and services.** Since the City does not have centralized receiving, each department is responsible for individually receiving goods and services. Departments should contact the individual listed as the buyer on the purchase order to make Purchasing aware of vendor performance issues such as shortages, late delivery, or damaged merchandise. If the item received is a fixed asset the item must be reported to Finance for tracking.

Roles and Responsibilities There are specific roles and responsibilities for both user departments and the Purchasing Department during the procurement process. The City’s Procurement Process protects the integrity of the internal processes and provides fair and equal access to all vendors seeking to do business with the City. Exhibit 4 outlines the primary roles and responsibilities.

Policy Deviations If there are indications that a requisition is for an after-the-fact purchase, an explanation setting forth the reasoning for a requisition after the purchase has been made must be provided. Forms for this purpose will be made available by the Purchasing Department. The form must be signed by the employee’s Director and include statements describing the following:

How did the purchase occur prior to a requisition being issued and the circumstances surrounding it?

Whether or not the actions that occurred were in the best interest of the City, and if not, to what extent were these actions detrimental to the City?

Actions taken to correct the circumstances which led to the deviation from City policy or procedure and to prevent future deviation.

Disciplinary action may be taken against the employee(s) involved where actions were not justifiable. Steps to reinforce policy and use of positive administrative action(s) such as staff training, establishment of internal procedures, realignment of staff responsibilities, etc., are to be undertaken to correct any existing problem(s) that may discourage adherence to policy.

Exhibit 4: Formal Purchasing Process Roles and Responsibilities

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
Requirements Definition/ Specification Development	<div>1. Identifies what is needed, when it is needed, the quantity needed and where it is needed and works with Purchasing Department to document need in writing a specification</div> <div>2. Ensures funding (budget) is available to support need</div> <div>3. Sends specification and requisition with funding to Purchasing Department</div> <div>4. Works with Purchasing Department to develop evaluation criteria/ formats (as applicable)</div> <div>5. Drafts agenda request for Purchasing approval</div>	<div>1. Consults with User Department in development of specification and procurement process to be used</div> <div>2. Works with City Attorney to prepare or review solicitation and contract documents</div> <div>3. Reviews specification to ensure that it is descriptive and specific but does not prevent competitive bidding of comparable goods</div> <div>4. Works with user department to develop evaluation criteria/formats (as applicable)</div> <div>5. Prepares agenda item for City Council (if applicable)</div> <div>6. Reviews/edits agenda request and files in Legistar</div>
Solicitation	<div>1. Reviews solicitation documents before issuance to ensure department needs are met</div> <div>2. Provides Purchasing Department with a list of potential vendors that can meet the solicitation requirements</div> <div>3. Provides technical clarifications to Purchasing Department if vendor questions arise</div> <div>4. Supports pre-solicitation conferences (as applicable)</div>	<div>1. Develops solicitation documents based on specification and sends to user department for review before final issuance</div> <div>2. Issues solicitation to vendors registered on electronic bidding system (and those identified by user department)</div> <div>3. Advertises solicitation in accordance with State law</div> <div>4. Conducts pre-solicitation conferences (as applicable)</div> <div>5. Provides answers or clarifications to vendors through</div>

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
		addenda before solicitation closes 6. Receives and logs vendor responses 7. Prepares responses for evaluation and sends to user department
Evaluation and Negotiation (as applicable)	1. Evaluators from department sign confidentiality statement and send to Purchasing Department (as applicable) 2. Evaluates response based on established evaluation criteria and formats 3. Completes evaluation and submits recommendation to Purchasing Department 4. Works with Purchasing Department to develop negotiation strategy (as applicable) 5. Participates as member of negotiating team to negotiate Best and Final Offers (as applicable) 6. Works with Purchasing Department to co-develop final recommendation for award 7. Provides information to Purchasing Department (memorandum) to support contract award agenda development	1. Issues confidentiality statement to all evaluators before evaluation commences (as applicable) 2. Supervises evaluation process to ensure consistent and fair application of evaluation criteria 3. Acts as point of contact for evaluator requests and communications to vendors for additional information 4. Compiles individual evaluation results and works with users to develop recommendation for award and prepares contract award agenda item for City Council or 5. Works with user department to develop negotiation strategy (as applicable) 6. Leads negotiating team to negotiate Best and Final Offers (if applicable) 7. Receives Best and Final Offers and co-develops final recommendation for award (if applicable) and 8. Prepares contract award agenda request for City Council
Contract Modifications	1. Request modifications in writing to Purchasing Department 2. Reviews draft and final modification to ensure it meets department needs	1. Evaluates modification request and works with user department to develop modifications 2. Coordinates with vendor and user department to develop draft modifications 3. Works with City Attorney to review and finalize modifications 4. Obtains appropriate signatures (vendor, attorney, etc.) 5. Either Purchasing Manager approves modifications or develops City Council agenda item for approval depending on type and amount of modification
Contract Performance Monitoring	1. Receives copy of contract and monitors vendor performance and delivery 2. Notifies Purchasing Department of non-performance and provides written documentation outlining details of non-performance (dates, description of problem, etc.) 3. Works with Purchasing Department to develop acceptable corrective actions (as applicable)	1. Maintains complete contract file with supporting documentation during term of contract 2. Works with vendor to resolve performance issues as identified by user department 3. Develops corrective actions and timetables for completion to resolve performance issues and documents in contract file (as applicable) 4. Works with user department and City Attorney to terminate contract when necessary because of non-performance

Chapter 7: Historically Underutilized Business Program

Policy	<p>The policy of the City of McKinney Purchasing Department is to ensure a good faith effort is made to assist certified HUB vendors and contractors in receiving contracts in accordance with State law:</p> <p><i>Texas Local Government Code, Chapter 252.0215. A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161 of the Texas Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.</i></p>
Informal Solicitations	<p>For expenditures over \$3,000 and less than \$50,000, the Purchasing Department solicits a quote from two certified HUBs, if available.</p>
Formal Solicitations	<p>The Purchasing Department uses a third party vendor to maintain the Bidders List. All registered vendors within a specific commodity and sub-commodity category are solicited. All HUB vendors are encouraged to register with the third party vendor so they are included in formal solicitations within the commodity code they select.</p>
Eligibility	<p>City of McKinney does not certify HUB vendors. HUB vendors must complete the certification process with the State of Texas Comptroller of Public Accounts. The HUB vendor must hold a current valid certification from the Comptroller.</p>

Chapter 8: Other General Purchasing Policies

IT Review of Data Processing Equipment	<p>The Information Technology Department (IT) shall review and approve all purchase requests made by departments for software, hardware and other data processing equipment save and except Pre-approved Marketplace Items (defined below). This procedure is to ensure compatibility and standardization of the City's computer system. IT may provide the Purchasing Manager with a list of the goods and services that have been pre-approved and need no additional review ("Pre-approved Marketplace Items"). Pre-approved Marketplace Items also include renewals and re-purchases of previously approved software applications, but do not include updates or new versions that may by their revisions be rendered incompatible. To purchase any other data processing goods or services, the user department must obtain IT approval.</p>
Risk Management Coverage	<p>When departments sustain loss or damage to goods or buildings, and funding for replacement or repair is coordinated through the Risk Management Department, the actual purchase is processed by the Purchasing Department. Additionally, the Risk Manager must notify the Finance Department so that fixed asset inventory files can be updated, if applicable.</p>
After Hours Emergency Purchases	<p>Each department must have written internal procedures consistent with this Policy that address Emergency Purchases (defined in Chapter 2 of this Policy) in an amount of less than \$50,000 that occur after regular work hours. If you have any questions regarding whether a particular purchase meets the state law definition of an emergency purchase, please contact the Purchasing Manager.</p> <p>Each department's written internal procedures should require that department employees contact their immediate supervisor or other designated person for approval prior to making an Emergency Purchase. On the first working day after the Emergency Purchase, the department must enter a purchase requisition into the ARS and complete the Emergency Purchase Justification form, available on the City's Intranet, and submit to the Purchasing Manager.</p>
Interlocal Agreements	<p>All interlocal agreements with other governmental and quasi-governmental entities which will provide for a Cooperative Purchasing Program, only, between the City and other governmental and quasi-governmental entities must be reviewed by the Purchasing Manager and may be approved by the City Manager pursuant to Resolution No. 2000-08-093.</p>
Best Value	<p>If the competitive sealed bidding requirement applies to the contract for goods or services, and if so specified in the bid documents, the contract must be awarded to the lowest responsible bidder or alternatively, if so specified in the bid documents, to the bidder who provides goods or services at the best value for the City. In determining the best value for the municipality, the City may consider:</p> <ul style="list-style-type: none">• the purchase price;• the experience and reputation of the bidder and of the bidder's goods or services;• the quality of the bidder's goods or services;• the extent to which the goods or services meet the City's needs;• the bidder's past relationship with the City;• the impact on the ability of the City to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;• the total long-term cost to the City to acquire the bidder's goods or services; and• any relevant criteria specifically listed in the request for bids or proposals.
Electronic Transactions	<p>Electronic sealed bids or proposals shall be accepted in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.</p> <ul style="list-style-type: none">• Invitations to Bid and Requests for Proposals will be advertised and issued through the City's electronic service provider. A notification will be added to bid terms and conditions stating suppliers may/should submit responses electronically through

City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.

- At the specified bid closing time, a *password-enabled* employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.

Purchasing staff will read aloud all bid responses received by the stated bid closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with a qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".

Vendor List

The Purchasing Department maintains a list of vendors who have requested that they be sent notices of advertised solicitations through our third party electronic service provider. The vendor is responsible for registering on-line via the City's website www.mckinneytexas.org. They may categorize their business by the commodity codes for the goods and services that they are capable of providing. The Purchasing Department utilizes a third party vendor for maintenance of the vendor list and publication of solicitations.

As a courtesy to vendors, and as a means of encouraging competition, notification of each solicitation is provided to appropriate vendors via email. The Purchasing Department also advertises solicitations on the City's cable television channel, on the City Purchasing website at <http://www.mckinneytexas.org>, and in a newspaper of general circulation as required by law.

Stock Requisition

A City stock room will be maintained for use by all departments. Departments may obtain materials directly from this stock room through electronic supply requisition (stock req.). Materials and supplies in the stock room have already been purchased by the City based upon anticipated needs. Consequently, a purchase order is not needed to obtain such items, only a supply requisition.

Petty Cash

Incidental items under \$50 (with the exception of items available on fixed price contracts) may be purchased utilizing petty cash.

Field Purchase Order (FPO)

Payments, in which use of a purchase order would not be practicable (no need to shop for services), are allowed by electronic field purchase order (or by hard copy check request where FPO is unavailable). FPO's should not be used for recurring services. Electronic field purchase orders/check requests may be utilized for the following items:

- Seminar, conferences (registration, fees – not travel advances)
- Employee reimbursements (mileage)
- Advertisements
- Subscriptions, dues and memberships (magazines, professional/trade annual fees)
- Refunds (Parks, Community Center, UB, Court only)
- Utility payments (electric, gas, phones)
- Banking/Financial Fees (credit card fees, debt service payments, broker fees, etc.)
- Food (for council meetings, department meetings)
- Land Acquisition (easements, right of way or land purchases only)
- Personal Services (artists, instructors, judges, translator)
- Legal Fees (attorneys, legal services)
- Doctors/Medical Services
- Contributions/Support (grant or program support, prisoner retention)
- Other payments as authorized by the Finance Director

Ethical Procurement

City of McKinney departments are encouraged to do business with companies who adhere to the federal and state labor law and regulations, including but not limited to:

- The Fair Labor Standards Act through limiting child labor, requiring payment for overtime work and requiring payment of at least the general prevailing daily wage rate for work of a similar character performed in the same locality.
- The Occupational Health and Safety Act which requires safe working practices and procedures in all projects.
- The provision of workers' compensation insurance, by the general contractor and all subcontractors, in accordance with the Texas Workers' Compensation Act on any City building or construction project.
- Any state or federal law prohibiting discrimination or harassment based on age, gender, race, religion, or national origin in the work place.

The City of McKinney, including the Purchasing Department, is strongly committed to upholding these beliefs in ethical and humane business practices.

Grant Funded Purchases

Grants should be administered via a written contractual agreement between the City and the party providing the service. Grants administered by the State are governed by Chapter 2261 of the Texas Government Code, which includes grants in the definition of a contract unless certain criteria are met. All purchases made with grant monies will comply with the terms and conditions of the grant, as well as the City's procedures regarding all purchases. Grants often have short time frames to meet and although every effort will be made to expedite purchasing processes where possible to meet these deadlines, the department is responsible to provide the Purchasing Manager a copy of all procurement requirements in the grant document in a timely manner.

Chapter 9: The Requisitioning Process

Definition	Requisitioning is the formal request for a purchase to be made. It is the first step after the need for goods or services is recognized.
Purpose	The department's purchase requisition authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services. This automated form is for internal use and cannot be used by a department to order materials directly from a vendor.
Policy	City of McKinney uses an automated requisitioning system, commonly referred to as the ARS. Based on pre-established budget line items, the user department enters purchase requisitions into the ARS. Adequate budget funds must be available in the departmental line item(s) before the Purchasing Department can purchase the requested goods and services.
Procedure	<p>Purchase requisitions should fully describe what to buy, when it is required, and where the goods are to be delivered or the services are to be performed. The user department needs to “build” a complete description of the item(s) needed. Exhibit 5 identifies the information and steps the user department should follow to obtain the full descriptive information needed to process requisitions expeditiously. The information should be researched and obtained before the user department enters a requisition in the ARS.</p> <p>After the Purchasing Department receives a purchase requisition, it determines the appropriate purchasing method based on the cost of the purchase, the goods and services to be purchased, the existing contracts for goods and services and other relevant factors.</p> <p>Specific instructions on entering purchase requisitions into the automated ARS are not covered in this manual. The user department can contact the Purchasing Department for training.</p> <p>Note: Cycle time to process a requisition refers to the time between when a purchase requisition is received in the Purchasing Department and when an actual purchase order is placed with a vendor.</p> <p>Reminder: It is the department’s responsibility to track the progress of their requisition to make sure it is released from the Financial Service’s queue. Time the requisition may spend in the Financial Service’s queue is not included in cycle time.</p> <p>Emergency Requisitions: Please contact the Purchasing Department prior to entering an emergency requisition into the automated ARS and inform the Purchasing Department that you are submitting an emergency requisition so the emergency requisition can be promptly retrieved from the ARS and processed.</p>

Exhibit 5: Open Market Requisition Checklist

Step	Reference Source:
Identify the commodity and sub-commodity code for the item(s) to determine the accounting line item(s) to be used and ensure that there are sufficient budgeted funds available. Perform budget transfer if necessary, before submitting requisition.	ARS (purchasing module for commodity/sub-commodity and financial module for account line item balances)
Find the desired item(s) and obtain the following information: ✓ Manufacturer Name (e.g. Dell) ✓ Model Number (e.g. Pentium series II, model Number 135867) ✓ Unit of measure (e.g. each) ✓ Unit price, quantity, and total price ✓ Item description (complete description with as much detail as possible)	Vendor catalog, Internet research Helpful hint: copy the model description information from the source and either type it in the requisition or e-mail to purchasing. Also, identify where you got the information (e.g. Office Depot catalog p.22 or online at www.officedepot.com , item xxx)
Obtain the full description for the item(s) being purchased. Example of full description (file cabinet): File Cabinet, Vertical, 2 Drawer, Letter Size, Dimensions 27 3/4"H x 17 11/16"W x 25"D, Color: Steel Gray Shipping Weight: 320 Lb. MFG: FireKing P/N FK25	Vendor catalog, Internet research

(seen online at Office Depot catalog)	
Check the vendor name to see if the vendor exists in the ARS and verify the vendor number. If the vendor does not exist, obtain the following to enter into requisition comments: ✓ Vendor name ✓ Vendor address ✓ Vendor telephone number ✓ Vendor point of contact (who you talked with to get product information) ✓ Email and/or fax number	ARS Purchasing module (requisition function)
Identify shipping and delivery information including: ✓ Date required ✓ Shipping (determine if it is included in price or is a separate item) ✓ Department point of contact to whom item will be delivered ✓ The “Ship to” location ✓ Any specific delivery instructions (location, time of day etc.) ✓ Any special options that are available, but not part of description (color, fabric, etc.)	ARS Purchasing module (requisition function)

Chapter 10: Open Market Purchases Under \$3,000

Policy	For open market purchases of goods and services totaling less than \$3,000, end user shall seek a source with fair and reasonable pricing.
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none">• Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to quotes from other suppliers;• Purchasing should be contacted if additional sources for a particular product or service are needed;• Quotes should be entered in the appropriate space on the electronic requisition and forwarded to Purchasing for supplier selection/confirmation, price confirmation and issuance of a Purchase Order;• In accordance with State statutes, under no circumstances is the user department authorized to place an order without Purchasing approval or unless a purchase order has been obtained from the Purchasing Department; and• Contact the Purchasing Department with any concerns or questions you may have.

Chapter 11: Procurement Cards

Purpose	<p>The City of McKinney Procurement Card Program has been made available through a contracted banking services provider, hereafter called the Bank. The card will allow selected employees to purchase items required for the daily operations of their departments. The intent of the procurement card is to enhance the capabilities of City personnel to perform operational tasks without the administrative delay of obtaining Departmental Purchase Orders. The card is offered to promote ease of operation; however, it should not be used to replace pre-planning. All purchases made with the Procurement Card are to follow the City of McKinney’s Purchasing Policies, Cardholder/Supervisor guides, the City of McKinney’s cardholder agreement, the Travel Policy and any other applicable policies. All policies and guides are available for reference on the Purchasing intranet page.</p>
Issuance	<p>Cards will be issued in the name of each individual and the City of McKinney. The card will remain the property of the City of McKinney. Each potential cardholder will attend a training session and sign a procurement cardholder agreement prior to being issued the card.</p>
Statements	<p>Statements will be mailed to cardholders by the Bank. Cardholders are to reconcile their receipts with the transactions shown by the Bank. Attach all documentation, note any additional information pertinent to the purchase, receive necessary approvals and forward to Finance. Statements are to be reconciled by the department on a monthly basis and all receipts must be forwarded to Finance per the timeline listed in the cardholder guide.</p>
Returns, Credits and Disputed Charges	<p>Should a problem arise with a purchased item, service or charges, every attempt should be made by the cardholder to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits or disputed charges. The returned, credited or disputed item should be documented.</p>
Returns	<p>If a cardholder needs to return an item to a supplier, cardholder must contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking fee for returns. Returns must be documented.</p>
Credits	<p>If the supplier accepts an item as a return, a credit for this item should appear on the following statement. Cardholder must follow up with the supplier until the credit appears.</p>
Disputed Charges	<p>If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on reports forwarded to Finance. If a cardholder cannot resolve a disputed item directly with the supplier, the cardholder should contact the Program Administrator. Bank provider will place the charge in a “State of Dispute” and the account may be given a provisional credit until receipt of adequate documentation from the supplier is received. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is considered to be fraudulent, the card will be immediately locked, the account may have a provisional credit (if given) and an investigation of the charge will continue. A new card will be re-issued to the cardholder, if appropriate. If the charge appears legitimate after investigation, the transaction will then post to the new account.</p>
Security of The Card	<p>The cardholder is responsible for the security of the card. This city-issued credit card should be treated with at least the same level of care that cardholder would use with his/her own personal credit cards. Guard the Procurement Card Number carefully. It should not be posted in a work area. Do not leave the card in a conspicuous place, but rather keep it in an accessible, secure location. Cardholder shall always keep the procurement card in the protective sleeve provided by the city and only remove it from the sleeve for official City business use.</p> <p><i>The only person authorized to use the Procurement Card is the cardholder whose name appears on the card. The card is to be used for business purposes only.</i></p>
Lost or Stolen Cards	<p>Record the Bank’s Customer Service number in a handy location. If a Procurement card is lost or stolen, the cardholder shall immediately contact the Bank’s Customer Service number. After contacting the Bank, the cardholder shall immediately notify the Program Administrator. Prompt action can reduce the City’s and the cardholder’s liability for fraudulent activity.</p> <p>It is imperative that Purchasing and Finance be notified immediately of any of the aforementioned problems.</p>

Responsibility of Cardholders	<p>The Procurement Card may be used ONLY for CITY RELATED BUSINESS. No personal use of the card will be allowed. Misuse of the Procurement Card may subject the cardholder to discipline up to termination and criminal prosecution.</p> <p>Purchases should be made by use of the Procurement Card only if it is the most efficient and most cost effective method. Procurement Cards should not be used to replace planning for the department's needs. The City promotes progressive productive work methods and supports planning ahead to achieve the best possible results.</p> <p>Cards must be used under SECURE CONDITIONS ONLY. Only secure websites are allowed for online transactions. Look for either a "lock" icon at the top of the screen or an added 's' in prefix of the site's URL, specifically "https://". If one of these indications is not present, do not complete the transaction. Cardholders are to use caution when providing a card number by telephone or by facsimile.</p> <p>The City of McKinney is exempt from sales tax. BE SURE TO CHECK ALL RECEIPTS TO ENSURE THAT TAX HAS NOT BEEN INCLUDED.</p>
Card Restrictions	<p>Cardholders are prohibited from using the Procurement Card to purchase local business meals with the exception of the City Manager, Deputy City Managers and Directors (who are authorized to purchase reasonable business meals as determined by the City Manager). Business meal receipts shall be documented to include attendee names and purpose of the meeting.</p> <p>Travel/Training – related meals are handled on per-diem basis. Therefore, the Procurement Card shall not be used for these type meals. See travel policy.</p> <p>The Procurement Card shall not be used for items and/or services on contract, CIP projects, fixed assets or capital outlays. The City Marketplace is the only exception where payment for contracted items can be made with a procurement card.</p> <p>To remain in compliance with Texas Local Government Code Section 252.0215, the cardholder must solicit quotes from HISTORICALLY UNDERUTILIZED BUSINESSES if total expense for a commodity reaches \$3,000 or more. (Contact Purchasing or refer to 'Purchasing' on the intranet for "how-to" information.)</p> <p>For examples of appropriate purchases, refer to the City of McKinney Procurement Card Program, Quick Reference Cardholder Guide.</p>
Director and Approving Officer Responsibilities	<p>Directors will set expenditure and purchase limits.</p> <ul style="list-style-type: none">• Predetermined card limits of \$1000 per transaction have been set. However, if a Director requests a lower limit for certain cards the cardholder will be notified by their Director. Directors have the authority to assign higher per transaction and per cycle limits.• In the event that the cardholder misuses the card the Director may cancel the card and require the return of the card. Further disciplinary action may result. <p>Approving Officers will review all purchases.</p> <ul style="list-style-type: none">• The Approving Officer is responsible for timely reviewing and approving of cardholder monthly transactions. Notwithstanding the foregoing, an Approving Officer or Director shall not review and approve their own cardholder monthly transactions. Rather, such cardholder monthly transactions shall be reviewed and approved by their respective Supervisors.• The Director will counsel cardholders and their Approving Officers whenever cardholders are not adhering to all requirements and guidelines of the card. In the event that a cardholder misuses the card, the Program Administrator may cancel their card. The Finance Director, Program Administrator and Human Resources Director will work in conjunction with Director on appropriate disciplinary action for card misuse. The Purchasing Department will conduct audits of the Procurement Card usage in the same manner as is done with Departmental Purchase Orders.• Neither the Bank nor the merchant bears any responsibility for inappropriate purchases. If the cardholder makes a purchase, the merchant will be paid and the department budget charged unless the City returns the merchandise and the merchant agrees to accept and issue a credit.• The Approving Officer shall immediately report any inappropriate purchases made by any cardholder to their Director. The Supervisor of the Approving Officer, if the

Director is not the Approving Officer's Supervisor, shall immediately report any inappropriate purchases made by the Approving Officer to their Director. The Director shall counsel the offending cardholder, including an offending Approving Officer, and report the offending cardholder and/or offending Approving Officer and inappropriate purchase to the Program Administrator.

- In the event a Director makes any inappropriate purchases, such inappropriate purchases shall be immediately reported to the Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department as well as the City Manager. The Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department and/or the City Manager shall counsel the Director and report the Director and inappropriate purchase to the Program Administrator.

Director will request new cards and/or cancellation of existing cards.

- The Director is responsible for notifying the Program Administrator to process the application of an authorized cardholder, cancel the card of a cardholder and for turning in a card to be cancelled.
- Whenever the employment of a cardholder ends, or the individual is transferred to other duties, the Director is responsible for returning the card to the Program Administrator for cancellation.

**Program
Administrator
Responsibilities**

The Program Administrator will be responsible for:

- processing applications to obtain Procurement Cards for staff members and for canceling cards returned by the Director upon their request.
- keeping a current list of all cardholders, card numbers, card limits and card history. They will also be responsible for the integrity of the system and as such may request a full audit of the cardholder account.
- reviewing the appropriateness of purchases made with the Procurement Cards and any misuse and/or abuse of card privileges (collectively "Occurrence") will be dealt with as follows:
 - Occurrence 1 – The Director determines if the cardholder should be individually responsible for the charge, if the individual should continue in the program, and any disciplinary action up to and including termination. Program Administrator will be notified of the disposition of the incident.
 - Occurrence 2 – Program Administrator and Director will meet to determine if the individual will continue in the card program and the Director will determine the need for disciplinary action up to and including termination.
 - Occurrence 3 – Program Administrator and Finance Director may terminate the cardholder's participation in the program, and the Director will determine the need for disciplinary action up to and including termination.
- Each occurrence is subject to discipline at the Director involvement consultation.
- Merchant Category Codes (MCC) will be assigned to give the purchaser optimum buying capability. Samples of the MCC, which will be available, are:
 - Tools
 - Auto Parts
 - Janitorial Supplies
 - Auto Repair
 - Office Supplies
 - Safety Supplies

The Procurement Card will cover most of the purchases that a department makes. A complete listing is available through the Program Administrator. Should a department determine that they have additional needs beyond the MCC the department should submit a written request to the Program Administrator and at that time, if deemed necessary, the new MCC will be added.

Chapter 12: Open Market Purchases between \$3,000 - \$25,000

Policy

For open market purchases of goods and services totaling between \$3,000 and \$25,000, **Purchasing** will solicit price quotations from a minimum of three sources to assure fair and reasonable competition. Any exception must be approved by the Purchasing Manager and documented on the requisition.

The Purchasing Department shall contact at least two Historically Underutilized Businesses (HUBs) when making expenditures in this category, on a rotating basis based on information provided by the Texas Procurement and Support Services pursuant to Chapter 2161 of the Texas Government Code. If the HUB list fails to identify a historically underutilized business within Collin County for the service or goods sought, the City is exempt from this requirement, and the Purchasing Department will obtain the required quotes. The Purchasing Department will maintain the proper documentation reflecting compliance with this obligation.

Considerations

To protect the integrity of the process, all solicitations of quotes shall comply with the following:

- Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to or provided information regarding quotes from other suppliers;
- Purchasing should be contacted if additional sources for a particular product or service are needed;
- Quotes should be entered in the appropriate space on the electronic requisition for supplier selection/confirmation, price confirmation and issuance of a Purchase Order. Results regarding the solicitation of price quotations from HUBs will be documented and kept on file by the Purchasing Department;
- In accordance with State statutes, under no circumstances is the User Department authorized to place an order without Purchasing's prior approval or unless a purchase order has been obtained from the Purchasing Department; and
- Contact the Purchasing Department with any concerns or questions you may have.

Chapter 13: Purchases between \$25,000 - \$50,000

Policy	Formal written quotes are obtained <i>by Purchasing</i> for these purchases
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none">• Department shall submit a requisition to Purchasing for services and/or products required;• Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;• Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Quote (ITQ). Invitation to Quote will be forwarded to prospective suppliers and shall state a specific date, time and location for quote submittal. Purchasing will be responsible in these instances for complying with the State’s HUB requirements; and• Departments must allow adequate time (at least one to two weeks) for processing orders in this category.

Chapter 14: Purchases over \$50,000

Policy	<p>Texas State law (Texas Local Government Code Chapter 252) sets the requirements for formal solicitations. By law, purchases of more than \$50,000 require that a competitive sealed bid or a competitive sealed proposal process, including public notice, public opening of the bids and City Council award, be utilized. See Policy, Chapter 16. Certain expenditures are exempt from the competitive bidding requirements. See Tex. Loc. Gov't Code § 252.022. A department must contact Purchasing to determine if an exemption applies. See Policy, Chapter 19.</p>
Considerations	<p>No specifications are to be written with the intent to exclude a possible bidder. Tex. Loc. Gov't Code § 252.047 allows that competitive bidding can be let on either a lump-sum or a unit price basis. If unit price bids are solicited, the approximate quantities of each item needed are to be estimated in the requisition based on the best available information but payment to the contractor must be based on the actual quantities involved. <i>Id.</i></p> <p>The competitive sealed bid process is used for most purchases. Electronic receipt of bids and the Reverse Auction procedures may be used if the Purchasing Manager deems those processes to be the best method for the solicitation. Bids are awarded based on lowest responsible bidder or best value, as established in the bid documents. See Chapter 8 of this Policy for a discussion regarding “Best Value” bidding.</p> <p>The competitive sealed proposal process may be used when circumstances dictate and the Purchasing Manager has designated, through the proposal process, that this process is the best method of procurement for the particular item and/or service. Proposals are awarded based on the most responsible offeror whose proposal is determined to be the most advantageous to the municipality, considering the relative importance of price and the other evaluation factors included in the request for proposals.</p> <p>To protect the integrity of the process, all solicitations shall comply with the following:</p> <ul style="list-style-type: none">• Department shall submit a requisition to Purchasing for services and/or products required;• Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;• Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Bid (ITB) or Request for Proposals (RFP) in consultation with, as needed, the City Attorney. Bid documents will be forwarded to prospective vendors and shall state a specific date, time and location for submittal; and• Departments must allow adequate time for processing orders in this category.

Chapter 15: Specifications

Definition

A specification is a concise description of goods or services that user departments seek to buy and the requirements the vendor must meet to be considered for the award. A specification may include requirements for testing, inspection, preparing any goods or services for delivery, or installing them for use. The specification is the total description of the goods and services desired to be purchased.

Purpose

The primary purposes of any specification is to provide vendors with firm criteria about a minimum standard acceptable for goods or services by providing reasonable tests and inspections to determine their acceptability and to provide purchasing personnel with clear guidelines of the needs of the department which will be used to produce the purchase documents. As a result, the specification also:

- promotes competitive bidding; and
- provides a means to make an equitable award to the lowest and/or best bid from a responsible bidder.

Preparation

In writing specifications, user departments are encouraged to obtain an existing specification (i.e. City or another public entity-created RFP) before starting to write a new one. The existing specification can provide ideas and examples that can be customized for City of McKinney purposes. The user department should contact the Purchasing Department for assistance in obtaining existing specifications to facilitate the specification development process.

There are numerous sources for specifications. These include other departments within the City, the City Attorney's Office, other governments, professional trade associations, professional purchasing associations and user knowledge. Some specification libraries that are available include:

- Texas Specification Library located at the Texas Comptroller of Public Accounts website: www.window.state.tx.us/procurement/pub/specifications-library/
- General Services Administration, Federal Supply Service – Specifications Section found at www.gsa.gov
- Texas Department of Transportation Standard Specification Index located at http://www.dot.state.tx.us/gsd/purchasing/tssi_alpha.htm
- National Institute of Governmental Purchasing. Contact Purchasing for assistance because this is available to members only.

The user department, occupant department or an outside agency may propose specifications. To ensure compliance with legal purchasing requirements, the Purchasing Department has final determination of the language included in specifications, except for specifications for construction projects. Specifications for construction projects shall be developed in coordination with the City Attorney. The User Department Director is responsible for obtaining final approval of the specifications. This ensures proper quality control and avoids the proliferation of conflicting specifications in the different City departments.

To facilitate specification development and avoid duplication of their efforts, user departments should submit their specifications in electronic format to the Purchasing Department.

Characteristics	<p>An effective specification has the following characteristics:</p> <ul style="list-style-type: none">• Simple: Avoids unnecessary detail, but is complete enough to ensure that purchased goods and services satisfy their intended purpose.• Clear: Uses terminology that is understandable to the user department and vendors.<ul style="list-style-type: none">➤ Eliminates confusion by using correct spelling and appropriate sentence structure.➤ Avoids the use of jargon and “legalese”.• Accurate: Uses units of measure that are compatible with industry standards, identifies all quantities and describes packing requirements.• Competitive: Identifies at least two commercially available brands, makes, or models (whenever possible) that satisfy the intended purpose.<ul style="list-style-type: none">➤ Avoids unneeded specifications or “extras” that could reduce or eliminate competition and increase costs.• Flexible: Avoids situations that prevent the acceptance of a response that could offer greater performance for fewer dollars.<ul style="list-style-type: none">➤ Uses approximate values that are within a 10% range for the dimensions, weight, speed, etc. (whenever possible) if these values can satisfy the intended purpose.
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Types	<p>The Purchasing Department uses a number of specification types:</p> <ul style="list-style-type: none">• Design - Details description of a good or service, including details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients and all other information needed to produce an item of minimum acceptability. Design specifications are usually required for construction projects, custom-produced items and many services.• Performance – Details required performance parameters such as required power, strength of material, test methods, standards of acceptability, and recommended practices. Performance specifications are usually used for capital equipment purchases.• Brand Name or Equal - Lists goods or services by brand-name, model, and other identifying specifics, except that products with performance equivalent to the characteristics of the named brand are specified as acceptable. Other manufacturers may provide a nearly identical product under another brand name. The Purchasing Department uses this method only if there is a business purpose justification. The burden of justification rests with the user department.• Industry Standard – States an industry standard that is identical, regardless of manufacturer that results in acquisition of goods of uniform quality. The UL standard for electrical products is an example of an industry standard.
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Chapter 16: Competitively Solicited Purchases Exceeding \$50,000

Definitions and Use

There are two primary types of solicited purchases - competitive bidding and competitive proposals. Competitively solicited purchasing means letting available vendors compete with each other to provide goods or services.

The Dallas 5th District Court of Appeals explains the use or process of competitive bidding as follows:

"Competitive bidding requires due advertisement, giving opportunity to bid, and contemplates a bidding on the same undertaking upon each of the same material items and services covered by the contract; upon the same thing. It requires that all bidders be placed upon the same plane of equality and that they each bid upon the same terms and conditions involved in all the items and services and parts of the contract, and that the proposal specify as to all bids the same, or substantially similar specifications." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

Purpose of Competitive Bidding

The Dallas 5th District Court of Appeals further explains the purpose of competitive bidding as follows:

"The purpose of competitive bidding is to stimulate competition, prevent favoritism, and secure the best work and materials at the lowest practicable price for the best interest of the taxpayers and property owners." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

The first purpose of competitive solicitations is to ensure the best possible value is received. Competitive solicitations also increase the likelihood that public monies are spent properly, legally, and for public projects only.

The second purpose is to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so.

Competitive Bidding: The term "Formal Competitive Bidding" generally applies to public purchasing when the solicitation process complies with Texas Local Government Code § 252.021, and the solicitation award requires approval by the City Council.

Competitive "sealed" bids are solicited through an advertisement for bids for public works projects, goods and supplies and non-personal services expected to exceed \$50,000. The advertisement for bids contains the specifications, terms, general conditions and special conditions for the public works project, and/or the procurement of goods and supplies and non-personal services ("Bid Documents") as well as the agreement and related performance, payment and maintenance bonds that with the Bid Documents comprise the "Contract Documents" for the project. A formal set of Bid Documents that include the City's standard terms and conditions, reviewed by the City Attorney's Office, must be used for any procurement in excess of \$50,000.

The City Council must accept and award the contract for any public works projects, and/or the procurement of goods and supplies and non-personal services that exceed \$50,000 which are solicited through the competitive sealed bid process to the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city timely responding to the advertisement for bids and returning a fully completed and signed Bid Proposal and Bid Bond. The User Department and Purchasing Department work together to determine whether the presumptive low bidder is the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city and prepare a bid tabulation regarding the bids received together with an agenda item recommending to the City Council that the project be awarded to the appropriate bidder. The Contract Documents once signed by the bidder and the City Manager following approval of the City Council form the contract between City of McKinney and the vendor. **Competitive sealed bids are not negotiated and are based upon the terms and conditions set out in the Bid Documents and Contract Documents.**

The competitive sealed bid method is the most preferred method of procuring the performance of public works projects, goods and supplies and non-personal services. It is used when the requirement can be definitively described, is readily available and is an off-the-shelf type of acquisition. Competitive bid contents are not disclosed until after the contract is awarded. In the event that the Bid Documents call for the submission of background documents that are trademarked or proprietary such documents may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact

the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

Competitive Proposals: The term "Formal Competitive Proposal" generally applies to public purchasing in amounts exceeding \$50,000 when the solicitation process complies with Texas Local Government Code § 252.021, and the solicitation award requires approval by the City Council.

Competitive proposals are solicited through a sealed Request for Proposals (RFP) process. Vendors submit responses to the RFP for consideration. The RFP solicits proposals from vendors in response to the City's requirements and contractual terms and conditions. A formal contract that includes the City's standard terms and conditions, reviewed by the City Attorney's Office, must be approved by the City Council for any procurement in excess of \$50,000.

While the RFP process is similar to the competitive sealed bid process, there are notable differences. The primary difference is that the RFP results in a negotiated procurement. Cost is not necessarily the primary determining evaluation factor; however, its relative importance to other evaluation factors must be specified in the RFP and considered in recommending the award of the contract. Also, the proposals in the RFP process are received, but are not opened and read publicly at the time of receipt. Proposal contents are not disclosed until after the contract is awarded to the responsible proposer whose proposal is determined to be the most advantageous to the city under the pertinent evaluation factors. Proposal contents that are trademarked or proprietary may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

In accordance with Texas Local Government Code § 252.021, the formal competitive proposal (RFP) method may also be used to purchase other items more typically bid through the competitive sealed bid process when the Purchasing Manager determines it is in the best interest of the City.

Procedures

In the City of McKinney, competitive solicited procurements which call for approval by City Council due to an expenditure in excess of \$50,000 are required to comply with the requirements of the Texas Local Government Code and, with few exceptions, are accomplished by the process set forth in this chapter. Throughout this chapter, "bids" are vendor responses in the competitive sealed bid process and "proposals" are vendor responses in the RFP process. Unless specifically noted, the procedures apply to both the competitive sealed bid and RFP.

Pursuant to Section 50 of the Charter of the City of McKinney, the City Manager generally has the authority to authorize purchasing expenditures under either the competitive sealed bid process or the RFP process if, and only if, (a) the bid or proposal received by the City is for an amount of less than \$50,000, (b) the subject of the bid or proposal is contained within the then current City budget, (c) the amount of the bid or proposal does not exceed the budget for such public works projects, goods and supplies and non-personal services and, (d) such bid or proposal is otherwise exempt from the State of Texas' laws regarding the competitive procurement processes. All purchases required to be competitively bid or which require a competitive procurement process shall conform to applicable State law, provided further that only the City Council shall have the right to reject any and all bids.

Defining the Need

Competitive Sealed Bid: When the need for a good or service costing more than \$50,000 is identified, the user department should immediately contact the Purchasing Department for assistance in developing the specifications. The specification should be comprehensive and broadly defined to allow for maximum competition.

RFP: When the need for the goods or services (greater than \$50,000) is identified, the user department should immediately contact the Purchasing Department for assistance in defining the requirements to be used for the solicitation. The user department is responsible for submitting a Statement of Work (SOW) or Technical Requirements that functionally define the needs and requirements of the department regarding such goods or services. Purchasing Department staff will review to ensure that the SOW or Technical Requirements is quantified and structured to:

- secure the best economic advantage utilizing best value;
- state the needs or requirements clearly;
- be contractually sound;

- treat all vendors fairly and without favoritism;
- encourage innovative solutions to the requirement described; and
- permit free and open competition to the maximum extent reasonably possible.

Purchase Requisition

A written memo submitted to the Purchasing Manager and signed by the Director, or designee, or a direct e-mail from the Director, or designee, serves as the initial purchase requisition for goods or services. The memo must include the budget line items from which the purchase is funded or an explanation about how funding is obtained before the Purchasing Department will proceed with the preparation of the competitive solicitation.

Requirements or specifications should be attached to the memo and forwarded electronically to the Purchasing Department. If requirements or specifications are not attached, Purchasing and the user department will work to jointly develop them.

The user department must follow up the memo request with the entry of a purchase requisition in the ARS. The Purchasing Department will not proceed with a purchase unless:

- The appropriate budget line item includes sufficient unencumbered funds for the purchase; or
- The Financial Services Department verifies that funds are available through budget transfers; and
- The Director, or designee, of the user department has approved the proposed requirements or specifications prepared or as revised by the Purchasing Department.

Notice

Once the Purchasing Department has finalized the specification or requirements with the Director, or designee, of the user department, the Purchasing Department prepares the solicitation for issuance and submits the solicitation to the Director of the user department for final approval. Following receipt of the Director's approval the Purchasing Department publishes a notice of the proposed purchase that complies with the requirements in Texas Local Government Code § 252.041.

According to Section 252.041, notice of a proposed purchase must be published at least once a week in a newspaper published in the municipality. 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. To ensure vendors sufficient time to complete and return the solicitation, the Purchasing Department generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days. The notice must include:

- The specifications (requirements) describing the goods and services to be purchased, or a statement of where the specifications (requirements) may be obtained;
- The time and place for receiving and opening solicitations and the name and position of the employee to whom the paper solicitations are sent as well as the appropriate electronic address for the City's electronic source provider through which electronic submissions may be submitted; and
- The type of bond required from the vendor, if applicable.
- If unit pricing is required, City must specify approximate quantities, estimated on the best available information.

The Purchasing Department publishes the notice of the proposed purchase.

Special Considerations

If the solicitation is for high technology goods and services, IT must review it before it is advertised.

If the solicitation is for rolling stock, the Fleet Manager must review it before it is advertised.

Amendment of Solicitation

The Purchasing Department may extend the proposal opening date on the notice of a solicitation if an error is discovered or if the nature of the goods or services requires an extension. The Purchasing Manager may amend a solicitation, after consultation with the Director, or designee, of the user department:

- If inquiries about the meaning indicate the need for an amendment to clarify its original intent or to correct clerical errors; and
- If the amendment does not change the general scope.

There should be at least three days between the date of the amendment and the opening date in the notice. If there are less than three days, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date in the notice.

Pre-Bid (Proposal) Meeting

The Purchasing Department may invite potential vendors to attend a pre-bid (pre-proposal) meeting to discuss contract requirements and answer vendor questions. The Purchasing Manager will work with the user department to determine if a pre-bid (pre-proposal) meeting is necessary. The Purchasing Department manages any pre-bid (pre-proposal) conference and requests that the user department makes staff available to answer questions at the meeting.

Receipt of Responses to Competitive Solicitations

To ensure the identification, security, and confidentiality of responses to solicitations, both electronic and paper, the following procedures are adhered to:

- The Purchasing Manager receives all responses as specified by the solicitation document.
- **Responses to solicitations are not accepted after the opening time on the day of response opening.** All responses offered after the opening time are returned unopened to the vendor with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the vendor that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the bid/proposal number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After a response is received, the Purchasing Department will provide a secure place to hold the solicitation until the opening date. The responses are only accepted if sealed. Responses remain sealed until the Purchasing Department opens them in a public forum at the advertised date and time.
- On occasion, responses that are received in the mail or by other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response (especially the price for a bid) were not reviewed and the response will be sealed by the receiving employee of the Purchasing Department, with the incident documented.

Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the Bid Documents/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.

- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will print the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Public Opening of Solicitations

Competitive Sealed Bid: The Purchasing Manager, or designee, publicly opens paper responses and electronic responses, reads aloud and documents the bids at the date, time, and place specified in the notice. Preliminary tabulations are provided to the public upon request. Disclosure of trade secrets and confidential proprietary information contained in bid responses, if any, obtained from a vendor is subject to the provisions of the Texas Public Information Act.

RFP: The Purchasing Manager publicly opens and documents sealed proposals, paper and electronic, at the date, time and place specified in the notice. Only the names of vendors submitting proposals are announced.

Proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All proposals that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information contained in proposals obtained from a vendor is subject to the provisions of the Texas Public Information Act.

Confidentiality Statement

RFP: Please see Chapter 4 of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation

Competitive Sealed Bid: The Purchasing Department evaluates all bids with assistance from the user department and recommends the lowest responsible bid or best value bid to the City Council for award. The Purchasing Department evaluates bids based on:

- The purchase price;
- The reputation of the bidder and the bidder's goods or services;
- The quality of the bidder's goods or services;
- The extent to which the goods or services meet the municipality's needs;
- The bidder's past relationship with the municipality;
- The safety record of the bidder (when allowed under Tex. Loc. Gov't Code § 252.0435;
- The impact on the ability of the municipality to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- The total long-term cost to the municipality to acquire the bidder's goods or services; and
- Any relevant criteria specifically listed in the request for bids or proposals.

The Purchasing Department forwards the bids, the Bid Tabulation, evaluation forms (if applicable) to the Director for completion. The user department recommendation and other appropriate documentation from the user department are submitted with the City Council agenda request to justify the recommended award.

When the lowest priced bid is not the best bid, based on value or responsibility of bidder, clear justification for not selecting the lowest bid must be documented.

RFP: The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that the evaluation is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

The RFP must specify the relative importance of price and other evaluation factors; the relative weight of each factor must be stated. Evaluators may only use the specified factors in evaluating the proposals. Purchasing staff leads the evaluation team and is responsible for:

- Tabulating scores;
- Calculating values; and
- **either**
 - Coordinating follow-up meetings to obtain best final offers from all proposers after submission and prior to awarding the contract and recommending an award; or
 - Discontinuing the process.

Please note state law requires that proposers shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. See Tex. Loc. Gov't Code § 252.041. After the evaluation is completed, Purchasing forwards an evaluation summary to the Director of the user department for concurrence with the selection and a request that the Director submit a memo to the Purchasing Department signifying the user department's concurrence in the evaluation. The Purchasing Department works with the Director of the user department to develop the recommendation for award and present it for approval to the City Council.

**Negotiations
(RFP)**

The Purchasing Manager, or designee, supervises all negotiations. Any conversations with proposers must be coordinated with the Purchasing Manager, or designee. Departments that contact proposers without coordinating with the Purchasing Department risk jeopardizing the integrity of the City procurement process.

Contract Award

Competitive Sealed Bid:The Purchasing Department along with user department recommends contract award to City Council. The City Council either:

- Awards the contract; or
- Rejects all bids and publishes a new notice if the goods or services are still needed.

If two responsible bidders submit the lowest and best bid, the City Council decides between the two bidders by drawing lots in a manner prescribed by the City Council.

After City Council approves the contract, the Purchasing Manager issues a Notice of Contract Award. This notice and the Contract Documents identified in the original solicitation form the complete contract. A complete original contract is maintained in the City Secretary's Office. A copy will be distributed to the user department.

RFP: The award of the contract is made by City Council to the responsible proposer, whose proposal is determined to be the best evaluated offer resulting from negotiations, taking into consideration the relative importance of price and other evaluation factors in RFP. Negotiations are instituted with the highest ranked proposer. If an agreement is not successfully negotiated with the highest ranked proposer, those negotiations are formally ended and negotiations commenced with the next highest ranked proposer and so forth until an agreement can be successfully negotiated. Failed negotiations are not subject to renewed discussion.

Change Orders

The City Council shall approve change orders that increase the amount of a contract by more than \$50,000, whether that amount is exceeded by one change order or the cumulative amount of all change orders for the contract. The City Council shall also approve change orders that increase the amount of a contract beyond the initial "not to exceed" amount established by the City Council when the contract was approved.

The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less and that are within the range of the "not to exceed" amount approved by the City Council.

	<p>In no case shall the original contract price be increased, based on the total of all change orders, by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the express written consent of the contractor.</p> <p>A change order shall not be issued until it is determined that the necessary funds are budgeted and available. A statement to that effect should be included with the back-up documentation.</p> <p>Change orders are not required for contracts that are exempted or excepted from the competitive bidding requirements as provided in Chapter 252 of the Texas Local Government Code. But, please note a contract that was originally entered into with a vendor or contractor in an amount that did not require compliance with the state’s competitive bid statutes cannot later be increased to an amount that would have required compliance with the state’s competitive bid statutes. Such a purchase or acquisition would be considered a sequential or component purchase that violates the competitive bid statutes and for which conduct criminal penalties may attach. Regardless, any increases in the amount of the contract in excess of \$50,000 requires City Council approval and increases of \$50,000 or less may be approved by the City Manager.</p>
Re-Solicitation of Annual Contracts	<p>The Purchasing Department monitors the expiration dates of all contracts. Purchasing notifies user departments by email at least four months before contract expiration and verifies whether the goods or services continue to be needed and the contract needs to be re-bid, renewed or extended, if renewals or extensions are available. Purchasing also sends the existing specifications or requirements to the user department and requests any changes before the solicitation is reissued. The user department returns the specifications or requirements with any additions, deletions, or corrections.</p>
Reverse Auctions	<p>In purchasing goods and services, the Purchasing Manager may use reverse auction procedures under Texas Government Code, Chapter 2155. Reverse auction means:</p> <ul style="list-style-type: none">• A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services; or• A real-time bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services.
On-going Maintenance	<p>An often-overlooked cost of equipment or software is on-going maintenance. All on-going maintenance issues should be considered, evaluated and priced in the initial procurement process.</p>

Exhibit 6: Procurement Methods

Procurement Method	Use When	Advantages	Disadvantages
Competitive Bids (Invitation to Bids)	Adequate competition exists. The product or service is available from more than one source.	Award process is simpler. Award is made to the lowest responsive, responsible bidder or the bidder providing the best value to the City.	Defined specifications may be difficult to develop. Does not encourage innovative solutions.
Competitive Proposals (Request for Proposals)	When factors other than price are evaluated. When negotiations are desired. Vendor is expected to provide innovative ideas.	Allow factors other than price to be considered. Allows for customized proposals suggesting different approaches to the same business need. Allows for negotiations in order to obtain the best value for the City.	Lead times for procurement may be greater. Evaluations are more complex.
Request for Information	There is insufficient information to write specifications for any procurement method.	Provides information to prepare a complete bid or proposal document.	Lengthens the procurement process.

		Allows the business community to have input into the solicitation document based on current industry practices and market factors. Informs City of any potential problems early in the procurement.	
Request for Qualification/Services	Selection is made solely on the skills and qualifications of the professional.	Emphasizes the competency of the proposed professional contractors	Contractor is tentatively selected before price is negotiated.

Chapter 17: State Purchasing Programs

Background and Statutory Authority

There are three types of purchasing programs that allow local governments to purchase goods and services using contracts competitively awarded by the State of Texas or other governments through the Texas Procurement and Support Services Cooperative Purchasing Program (State of Texas Co-op). The Procurement and Support Services Division (TPASS) of the Texas Comptroller's Office manages two of them. The third program allows local governments to purchase computer technology directly from the state's Department of Information Resources (DIR).

- **Term Contracts** (authorized by sections 271.081 through 271.083 of the Texas Local Government Code). The City may purchase from vendors on the same terms and conditions as the State. The State has entered into term contracts after using competitive bidding procedures. The TPASS manages this program for the State.
- **Texas Multiple Award Schedule (TXMAS)** (authorized by section 2155.502 of the Texas Government Code). The City may purchase goods and services from a schedule of multiple award contracts developed by the TPASS. The schedule is adapted from General Services Administration (GSA) Federal Supply Service contracts. TXMAS contracts take advantage of the most favored customer (MFC) pricing and under certain circumstances; the City may negotiate a lower price for the goods or services offered on a scheduled contract.
- **Department of Information Resources (DIR)** (authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code). The City may purchase computer-related equipment through the DIR and its contracted vendors.

Official Representative

The Purchasing Manager acts as the official representative for the City of McKinney in all matters related to the purchase of goods and services from a vendor under any contract based on a State Purchasing program. The City is responsible for making payments directly to these vendors should the City choose to utilize a State Purchasing program contract.

State Term Contract Purchases

Policy City of McKinney participates in the purchasing program of TPASS for local governments.

Procedure The Purchasing Manager either submits requisitions to the TPASS under a contract or electronically sends purchase orders directly to vendors and reports to TPASS on actual purchases in compliance with TPASS regulations. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for all purchases under this program made for the City.

To initiate this process, the user department submits a purchase requisition. The Purchasing Department determines if the requested goods or services are available from TPASS contracts. If they are available, the Purchasing Department assigns a state requisition number that is used for reporting and payments.

Texas Multiple Award Schedules (TXMAS) Purchases

Policy City of McKinney participates in the purchasing program of the TPASS using TXMAS contracts developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state.

Procedure The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may

coordinate and deliver all necessary documents for purchases under this program for City of McKinney.

To initiate this process, the user department may research goods and services on the TPASS website to determine if the goods or services are available from TXMAS. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service may be available through TXMAS. The Purchasing Department determines if the requested goods or services are available from TXMAS and compares prices among TXMAS vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and then issues a purchase order with the selected vendor providing the best value.

Department of Information Resources (DIR) Purchases

Policy The City purchases computer-related equipment and services through the state’s Department of Information Resources (DIR) and from its contracted vendors. The City contracts with DIR and uses its Go DIRect program.

Procedure The Purchasing Manager either submits requisitions to the DIR under any contract or electronically sends purchase orders directly to DIRect vendors. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for purchases under this program made on behalf of the City.

To initiate this process, the user department may research goods and services on the DIR website to determine if the goods or services are available from DIR or its contracts. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service is available from DIR. The Purchasing Department determines whether or not the requested goods or services are available from DIR, and if available, the Purchasing Department compares prices among DIR vendors to obtain the best value. The Purchasing Department works with user department to determine best value and issues a purchase order with the selected vendor providing the best value. For larger, more complex IT purchases, the Purchasing Department may work with the City Attorney’s Office on a supplemental contract to ensure the best interests of the City are covered. The user department should plan their procurements accordingly to allow sufficient time to negotiate and enter into a contract with the selected vendor, if necessary.

If the purchase is from a vendor who is part of the Go DIRect program, the City issues the purchase order directly to the vendor and pays the vendor directly. If the purchase is to a vendor that is not part of the Go DIRect program, the City issues the purchase order to DIR, which authorizes a separate purchase order to the vendor.

Chapter 18: Cooperative Purchasing Agreements

**Background
and Statutory
Authority**

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, authorizes local governments to contract directly with other governments to increase their efficiency and effectiveness. Texas Government Code Section 791.025(c) states that a local government that purchases goods and any services reasonably required for the installation, operation or maintenance of those goods under the Interlocal Cooperation Act satisfies the requirement of the local government to seek competitive bids for the purchase of goods and their services. The City has a variety of interlocal agreements with other governmental entities that allow the City to participate in cooperative purchasing programs.

Policy

The City participates in the purchasing programs of various local, state and national cooperatives such as Houston Area Council of Governments (H-GAC), Texas Association of School Boards (BuyBoard), The Cooperative Purchasing Network (TCPN), U.S. Communities and Federal Supply Schedules. Before using any cooperative, the Purchasing Department researches and recommends cooperatives. The City Council has delegated authority to the City Manager to enter into an interlocal agreement with other governmental and quasi-governmental entities that will allow the City to participate in a cooperative purchasing program which acknowledges the terms and conditions for using each cooperative, including any fee schedules, and authorizes the Purchasing Department to make purchases under the terms of the interlocal agreement. See Resolution 2000-08-093 (R), dated August 15, 2000.

**Official
Representative**

The Purchasing Department acts as the official representative for the City of McKinney in all matters relating to cooperative purchasing programs, including the purchase of goods and services from a vendor under any contract.

Procedure

The Purchasing Department must review and recommend approval of all interlocal agreements involving the purchase of goods, repair, or maintenance agreements before the agreement is submitted to City Manager for approval.

To initiate this process, the user department may research goods and services on the approved cooperative’s website to determine if the needed goods or services are available from the cooperative. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service is available from the cooperative. The Purchasing Department determines whether or not the requested goods or services are available from a specific cooperative. If available, the Purchasing Department compares prices among cooperative and local vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and issues a purchase order with the selected vendor using the purchasing method that provides the best value.

The Purchasing Department either submits requisitions to the applicable cooperative or electronically sends purchase orders directly to vendors using the processes defined by the specific cooperative. The Purchasing Department monitors vendor compliance with all conditions of delivery and the quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for purchases under cooperative purchasing programs made on behalf of the City.

**Contract
Award**

The Purchasing Department may execute all purchase orders for purchases through interlocal agreements that are procured in compliance with this chapter, including purchases in excess of \$50,000, provided funding for the purchase has been approved by the City Council.

**Interlocal
Agreements**

All interlocal agreements that involve the purchase of goods, services, repair or maintenance agreements must be approved in writing by the Purchasing Department before being submitted to City Manager for approval.

**Federal
Supply
Schedules**

Texas Local Government Code Section 271.103 states that a local government that purchases goods and services available under Federal supply schedules of the United States General Services Administration, to the extent permitted by federal law, satisfies the requirement of the local government to seek competitive bids for the purchase of those goods and services.

Under the Cooperative Purchasing Program, state and local government entities may purchase a variety of Information Technology (IT) products, software, and services from contracts awarded under [GSA Federal Supply Schedule 70](#), Information Technology.

State and local government entities may also purchase alarm and signal systems, facility management systems, firefighting and rescue equipment, law enforcement and security equipment, marine craft and related equipment, special purpose clothing and related

services from contracts awarded under [GSA Federal Supply Schedule 84](#), Total Solutions for Law Enforcement, Security, Facility Management Systems, Fire, Rescue, Special Purpose Clothing, Marine Craft, and Emergency/Disaster Response.

Chapter 19: Procurement of Professional Services

Background
and Statutory
Authority

The Professional Services Procurement Act, Chapter 2254 of the Texas Government Code, prohibits a governmental entity from selecting a provider of professional services or a group or association of providers of professional services or otherwise awarding a contract for professional services on the basis of competitive bids. Texas Government Code § 2254.003. Rather, the governmental entity must make the selection and award a contract for professional services on the basis of demonstrated competence and qualifications to perform the services, and for a fair and reasonable price which does not exceed any maximum provided by law. *Id.* “Professional services” is defined in Section 2254.002 of the Texas Government Code as those services:

- within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing, or
- provided in connection with the professional employment or practice of a person who is licensed or registered as an architect, an optometrist, a physician, a surgeon, a certified public accountant, a land surveyor, a landscape architect or professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse.

The Professional Services Procurement Act does not address all professional services. A municipality has the ability to determine whether particular services, in addition to those services identified in Chapter 2254 of the Texas Government Code, are “professional services” for the purpose of exemption from competitive bidding requirements. See Texas Local Government Code § 252.022. The competitive bid statute (Chapter 252 of the Texas Local Government Code) provides that professional services are exempt from competitive bidding. Remember that just because an item is exempt from competitive bidding that does not mean the item cannot be competitively bid. A city can choose to not take advantage of the exemption and competitively bid except to the extent prohibited. Read in conjunction with the Professional Services Procurement Act, this means that the determination to competitively bid professional services is discretionary with the exception of services in the fields of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing. Atty. Gen. Op. DM-106 (1992).

The Purchasing Manager relies on court cases and attorney general opinions, and may also consult with the City Attorney, to determine what additional services may be included in the list of professional services. For the purpose of this policy, “professional services” shall be defined as those services “requiring special knowledge or attainment and a higher order of learning, skill, and intelligence.” Op. Tex. Att’y Gen. Nos. JM-1038 (1989), JM-940 (1988), MW-344 (1981). Other services defined by the City of McKinney as professional services, which are not specifically listed in Chapter 2254 of the Government Code, include;

- Those services within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or
- Any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Contracts for the procurement of these professional services **may not be awarded on the basis of bids**. Instead, services must be awarded on the basis of demonstrated competence and qualifications.

Professional Services Procurement Act

Request for
Qualifications
/Proposals
(RFQ/RFP)

To ensure professional firms a fair and equal opportunity to do business with the City, and to ensure that the services of the most qualified professional are obtained, professional services should be procured using the Request for Qualifications (RFQ) or Request for Proposals (RFP) process to identify the most highly qualified provider of those services on the basis of demonstrated competence and qualifications, when necessary, and then attempt to negotiate a contract at a fair and reasonable price as outlined in Chapter 2254 of the Texas Government Code.

Informal
Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost less than \$50,000 should be procured using the informal RFQ/RFP process.

Departments forward a recommendation memo to the Purchasing Manager when professional services are required and a highly qualified provider of those professional services needs to be identified on the basis of demonstrated competence and qualifications. The memo identifies the following:

- Scope of work;
- Qualification and experience requirements;
- Project description and deliverables;
- Time frame(s) for performance;
- Budgeted amount and budget line items; and
- Suggested professional and rationale for determining qualification based selection.

The user department follows up the memo request with entry of a requisition into the ARS.

Formal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost more than \$50,000 should be procured using the formal RFQ or RFP process following procedures outlined by Chapter 2254.

Either a memo submitted to the Purchasing Department, signed by the Director, or designee, of the user department, or a direct email, from the Director, or designee, of the user department, **serves as the initial requisition. The memo must include the budget line** items from which the purchase is funded or an explanation that is acceptable to the Purchasing Department about how funding is obtained before the Purchasing Department prepares the RFQ/RFP. Detailed requirements (scope of work) and necessary qualifications should be attached to the memo and also forwarded electronically to the Purchasing Department. If requirements and necessary qualifications are not attached, Purchasing and the user department may jointly develop them.

The user department follows up the memo request with entry of a requisition into the ARS.

The RFQ/RFP must specify the evaluation factors to be used to determine minimum qualifications and demonstrated experience. Evaluators may use only the specified evaluation factors in evaluating the responses. Purchasing staff leads the evaluation team and is responsible, in consultation with the Director, or designee, of the user department, for:

- Developing evaluation matrix and criteria;
- Tabulating scores;
- Calculating values;
- Coordinating follow-up meetings for negotiations and recommending an award; or
- Discontinuing the process.

Notice

After development of requirements and qualification and preparation of the RFQ/RFP, and following approval of the Director, or designee, of the user department, a legal notice is published by the Purchasing Department.

The legal notice must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the solicitation opening. To ensure firms sufficient time to complete and return their solicitation, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days.

Amendment of RFQ

The Purchasing Department may extend the response opening date on the notice of an RFQ if an error is discovered, or the nature of the services requires an extension. The Purchasing Manager may amend an RFQ to clarify its original intent or to correct clerical errors, after consultation with the Director, or designee, of the user department, if:

- Inquiries about the meaning of the RFQ indicate the need for an amendment; and
- The amendment does not change the general scope of the RFQ.

There must be at least three days between the date of the amendment and the opening date specified in the notice. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date specified in the notice.

Pre-Proposal Conference

The Purchasing Department works with the user department to determine if a pre-proposal conference is necessary. Purchasing staff manages any pre-proposal conference and requests that the user department makes staff available to answer questions at the conference. , or a cover email in the case of an electronic submission,

Receipt of Responses

To ensure confidentiality, the following procedures are adhered to when receiving responses:

- The Purchasing Manager receives all responses as specified by the RFQ/RFP.
- All responses are stamped with the time and date received. The "Date Stamp Clock" in the Purchasing Department serves as the **official** time clock for identifying the date and time a response is received in the Purchasing Department.
- **Responses are not accepted after the opening time on the day of opening.** All responses offered after the opening time are returned unopened to the offeror with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the offeror that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the RFQ/RFP number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After responses are received, the Purchasing Department keeps them secured until the opening date. The responses are to be received sealed and remain sealed until they are opened by the Purchasing Department on the advertised date and time.
- On occasion, responses that are received in the mail, or by some other independent carrier, may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response were not reviewed and the response will be sealed by the receiving employee, with the event documented.

Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the RFQ/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will

print the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Opening of Responses

Sealed responses, paper and electronic, are opened and documented by the Purchasing Department. Only the names of firms submitting responses are announced. The Purchasing Manager, or designee, opens the responses on the date specified in the notice.

Responses to proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All responses to proposals, paper and electronic, that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information obtained from a firm is subject to the provisions of the Texas Public Information Act.

Confidentiality Statement

Please see Chapter 4 of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation

The evaluation committee must select the most highly qualified provider of the services on the basis of demonstrated competence and qualifications. Purchasing shall issue a letter to the firm which has been determined the most highly qualified provider requesting a defined scope of work and proposed cost. The committee shall then attempt to negotiate with that provider a scope of work and cost. If a satisfactory contract cannot be negotiated with the most highly qualified provider the committee will formally end negotiations with that provider and select the next most highly qualified provider. The committee shall continue the process described above until a provider is selected and a contract finalized. Failed negotiations are not subject to renewed discussion as this would contradict the prohibition against competitive bidding for professional services. The committee shall review the contract for form and content, verify the scope is consistent with that submitted with the approved project submission, verify that the proposed costs are fair and reasonable and recommend to City Council that they proceed with contract award and execution.

The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that it is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

Recommendation for Award

After the evaluation of proposals has been completed, Purchasing forwards an evaluation summary to the Director, or designee, of the user department for concurrence with the evaluation summary and requests that the Director, or designee, submit a memo to the Purchasing Department with their recommendation.

The Purchasing Department works with the Director, or designee, to develop the recommendation for award and present it for approval to the City Council, or City Manager as appropriate.

Written Contract

Before services for any specific project are rendered, a contract for professional services for that project, must be prepared in writing, and approved and signed by the City Manager if the proposed work has been previously budgeted by the City Council and the amount of the contract is \$50,000 or less. All other contracts for professional services require City Council approval. A standard template professional services agreement has been prepared by the City Attorney's Office for departmental use and City Manager execution without Council approval for contracts of less than \$50,000 in value and City Council approval for contracts of more than \$50,000 in value.

Vendor "Pools"

If, as a result of an RFQ/RFP, City enters into contracts with more than one qualified professional firm a pool of these professionals is created to provide services as needed. Thereafter, user department forwards a memo to the Purchasing Department including rationale/determination as to which firm within the pool is the most qualified to provide services for the subject project. The user department must ensure that an RFQ/RFP is distributed at least once every 3 years so that newly qualified professionals may be added to the pool.

Chapter 20: Construction Procurement

Purchasing Statutes	<p>Section 252.021 of the Local Government Code and Section 2269 of the Government Code govern the competitive procurement procedure for award of construction contracts.</p> <p>Construction procurement is consistent with other procurement procedures in this Policy and with pertinent statutes. The Purchasing Manager supervises all construction procurements. All competitive bids are accomplished by the process set forth in this chapter:</p>
Purchase Requisition	<p>A memo or email submitted to the Purchasing Manager serves as the initial notification that a competitive bid is needed. After receipt of the memo, Purchasing provides a bid number to the project manager to be included in the project manual and plans. An electronic copy of the manual and plans are sent to Purchasing for review and approval of the bidding and general requirements. The Purchasing Manager reviews the specifications for compliance with the Purchasing laws and policies.</p> <p>The user department must provide the Purchasing Department at least five (5) workdays to review the documents. During this time, Purchasing will review the procurement schedule detailing the milestones of the solicitation, including dates and times for the pre-bid conference, bid opening, pre-award conference, if applicable, and pre-construction conference.</p>
Bidding Notice	<p>The Purchasing Department publishes the advertisement for bid, which must generally include the following:</p> <ul style="list-style-type: none">• Description of work;• The location at which plans and specifications may be obtained and the amount of the deposit required;• Time and place for submitting bids;• Time and place of bid opening; <p>If the contract is to be awarded on a unit price basis, the notice must also include the approximate quantities of the goods and services needed that are to be bid on and the quantities must be based on the best available information.</p> <p>Notice of a proposed purchase must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the bid opening. To ensure bidders sufficient time to complete and return Bid Documents, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but must be at least 15 days.</p>
Consideration of Safety Records	<p>If the Bid Documents provide that the safety record may be considered in determining the responsibility of the bidder, and the Bid Document includes the Safety Record Questionnaire, the City may consider the bidder's safety record in determining the responsible bidder because the City Council has adopted a resolution approving that consideration as required by state law. The safety record includes compliance with requirements for the safety of the environment. In relation to the safety record, bidder includes not only the bidder, but also the firm, corporation, partnership or institution represented by the bidder, or anyone acting for such a firm corporation, partnership or institution.</p> <p>The definition and criteria for determining the safety record of a bidder include, but are not necessarily limited to, the following provided that such criteria are included in the Bid Documents:</p> <ul style="list-style-type: none">• If the bidder reveals more than two (2) cases in which final orders have been entered by the Occupational Safety and Health Review Commission (OSHRC) against the bidder for serious violations of OSHA regulations within the past three (3) years, City may, at its discretion, disqualify the bidder.• If the bidder reveals more than one (1) case in which bidder has received a citation from an environmental protection agency for violations within the past five (5) years, City may, at its discretion, disqualify the bidder.• Environmental Protection Agencies include the U.S. Army Corps of Engineer (USACOE), the U.S. Fish and Wildlife Service (USFWS), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ), and its past associated agency the Texas Natural Resource Conservation Commission (TNRCC), the Texas State Department of Health (TDH), the Texas Parks and Wildlife Department (TPWD), the Structural Pest Control Board (SPCB),

agencies of local governments responsible for enforcing environmental protection laws or regulations and similar regulatory agencies of other states of the United States. Citations include notice of violation, notice of enforcement, suspension/revocations of state or federal licenses or registrations, fines assessed pending criminal complaints, indictments, or convictions, administrative orders, draft orders, final orders and judicial final judgments. Notice of Violations and Notice of Enforcement received from TCEQ shall include those classified as major violations and moderate violations under TCEQ's regulations for documentation of Compliance History, 30 TAC, Chapter 60.2 (c) (1) and (2).

- If the bidder reveals, or the City otherwise learns, that the bidder has been convicted of a criminal offense within the past ten (10) years which resulted in serious bodily harm or death, City may, at its discretion, disqualify the bidder.
- Bidder may be required to provide their company's safety Experience Modifier Rate (EMR), Recordable Incident Rate (RIR) and their Loss Indicator Rate (LIR).

Bonding

Bonds are required for construction contracts.

Bid Bonds

If the Purchasing Manager decides that a bid bond is required for a particular contract, the Bid Documents state that a bid security in the amount of 5% of the contract price is required and that it must be executed by a surety company authorized to do business in Texas. The bid security may be in the form of a bond or cashier's check.

Performance Bonds

For all public work contracts in excess of \$100,000 for the construction, repair or alteration of a public work or the prosecution or completion of any public work, prior to the commencement of work, the vendor must execute a performance bond on the form approved by the City Attorney that is:

- payable to the City of McKinney, Texas;
- in the full amount of the contract;
- conditioned on faithful performance of the work in accordance with the plans, specifications, and contract documents;
- solely for the protection of City of McKinney Texas; and
- executed in accordance with Chapter 2253 of the Texas Government Code, by a surety company authorized to do business in Texas.

In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. *Id.*

Payment Bonds

For all public work contracts in excess of \$50,000 for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, must execute a payment bond that is:

- solely for the protection and use of payment bond beneficiaries who have a direct material for a public work;
- payable to City of McKinney, Texas;
- in the full contractual relationship with the prime contractor or a subcontractor to supply labor or amount of the contract; and
- executed in accordance with Chapter 2253 Government Code, by a surety company authorized to do business in Texas.

In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to

write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. *Id.*

Maintenance Bonds

For all public work contracts for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, may be required to execute a maintenance bond that is:

- solely for the protection and use of the City of McKinney, Texas,
- payable to City of McKinney, Texas,
- in the amount of 15% of the contract sum,
- provides for maintenance, repair or replacement of all the work performed under the terms of the contract, and
- executed by a surety company authorized to do business in Texas.

Pre-Bid Conference

The Purchasing Department provides detailed information on the bidding requirements set out in the Bid Documents to ensure that purchasing procedures are complied with, the user department provides technical information and to ensure compliance with the technical standards. Purchasing will schedule the pre-bid conference and assist in conducting the conference as follows:

- Have all attendees sign the attendance roster.
- Provide a detailed Agenda which:
 - Provides a brief introduction of the project title, magnitude, and performance period.
 - Indicates whether there has been any addendum issued, and if so, provides all attendees and project document holders with a copy.
 - Discusses the Purchasing Department role in the procurement and administration process.
 - Establishes a “cut-off” date for questions and requests for clarifications, as well as a final date for issuance of addendum.
- Have the project Engineer, Architect or Project Manager discuss the specifics of the project including review of the plans and specifications and allow for a question and answer session.
- Determine whether any issues raised during the conference require issuance of an addendum. The Purchasing Manager may extend the date specified in the notice if needed. The Purchasing Department issues the amendment only if there are at least three (3) days between the date of the addendum and the date specified for bid opening. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the addendum and the opening date specified in the addendum.
- Have the project Engineer, Architect or Project Manager discuss the specifics of the project
- Have the user department provide Purchasing with the technical documents (i.e. changes or additions to the plans and or specifications).
- Prepare addendum using standard forms and distribute the addendum to all attendees and project document holders.

Receipt of Competitive Bids

The following procedures are adhered to when receiving bids:

- The Purchasing Department receives all bids as specified by the ITB.
- **Bids are not accepted after the opening time on the day of bid opening.** All bids offered after the opening time are returned unopened to the bidder with a letter from the Purchasing Manager notifying the bidder that the submitted bid arrived after the due date and time.

- The Purchasing Department records the name of the vendor submitting the bid, as well as the time and date the bid was submitted.
- As bids are received, the Purchasing Department provides a secure place to hold the bids until the opening date. The bids are to be received sealed and remain sealed until the Purchasing Department opens them in a public forum on the advertised date and time.
- On occasion, bids that are received in the mail or by some other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the bid, especially the price, were not reviewed, then the bid will be sealed again by the receiving employee, with the incident documented.

The above process shall be undertaken in a manner that precludes any perception of favoritism and avoids revealing bid prices or any bid information. Publicly receiving sealed bids and recording the submission of requested bids inhibits the perception that the Purchasing Department is manipulating the receipt of bids.

Public Opening of Bids

The Purchasing Department publicly opens and documents sealed bids on the date, time and place specified in the notice. Preliminary bid tabulations, once prepared, may be provided to the public upon request. The Purchasing Department and the user department determine who is responsible for creating the bid tabulation and, if it is the user department, then the user department provides a copy to the Purchasing Department which may be distributed to the general public.

The Purchasing Manager provides a copy of the preliminary bid tabulation to the City Council with the contract award package. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. In cases of discrepancy between the price written in words and the price written in numerals, the price written in words shall govern. If a conflict between the unit price and total contract amount/price exist, the unit price shall govern.

Evaluation of Bids

The user department evaluates all bids with assistance from the City consultant and Purchasing to jointly develop a recommendation for award to City Council. The evaluation of bids is based on the following factors unless stated otherwise in the Bid Documents:

- the relative prices of the bids, including the cost of repair and maintenance of heavy equipment, if that is subject of the bid, or the cost of delivery and hauling, if road construction equipment is the subject of the bids;
- the compliance of goods and services offered with the user department specifications; and
- the responsibility of the vendor, including the vendor's past performance, the vendor's financial and practical ability to perform the contract and the vendor's safety record, if City Council has adopted a definition of safety that is stated in the Bid Documents.

The user department, with the assistance of Purchasing, is responsible for placing the item on the agenda of the City Council.

When the lowest priced bid is not the recommended bid, based on best value or the responsibility of the bidder, clear justification for not selecting the lowest bidder must be documented to the City Council. This recommendation may be supported by clear and concise documentation from the user department that determines the rationale for awarding to a bidder other than the lowest bidder. A joint review of the bid by the user department and the Purchasing Department is required.

Pre-Award Conference

To ensure the vendor understands all the requirements of the project manual and plans, and to provide the vendor the opportunity to voice any concerns or issues they may have with the project or the project documents as designed, a pre-award conference may be held prior to contract award. The pre-award conference ensures, to the greatest extent practical, the successful award, performance and completion of the project.

Pre-award conferences are normally reserved for more complex and complicated construction projects or in some instances where it is the vendor's first construction project with the City.

A joint determination, by the Purchasing Department and the project manager, is made as to the necessity of a pre-award conference. The Purchasing Department schedules the conference, prepares the agenda, and conducts the meeting. The project manager ensures the vendor has a clear understanding of the project's technical requirements, and that the bid covers all requirements, and addresses any issues/problems with the project documents or design.

Contract Award

The user department's Director and Purchasing jointly recommend contract award to City Council, during the applicable Council meeting. The Council shall be responsible for:

- Awarding the contract to the responsive and responsible bidder who submits the lowest and best bid; or
- Rejecting all bids.

If two responsive and responsible bidders submit the lowest and best bid, the City Council shall decide between the two by drawing lots in a manner prescribed by the Mayor.

After an award is made, the contract shall be submitted to the City Manager for signature. Copies of all documents are furnished to the user department, City Secretary and Financial Services departments.

A Notice-of-Award ("NOA") letter, issued by the end user department, accompanies the contractor's copy of the contract. The NOA letter includes the requirements for the contractor to submit various documents, and the time period within which they must be submitted. For example, Payment Bonds and Performance Bonds in the form acceptable to the City and an Insurance Certificate must be submitted within ten (10) workdays after contractor's receipt of the NOA letter. Unless otherwise indicated, the NOA also states that Notice-to-Proceed ("NTP") is not issued unless the contractor submits the required documents within the specified time period. If the contractor does not submit the required documents within the specified time period, the City has the option of holding the bid security and awarding the contract to the next lowest, responsible bidder or, depending on the proper bid application, the bidder providing the next best value.

Pre-Construction Conference

The end user department schedules the Pre-Construction Conference (also known as the Pre-Performance Conference). The user department is responsible for all technical presentations and the Purchasing Department ensures that all applicable purchasing procedures are followed. Purchasing assists in conducting the conference by:

- Having all attendees sign the attendance roster, introduce themselves, and briefly explain their involvement in the project;
- Discussing briefly the contract requirements, amount, and any other pertinent information about the project. The user department representative (technical representative) is responsible for providing a thorough synopsis of contract requirements and any City policies to which contractor must adhere;
- Establishing dates for submissions of all required documents such as material submittals, progress reports, payrolls, (when applicable), etc.

Note: The NTP is not issued until all required bonds and insurance certificates have been received, reviewed and verified with the appropriate agency (i.e. surety or insurance agency);

- Ensuring a complete understanding by all participants on issues raised before adjourning.

Purchasing works with the user department on the timing of the issuance of the NTP. After Purchasing receives all of the required documents, the user department determines when the NTP will be issued. If and when all documents have been received and approved by the user department, Purchasing issues the NTP.

Contract Administration

The user department is responsible for monitoring and documenting contractor performance and compliance. The user department provides Purchasing with copies of performance and compliance documentation, which keeps the Purchasing Department informed about all outstanding or prior issues. Discussions that merely explain the interpretation of the specifications may be dealt with by the user department.

If poor performance or non-compliance with the contract is evidenced, the user department initiates written corrective action with the contractor after providing Purchasing with an advance copy of all written correspondence directing correction of a discrepancy.

The user department must not provide any instructions or requests for changes directly to the contractor. The user department takes the necessary steps relative to correcting non-compliance with the contract, but must consult with the City Attorney before taking any steps toward suspension or termination of the contract, unless emergency, life safety or property damage issues require immediate temporary work stoppage. Before any letters, notices or other communication related to termination or suspension are sent to the contractor, the contents of the communication must be reviewed by the City Attorney in order to protect the City's position in the event of potential litigation.

Documentation of contractor performance is often overlooked and is important if suspension or termination is necessary. To enforce contractual terms, documentation of specific non-compliance must be available. Specific dates, locations, examples, etc. must be documented.

Contract administration duties are basic daily, weekly, and monthly activities of the user department staff and must take place to ensure successful completion of the project and to ensure the City receives the goods and services for which it has contracted. Unless otherwise noted, the following are responsibilities of the user department:

- Assist in conducting the pre-construction conference.
- Maintain a comprehensive, neat, and orderly contract file that includes all documentation related to the procurement process including the pre-solicitation, solicitation, contract award, post award, and administration phases of the project.
- Monitor the continued insurance coverage and obtain updated insurance certificates on a timely basis.
- If project is federally funded, receive and review copies of contractor payrolls to ensure payments made to contractor's employees comply with the prevailing wage rate classifications, by trade, which are included in the contract.
- Perform periodic visits to the construction site to perform spot labor interviews to ensure contractor compliance with prevailing labor laws.
- Receive and review copies of contractor invoices for accuracy. Discrepancies are reported to the contractor for resolution. The user department verifies that the invoice is appropriate for payment before submitting it to Finance for payment.
- Maintain and monitor correspondence: All correspondence, concerning major issues involving non-compliance, between the contractor and the City are to be documented and forwarded to the Purchasing Department. This ensures that the Purchasing Department is aware of any directives being issued to the contractor or any potential problems that may occur in the performance of the contract.

In emergency situations, or those regarding minor issues, correspondence may be issued directly to the contractor by the user department. **However, Purchasing must be provided a copy of the correspondence immediately.** The professional judgment of the user department representative determines what constitutes an emergency, and what is considered to be a minor issue.

Change Orders

Change orders in excess of \$50,000, or the "not-to-exceed" amount in excess of the proposed contract amount as approved by the City Council, shall be approved by City Council.

The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less, if the funds for such increase have been approved by the City Council.

In a contract governed by Local Government Code Chapter 252, the original contract price may not be increased by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the consent of the contractor.

A change order shall not be issued until it is determined that the necessary funds are budgeted and available and it is also determined that any such increase or decrease conforms to state law. A statement to that effect should be included with the backup documentation.

Close Out Procedures

The user department ensures that all applicable warranty certificates are received and safeguarded throughout the term of the warranty.

The user department supervises return of bonds to ensure that the contract is complete in all respects before payment or performance bonds are returned. Every subcontractor and/or materialman must provide a release that states that the subcontractor or materialman releases City of McKinney from all claims arising from labor or materials provided for the project.

Alternative Project Delivery Methods

Section 2269 of the Government Code applies if an alternative project delivery method (that is, not "traditional" competitive bidding) is being utilized. Specific procedures and requirements are developed for each specific project using an alternative delivery method. If an alternative project delivery method is not being used, the provisions of Chapter 252 of the Texas Local Government Code apply.

Chapter 21: Exemptions to the Competitive Procurement Process

Purchasing Law

Section 252.022 of the Texas Local Government Code lists the available exemptions from the requirements of competitive bidding which are available for purchases made out of current funds, bond funds, or through time warrants. The following is a list of circumstances that are generally exempt from competitive bidding:

- An emergency procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the City’s residents or to preserve the property of the City;
- An emergency procurement necessary to preserve or protect the public health or safety of the City’s residents;
- An emergency procurement necessary because of unforeseen damage to public machinery, equipment or other property;
- A procurement for personal, professional or planning services;
- A procurement for work performed that is performed and paid for by the day as the work progresses;
- A purchase of land or right-of-way;
- A procurement of items that are available from only once source, including:
 - Goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes or monopolies;
 - Films, manuscripts or books;
 - Gas, water and other utility services;
 - Captive replacement parts for equipment;
 - Books, papers, and other library materials available only from the persons holding exclusive distribution rights to the materials;
 - 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;
- A purchase of rare books, papers, and other library materials for a public library;
- 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 the property that will benefit from the improvements;
- 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;
- A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212 of the Texas Local Government Code and in which the City’s contribution is limited to no more than 30% of the total contract amount;
- Personal property sold:
 - At an auction by a state licensed auctioneer;
 - At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code;
 - By a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
 - Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
- Services performed by blind or severely disabled persons;
- Goods purchased by a municipality for subsequent retail sale by the municipality;
- Electricity; or
- Advertising, other than legal notices.

Public Finance Act

In addition, section 271.056 of the Texas Local Government Code lists all the circumstances when exemptions are available for purchases made from funds obtained from certificates of obligation.

Policy

Exemption orders from the competitive procurement process must be processed through the Purchasing Manager.

Procedure

The Director of the user department submits a memo to the Purchasing Manager requesting an exemption to the competitive procurement process and identifying the

	<p>basis for the exemption (e.g. emergency). The memo must state specific details and explain why an exemption from the competitive procurement process is requested and the basis for the exemption. When possible, it should also contain the name of the vendor, goods or services covered by the order and the expected maximum cost and other relevant information justifying the exemption.</p>
Emergency	<p>The City Manager, Deputy City Manager, or Assistant City Manager must approve all emergency purchases. Whenever possible, approval should be obtained in advance of the purchase. If prior approval is not possible, written approval must be obtained within 48 hours thereafter and submitted to Purchasing with the requisition.</p>
Sole Source Goods and Services	<p>Sole-source goods and services require completion of the Sole Source Form and submission to the Purchasing Department for verification and approval prior to purchase of goods and services.</p>

Chapter 22: Receipt of Goods and Payment

Policy	Departments must notify the Purchasing Department if goods are not received by the due date, if goods are missing from a delivery or if damaged goods are delivered.
Verify Order	<p>Department employees receiving shipments must pay particular attention to the delivery ticket, and determine whether it matches the City's purchase order. The person receiving the goods must verify that all goods were shipped as stated on the delivery ticket, and sign in his or her own name (a full signature in ink) on all of the appropriate receiving documentation, particularly the City copy.</p> <p>The user department must acknowledge receipt and acceptance of delivered goods through the ARS immediately upon receiving goods. (Please do not accept items in the ARS if damaged goods have to be returned.) Timely recording of receipt of goods in the ARS is critical to the timely processing of payments to vendors in compliance with Texas Government Code, section 2251.021, et seq., Prompt Payment Act. According to the Prompt Payment Act, payment for goods or services received is overdue on the 31st day after the later of:</p> <ul style="list-style-type: none">the date the City receives the good under the contract.the date the performance of the service under the contract is complete, orthe date the City receives and invoice for the goods or service.
Damaged Goods	<p>When a shipment arrives, the user department must inspect the condition of all cartons. If goods are undamaged, the department receiving the shipment should sign the freight bill. If goods are visibly damaged, the receiving department must instruct the freight line driver to:</p> <ul style="list-style-type: none">Note the damage on the freight bill, and;Sign the freight bill. <p>If there is concealed damage, save the shipping cartons so that the Purchasing Department can notify the freight line and request an "inspection and report of concealed damage". A receiving report noting the damage should be completed and matched with the receiving copy of the purchase order.</p> <p>All boxes and packing materials should be kept in the event of visibly damaged and concealed damage goods shipments.</p> <p>Damaged goods must be reported to the freight line within 15 days after delivery. After 15 days the freight line is no longer liable for the damage.</p> <p>All goods not received properly or not in compliance with the contract should be documented and reported to the Purchasing Department as soon as possible so that the contractor can be notified and instructed about corrective action. To comply with the Prompt Payment Act, the Purchasing Department notifies the contractor within 21 days of any damaged goods received to avoid the assessment of interest by the contractor.</p> <p>Damaged goods should not be returned to the freight line or the contractor, unless such action is specifically requested and then only if a claim has been filed or if authorization has been given by the contractor or the Purchasing Department to return the goods.</p>
Documentation	All receiving documentation must be maintained by the user department for their records. All vendor invoices are sent directly to Finance. The department should provide documentation to Finance regarding any disputes in the receipt of goods.

Chapter 23: Contract Modifications

Policy	<p>During the term of a contract, it may be necessary to make changes to the contract. These changes can be minor, administrative changes such as a change of address or the changes can be substantial that affect the price and delivery.</p> <p>There are basically two ways to change a contract. One way is a bilateral modification, in which both parties to the contract agree in writing that a modification is necessary. Both parties must sign the written modification, amendment or change order to indicate their agreement. The second way is a unilateral modification. In this case, terms and conditions in the original contract set forth the situations under which the City may exercise a right to modify the contract without the contractor's consent. A unilateral modification, if allowed, would also be in writing and signed by the City.</p>
Unilateral Changes	<p>The Purchasing Manager may modify contracts, in writing, if the changes are within the general scope of the contract including changes to any of the following:</p> <ul style="list-style-type: none">• method of shipment or packing;• place of delivery;• correction of errors of a general administrative nature or other mistakes;• increases or decreases in the quantity of items purchased;• time extensions allowed by the contract terms and conditions;• contract name changes;• assignments of payment; and• additions or deletions of products.

Chapter 24: Contract Administration

Policy

Contract administration and oversight includes four general processes:

- Planning
- Monitoring Contractor Performance
- Payment Approval
- Change Management

All aspects of contract administration are important. Documentation of specific non-compliance must be established and maintained to enforce contractual terms. Documentation includes a description of specific dates, locations, examples, etc. of non-performance and any contact or communication with the contractor about non-compliance.

The user department has primary responsibility for monitoring and documenting contractor performance and compliance. The user department must provide copies of all documentation of non-compliance to the Purchasing Department. Copies may be sent by e-mail to the Purchasing Manager. The Purchasing Department maintains all documents including matters related to contract performance and documents related to clarification of expected performance during the term of the contract. The user department does not need to provide copies of documentation about clarification of expected performance standards with which the contractor complied after clarification. The user department should contact the Purchasing Department if there is any question about documentation.

If the user department observes poor performance or non-compliance with the contract, Purchasing communicates with the contractor and initiates any corrective action. The Purchasing Manager takes all steps related to obtaining contract compliance.

Contract Administration

The objectives of contract administration are to:

- Ensure the contract requirements are satisfactorily performed before payment;
- Properly discharge the responsibilities of both parties;
- Identify any material breach of contract by assessing the difference between contract performance and material non-performance;
- Determine if corrective action is necessary and take that action, if required; and
- Resolve any disputes.

The statement of work is the guide for contract administration. Therefore, planning for contract administration occurs before issuance of the solicitation. Effective contract administration minimizes or eliminates problems which can result in potential claims and disputes.

Good contract management ensures that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected. The contractor must perform and meet the requirements of the contract. To do so, contractors sometimes need technical direction and approval from City staff. City staff must provide this technical direction and approval in a timely and effective manner. All guidance provided to a contractor must be within the scope of the contract.

Contract Management

The responsibilities of the contract manager are:

- Participating, as necessary, in developing the solicitation and writing the draft documents;
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements;
- Managing any city property used in contract performance;
- Authorizing payments consistent with the contract documents;
- Exercising remedies, as appropriate, where a contractor's performance is deficient;

- Resolving disputes in a timely manner;
- Documenting significant events; and
- Maintaining appropriate records.

A contract manager should ensure that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected.

Post Award Conference

A post award conference is a meeting with the contractor that includes the principals responsible for administering the contract. The conference is typically held soon after the contract is awarded. It is an orientation for the contractor to ensure a clear and mutual understanding of all contract terms and conditions, and the responsibilities of all parties. The conference also serves as a tool to clarify and resolve any potential misunderstandings early. Although both the contractor and City staff should be fully aware of the contract requirements, the post award conference ensures that those involved directly in the contract administration process understand all requirements of contract performance.

Monitoring Performance

Monitoring the performance of a contractor is a key function of contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the user department to be aware of and address any developing problems or issues.

Monitoring by Third Parties

In some instances the obligation to monitor the progress of a contract is assigned to another contractor. This is known as independent oversight. For example, in a construction contract, the architectural firm that provided the construction plans may perform the task of ensuring progress in accordance with the contract.

Termination for Default

A contract may be terminated for default when the City concludes that the contractor fails to perform, fails to make progress, or in any other way commits a substantial breach of the contract.

Termination for default should be used as the last resort and not as punishment. The City should do everything within reason to assist the contractor in curing any default. Factors to consider before making a termination for default decision include:

- The provisions of the contract and applicable regulations,
- The specific contractual failure(s) and the explanation provided for the failures,
- The urgency of the need for the contracted supplies or services,
- The availability of the supplies or services from other sources and the time required to obtain them, and
- Availability of funds or resources to re-purchase if the costs cannot be recovered from the delinquent contractor. In the event of a termination of a contract for default, under the City's standard contract terms and conditions, the City may obtain re-procurement costs from the defaulting contractor.

Contract File

Keeping a complete master contract administration file is critical. The file provides a basis for settling claims and disputes, if they arise in administrative or court actions. Throughout the life of the contract, the contract file should contain such things as:

- A copy of the current contract and all modifications;
- A copy of the agenda request(s);
- A copy of all specifications, drawings or manuals incorporated into the contract by reference;
- The solicitation document, the contractor's response, evaluation determination and the notice of award document;
- A list of contractor submittal requirements;
- A list of City furnished property or services;
- A copy of the pre-award conference summary, if applicable;

- A copy of all general correspondence related to the contract;
- The originals of all contractor data or report submittals;
- A copy of all notices to proceed, to stop work, to correct deficiencies and change orders;
- The records or minutes of all meetings, both internal and external, including sign-in sheets and agendas;
- A copy of the original bidders list; and
- Any other information required by the standard contract file checklist.

Please note that a contract file could provide a basis for determining a contractor lacks the required responsibility for the award of future contract opportunities with the City.

Chapter 25: Electronic Bidding and Reverse Auctions

Electronic Bidding	Electronic sealed bids or proposals shall be processed in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.
Identification	Invitations to Bids and Requests for Proposals will be advertised and issued in the current manner. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.
Security	At the specified bid closing time, a <i>password-enabled</i> employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.
Confidentiality	Purchasing staff will read aloud all bid responses received by the closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with the following, or similar, qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".
Reverse Auctions	<p>Electronic reverse auctions shall be conducted in accordance with Section 271.906 of the Texas Local Government Code and as specified in Section 2155.062(s) requiring a real-time bidding process taking place during a previously scheduled Internet location with multiple suppliers, anonymous to each other, submitting bids to provide goods or services.</p> <ul style="list-style-type: none">• "Real-time" Bidding Process<ul style="list-style-type: none">➤ Reverse auctions will be advertised and issued in the same manner as invitations to bid and requests for proposals are noticed. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed. The real-time bidding process will usually last up to one (1) hour and take place during a previously scheduled period and scheduled internet location.• Multiple Bidders<ul style="list-style-type: none">➤ Purchasing staff, along with its selected internet service provider, shall insure multiple, qualified bidders are available, interested and notified electronically, or otherwise, of any current reverse bidding opportunity. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed.• Anonymous Bidders<ul style="list-style-type: none">➤ City's selected Internet Service Provider (ISP) shall insure the anonymity of all responding bidders through the assignment of a "bidder number" to the supplier (as opposed to their supplier name) which will be reflected on the ISP's website during the reverse auction bidding process. The ISP website will reflect all active suppliers bidding by a) the supplier's assigned bidder number and b) their last entered bid price. After the tabulation of bids, staff will post the bid tabulation.

Chapter 26 Disposal of Surplus Items

Policy

All departments shall review their assets each year and determine which items are no longer needed. A list of surplus, obsolete or unused supplies, materials or equipment, including description, make, model, and serial numbers should be forwarded to the Purchasing Division.

The Purchasing Division may transfer these items from one department to another should the need arise.

The Purchasing Division will forward to the Accounting Division, a list of items to be sold for removal of City of McKinney property labels and removal from fixed asset list.

Upon approval of the City Manager, the Purchasing Manager may sell, via online auction or sealed bid, surplus, obsolete or unused supplies, materials or equipment.

The City may donate surplus, obsolete or unused supplies, materials or equipment to other governmental agencies providing preference to agencies residing in or adjacent to the City of McKinney with the City Manager's approval.

Monies received from sale of surplus items will be returned to the appropriate City of McKinney funds.

City of McKinney

Purchasing Policy and Procedures Manual



Office of the City of McKinney Purchasing Department

Adopted: September 20, 2016
Issued: October 1, 2016

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Chapter 1: Introduction

Background

This Purchasing Policies and Procedures Manual provides city departments information to assist in making decisions regarding the purchase of goods and services necessary to perform the functions of their offices and/or departments effectively.

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Mission

The mission of the City of McKinney Purchasing Department is to:

- Ensure compliance with local, state and federal laws applicable to city purchasing;
- Provide all vendors, including HUBS, equal access to the City's competitive processes for the acquisition of goods and services;
- Provide an ongoing supply of quality goods and services to all City offices; and
- Protect the interests of City of McKinney taxpayers by avoiding any undue influence or political pressures.

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Goals of Public Purchasing

Public purchasing has several goals including:

- purchasing the proper goods and services;
- obtaining the best possible price for the goods or services, without sacrificing the quality needed; and
- ensuring a continuing supply of goods and services are available where and when needed.

Public purchasing must also ensure:

- **Responsible bidders are given a fair opportunity to compete for the City's business.** This goal can be accomplished by abiding with statutory requirements regarding competitive bids and proposals, and through the City's purchasing policy.
- **Public funds are safeguarded.** The Purchasing Department should attempt to see that the best value is received for the public dollar.
- **Public spending is not used to enrich elected officials or City employees, or to confer favors.** Adoption and implementation of a code of ethics and employee training and awareness of their responsibilities in the public purchasing area accomplish this goal.
- **Historically underutilized businesses (minority and women-owned) have an equal opportunity in the contract awards process.** City of McKinney achieves this goal through complying with Texas Local Government Code, Section 252.0215.

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City of McKinney has adopted a partially centralized purchasing function that provides many benefits including, but not limited to, the following:

- It allows for the consolidation of smaller purchases by individual departments into larger purchases for the entire city, resulting in lower unit prices and cost savings;

- Vendors and the business community have a single, central link to the city procurement process to facilitate consistent communication and understanding;
- Purchasing Department personnel accumulate a solid foundation of knowledge and experience about purchasing, market trends, prices, and vendors. This expertise helps user departments save money by better defining their needs. It also promotes a more efficient procurement process; and
- Centralized expertise places the purchasing processes on a professional footing and inspires public confidence in the City's actions.

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Other Duties

In addition to the above, the Purchasing Department is responsible for:

- Historically Underutilized Business (HUB) Program;
- Interlocal Purchasing Agreements and Cooperative Purchasing Agreements;
- Inventory and Warehouse Management;
- Disposition of Seized Property; and
- Auctions of Surplus and Salvaged Property.

The Purchasing Department is committed to promoting effective, professional, and consistent procurement for the City of McKinney, as well as championing the public perception that tax dollars are wisely spent. To be successful, the system must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of the City.

The purchasing process is not instantaneous. Time is required to complete the steps required by law. In order to accomplish timely purchasing of products and services at the least cost to the City, all departments must cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and assure the process is both orderly and lawful.

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This purchasing manual is not static. Purchasing procedures in the City of McKinney will change as needed, particularly evolving to incorporate technological advances and changing laws.

The organizational chart of the Purchasing Department is attached as Exhibit 1.

There are many terms used throughout this manual that pertain to purchasing activities. Definitions of key terms are found in Chapter 2.

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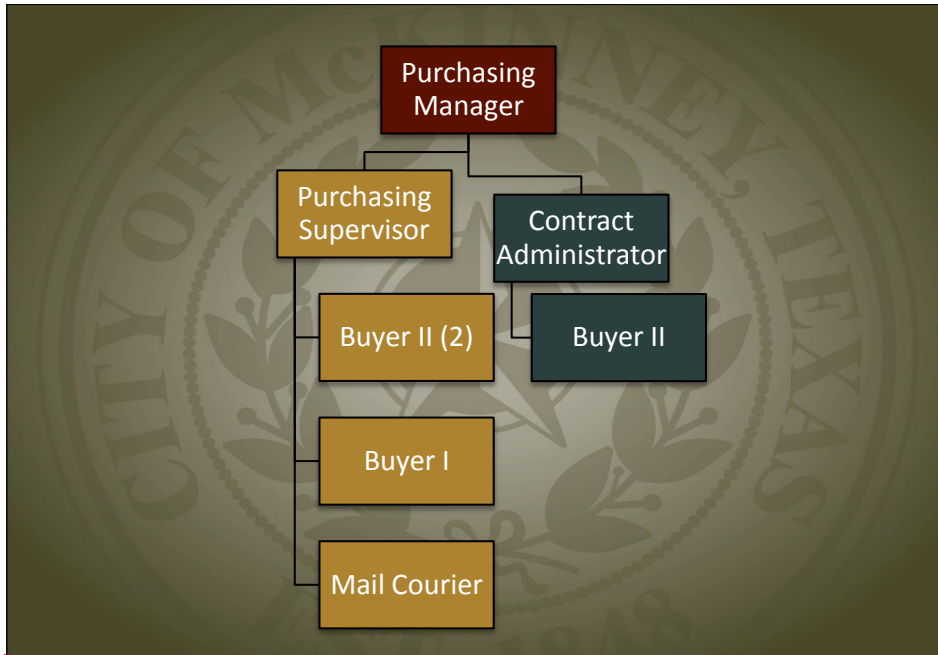


Ms. Lisa Littrell, CPPO, CPPB
City of McKinney Purchasing Manager

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**Exhibit 1:
City of McKinney
Purchasing Department Organizational Chart**



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Chapter 2: Definitions

Advertisement - A public notice in a newspaper of general circulation containing information about a solicitation in compliance with legal requirements

"After-the-Fact" Purchases - ~~Purchases, which are typically unauthorized,~~ that deviate from City of McKinney policies regarding purchases.

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Alternate Delivery Method - ~~A~~ method of procuring construction services other than "traditional" competitive bidding. Methods may include best-value competitive bidding, competitive sealed proposals, design-build, construction manager (either at risk or as agent), and job order.

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Amendment/Addendum - A document used to change the provisions of a Contract or a Solicitation. An Amendment typically changes a provision in a Contract and requires the consent of the parties to that Contract. An Addendum typically adds an omitted requirement or condition to a Solicitation before its due date and does not require mutual agreement. An Addendum may also add provisions to, delete provisions from, or otherwise modify a Contract prior to the execution of and as a part of the consideration for the execution of the underlying Contract.

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Annual Term Contract - A recurring contract for goods or services, usually in effect on a 12 month basis.

ARS - City of McKinney Financial Management System ~~that~~ includes modules for accounting and purchasing.

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Best Value - A method of evaluating competitive bids that includes an evaluation based on more factors than just price and whether the presumptive low bidder is responsible. The "best value" process allows the City to consider the following criteria:

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1. the price;
2. the bidder's experience and reputation;
3. the quality of the bidder's goods or services;
4. the impact on the ability of the city to comply with rules relating to historically underutilized businesses;
5. the bidder's safety record;
6. the bidder's proposed personnel;
7. whether the bidder's financial capability is appropriate to the size and scope of the project; and
8. any other relevant factor specifically listed in the request for bids, proposals, or qualifications.

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Best value allows for the selection of the best and lowest overall life cycle cost proposal taking into consideration various factors depending on what is being procured and the factors set forth in the procurement document.

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Bid Bonds - A deposit required of bidders to protect the City if a low bidder withdraws its bid following submission or fails to enter into a contract following award. Acceptable forms of bid

deposits are limited to: cashier's check, certified check, or irrevocable letter of credit issued by or drawn upon a financial institution chartered by and subject to the laws of the State of Texas and formal Bid Bonds underwritten by a surety company authorized to do business in the State of Texas and identified as a company authorized to underwrite federal obligations as reflected on the most recent edition of the United States Department of the Treasury's Circular 570.

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Bidder – A vendor that submits a bid including anyone acting on behalf of the vendor that submits a bid, such as agents, employees and representatives.

Bidders' List - An automated list of vendors who have stated in writing an interest in submitting bids for particular categories of goods and services.

Centralized Master Bidders' List (CMBL) - A list maintained by the Texas Procurement and Support Services of the Office of the Texas Comptroller of Public Accounts containing the names and addresses of prospective bidders.

Change Order, Contracts - A document used in connection with construction contracts to change a contract after the performance of the contract is begun if changes in the plans or specifications are necessary or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, or adjusting the time for performance. A change order cannot be used to change the scope of the project for which the contract was awarded. Please be aware that there are certain legal requirements regarding the approval of change orders and the amount by which a change order may increase or decrease a contract amount.

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Change Order, Purchase Order – A document used to modify a Purchase Order for the purchase of goods and services written on the city's standard purchase order form and which change, when accepted by the contractor without qualification within the specified time limit, becomes an amendment to the existing Purchase Order and operates as the vendor's authority to deliver and invoice for goods or services as modified.

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City Council - City of McKinney City Council.

Commodity Code - The accounting system classification of goods and services with a unique number assigned to each description.

Competitive Bidding – A transparent procurement process in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract. The aim of competitive bidding is to obtain goods and services at the lowest price for such goods or services through competition and preventing favoritism. The City determines the lowest bidder that is responsible and awards the contract to the low responsible bidder.

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Competitive Proposal Process – A transparent procurement process in which proposals from competing contractors, suppliers or vendors are invited by openly advertising the scope and specifications for a particular work, goods or services that also specifies the relative importance of price and other evaluation factors. The City ranks the proposers and then engages in negotiations with the top ranked proposer until an agreement is reached. If an agreement cannot be reached the City moves to the next highest ranked proposer and negotiates with the next highest ranked proposer until an agreement is reached, and so forth. Once the City concludes negotiating with a proposer and moves on to the next highest ranked proposer the

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City cannot return to negotiations with a previously higher ranked proposer. The aim of competitive proposals is to select the responsible proposer whose proposal is determined to be the most advantageous to the city considering the relative importance of price and the other evaluation factors included in the request for proposals. The competitive proposal process allows the City more flexibility in product solicitation and negotiation to obtain the best final offer in compliance with Section 252.042 of the Texas Local Government Code than is allowed in competitive bidding.

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Component Purchases - A series of purchases of component parts of goods that in normal purchasing practices would be purchased in one purchase.

Consultant - A person who provides or proposes to provide advice and counsel in a specialized area.

Contract - A formal, written agreement executed by the City and a third-party containing the terms and conditions under which particular work, goods or services are furnished to the City typically in exchange for the payment of money by the City or the granting of some other form of benefit or consideration from the City to the third-party.

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Contractor - A third-party that has been awarded a contract by the City of McKinney.

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City - City of McKinney.

City Attorney - The attorney selected and hired by the City Council to handle legal matters for the City and his designated representatives.

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Cycle Time - The time between when a purchase requisition is received in the Purchasing Department and placement of a purchase order with a vendor. Cycle time does not include the time required for delivery or the time it takes for the Purchasing Department to obtain corrections to line item accounts, commodity codes, and other necessary information.

Design-Build Contract - A single contract through which the City contracts with a single entity to provide both design and construction services for the construction, rehabilitation, alteration, or repair of a facility.

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Design Criteria Package - A set of documents that provide the specifications for the work that must be performed including the explicit goals and end results desired in sufficient detail to permit a contractor, supplier or vendor to prepare a response to City's request for competitive bids, proposals or qualifications and any additional information requested, including criteria for selection.

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Department - That division or group of special expertise or responsibility within the City that deals with a specific subject or area of activity including all city offices and subdivisions of them, as well as component agencies when the purchases are funded even partially with city funds.

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Director - Any Director of a Department and any person authorized to act on his or her behalf.

Emergency Purchase - An item that must be purchased immediately because of a public calamity to relieve the necessity of the citizens or to preserve the property of the City. An emergency purchase might also include a purchase that is required: (a) to preserve or protect

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the public health or safety of the City's residents; or (b) as a result of unforeseen damage to public machinery, equipment or other property.

Employee - Any city appointed official, or employee.

Formal Competitive Bidding - The bidding process in compliance with Chapter 252 of the Texas Local Government Code which requires approval by the City Council.

Deleted: Director - Any Director and any person authorized to act on his or her behalf.¶

Goods - Any personal property purchased by the City, including equipment, supplies, material, and component or repair parts.

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Historically Underutilized Business (HUB) - Texas Administrative Code, Chapter 2161 defines a "Historically Underutilized Business" or "HUB", in part, as one with ownership by "a person who is economically disadvantaged because of the person's identification as a member of a certain group, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians, who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control". Also referred to as a disadvantaged business, Minority/Woman-owned Disadvantaged Business Enterprise or M/W/DBE.

Invitation to Bid (ITB) - Specifications and formal bidding documents requesting pricing for a specified work, good or service which has been advertised for bid in a newspaper.

Invitation to Quote (ITQ) - Specifications and informal bidding documents requesting pricing for a specified work, good or service within a designated time frame.

Lease - A contract for the use of personal property or real property for a period of time in return for a specified compensation.

Lowest Responsible Bid - The offer that provides the lowest price meeting all requirements of the specifications, terms, and conditions of the Invitation to Bid including any related costs to the City in a total cost concept and which submittal, including all reported references contained therein, provides the City with sufficient evidence of the bidder's financial and practical ability to perform the contract, references of past performance indicating the ability to comply with the Contract and satisfactorily complete the subject work, and other information provided to or obtained by the City demonstrating the subject bidder's capabilities, competence and success.

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Modification - A document used to change the provisions of a contract.

Negotiations - A bargaining process between the City and one or more third-parties seeking to reach an agreement regarding the terms of a transaction or to resolve a dispute.

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Occupant Department - The department that ultimately uses the finished goods or services when the purchase or construction is completed, which may be different from the user department.

Official - Any elected or appointed official and any person authorized to act on his or her behalf.

Payment Bond - A surety bond executed in connection with a contract that secures solely for the protection and benefit of those persons or entities that have a direct contractual relationship with the Contractor to supply public work labor or material ("Payment Bond Beneficiaries") and

with which such Contractor the City has contracted for a particular contract the payment obligation of that Contractor to the Payment Bond Beneficiaries.

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Performance Bond – A surety bond that provides assurance to the City that the Contractor will faithfully perform the work in accordance with the plans, specifications, and contract documents.

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Personal Service – Services performed personally by the specific person who contracted to perform the services.

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Policy – This Purchasing Policies and Procedures Manual.

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Pre-Bid/Proposal Conference - A conference conducted by the Purchasing Department for the benefit of those wishing to submit a response for services or supplies required by the City that is held in order to allow vendors to ask questions about the proposed contract and particularly about the contract specifications.

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Professional Services - Services directly related to professional practices as defined by the Professional Services Procurement Act, including those services within the scope of the practice of accounting; architecture; optometry; medicine; land surveying; and professional engineering.

Professional Services, Other – Those services usually referred to as a professional service, but not specifically listed in the Professional Services Procurement Act and that are within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Proprietary Information - Information provided in responses to solicitations to which a vendor claims ownership or exclusive rights and which may be protected from disclosure under the Texas Public Information Act (Texas Government Code, chapter 551) because such information contains trade secrets, would give advantage to a competitor or bidder or supports certification as a HUB or M/W/DBE provided that the vendor identifies such information as being proprietary.

Public Works - Constructing, altering, repairing or maintaining a public building, public infrastructure or other public asset or facility.

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Purchase Order - An order issued by the Purchasing Department for the purchase of goods and services written on the City's standard purchase order form and which, when accepted by the contractor without qualification within the specified time period, becomes a contract or an amendment to an existing contract that authorizes the vendor to deliver to and invoice the City for goods or services specified and commits the City to accept the specified goods or services for an agreed upon price.

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Purchase Requisition - An automated request from a user department submitted to the Purchasing Department that authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services for the City and authorizes the Finance Department to charge the appropriate department budget and which request is for internal use only and cannot be used by a department to order materials directly from a vendor.

Purchasing - The acquisition of goods and services including, but not limited to, construction and professional services.

Purchasing Department – The Office of the City of McKinney Purchasing Manager and her staff.

Purchasing Liaisons – The contact person within each department designated to communicate directly with the Purchasing Department.

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Purchasing Manager – Means and includes the Purchasing Manager or her designee and may also mean or include the Finance Director in the absence of the Purchasing Manager.

Request for Information (RFI) - A general request to contractors for information regarding a potential future solicitation that is used as a research and information gathering tool for preparation of specifications and requirements.

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Request for Proposal (RFP) - A document requesting a proposal from vendors that specifies the relative importance of price and other evaluation factors, and which allows for negotiations after a proposal has been received and before award of the contract for the goods and services sought. „See also “Competitive Proposal Process,” above.

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Request for Qualifications (RFQ) - A document that requests details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act or in conjunction with an alternative bid delivery process.

Responsive – A vendor who has complied with all material aspects of the solicitation document, including submission of all required documents.

Responsible – A vendor who has the capability to perform fully and deliver in accordance with the contract requirements based on consideration of past performance, financial capabilities, and business management together with any other pertinent information.

Sealed Bids - Offers in response to an Invitation to Bids that is advertised in a newspaper and submitted to the Purchasing Department in a manner that conceals the price.

Separate Purchases - Purchases made separately in different orders for goods and services that in normal purchasing practices would be purchased in a single order or in one purchase.

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Sequential Purchases - Purchases of items made over a period of time that in normal purchasing practices would be purchased at one time or in one purchase.

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Services - The furnishing of labor by a contractor that includes all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, personal or professional services.

Sole Source Good or Service - A good or service that can be obtained from only one source due to patents, copyrights, secret processes, or natural monopolies. The purchase of captive replacement parts or components for equipment that is already owned by the City may also be considered for acquisition as a sole source good or service.

Solicitation - A document, such as an invitation to bid, invitation to quote, request for proposal, request for information or request for qualifications issued by the Purchasing Department that

contains terms and conditions for a contract to solicit a response from vendors to provide work, goods or services needed by the City.

Solicitation Conference – A meeting chaired by purchasing staff, designed to help potential vendors understand the requirements of a solicitation. Also known as a pre-bid or pre-proposal conference

Specifications - A total description of a good or service to be purchased by the City, and the requirements the vendor must meet to be considered for the contract which may include requirements for testing, inspection, or preparing any good or service for delivery, or preparing or installing it for use. See also "Design Criteria Package," above.

User Department - The Department, defined above, from whose budget line item the contract is paid.

Vendor - A business entity or individual that seeks to have or has a contract to provide goods or services to the City.

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Chapter 3: Purchasing Authority and Policy

Purchasing Laws

The Texas Legislature has enacted laws regulating the purchase of goods and services by government entities. It is the policy of the City of McKinney, to fully comply in all aspects with these laws as they may be amended from time to time.

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The City Manager has directed that the Purchasing Manager oversee and provide a framework for a partially-centralized purchasing system.

The Purchasing Department, as well as officials, directors and employees of the City will strive to provide equitable and competitive access to the City's procurement process for all responsible vendors. Further, City procurement will be conducted in a manner that promotes and fosters public confidence in the integrity of the City's procurement process.

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Purchasing Policy and Procedures Manual

The purpose of this Purchasing Policies and Procedures Manual ("Policy") is to:

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- Seek the best quality, lowest priced goods and services that meet the needs of City and its personnel;
- Provide all responsible vendors and contractors, including historically underutilized businesses ("HUBs"), equitable access to serving the needs of the City and its personnel through competitive acquisition of goods and services;
- Comply with all federal and state laws that apply to city purchasing and comply with the requirements in this Policy;
- Manage City inventory efficiently and accurately; and
- Dispose of all surplus, salvage and seized property in a manner that benefits the taxpayers of City, fosters interlocal cooperation and provides assistance to other governmental entities, and complies with applicable law.

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Application

The Policy applies to all City officials and employees. The Purchasing Department and City personnel must purchase or lease all goods and services, including maintenance and repair, for all departments in accordance with the Policy.

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The requirements and procedures set forth in this Policy are adopted by the City Council.

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Effective Date

This Policy shall become effective upon approval by the City Council.

Precedents and Interpretation

- This Policy shall be interpreted liberally to accomplish its purpose.
- If there is any conflict between this Policy and a State or Federal law, or a rule adopted under a State or Federal law, the stricter of the conflicting provisions prevails.
- The masculine, feminine, and neutral genders shall be interpreted to include the other genders as required. The singular and plural shall be interpreted to include the other number as required.
- Headings and titles at the beginning of the various sections of this Policy have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in interpreting this Policy.

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- If any provision of this Policy or the application of a provision to any person or circumstances is held invalid, by a court of competent jurisdiction, such holding shall not affect the validity of the remainder of this Policy and the application of its provisions to other persons and circumstances shall not be affected.
- In general, the Purchasing Manager interprets this Policy, Any questions regarding the Purchasing Manager's interpretation and/or application of the Policy may be taken to the Chief Financial Officer for his review and consideration. The City Manager shall resolve any question about any interpretation and/or application of this Policy when there is a conflict with the Chief Financial Officer's determination.

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Additional Resources

For additional information, the following are listed as references:

- Comptroller of Public Accounts, State of Texas Cooperative Purchasing Manual
http://www.window.state.tx.us/procurement/prog/coop/coop_manual.pdf
- The State of Texas Contract Management Guide, Version 1.6

<http://www.cpa.state.tx.us/procurement/pub/contractguide/>

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Chapter 4: City of McKinney Purchasing Code of Ethics

Policy It is the policy of City of McKinney that the following ethical principles should govern the conduct of every employee involved, directly or indirectly, in the City's procurement process.

Accountability It is essential for employees to take ownership of, and be responsible for, their actions, to preserve the public trust and protect the public interest.

Principles: Employees should:

- Apply sound business judgment.
- Be knowledgeable of and abide by all applicable laws and regulations.
- Be responsible stewards of public funds.
- Maximize competition to the greatest extent practicable.
- Practice due diligence.
- Promote effective, economic and efficient acquisition.
- Support economic, social and sustainable communities.
- Use procurement strategies to optimize value to stakeholders.

Ethics It is essential for employees to act in a manner true to these values to preserve the public's trust.

Principles: Employees should:

- Act and conduct business with honesty and integrity, avoiding even the appearance of impropriety.
- Maintain consistency in all processes and actions.
- Meet the ethical standards of the profession.

Impartiality It is essential for employees to engage in unbiased decision-making and action to ensure fairness for the public good.

Principles: Employees should:

- Be open, fair, impartial and non-discriminatory in all processes.
- Treat suppliers equitably, without preference or discrimination, and without imposing unnecessary constraints on the competitive market.
- Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders.

Professionalism It is essential for employees to uphold high standards of job performance and ethical behavior to balance diverse public interests.

Principles: Employees should:

- Follow the lead of, and learn from, those with education, experience, and professional certification in public procurement.
- Continually contribute value to the organization.
- Continually develop as a professional through education, mentorship, innovation, and partnerships.
- Develop, support, and promote the highest professional standards in order to serve the public good.
- Seek continuous improvement through on-going training, education, and skill enhancement.

Service It is essential for employees to assist other City employees and citizens in a professional manner to support the public good.

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	<p>Principles: <u>Employees should:</u></p> <ul style="list-style-type: none"> • Be a crucial resource and strategic partner within the organization and community. • Develop and maintain relationships with <u>other</u> City employees. • Develop collaborative partnerships to meet public needs. • Maintain a customer-service focus while meeting the needs, and protecting the interests, of the organization and the public. 	
Transparency	<p><u>It is essential for employees to have and follow</u> easily accessible and understandable policies and processes <u>that</u> demonstrate responsible use of public funds.</p>	<div>Deleted: <u><object>¶</u></div> <div>Deleted: essential to</div>
Responsibility to City	<p>Principles: <u>Employees should:</u></p> <ul style="list-style-type: none"> • Exercise discretion in the release of confidential information. • Maintain current and complete policies, procedures and records. • Provide open access to competitive opportunities. • Provide timely access to procurement policies, procedures and records. <p>Employees shall avoid activities that compromise or give the perception of compromising the best interests of <u>the</u> City of McKinney. Employees shall not knowingly use confidential proprietary information for actual, perceived or anticipated personal gain.</p>	<div>Deleted: <u><object>¶</u></div>
Conflict of Interest	<p>Employees shall avoid any activity that <u>might</u> create a conflict between their personal interests and the interests of <u>the</u> City of McKinney. Conflicts exist in any relationship where the City's best interest may be different from the employee's best interests or the best interest of someone associated with the employee. Conflicts of interest include an employee participating in any way in any procurement in which:</p> <ul style="list-style-type: none"> • The employee or any member of the employee's family <u>within the first degree of relationship by blood or marriage (a "close family member")</u>, has a financial interest in the results of the City procurement process; • A business or organization in which the employee, or <u>a close family member, has an employment relationship or an ownership of interest</u> has a financial interest in the result of the City procurement process; or • Any other person, business, or organization with whom the employee or a <u>close family member</u> is negotiating for or has an arrangement concerning prospective employment. 	<div>Deleted: would</div> <div>Deleted: any</div> <div>Deleted: the employee's family,</div> <div>Deleted: member of the employee's</div>
Perception	<p>If conflicts of interest exist, the employee shall notify the Purchasing Manager in writing and remove him or herself from the City procurement process.</p> <p><u>Employees shall avoid the appearance of unethical or possibly compromising practices in relationships, actions and communications associated with the City procurement process.</u></p>	<div>Deleted: <u><object>¶</u></div>
Gratuities	<p>Employees shall not solicit or accept money, loans, gifts, favors or anything of value, from present or potential contractors that might influence or appear to influence a purchasing decision or the City procurement process. If anyone is in doubt about whether a specific transaction complies with this policy, the person should disclose the transaction to the Purchasing Manager for a determination of compliance.</p>	
Confidential Information	<p>Employees shall, <u>to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures</u>, keep the proprietary information of vendors <u>that is obtained during the procurement process</u> confidential. Employees shall not disclose vendor proposal information obtained from a solicitation to any person or party who is not</p>	<div>Deleted: keep</div> <div>Deleted: confidential</div>

Confidentiality Statement

a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person") until such time as the contract has been awarded.

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The City of McKinney Purchasing Department uses a confidentiality statement (Exhibit 2) to ensure compliance with the City's ethics policy regarding the confidentiality of proprietary information. Before the evaluation of confidential proposals, the Purchasing Department sends the confidentiality statement to evaluation committee members for signature and certification, which signature and certification may be confirmed electronically. The statement contains the following requirements to which the evaluation committee member is expected to adhere during the course of the evaluation process and until an award is approved by the City Council:

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- All information in the vendor's response is to be kept confidential to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures.
- No discussion of the proposal is to occur with any unauthorized person. Notwithstanding the foregoing, an evaluation committee member may discuss the proposal with the City Manager or one or more Deputy City Managers and Assistant City Managers upon request and consult with subject matter experts employed by the City regarding the proposal(s) provided that the subject matter expert has signed the applicable confidentiality statement.
- Evaluation committee members must be familiar with and read the City of McKinney Purchasing Code of Ethics and agree to comply with its requirements including reporting any violations of the Purchasing Code of Ethics and any potential conflict of interest as well as any attempt to exercise undue influence or attempted communications from vendors and other third-parties during the evaluation process.

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Proposal responses are not to be reproduced

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The Purchasing Department is the sole point of communication for any questions from vendors that arise during

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Compliance with the requirements outlined in the Confidentiality Statement is crucial. If proprietary information of any vendor is compromised during the procurement process, all proposals may be rejected.

Exhibit 2: Example City of McKinney Confidentiality Statement

**CONFIDENTIALITY STATEMENT
DISCLOSURE OF SOURCE SELECTION INFORMATION**

In accordance with the City of McKinney Purchasing Policy, this project was issued as a competitive proposal, and, therefore, all information contained in the response should be kept **CONFIDENTIAL** until an award is approved by City Council. I certify that I will make no disclosure or release of any source selection information to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person"). This includes the contents of proposals submitted in response to the City of McKinney's Request for Proposal for (insert project name) and any evaluation thereof prior to final execution of the contract.

I further certify that I will not discuss with any unauthorized person the Evaluation Team's findings or decisions, the contractor's approaches, or any information generated during the selection process. I understand that disclosure or release of any such information to an unauthorized person may subject me to adverse administrative action and may require the rejection of all proposals. Notwithstanding the foregoing it is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Deputy City Managers or Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

Please refer all questions for information to (insert buyer's name).

To the best of my knowledge, neither I nor my spouse, ex-spouse (if applicable), children, stepchildren, parents, siblings or in-laws (collectively "close family member") has a direct or indirect financial interest in, including any part-time or full-time employment with, any of the prime respondents (see attached list) that conflicts or appears to conflict with my duties as an evaluation team member; nor do I or a close family member have any other interest that might impact my independent judgment in connection with this evaluation. (I understand that a financial interest of any amount, no matter how small is considered a disqualifying financial interest for such purposes.)

In the event I later become aware of a conflict, I agree to disqualify myself and report this fact to the Purchasing Manager.

NOTE: Application for employment is considered a financial interest and must be reported.

PRINT NAME

SIGNATURE

DATE

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**CONFIDENTIALITY STATEMENT
DISCLOSURE OF SOURCE SELECTION INFORMATION**

In accordance with the City of McKinney Purchasing Policy, this project was issued as a competitive proposal, and, therefore, all information contained in the response should be kept **CONFIDENTIAL** until an award is approved by City Council. I certify that I will make no disclosure or release of any source selection information to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person"). This includes the contents of proposals submitted in response to the City of McKinney's Request for Proposal for (insert project name) and any evaluation thereof prior to final execution of the contract. Proposal documents must be returned to (insert buyer's name) after the selection process.

I further certify that I will not discuss with any unauthorized person the Evaluation Team's findings or decisions, the contractor's approaches, or any information generated during the selection process. I understand that disclosure or release of any such information to an unauthorized person may subject me to adverse administrative action and may require the rejection of all proposals. Notwithstanding the foregoing it is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Deputy City Managers or Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

Please refer all questions for information to (insert buyer's name).

To the best of my knowledge, neither I nor any member of my immediate family (including my spouse, ex-spouse (if applicable), children, stepchildren, parents, siblings or in-laws (collectively "close family member")) has a direct or indirect financial interest in, including any part-time or full-time employment with, any of the prime respondents (see attached list) that conflicts or appears to conflict with my duties as an evaluation team member. It is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Deputy City Managers or Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

In the event I later become aware of such financial interest, I agree to disqualify myself and report this fact to the Purchasing Manager and to abide by the City of McKinney's policies regarding conflicts of interest. Further, I acknowledge my obligation to maintain the confidentiality of the proposal and its contents, and I agree to refrain from disclosing the contents of the proposal to any third party, including my family members, friends, or business associates, past, present, or planned, that could compromise my independent judgment in connection with the evaluation process.

NOTE: Application for employment is considered a financial interest and must be reported.

PRINT NAME

SIGNATURE

-----Section Break (Next Page)-----

Authority	<p>Chapter 5: Purchasing Manager Authority and Responsibilities</p> <p>The City of McKinney Home-Rule Charter, Chapter VI, "<u>Finance Department</u>," Sec. 49 – <u>Purchasing Department</u>, establishes a Purchasing <u>department</u> which shall purchase, store and distribute all supplies, materials and equipment required by any office, department or agency of the City.</p>	<p>Deleted: 4</p> <p>Deleted: Division of Purchases</p> <p>Deleted: Office</p>
Statutory Authority and Duties	<p>All Purchasing Department activity shall be conducted in compliance with the City of McKinney Home-Rule Charter, Chapter VI, Sections 49 and 50, the Code of Ordinances, <u>City of McKinney, Texas ("McKinney Code")</u>, Texas Local Government Code, Chapters 252 and 271, and <u>Texas</u> Government Code, Chapters 2252, 2253, 2254 and <u>2269 as any and all of such provisions may hereafter be added to, subtracted from, amended, revised or deleted.</u></p>	<p>Deleted: City's</p> <p>Deleted: 2267</p>
	<ul style="list-style-type: none"> The Purchasing Department shall purchase all supplies, materials, and equipment required or used, and contract for all repairs to property used by the City or a subdivision, officer, or employee of the city, except <u>purchases and contracts required by law to be made on competitive bid.</u> The Purchasing Manager shall <u>participate in</u> all purchases made on competitive bid and shall see that all purchased supplies, materials, and equipment are delivered to the proper city officer or department in accordance with the contract terms. The Purchasing Manager shall recommend the transfer of City surplus or seized goods that are not needed or used, from one department or employee, to another department or employee requiring the goods or the use of the goods. The Purchasing Manager shall ensure compliance with the Professional Services Procurement Act. Only the City Manager, or his designee, has signature authority to execute contracts of any nature (i.e. agreements, statement of work, etc.) which have been approved by Council via the budget or agenda item. The City Manager has authorized the Purchasing Manager to sign tax exemption forms and credit applications. Rules and procedures adopted by this Purchasing Policy include rules and procedures for employees to use City purchasing cards to pay for City purchases under the direction and supervision of the Purchasing Department. The Purchasing Manager shall confer with the City Attorney when necessary to interpret this Policy or requirements under applicable State and Federal laws. 	<p>Deleted: those</p> <p>Deleted: as outlined in Chapters 8</p> <p>Deleted: 9.</p> <p>Deleted: supervise</p>
Additional Responsibilities	<p>In addition to statutory duties, the Purchasing Manager:</p> <ul style="list-style-type: none"> Encourages and supports compliance with Texas purchasing laws; Works in conjunction with the Finance Department and other City officials in the development of efficient financial processes; Promotes local business participation in City procurement processes; and Provides the business community with a central link to City business 	

Chapter 6: Purchasing Process, Policy, Roles and Responsibilities

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The general purchasing process as outlined in Exhibit 3 contains several stages with responsibilities that are often designated by statute. It begins with requirements planning and identification culminating with the receipt of and payment for goods and services.

Exhibit 3: Purchasing Process

Step	Performed By:
Identify requirements and obtain budget	User Department (Purchasing Department may assist)
Define/finalize requirements	User Department and Purchasing Department
Submit electronic requisition outlining requirements to Purchasing	User Department
Solicit, advertise, and generate Purchase Orders and Contracts from requisition and send to vendor	Purchasing
Submit electronic requisition identifying increase change to dollar value for Purchase Orders, (budget confirmation) reference original Purchase Order in reason field	User Department
Submit email requesting changes to Purchase Orders for correction of vendors and product/service descriptions	User Department
Generate Purchase Order change order from requisition and/or email and send to vendor	Purchasing
Receive good/service and verify completeness against contract	User Department (Purchasing Department coordinates)
Electronically receive item in the City's automated requisitioning system ("ARS") upon receipt of good/service and submit original invoice to Finance Department.	User Department
Match received amount with invoice and audit	Finance Department
Process and approve payment of invoice.	Finance Department
Disburse payment of invoice	Finance Department

Coordination among many City departments and offices is necessary for the process to work smoothly. To avoid delays and comply with the Policy and state law, user departments should remember the following:

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- **Do not authorize the purchase of any goods or services.**
- **Do not purchase any goods or services for your own personal benefit.**
- **Do not authorize product demonstrations, trials or wear tests without knowledge and coordination by the Purchasing Department.**
- **Do not obligate the City for the purchase of goods that are delivered for use on a trial basis.**

- **Do not commit to acquire goods or services without an authorized purchase order.** Anyone obligating an expenditure of funds for goods or services before securing a purchase order may be held personally responsible for the payment, and may face criminal charges.

- **Do not use purchasing strategies to avoid the requirements of this Policy or which may violate the law.** Strategies that are prohibited by law include:

- purchasing component parts that would normally be purchased in one purchase (component purchases);
- separately purchasing items that normally would be purchased in one purchase (separate purchases); and
- purchasing items over a period of time, that normally would be purchased in one purchase (sequential purchases).

A city officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Texas Local Government Code Section 252.021 is committing a Class B misdemeanor according to Texas Local Government Code Section 252.062 (a). In addition, a city officer or employee who intentionally or knowingly violates the competitive bidding requirements of Texas Local Government Code Section 252.021 in some other manner is also committing a Class B misdemeanor. Tex. Loc. Gov't Code § 252.063. The final conviction of a City officer or employee for a violation of Section 252.021, as explained above, also results in the immediate removal of that person from any office or employment with the City; and, prohibits the removed individual from being appointed or elected to public office in the State of Texas and further prohibits the individual from working for the City or receiving any compensation through a contract with the City for a period of four years from the date of conviction. See Tex. Loc. Gov't Code § 252.063.

- **Adhere to the City Purchasing Code of Ethics and avoid activities and behaviors that are unethical or create a conflict of interest or the perception of a conflict of interest.** Examples of activities that are inappropriate include:

- soliciting or accepting money, loans, gifts, favors or anything of value of any kind from present or potential contractors that might influence or appear to influence a purchasing decision;
- failing to disclose in writing to the Purchasing Manager a conflict of interest and not removing yourself from the procurement process when there is a conflict; and
- disclosing confidential proprietary information from solicitations to other vendors or using the information for personal gain.

- **Ensure funding is available before submitting a requisition.** Texas law does not allow expenditures of funds that exceed the City's fiscal year budget. Purchasing does not process requisitions for which there is not adequate funding in the current budget.

- **Plan purchases to minimize the use of emergency and expedited purchases.** Rush purchases are generally more expensive and they delay other requisitions already in the system. Vendors may attempt to charge premium prices for goods and

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 ¶ purchasing a series of component parts that would normally be purchased as a whole (component purchases); ¶
 ¶ purchasing items in a series of separate purchases that normally would be purchased as a single purchase (separate purchases); and ¶
 ¶ purchasing items over a period of time, that normally would be done as one purchase (sequential purchases). ¶
 A city officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Texas Local Government Code, Section 252.021, is committing a Class B misdemeanor according to Texas Local Government Code, Section 252.062.¶

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services needed in an expedited manner. Costs can be elevated when there is insufficient time allowed to explore alternative sources or options.

- **Plan purchases to allow sufficient time to process purchase requests.** The Purchasing Department is committed to processing all requisitions within a reasonable amount of time. In general, departments should allow 1-2 weeks for all non-contract purchases between \$25,000 and \$50,000 and 6–8 weeks on all purchases requested over \$50,000 that are not covered by an existing contract. Existing contract requisitions and requisitions under \$25,000 are generally processed within one day of receipt.
- **Ensure that purchasing policies and procedures are understood before ordering.** Departments must assure that all employees responsible for making department purchase requests have read and understand the purchasing procedures set forth in this Policy. Departments should also ensure that employees attend any training provided by the Purchasing Department.
- **Coordinate with Purchasing on receipt of goods and services.** Since the City does not have centralized receiving, each department is responsible for individually receiving goods and services. Departments should contact the individual listed as the buyer on the purchase order to make Purchasing aware of vendor performance issues such as shortages, late delivery, or damaged merchandise. If the item received is a fixed asset the item must be reported to Finance for tracking.

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Roles and Responsibilities

There are specific roles and responsibilities for both user departments and the Purchasing Department during the procurement process. The City's Procurement Process protects the integrity of the internal processes and provides fair and equal access to all vendors seeking to do business with the City. Exhibit 4 outlines the primary roles and responsibilities.

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Policy Deviations

If there are indications that a requisition is for an after-the-fact purchase, an explanation setting forth the reasoning for a requisition after the purchase has been made must be provided. Forms for this purpose will be made available by the Purchasing Department. The form must be signed by the employee's Director and include statements describing the following:

How did the purchase occur prior to a requisition being issued and the circumstances surrounding it?

Whether or not the actions that occurred were in the best interest of the City, and if not, to what extent were these actions detrimental to the City?

Actions taken to correct the circumstances which led to the deviation from City policy or procedure and to prevent future deviation.

Disciplinary action may be taken against the employee(s) involved where actions were not justifiable. Steps to reinforce policy and use of positive administrative action(s) such as staff training, establishment of internal procedures, realignment of staff responsibilities, etc., are to be undertaken to correct any existing problem(s) that may discourage adherence to policy.

Exhibit 4: Formal Purchasing Process Roles and Responsibilities

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
Requirements Definition/ Specification Development	<ol style="list-style-type: none"> 1. Identifies what is needed, when it is needed, the quantity needed and where it is needed and works with Purchasing Department to document need in writing a specification 2. Ensures funding (budget) is available to support need 3. Sends specification and requisition with funding to Purchasing Department 4. Works with Purchasing Department to develop evaluation criteria/ formats (as applicable) 5. Drafts agenda request for Purchasing approval 	<ol style="list-style-type: none"> 1. Consults with User Department in development of specification and procurement process to be used 2. Works with City Attorney to prepare or review solicitation and contract documents 3. Reviews specification to ensure that it is descriptive and specific but does not prevent competitive bidding of comparable goods 4. Works with user department to develop evaluation criteria/formats (as applicable) 5. Prepares agenda item for City Council (if applicable) 6. Reviews/edits agenda request and files in Legistar
Solicitation	<ol style="list-style-type: none"> 1. Reviews solicitation documents before issuance to ensure department needs are met 2. Provides Purchasing Department with a list of potential vendors that can meet the solicitation requirements 3. Provides technical clarifications to Purchasing Department if vendor questions arise 4. Supports pre-solicitation conferences (as applicable) 	<ol style="list-style-type: none"> 1. Develops solicitation documents based on specification and sends to user department for review before final issuance 2. Issues solicitation to vendors registered on electronic bidding system (and those identified by user department) 3. Advertises solicitation in accordance with State law 4. Conducts pre-solicitation conferences (as applicable) 5. Provides answers or clarifications to vendors through addenda before solicitation closes 6. Receives and logs vendor responses 7. Prepares responses for evaluation and sends to user department
Evaluation and Negotiation (as applicable)	<ol style="list-style-type: none"> 1. Evaluators from department sign confidentiality statement and send to Purchasing Department (as applicable) 2. Evaluates response based on established evaluation criteria and formats 3. Completes evaluation and submits recommendation to Purchasing Department 4. Works with Purchasing Department to develop 	<ol style="list-style-type: none"> 1. Issues confidentiality statement to all evaluators before evaluation commences (as applicable) 2. Supervises evaluation process to ensure consistent and fair application of evaluation criteria 3. Acts as point of contact for evaluator requests and communications to vendors for additional information 4. Compiles individual evaluation results and works with users to

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
	negotiation strategy (as applicable) 5. Participates as member of negotiating team to negotiate Best and Final Offers (as applicable) 6. Works with Purchasing Department to co-develop final recommendation for award 7. Provides information to Purchasing Department (memorandum) to support contract award agenda development	develop recommendation for award and prepares contract award agenda item for City Council or 5. Works with user department to develop negotiation strategy (as applicable) 6. Leads negotiating team to negotiate Best and Final Offers (if applicable) 7. Receives Best and Final Offers and co-develops final recommendation for award (if applicable) and 8. Prepares contract award agenda request for City Council
Contract Modifications	1. Request modifications in writing to Purchasing Department 2. Reviews draft and final modification to ensure it meets department needs	1. Evaluates modification request and works with user department to develop modifications 2. Coordinates with vendor and user department to develop draft modifications 3. Works with City Attorney to review and finalize modifications 4. Obtains appropriate signatures (vendor, attorney, etc.) 5. Either Purchasing Manager approves modifications or develops City Council agenda item for approval depending on type and amount of modification
Contract Performance Monitoring	1. Receives copy of contract and monitors vendor performance and delivery 2. Notifies Purchasing Department of non-performance and provides written documentation outlining details of non-performance (dates, description of problem, etc.) 3. Works with Purchasing Department to develop acceptable corrective actions (as applicable)	1. Maintains complete contract file with supporting documentation during term of contract 2. Works with vendor to resolve performance issues as identified by user department 3. Develops corrective actions and timetables for completion to resolve performance issues and documents in contract file (as applicable) 4. Works with user department and City Attorney to terminate contract when necessary because of non-performance

	<p>Chapter 7: Historically Underutilized Business Program</p>
Policy	<p>The policy of the City of McKinney Purchasing Department is to ensure a good faith effort is made to assist certified HUB vendors and contractors in receiving contracts in accordance with State law:</p> <p><i>Texas Local Government Code, Chapter 252.0215. A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, of the Texas Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.</i></p>
Informal Solicitations	<p>For <u>expenditures</u> over \$3,000 and less than \$<u>50,000</u>, the <u>Purchasing</u> Department solicits a quote from two certified HUBs, if <u>available</u>.</p>
Formal Solicitations	<p>The Purchasing Department uses a third party vendor to maintain the Bidders List. All registered vendors within a specific commodity and sub-commodity category are solicited. All HUB vendors are encouraged to register with the third party vendor so they are included in formal solicitations within the commodity code they select.</p>
Eligibility	<p>City of McKinney does not certify HUB vendors. HUB vendors must complete the certification process with the State of Texas Comptroller of Public Accounts. The <u>HUB</u> vendor must hold a current valid certification from the Comptroller.</p>

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Chapter 8: Other General Purchasing Policies

IT Review of Data Processing Equipment

The Information Technology Department (IT) shall review and approve all purchase requests made by departments for software, hardware and other data processing equipment, save and except Pre-approved Marketplace Items (defined below). This procedure is to ensure compatibility and standardization of the City's computer system. IT may provide the Purchasing Manager with a list of the goods and services that have been pre-approved and need no additional review, ("Pre-approved Marketplace Items"). Pre-approved Marketplace Items also include renewals and re-purchases of previously approved software applications, but do not include updates or new versions that may by their revisions be rendered incompatible. To purchase any other data processing goods or services, the user department must obtain IT approval.

Risk Management Coverage

When departments sustain loss or damage to goods or buildings, and funding for replacement or repair is coordinated through the Risk Management Department, the actual purchase is processed by the Purchasing Department. Additionally, the Risk Manager must notify the Finance Department so that fixed asset inventory files can be updated, if applicable.

After Hours Emergency Purchases

Each department must have written internal procedures consistent with this Policy that address Emergency Purchases (defined in Chapter 2 of this Policy) in an amount of less than \$50,000 that occur after regular work hours. If you have any questions regarding whether a particular purchase meets the state law definition of an emergency purchase, please contact the Purchasing Manager.

Each department's written internal procedures should require that department employees contact their immediate supervisor or other designated person for approval prior to making an Emergency Purchase. On the first working day after the Emergency Purchase, the department must enter a purchase requisition into the ARS and complete the Emergency Purchase Justification form, available on the City's Intranet, and submit to the Purchasing Manager.

Interlocal Agreements

All interlocal agreements with other governmental and quasi-governmental entities which will provide for a Cooperative Purchasing Program, only, between the City and other governmental and quasi-governmental entities must be reviewed by the Purchasing Manager and may be approved by the City Manager, pursuant to Resolution No. 2000-08-093.

Best Value

If the competitive sealed bidding requirement applies to the contract for goods or services, and if so specified in the bid documents, the contract must be awarded to the lowest responsible bidder or alternatively, if so specified in the bid documents, to the bidder who provides goods or services at the best value for the City. In determining the best value for the municipality, the City may consider:

- the purchase price;
- the experience and reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the City's needs;
- the bidder's past relationship with the City;

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City of McKinney departments are encouraged to purchase environmentally preferable products which achieve conservation benefits. Environmentally preferable products are products and services that have a lesser or reduced effect on human health and the environment when compared to other products and services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.¶

¶ The purchase and use of products and services can have a profound impact on the environment. The City of McKinney Purchasing Department recognizes the positive impact that it can make on the environment through the purchasing decisions that staff make. It is the intent of the Purchasing Department to integrate environmental considerations into every aspect of acquisition. Although environmental impact may not be the core of our professional mission, the integration of these factors will result in economic, health and environmental gains that will further our goals.¶

¶ In this Policy, recycling means the processing of used materials into new products to save resources and energy, and the collection, storage and transportation of those materials from the initial user. Examples of recycled products include remanufactured toner cartridges, re-refined motor oil, recycled content paper, etc. ¶

¶ The Purchasing Department shall:¶

¶ seek to reduce the environmental damages associated with purchases by increasing acquisition of environmentally preferable products and services to the extent feasible, consistent with price, performance, availability, and safety considerations;¶

¶ Take environmental factors into account as early as possible in the planning and decision-making process;¶

¶ share responsibility for environmentally preferable purchasing with departmental staff;¶

¶ provide user departments with information to facilitate their purchase of designated products that are reputed to perform well and inform the user departments of their responsibilities;¶

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- the impact on the ability of the City to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

Electronic Transactions

Electronic sealed bids or proposals shall be accepted in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

- Invitations to Bid and Requests for Proposals will be advertised and issued through the City's electronic service provider. A notification will be added to bid terms and conditions stating suppliers may/should submit responses electronically through City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.
- At the specified bid closing time, a *password-enabled* employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.

Purchasing staff will read aloud all bid responses received by the stated bid closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with a qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".

Vendor List

The Purchasing Department maintains a list of vendors who have requested that they be sent notices of advertised solicitations through our third party electronic service provider. The vendor is responsible for registering on-line via the City's website www.mckinneytexas.org. They may categorize their business by the commodity codes for the goods and services that they are capable of providing. The Purchasing Department utilizes a third party vendor for maintenance of the vendor list and publication of solicitations.

As a courtesy to vendors, and as a means of encouraging competition, notification of each solicitation is provided to appropriate vendors via email. The Purchasing Department also advertises solicitations on the City's cable television channel, on the City Purchasing website at <http://www.mckinneytexas.org>, and in a newspaper of general circulation as required by law.

Stock Requisition

A City stock room will be maintained for use by all departments. Departments may obtain materials directly from this stock room through electronic supply requisition (stock req.). Materials and supplies in the stock room have already been purchased by the City based upon anticipated needs. Consequently, a purchase order is not needed to obtain such items, only a supply requisition.

Petty Cash

Incidental items under \$50 (with the exception of items available on fixed price contracts) may be purchased utilizing petty cash.

Field Purchase Order (FPO)

Payments, in which use of a purchase order would not be practicable (no need to shop for services), are allowed by electronic field purchase order (or by hard copy check request where FPO is unavailable). FPO's should not be used for recurring services. Electronic field purchase orders/check requests may be utilized for the following items:

- Seminar, conferences (registration, fees – not travel advances)
- Employee reimbursements (mileage)
- Advertisements
- Subscriptions, dues and memberships (magazines, professional/trade annual fees)
- Refunds (Parks, Community Center, UB, Court only)
- Utility payments (electric, gas, phones)
- Banking/Financial Fees (credit card fees, debt service payments, broker fees, etc.)
- Food (for council meetings, department meetings)
- Land Acquisition (easements, right of way or land purchases only)
- Personal Services (artists, instructors, judges, translator)
- Legal Fees (attorneys, legal services)
- Doctors/Medical Services
- Contributions/Support (grant or program support, prisoner retention)
- Other payments as authorized by the Finance Director

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Ethical Procurement

City of McKinney departments are encouraged to do business with companies who adhere to the federal and state labor law and regulations, including but not limited to:

- The Fair Labor Standards Act through limiting child labor, requiring payment for overtime work and requiring payment of at least the general prevailing daily wage rate for work of a similar character performed in the same locality.
- The Occupational Health and Safety Act which requires safe working practices and procedures in all projects.
- The provision of workers' compensation insurance, by the general contractor and all subcontractors, in accordance with the Texas Workers' Compensation Act on any City building or construction project.
- Any state or federal law prohibiting discrimination or harassment based on age, gender, race, religion, or national origin in the work place.

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The City of McKinney, including the Purchasing Department, is strongly committed to upholding these beliefs in ethical and humane business practices.

Grant Funded Purchases

Grants should be administered via a written contractual agreement between the City and the party providing the service. Grants administered by the State are governed by Chapter 2261 of the Texas Government Code, which includes grants in the definition of a contract unless certain criteria are met. All purchases made with grant monies will comply with the terms and conditions of the grant, as well as the City's procedures regarding all purchases. Grants often have short time frames to meet and although every effort will be made to expedite purchasing processes where possible to meet these deadlines, the department is responsible to provide the Purchasing Manager a copy of all procurement requirements in the grant document in a timely manner.

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Chapter 9: The Requisitioning Process

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Definition Requisitioning is the formal request for a purchase to be made. It is the first step after the need for goods or services is recognized.

Purpose The department's purchase requisition authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services. This automated form is for internal use and cannot be used by a department to order materials directly from a vendor.

Policy City of McKinney uses an automated requisitioning system, commonly referred to as the ARS. Based on pre-established budget line items, the user department enters purchase requisitions into the ARS. Adequate budget funds must be available in the departmental line item(s) before the Purchasing Department can purchase the requested goods and services.

Procedure Purchase requisitions should fully describe what to buy, when it is required, and where the goods are to be delivered or the services are to be performed. The user department needs to "build" a complete description of the item(s) needed. Exhibit 5 identifies the information and steps the user department should follow to obtain the full descriptive information needed to process requisitions expeditiously. The information should be researched and obtained **before** the user department enters a requisition in the ARS.

After the Purchasing Department receives a purchase requisition, it determines the appropriate purchasing method based on the cost of the purchase, the goods and services to be purchased, the existing contracts for goods and services and other relevant factors.

Specific instructions on entering purchase requisitions into the automated ARS are not covered in this manual. The user department can contact the Purchasing Department for training.

Note: Cycle time to process a requisition refers to the time between when a purchase requisition is received in the Purchasing Department and when an actual purchase order is placed with a vendor.

Reminder: It is the department's responsibility to track the progress of their requisition to make sure it is released from the Financial Service's queue. Time the requisition may spend in the Financial Service's queue is not included in cycle time.

Emergency Requisitions: Please contact the Purchasing Department prior to entering an emergency requisition into the automated ARS and inform the Purchasing Department that you are submitting an emergency requisition so the emergency requisition can be promptly retrieved from the ARS and processed.

Exhibit 5: Open Market Requisition Checklist

Step	Reference Source:
Identify the commodity and sub-commodity code for the item(s) to determine the accounting line item(s) to be used and ensure that there are sufficient budgeted funds available. Perform budget transfer if necessary, before submitting requisition.	ARS (purchasing module for commodity/sub-commodity and financial module for account line item balances)
Find the desired item(s) and obtain the following information: <ul style="list-style-type: none"> ✓ Manufacturer Name (e.g. Dell) ✓ Model Number (e.g. Pentium series II, model Number 135867) ✓ Unit of measure (e.g. each) ✓ Unit price, quantity, and total price ✓ Item description (complete description with as much detail as possible) 	Vendor catalog, Internet research Helpful hint: copy the model description information from the source and either type it in the requisition or e-mail to purchasing. Also, identify where you got the information (e.g. Office Depot catalog p.22 or online at www.officedepot.com , item xxx)
Obtain the full description for the item(s) being purchased. Example of full description (file cabinet): File Cabinet, Vertical, 2 Drawer, Letter Size, Dimensions 27 3/4"H x 17 11/16"W x 25"D, Color: Steel Gray Shipping Weight: 320 Lb. MFG: FireKing P/N FK25 (seen online at Office Depot catalog)	Vendor catalog, Internet research
Check the vendor name to see if the vendor exists in the ARS and verify the vendor number. If the vendor does not exist, obtain the following to enter into requisition comments: <ul style="list-style-type: none"> ✓ Vendor name ✓ Vendor address ✓ Vendor telephone number ✓ Vendor point of contact (who you talked with to get product information) ✓ Email and/or fax number 	ARS Purchasing module (requisition function)
Identify shipping and delivery information including: <ul style="list-style-type: none"> ✓ Date required ✓ Shipping (determine if it is included in price or is a separate item) ✓ Department point of contact to whom item will be delivered ✓ The "Ship to" location ✓ Any specific delivery instructions (location, time of day etc.) ✓ Any special options that are available, but not part of description (color, fabric, etc.) 	ARS Purchasing module (requisition function)

Chapter 10: Open Market Purchases Under \$3,000

Policy

For open market purchases of goods and services totaling less than \$3,000, end user shall seek a source with fair and reasonable pricing.

Considerations

To protect the integrity of the process, all solicitations of quotes shall comply with the following:

- Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to quotes from other suppliers;
- Purchasing should be contacted if additional sources for a particular product or service are needed;
- Quotes should be entered in the appropriate space on the electronic requisition and forwarded to Purchasing for supplier selection/confirmation, price confirmation and issuance of a Purchase Order;
- In accordance with State statutes, under no circumstances is the user department authorized to place an order without Purchasing approval or unless a purchase order has been obtained from the Purchasing Department; and
- Contact the Purchasing Department with any concerns or questions you may have.

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Chapter 11: Procurement Cards

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Purpose	<u>The City of McKinney Procurement Card Program has been made available through a contracted banking services provider, hereafter called the Bank. The card will allow selected employees to purchase items required for the daily operations of their departments. The intent of the procurement card is to enhance the capabilities of City personnel to perform operational tasks without the administrative delay of obtaining Departmental Purchase Orders. The card is offered to promote ease of operation; however, it should not be used to replace pre-planning. All purchases made with the Procurement Card are to follow the City of McKinney's Purchasing Policies, Cardholder/Supervisor guides, the City of McKinney's cardholder agreement, the Travel Policy and any other applicable policies. All policies and guides are available for reference on the Purchasing intranet page.</u>
Issuance	<u>Cards will be issued in the name of each individual and the City of McKinney. The card will remain the property of the City of McKinney. Each potential cardholder will attend a training session and sign a procurement cardholder agreement prior to being issued the card.</u>
Statements	<u>Statements will be mailed to cardholders by the Bank. Cardholders are to reconcile their receipts with the transactions shown by the Bank. Attach all documentation, note any additional information pertinent to the purchase, receive necessary approvals and forward to Finance. Statements are to be reconciled by the department on a monthly basis and all receipts must be forwarded to Finance per the timeline listed in the cardholder guide.</u>
Returns, Credits and Disputed Charges	<u>Should a problem arise with a purchased item, service or charges, every attempt should be made by the cardholder to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits or disputed charges. The returned, credited or disputed item should be documented.</u>
Returns	<u>If a cardholder needs to return an item to a supplier, cardholder must contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking fee for returns. Returns must be documented.</u>
Credits	<u>If the supplier accepts an item as a return, a credit for this item should appear on the following statement. Cardholder must follow up with the supplier until the credit appears.</u>
Disputed Charges	<u>If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on reports forwarded to Finance. If a cardholder cannot resolve a disputed item directly with the supplier, the cardholder should contact the Program Administrator. Bank provider will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the supplier is received. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is considered to be fraudulent, the card will be immediately locked, the account may have a provisional credit (if given) and an investigation of the charge will continue. A new card will be re-issued to the cardholder, if appropriate. If the charge appears legitimate after investigation, the transaction will then post to the new account.</u>
Security of The Card	<u>The cardholder is responsible for the security of the card. This city-issued credit card should be treated with at least the same level of care that cardholder would use with his/her own personal credit cards. Guard the Procurement Card Number carefully. It should not be posted in a work area. Do not leave the card in a conspicuous place, but</u>

	<p><u>rather keep it in an accessible, secure location. Cardholder shall always keep the procurement card in the protective sleeve provided by the city and only remove it from the sleeve for official City business use.</u></p> <p><u><i>The only person authorized to use the Procurement Card is the cardholder whose name appears on the card. The card is to be used for business purposes only.</i></u></p>
Lost or Stolen Cards	<p><u>Record the Bank's Customer Service number in a handy location. If a Procurement card is lost or stolen, the cardholder shall immediately contact the Bank's Customer Service number. After contacting the Bank, the cardholder shall immediately notify the Program Administrator. Prompt action can reduce the City's and the cardholder's liability for fraudulent activity.</u></p> <p><u>It is imperative that Purchasing and Finance be notified immediately of any of the aforementioned problems.</u></p>
Responsibility of Cardholders	<p><u>The Procurement Card may be used ONLY for CITY RELATED BUSINESS. No personal use of the card will be allowed. Misuse of the Procurement Card may subject the cardholder to discipline up to termination and criminal prosecution.</u></p> <p><u>Purchases should be made by use of the Procurement Card only if it is the most efficient and most cost effective method. Procurement Cards should not be used to replace planning for the department's needs. The City promotes progressive productive work methods and supports planning ahead to achieve the best possible results.</u></p> <p><u>Cards must be used under SECURE CONDITIONS ONLY. Only secure websites are allowed for online transactions. Look for either a "lock" icon at the top of the screen or an added 's' in prefix of the site's URL, specifically "https://". If one of these indications is not present, do not complete the transaction. Cardholders are to use caution when providing a card number by telephone or by facsimile.</u></p> <p><u>The City of McKinney is exempt from sales tax. BE SURE TO CHECK ALL RECEIPTS TO ENSURE THAT TAX HAS NOT BEEN INCLUDED.</u></p>
Card Restrictions	<p><u>Cardholders are prohibited from using the Procurement Card to purchase local business meals with the exception of the City Manager, Deputy City Managers and Directors (who are authorized to purchase reasonable business meals as determined by the City Manager). Business meal receipts shall be documented to include attendee names and purpose of the meeting.</u></p> <p><u>Travel/Training – related meals are handled on per-diem basis. Therefore, the Procurement Card shall not be used for these type meals. See travel policy.</u></p> <p><u>The Procurement Card shall not be used for items and/or services on contract, CIP projects, fixed assets or capital outlays. The City Marketplace is the only exception where payment for contracted items can be made with a procurement card.</u></p> <p><u>To remain in compliance with Texas Local Government Code Section 252.0215, the cardholder must solicit quotes from HISTORICALLY UNDERUTILIZED BUSINESSES if total expense for a commodity reaches \$3,000 or more. (Contact Purchasing or refer to 'Purchasing' on the intranet for "how-to" information.)</u></p> <p><u>For examples of appropriate purchases, refer to the City of McKinney Procurement Card Program, Quick Reference Cardholder Guide.</u></p>

**Director and
Approving Officer
Responsibilities**

Directors will set expenditure and purchase limits.

- Predetermined card limits of \$1000 per transaction have been set. However, if a Director requests a lower limit for certain cards the cardholder will be notified by their Director. Directors have the authority to assign higher per transaction and per cycle limits.
- In the event that the cardholder misuses the card the Director may cancel the card and require the return of the card. Further disciplinary action may result.

Approving Officers will review all purchases.

- The Approving Officer is responsible for timely reviewing and approving of cardholder monthly transactions. Notwithstanding the foregoing, an Approving Officer or Director shall not review and approve their own cardholder monthly transactions. Rather, such cardholder monthly transactions shall be reviewed and approved by their respective Supervisors.
- The Director will counsel cardholders and their Approving Officers whenever cardholders are not adhering to all requirements and guidelines of the card. In the event that a cardholder misuses the card, the Program Administrator may cancel their card. The Finance Director, Program Administrator and Human Resources Director will work in conjunction with Director on appropriate disciplinary action for card misuse. The Purchasing Department will conduct audits of the Procurement Card usage in the same manner as is done with Departmental Purchase Orders.
- Neither the Bank nor the merchant bears any responsibility for inappropriate purchases. If the cardholder makes a purchase, the merchant will be paid and the department budget charged unless the City returns the merchandise and the merchant agrees to accept and issue a credit.
- The Approving Officer shall immediately report any inappropriate purchases made by any cardholder to their Director. The Supervisor of the Approving Officer, if the Director is not the Approving Officer's Supervisor, shall immediately report any inappropriate purchases made by the Approving Officer to their Director. The Director shall counsel the offending cardholder, including an offending Approving Officer, and report the offending cardholder and/or offending Approving Officer and inappropriate purchase to the Program Administrator.
- In the event a Director makes any inappropriate purchases, such inappropriate purchases shall be immediately reported to the Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department as well as the City Manager. The Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department and/or the City Manager shall counsel the Director and report the Director and inappropriate purchase to the Program Administrator.

Director will request new cards and/or cancellation of existing cards.

- The Director is responsible for notifying the Program Administrator to process the application of an authorized cardholder, cancel the card of a cardholder and for turning in a card to be cancelled.

**Program
Administrator
Responsibilities**

- Whenever the employment of a cardholder ends, or the individual is transferred to other duties, the Director is responsible for returning the card to the Program Administrator for cancellation.

The Program Administrator will be responsible for:

- processing applications to obtain Procurement Cards for staff members and for canceling cards returned by the Director upon their request.
- keeping a current list of all cardholders, card numbers, card limits and card history. They will also be responsible for the integrity of the system and as such may request a full audit of the cardholder account.
- reviewing the appropriateness of purchases made with the Procurement Cards and any misuse and/or abuse of card privileges (collectively "Occurrence") will be dealt with as follows:
 - Occurrence 1 – The Director determines if the cardholder should be individually responsible for the charge, if the individual should continue in the program, and any disciplinary action up to and including termination. Program Administrator will be notified of the disposition of the incident.
 - Occurrence 2 – Program Administrator and Director will meet to determine if the individual will continue in the card program and the Director will determine the need for disciplinary action up to and including termination.
 - Occurrence 3 – Program Administrator and Finance Director may terminate the cardholder's participation in the program, and the Director will determine the need for disciplinary action up to and including termination.
- Each occurrence is subject to discipline at the Director involvement consultation.
- Merchant Category Codes (MCC) will be assigned to give the purchaser optimum buying capability. Samples of the MCC, which will be available, are:

- Tools	- Auto Repair
- Auto Parts	- Office Supplies
- Janitorial Supplies	- Safety Supplies

The Procurement Card will cover most of the purchases that a department makes. A complete listing is available through the Program Administrator. Should a department determine that they have additional needs beyond the MCC the department should submit a written request to the Program Administrator and at that time, if deemed necessary, the new MCC will be added.

Policy	<p>Chapter 12: Open Market Purchases between \$3,000 - \$25,000</p> <p>For open market purchases of goods and services totaling between \$3,000 and \$25,000, <u>Purchasing will solicit</u> price quotations from a minimum of three sources to assure fair and reasonable competition. Any exception must be approved by the Purchasing Manager and documented on the requisition.</p>
	<p>The <u>Purchasing Department shall</u> contact at least two Historically Underutilized Businesses (HUBs) when making expenditures in this category, on a rotating basis, based on information provided by the Texas Procurement and Support Services pursuant to Chapter 2161, <u>of the Texas</u> Government Code. If the <u>HUB</u> list fails to identify a historically underutilized business within Collin County for the service or goods sought, the City is exempt from this requirement, <u>and the Purchasing Department will obtain the required quotes. The Purchasing Department will maintain the proper documentation reflecting compliance with this obligation.</u></p>
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none"> Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to <u>or provided information regarding</u> quotes from other suppliers; Purchasing should be contacted if additional sources for a particular product or service are needed; Quotes should be entered in the appropriate space on the electronic requisition for supplier selection/confirmation, price confirmation and issuance of a Purchase Order. Results <u>regarding the solicitation of price quotations</u> from HUBs <u>will be documented and kept on file by the Purchasing Department</u>; In accordance with State statutes, under no circumstances is the User Department authorized to place an order without <u>Purchasing's prior</u> approval or unless a purchase order has been obtained from the Purchasing Department; and Contact the Purchasing Department with any concerns or questions you may have.

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Suppliers should be rotated to ensure competition;¶

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Chapter 13: Purchases between \$25,000 - \$50,000

Policy

Formal written quotes are obtained *by Purchasing* for these purchases

Considerations

To protect the integrity of the process, all solicitations of quotes shall comply with the following:

- Department shall submit a requisition to Purchasing for services and/or products required;
- Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;
- Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Quote (ITQ). Invitation to Quote will be forwarded to prospective suppliers and shall state a specific date, time and location for quote submittal. Purchasing will be responsible in these instances for complying with the State's HUB requirements; and
- Departments must allow adequate time (at least one to two weeks) for processing orders in this category.

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Chapter 14: Purchases over \$50,000

Policy

Texas State law ([Texas Local Government Code Chapter 252](#)) sets the requirements for formal solicitations. By law, purchases of more than \$50,000 require that a competitive sealed bid or a competitive sealed proposal process, including public notice, public opening of the bids and City Council award, be utilized. [See Policy, Chapter 16](#). Certain expenditures are exempt from the competitive bidding requirements. [See Tex. Loc. Gov't Code § 252.022](#). A department must contact Purchasing to determine if an exemption applies. [See Policy, Chapter 19](#).

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Considerations

No specifications are to be written with the intent to exclude a possible bidder. [Tex. Loc. Gov't Code § 252.047](#) allows that competitive bidding can be let on either a lump-sum or a unit price basis. If unit price bids are solicited, the approximate quantities of each item needed are to be estimated in the requisition based on the best available information, but payment to the contractor must be based on the actual quantities involved. /d.

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The competitive sealed bid process is used for most purchases. Electronic receipt of bids and the Reverse Auction procedures may be used if the Purchasing Manager deems those processes to be the best method for the solicitation. Bids are awarded based on lowest responsible bidder or best value, as established in the bid documents. [See Chapter 8 of this Policy for a discussion regarding "Best Value" bidding.](#)

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The competitive sealed proposal process may be used when circumstances dictate and the Purchasing Manager has designated, through the proposal process, that this process is the best method of procurement for the particular item and/or service. Proposals are awarded based on the most responsible offeror whose proposal is determined to be the most advantageous to the municipality, considering the relative importance of price and the other evaluation factors included in the request for proposals.

To protect the integrity of the process, all solicitations shall comply with the following:

- Department shall submit a requisition to Purchasing for services and/or products required;
- Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;
- Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Bid (ITB) or Request for Proposals (RFP) in consultation with, as needed, the City Attorney. Bid documents will be forwarded to prospective vendors and shall state a specific date, time and location for submittal; and
- Departments must allow adequate time for processing orders in this category.

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Chapter 15: Specifications

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Definition

A specification is a concise description of goods or services that user departments seek to buy and the requirements the vendor must meet to be considered for the award. A specification may include requirements for testing, inspection, preparing any goods or services for delivery, or installing them for use. The specification is the total description of the goods and services desired to be purchased.

Purpose

The primary purposes of any specification is to provide vendors with firm criteria about a minimum standard acceptable for goods or services by providing reasonable tests and inspections to determine their acceptability and to provide purchasing personnel with clear guidelines of the needs of the department which will be used to produce the purchase documents. As a result, the specification also:

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- promotes competitive bidding; and
- provides a means to make an equitable award to the lowest and/or best bid from a responsible bidder.

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Preparation

In writing specifications, user departments are encouraged to obtain an existing specification (i.e. City or another public entity-created RFP) before starting to write a new one. The existing specification can provide ideas and examples that can be customized for City of McKinney purposes. The user department should contact the Purchasing Department for assistance in obtaining existing specifications to facilitate the specification development process.

There are numerous sources for specifications. These include other departments within the City, the City Attorney's Office, other governments, professional trade associations, professional purchasing associations and user knowledge. Some specification libraries that are available include:

Deleted: To gather information to facilitate writing specifications, a Request for Information (RFI) may be issued. Responses to an RFI allow the business community to have input into the solicitation document based on the current industry practices and market factors, and may provide information helpful to prepare a complete solicitation.¶

- Texas Specification Library located at the Texas Comptroller of Public Accounts website: www.window.state.tx.us/procurement/pub/specifications-library/
- General Services Administration, Federal Supply Service – Specifications Section found at www.gsa.gov
- Texas Department of Transportation Standard Specification Index located at http://www.dot.state.tx.us/gsd/purchasing/tssi_alpha.htm
- National Institute of Governmental Purchasing. Contact Purchasing for assistance because this is available to members only.

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The user department, occupant department or an outside agency may propose specifications. To ensure compliance with legal purchasing requirements, the Purchasing Department has final determination of the language included in specifications, except for specifications for construction projects. Specifications for construction projects shall be developed in coordination with the City Attorney. The User Department Director is responsible for obtaining final approval of the specifications. This ensures proper quality control and avoids the proliferation of conflicting specifications in the different City departments.

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To facilitate specification development and avoid duplication of their efforts, user departments should submit their specifications in electronic format to the Purchasing Department.

Characteristics

An effective specification has the following characteristics:

- **Simple:** Avoids unnecessary detail, but is complete enough to ensure that purchased goods and services satisfy their intended purpose.
- **Clear:** Uses terminology that is understandable to the user department and vendors.
 - Eliminates confusion by using correct spelling and appropriate sentence structure.
 - Avoids the use of jargon and “legalese”.
- **Accurate:** Uses units of measure that are compatible with industry standards, identifies all quantities and describes packing requirements.
- **Competitive:** Identifies at least two commercially available brands, makes, or models (whenever possible) that satisfy the intended purpose.
 - Avoids unneeded specifications or “extras” that could reduce or eliminate competition and increase costs.
- **Flexible:** Avoids situations that prevent the acceptance of a response that could offer greater performance for fewer dollars.
 - Uses approximate values that are within a 10% range for the dimensions, weight, speed, etc. (whenever possible) if these values can satisfy the intended purpose.

Types

The Purchasing Department uses a number of specification types:

- **Design** - Details description of a good or service, including details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients and all other information needed to produce an item of minimum acceptability. Design specifications are usually required for construction projects, custom-produced items and many services.
- **Performance** – Details required performance parameters such as required power, strength of material, test methods, standards of acceptability, and recommended practices. Performance specifications are usually used for capital equipment purchases.
- **Brand Name or Equal** - Lists goods or services by brand-name, model, and other identifying specifics, except that products with performance equivalent to the characteristics of the named brand are specified as acceptable. Other manufacturers may provide a nearly identical product under another brand name. **The Purchasing Department uses this method only if there is a business purpose justification. The burden of justification rests with the user department.**
- **Industry Standard** – States an industry standard that is identical, regardless of manufacturer that results in acquisition of goods of uniform quality. The UL standard for electrical products is an example of an industry standard.

Chapter 16: Competitively Solicited Purchases Exceeding \$50,000

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Definitions and Use

There are two primary types of solicited purchases - competitive bidding and competitive proposals. Competitively solicited purchasing means letting available vendors compete with each other to provide goods or services.

The Dallas 5th District Court of Appeals explains the use or process of competitive bidding as follows:

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"Competitive bidding requires due advertisement, giving opportunity to bid, and contemplates a bidding on the same undertaking upon each of the same material items and services covered by the contract; upon the same thing. It requires that all bidders be placed upon the same plane of equality and that they each bid upon the same terms and conditions involved in all the items and services and parts of the contract, and that the proposal specify as to all bids the same, or substantially similar specifications." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

Purpose of Competitive Bidding

The Dallas 5th District Court of Appeals further explains the purpose of competitive bidding as follows:

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"The purpose of competitive bidding is to stimulate competition, prevent favoritism, and secure the best work and materials at the lowest practicable price for the best interest of the taxpayers and property owners." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

The first purpose of competitive solicitations is to ensure the best possible value is received. Competitive solicitations also increase the likelihood that public monies are spent properly, legally, and for public projects only.

The second purpose is to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so.

Competitive Bidding: The term "Formal Competitive Bidding" generally applies to public purchasing when the solicitation process complies with Texas Local Government Code, § 252.021, and the solicitation award requires approval by the City Council.

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Competitive "sealed" bids are solicited through an advertisement for bids for public works projects, goods and supplies and non-personal services expected to exceed \$50,000. The advertisement for bids contains the specifications, terms, general conditions and special conditions for the public works project, and/or the procurement of goods and supplies and non-personal services ("Bid Documents") as well as the agreement and related performance, payment and maintenance bonds that with the Bid Documents comprise the "Contract Documents" for the project. A formal set of Bid Documents that include the City's standard terms and conditions, reviewed by the City Attorney's Office, must be used for any procurement in excess of \$50,000.

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The City Council must accept and award the contract for any public works projects, and/or the procurement of goods and supplies and non-personal services that exceed \$50,000 which are solicited through the competitive sealed bid process to the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city timely responding to the advertisement for bids and returning a fully completed and

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signed Bid Proposal and Bid Bond. The User Department and Purchasing Department work together to determine whether the presumptive low bidder is the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city and prepare a bid tabulation regarding the bids received together with an agenda item recommending to the City Council that the project be awarded to the appropriate bidder. The Contract Documents once signed by the bidder and the City Manager following approval of the City Council form the contract between City of McKinney and the vendor. Competitive sealed bids are not negotiated and are based upon the terms and conditions set out in the Bid Documents and Contract Documents.

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The competitive sealed bid method is the most preferred method of procuring the performance of public works projects, goods and supplies and non-personal services. It is used when the requirement can be definitively described, is readily available and is an off-the-shelf type of acquisition. Competitive bid contents are not disclosed until after the contract is awarded. In the event that the Bid Documents call for the submission of background documents that are trademarked or proprietary such documents may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

Competitive Proposals: The term "Formal Competitive Proposal" generally applies to public purchasing in amounts exceeding \$50,000 when the solicitation process complies with Texas Local Government Code § 252.021, and the solicitation award requires approval by the City Council.

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Competitive proposals are solicited through a sealed Request for Proposals (RFP) process. Vendors submit responses to the RFP for consideration. The RFP solicits proposals from vendors in response to the City's requirements and contractual terms and conditions. A formal contract that includes the City's standard terms and conditions, reviewed by the City Attorney's Office, must be approved by the City Council for any procurement in excess of \$50,000.

While the RFP process is similar to the competitive sealed bid process, there are notable differences. The primary difference is that the RFP results in a negotiated procurement. Cost is not necessarily the primary determining evaluation factor; however, its relative importance to other evaluation factors must be specified in the RFP and considered in recommending the award of the contract. Also, the proposals in the RFP process are received, but are not opened and read publicly at the time of receipt. Proposal contents are not disclosed until after the contract is awarded to the responsible proposer whose proposal is determined to be the most advantageous to the city under the pertinent evaluation factors. Proposal contents that are trademarked or proprietary may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

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In accordance with Texas Local Government Code § 252.021, the formal competitive proposal (RFP) method may also be used to purchase other items more typically bid through the competitive sealed bid process when the Purchasing Manager determines it is in the best interest of the City.

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Procedures

In the City of McKinney, competitive solicited procurements which call for approval by City Council due to an expenditure in excess of \$50,000 are required to comply with the requirements of the Texas Local Government Code and, with few exceptions, are

accomplished by the process set forth in this chapter. Throughout this chapter, “bids” are vendor responses in the competitive sealed bid process and “proposals” are vendor responses in the RFP process. Unless specifically noted, the procedures apply to both the competitive sealed bid and RFP.

Pursuant to Section 50 of the Charter of the City of McKinney, the City Manager generally has the authority to authorize purchasing expenditures under either the competitive sealed bid process or the RFP process if, and only if, (a) the bid or proposal received by the City is for an amount of less than \$50,000, (b) the subject of the bid or proposal is contained within the then current City budget, (c) the amount of the bid or proposal does not exceed the budget for such public works projects, goods and supplies and non-personal services and, (d) such bid or proposal is otherwise exempt from the State of Texas' laws regarding the competitive procurement processes. All purchases required to be competitively bid or which require a competitive procurement process shall conform to applicable State law, provided further that only the City Council shall have the right to reject any and all bids.

Competitive Sealed Bid: When the need for a good or service costing more than \$50,000 is identified, the user department should immediately contact the Purchasing Department for assistance in developing the specifications. The specification should be comprehensive and broadly defined to allow for maximum competition.

RFP: When the need for the goods or services (greater than \$50,000) is identified, the user department should immediately contact the Purchasing Department for assistance in defining the requirements to be used for the solicitation. The user department is responsible for submitting a Statement of Work (SOW) or Technical Requirements, that functionally define the needs and requirements of the department, regarding such goods or services. Purchasing Department staff will review to ensure that the SOW or Technical Requirements is quantified and structured to:

- secure the best economic advantage utilizing best value;
- state the needs or requirements clearly;
- be contractually sound;
- treat all vendors fairly and without favoritism;
- encourage innovative solutions to the requirement described; and
- permit free and open competition to the maximum extent reasonably possible.

A written memo submitted to the Purchasing Manager and signed by the Director, or designee, or a direct e-mail from the Director, or designee, serves as the initial purchase requisition for goods or services. The memo must include the budget line items from which the purchase is funded or an explanation about how funding is obtained before the Purchasing Department will proceed with the preparation of the competitive solicitation.

Requirements or specifications should be attached to the memo and forwarded electronically to the Purchasing Department. If requirements or specifications are not attached, Purchasing and the user department will work to jointly develop them.

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Notice | The user department must follow up the memo request with the entry of a purchase requisition in the ARS. The Purchasing Department will not proceed with a purchase unless:

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- The appropriate budget line item includes sufficient unencumbered funds for the purchase; or
- The Financial Services Department verifies that funds are available through budget transfers; and

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- The Director, or designee, of the user department has approved the proposed requirements or specifications prepared or as revised by the Purchasing Department.

Once the Purchasing Department has finalized the specification or requirements with the Director, or designee, of the user department, the Purchasing Department prepares the solicitation for issuance and submits the solicitation to the Director of the user department for final approval. Following receipt of the Director's approval the Purchasing Department publishes a notice of the proposed purchase that complies with the requirements in Texas Local Government Code § 252.041.

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According to Section 252.041, notice of a proposed purchase must be published at least once a week in a newspaper published in the municipality. 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. To ensure vendors sufficient time to complete and return the solicitation, the Purchasing Department generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days. The notice must include:

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- The specifications (requirements) describing the goods and services to be purchased, or a statement of where the specifications (requirements) may be obtained;
- The time and place for receiving and opening solicitations and the name and position of the employee to whom the paper solicitations are sent as well as the appropriate electronic address for the City's electronic source provider through which electronic submissions may be submitted; and
- The type of bond required from the vendor, if applicable.
- If unit pricing is required, City must specify approximate quantities, estimated on the best available information.

The Purchasing Department publishes the notice of the proposed purchase.

Special Considerations

If the solicitation is for high technology goods and services, IT must review it before it is advertised.

If the solicitation is for rolling stock, the Fleet Manager must review it before it is advertised.

Amendment of Solicitation

The Purchasing Department may extend the proposal opening date on the notice of a solicitation if an error is discovered or if the nature of the goods or services requires an extension. The Purchasing Manager may amend a solicitation after consultation with the Director, or designee, of the user department.

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- If inquiries about the meaning indicate the need for an amendment to clarify its original intent or to correct clerical errors; and
- If the amendment does not change the general scope.

There should be at least three days between the date of the amendment and the opening date in the notice. If there are less than three days, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date in the notice.

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Pre-Bid (Proposal) Meeting

The Purchasing Department may invite potential vendors to attend a pre-bid (pre-proposal) meeting to discuss contract requirements and answer vendor questions. The Purchasing Manager will work with the user department to determine if a pre-bid (pre-proposal) meeting is necessary. The Purchasing Department manages any pre-bid (pre-proposal) conference and requests that the user department makes staff available to answer questions at the meeting.

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Receipt of Responses to Competitive Solicitations

To ensure the identification, security, and confidentiality of responses to solicitations, both electronic and paper, the following procedures are adhered to:

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- The Purchasing Manager receives all responses as specified by the solicitation document.
- **Responses to solicitations are not accepted after the opening time on the day of response opening.** All responses offered after the opening time are returned unopened to the vendor with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the vendor that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the bid/proposal number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After a response is received, the Purchasing Department will provide a secure place to hold the solicitation until the opening date. The responses are only accepted if sealed. Responses remain sealed until the Purchasing Department opens them in a public forum at the advertised date and time.
- On occasion, responses that are received in the mail or by other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response (especially the price for a bid) were not reviewed and the response will be sealed by the receiving employee of the Purchasing Department, with the incident documented.

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Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the Bid Documents/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will print the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

**Public
Opening
of Solicitations**

Competitive Sealed Bid: The Purchasing Manager, or designee, publicly opens paper responses and electronic responses, reads aloud and documents the bids at the date, time, and place specified in the notice. Preliminary tabulations are provided to the public upon request. Disclosure of trade secrets and confidential proprietary information contained in bid responses, if any, obtained from a vendor is subject to the provisions of the Texas Public Information Act.

RFP: The Purchasing Manager publicly opens and documents sealed proposals, paper and electronic, at the date, time and place specified in the notice. Only the names of vendors submitting proposals are announced.

Proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All proposals that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information contained in proposals obtained from a vendor is subject to the provisions of the Texas Public Information Act.

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Confidentiality Statement

RFP: Please see Chapter 4 of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential, and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

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Deleted: Before the evaluation of confidential proposals, the Purchasing Department sends a statement to evaluation committee members for signature and certification. The statement contains requirements to keep information confidential **until the City Council approves an award**. The evaluation committee members are expected to adhere to this statement during the competitive process. These requirements also include

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Evaluation

Competitive Sealed Bid: The Purchasing Department evaluates all bids with assistance from the user department and recommends the lowest responsible bid or best value bid to the City Council for award. The Purchasing Department evaluates bids based on:

- The purchase price;
- The reputation of the bidder and the bidder's goods or services;
- The quality of the bidder's goods or services;
- The extent to which the goods or services meet the municipality's needs;
- The bidder's past relationship with the municipality;
- The safety record of the bidder (when allowed under Tex. Loc. Gov't Code § 252.0435;
- The impact on the ability of the municipality to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- The total long-term cost to the municipality to acquire the bidder's goods or services; and
- Any relevant criteria specifically listed in the request for bids or proposals.

The Purchasing Department forwards the bids, the Bid Tabulation, evaluation forms (if applicable) to the Director for completion. The user department recommendation and other appropriate documentation from the user department are submitted with the City Council agenda request to justify the recommended award.

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When the lowest priced bid is not the best bid, based on value or responsibility of bidder, clear justification for not selecting the lowest bid must be documented. ▼

Deleted: City Council may approve the recommendation or rejects all bids.

RFP: The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that the evaluation is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

The RFP must specify the relative importance of price and other evaluation factors; the relative weight of each factor must be stated. Evaluators may only use the specified factors in evaluating the proposals. Purchasing staff leads the evaluation team and is responsible for:

- Tabulating scores;

- Calculating values; and

- **either**

- Coordinating follow-up meetings to obtain best final offers from all proposers after submission and prior to awarding the contract and recommending an award; or
- Discontinuing the process.

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Please note state law requires that proposers shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. See Tex. Loc. Gov't Code § 252.041. After the evaluation is completed, Purchasing forwards an evaluation summary to the Director of the user department for concurrence with the selection and a request that the Director submit a memo to the Purchasing Department signifying the user department's concurrence in the evaluation. The Purchasing Department works with the Director of the user department to develop the recommendation for award and present it for approval to the City Council.

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Negotiations (RFP)

The Purchasing Manager, or designee, supervises all negotiations. Any conversations with proposers must be coordinated with the Purchasing Manager, or designee. Departments that contact proposers without coordinating with the Purchasing Department risk jeopardizing the integrity of the City procurement process.

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Contract Award

Competitive Sealed Bid:The Purchasing Department along with user department recommends contract award to City Council. The City Council either:

- Awards the contract; or
- Rejects all bids and publishes a new notice if the goods or services are still needed.

If two responsible bidders submit the lowest and best bid, the City Council decides between the two bidders by drawing lots in a manner prescribed by the City Council.

After City Council approves the contract, the Purchasing Manager issues a Notice of Contract Award. This notice and the Contract Documents identified in the original solicitation form the complete contract. A complete original contract is maintained in the City Secretary's Office. A copy will be distributed to the user department.

Deleted: All proposers must be accorded fair and equitable treatment with respect to any opportunity for discussion and revision of proposals and submittal of a "Best and Final Offer" (BAFO).¶

¶ After the negotiations are complete, the Purchasing staff may request qualified proposers to submit a BAFO to a specified location by a specified date. Based on the negotiations, the BAFO must allow the proposer to: ¶

¶ Modify the initial offer; ¶

¶ Update pricing based on any changes the user department or City has made; and¶

¶ Include any added inducements to improve the overall score in accordance with the evaluation plan of the RFP.¶

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RFP: The award of the contract is made by City Council to the responsible proposer, whose proposal is determined to be the best evaluated offer resulting from negotiations, taking into consideration the relative importance of price and other evaluation factors in RFP. Negotiations are instituted with the highest ranked proposer. If an agreement is not successfully negotiated with the highest ranked proposer, those negotiations are formally ended and negotiations commenced with the next highest ranked proposer and so forth until an agreement can be successfully negotiated. Failed negotiations are not subject to renewed discussion.

Change Orders

The City Council shall approve change orders that increase the amount of a contract by more than \$50,000, whether that amount is exceeded by one change order or the cumulative amount of all change orders for the contract. The City Council shall also approve change orders that increase the amount of a contract beyond the initial "not to exceed" amount established by the City Council when the contract was approved.

Deleted: The City Council shall approve change orders to contracts in excess of \$50,000.¶

The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less, and that are within the range of the "not to exceed" amount approved by the City Council.

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In no case shall the original contract price be increased, based on the total of all change orders, by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the express written consent of the contractor.

A change order shall not be issued until it is determined that the necessary funds are budgeted and available. A statement to that effect should be included with the back-up documentation.

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Change orders are not required for contracts that are exempted or excepted from the competitive bidding requirements as provided in Chapter 252 of the Texas Local Government Code. But, please note a contract that was originally entered into with a vendor or contractor in an amount that did not require compliance with the state's competitive bid statutes cannot later be increased to an amount that would have required compliance with the state's competitive bid statutes. Such a purchase or acquisition would be considered a sequential or component purchase that violates the competitive bid statutes and for which conduct criminal penalties may attach. Regardless, any increases in the amount of the contract in excess of \$50,000 requires City Council approval and increases of \$50,000 or less may be approved by the City Manager.

Re-Solicitation of Annual Contracts

The Purchasing Department monitors the expiration dates of all contracts. Purchasing notifies user departments by email at least four months before contract expiration and verifies whether the goods or services continue to be needed and the contract needs to be re-bid, renewed or extended, if renewals or extensions are available. Purchasing also sends the existing specifications or requirements to the user department and requests any changes before the solicitation is reissued. The user department returns the specifications or requirements with any additions, deletions, or corrections.

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Reverse Auctions

In purchasing goods and services, the Purchasing Manager may use reverse auction procedures under Texas Government Code, Chapter 2155. Reverse auction means:

- A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services; or
- A real-time bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services.

On-going Maintenance

An often-overlooked cost of equipment or software is on-going maintenance. All on-going maintenance issues should be considered, evaluated and priced in the initial procurement process.

Exhibit 6: Procurement Methods

Procurement Method	Use When	Advantages	Disadvantages
Competitive Bids (Invitation to Bids)	Adequate competition exists. The product or service is available from more than one source.	Award process is simpler. Award is made to the lowest responsive, responsible bidder or the bidder providing the best value to the City.	Defined specifications may be difficult to develop. Does not encourage innovative solutions.
Competitive Proposals (Request for Proposals)	When factors other than price are evaluated. When negotiations are desired. Vendor is expected to provide innovative ideas.	Allow factors other than price to be considered. Allows for customized proposals suggesting different approaches to the same business need. Allows for negotiations in order to obtain the best value for the City.	Lead times for procurement may be greater. Evaluations are more complex.
Request for Information	There is insufficient information to write specifications for any procurement method.	Provides information to prepare a complete bid or proposal document. Allows the business community to have input into the solicitation document based on current industry practices and market factors. Informs City of any potential problems early in the procurement.	Lengthens the procurement process.
Request for Qualification/Services	Selection is made solely on the skills and qualifications of the professional.	Emphasizes the competency of the proposed professional contractors	Contractor is tentatively selected before price is negotiated.

Background
and Statutory
Authority

Official
Representative

Policy

Procedure

Policy

Chapter 17: State Purchasing Programs

There are three types of purchasing programs that allow local governments to purchase goods and services using contracts competitively awarded by the State of Texas or other governments, through the Texas Procurement and Support Services Cooperative Purchasing Program (State of Texas Co-op). The Procurement and Support Services Division (TPASS) of the Texas Comptroller's Office manages two of them. The third program allows local governments to purchase computer technology directly from the state's Department of Information Resources (DIR).

- **Term Contracts** (authorized by sections 271.081 through 271.083 of the Texas Local Government Code). The City may purchase from vendors on the same terms and conditions as the State. The State has entered into term contracts after using competitive bidding procedures. The TPASS manages this program for the State.
- **Texas Multiple Award Schedule (TXMAS)** (authorized by section 2155.502 of the Texas Government Code). The City may purchase goods and services from a schedule of multiple award contracts developed by the TPASS. The schedule is adapted from General Services Administration (GSA) Federal Supply Service contracts. TXMAS contracts take advantage of the most favored customer (MFC) pricing and under certain circumstances; the City may negotiate a lower price for the goods or services offered on a scheduled contract.
- Department of Information Resources (DIR) (authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code). The City may purchase computer-related equipment through the DIR and its contracted vendors.

The Purchasing Manager acts as the official representative for the City of McKinney in all matters related to the purchase of goods and services from a vendor under any contract based on a State Purchasing program. The City is responsible for making payments directly to these vendors should the City choose to utilize a State Purchasing program contract.

State Term Contract Purchases

City of McKinney participates in the purchasing program of TPASS for local governments.

The Purchasing Manager either submits requisitions to the TPASS under a contract or electronically sends purchase orders directly to vendors and reports to TPASS on actual purchases in compliance with TPASS regulations. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for all purchases under this program made for the City.

To initiate this process, the user department submits a purchase requisition. The Purchasing Department determines if the requested goods or services are available from TPASS contracts. If they are available, the Purchasing Department assigns a state requisition number that is used for reporting and payments.

Texas Multiple Award Schedules (TXMAS) Purchases

City of McKinney participates in the purchasing program of the TPASS using TXMAS contracts developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state.

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Procedure

The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for purchases under this program for City of McKinney.

To initiate this process, the user department may research goods and services on the TPASS website to determine if the goods or services are available from TXMAS. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service may be available through TXMAS. The Purchasing Department determines if the requested goods or services are available from TXMAS and compares prices among TXMAS vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and then issues a purchase order with the selected vendor providing the best value.

Department of Information Resources (DIR) Purchases

Policy

The City purchases computer-related equipment and services through the state's Department of Information Resources (DIR) and from its contracted vendors. The City contracts with DIR and uses its Go DIRect program.

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Procedure

The Purchasing Manager either submits requisitions to the DIR under any contract or electronically sends purchase orders directly to DIRect vendors. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for purchases under this program made on behalf of the City.

To initiate this process, the user department may research goods and services on the DIR website to determine if the goods or services are available from DIR or its contracts. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service is available from DIR. The Purchasing Department determines whether or not the requested goods or services are available from DIR, and if available, the Purchasing Department compares prices among DIR vendors to obtain the best value. The Purchasing Department works with user department to determine best value and issues a purchase order with the selected vendor providing the best value. For larger, more complex IT purchases, the Purchasing Department may work with the City Attorney's Office on a supplemental contract to ensure the best interests of the City are covered. The user department should plan their procurements accordingly to allow sufficient time to negotiate and enter into a contract with the selected vendor, if necessary.

If the purchase is from a vendor who is part of the Go DIRect program, the City issues the purchase order directly to the vendor and pays the vendor directly. If the purchase is to a vendor that is not part of the Go DIRect program, the City issues the purchase order to DIR, which authorizes a separate purchase order to the vendor.

Background and Statutory Authority

Policy

Official Representative

Procedure

Contract Award

Chapter 18: Cooperative Purchasing Agreements

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, authorizes local governments to contract directly with other governments to increase their efficiency and effectiveness. Texas Government Code, Section 791.025(c) states that a local government that purchases goods and any services reasonably required for the installation, operation or maintenance of those goods under the Interlocal Cooperation Act satisfies the requirement of the local government to seek competitive bids for the purchase of goods and their services. The City has a variety of interlocal agreements, with other governmental entities that allow the City to participate in cooperative purchasing programs.

The City participates in the purchasing programs of various local, state and national cooperatives such as Houston Area Council of Governments (H-GAC), Texas Association of School Boards (BuyBoard), The Cooperative Purchasing Network (TCPN), U.S. Communities and Federal Supply Schedules. Before using any cooperative, the Purchasing Department researches and recommends cooperatives. The City Council has delegated authority to the City Manager to enter into an interlocal agreement with other governmental and quasi-governmental entities that will allow the City to participate in a cooperative purchasing program which acknowledges the terms and conditions for using each cooperative, including any fee schedules, and authorizes the Purchasing Department to make purchases under the terms of the interlocal agreement. See Resolution 2000-08-093 (R), dated August 15, 2000.

The Purchasing Department acts as the official representative for the City of McKinney in all matters relating to cooperative purchasing programs, including the purchase of goods and services from a vendor under any contract.

The Purchasing Department must review and recommend approval of all interlocal agreements involving the purchase of goods, repair, or maintenance agreements before the agreement is submitted to City Manager for approval.

To initiate this process, the user department may research goods and services on the approved cooperative's website to determine if the needed goods or services are available from the cooperative. Based on its research, the user department submits an "open market" purchase requisition and identifies in the requisition comments that the good or service is available from the cooperative. The Purchasing Department determines whether or not the requested goods or services are available from a specific cooperative. If available, the Purchasing Department compares prices among cooperative and local vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and issues a purchase order with the selected vendor using the purchasing method that provides the best value.

The Purchasing Department either submits requisitions to the applicable cooperative or electronically sends purchase orders directly to vendors using the processes defined by the specific cooperative. The Purchasing Department monitors vendor compliance with all conditions of delivery and the quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for purchases under cooperative purchasing programs made on behalf of the City.

The Purchasing Department may execute all purchase orders for purchases through interlocal agreements that are procured in compliance with this chapter, including purchases in excess of \$50,000, provided funding for the purchase has been approved by the City Council.

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**Interlocal
Agreements**

All interlocal agreements that involve the purchase of goods, services, repair or maintenance agreements must be approved in writing by the Purchasing ~~Department~~ before being submitted to City Manager for approval.

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**Federal
Supply
Schedules**

Texas Local Government Code Section 271.103 states that a local government that purchases goods and services available under Federal supply schedules of the United States General Services Administration, to the extent permitted by federal law, satisfies the requirement of the local government to seek competitive bids for the purchase of those goods and services.

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Under the Cooperative Purchasing Program, state and local government entities may purchase a variety of Information Technology (IT) products, software, and services from contracts awarded under [GSA Federal Supply Schedule 70](#), Information Technology.

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State and local government entities may also purchase alarm and signal systems, facility management systems, firefighting and rescue equipment, law enforcement and security equipment, marine craft and related equipment, special purpose clothing and related services from contracts awarded under [GSA Federal Supply Schedule 84](#), Total Solutions for Law Enforcement, Security, Facility Management Systems, Fire, Rescue, Special Purpose Clothing, Marine Craft, and Emergency/Disaster Response.

Chapter 19: Procurement of Professional Services

The Professional Services Procurement Act, Chapter 2254 of the Texas Government Code, prohibits a governmental entity from selecting a provider of professional services or a group or association of providers of professional services or otherwise awarding a contract for professional services on the basis of competitive bids. Texas Government Code § 2254.003. Rather, the governmental entity must make the selection and award a contract for professional services on the basis of demonstrated competence and qualifications to perform the services, and for a fair and reasonable price which does not exceed any maximum provided by law. *Id.* "Professional services" is defined in Section 2254.002 of the Texas Government Code as those services:

- within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing, or
- provided in connection with the professional employment or practice of a person who is licensed or registered as an architect, an optometrist, a physician, a surgeon, a certified public accountant, a land surveyor, a landscape architect or professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse.

The Professional Services Procurement Act does not address all professional services. A municipality has the ability to determine whether particular services, in addition to those services identified in Chapter 2254 of the Texas Government Code, are "professional services" for the purpose of exemption from competitive bidding requirements. See Texas Local Government Code § 252.022. The competitive bid statute (Chapter 252 of the Texas Local Government Code) provides that professional services are exempt from competitive bidding. Remember that just because an item is exempt from competitive bidding that does not mean the item cannot be competitively bid. A city can choose to not take advantage of the exemption and competitively bid except to the extent prohibited. Read in conjunction with the Professional Services Procurement Act, this means that the determination to competitively bid professional services is discretionary with the exception of services in the fields of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing. Atty. Gen. Op. DM-106 (1992).

The Purchasing Manager relies on court cases and attorney general opinions, and may also consult with the City Attorney, to determine what additional services may be included in the list of professional services. For the purpose of this policy, "professional services" shall be defined as those services "requiring special knowledge or attainment and a higher order of learning, skill, and intelligence." Op. Tex. Att'y Gen. Nos. JM-1038 (1989), JM-940 (1988), MW-344 (1981). Other services defined by the City of McKinney as professional services, which are not specifically listed in Chapter 2254 of the Government Code, include;

- Those services within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or

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- Any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Contracts for the procurement of these professional services **may not be awarded on the basis of bids**. Instead, services must be awarded on the basis of demonstrated competence and qualifications.

Professional Services Procurement Act

Request for Qualifications /Proposals (RFQ/RFP)

To ensure professional firms a fair and equal opportunity to do business with the City, and to ensure that the services of the most qualified professional are obtained, professional services should be procured using the Request for Qualifications (RFQ) or Request for Proposals (RFP) process to identify the most highly qualified provider of those services on the basis of demonstrated competence and qualifications, when necessary, and then attempt to negotiate a contract at a fair and reasonable price as outlined in Chapter 2254 of the Texas Government Code.

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Informal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost less than \$50,000 should be procured using the informal RFQ/RFP process. Departments forward a recommendation memo to the Purchasing Manager when professional services are required and a highly qualified provider of those professional services needs to be identified on the basis of demonstrated competence and qualifications. The memo identifies the following:

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- Scope of work;
- Qualification and experience requirements;
- Project description and deliverables;
- Time frame(s) for performance;
- Budgeted amount and budget line items; and
- Suggested professional and rationale for determining qualification based selection.

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For services anticipated to cost between \$25,000 and \$50,000 the memo must also contain a comparative analysis of at least 3 professional service providers

The user department follows up the memo request with entry of a requisition into the ARS.

Formal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost more than \$50,000 should be procured using the formal RFQ or RFP process following procedures outlined by Chapter 2254.

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Either a memo submitted to the Purchasing Department, signed by the Director, or designee, of the user department, or a direct email, from the Director, or designee, of the user department, **serves as the initial requisition. The memo must include the budget line** items from which the purchase is funded or an explanation that is acceptable to the Purchasing Department about how funding is obtained before the Purchasing Department prepares the RFQ/RFP. Detailed requirements (scope of work) and necessary qualifications should be attached to the memo and also forwarded electronically to the Purchasing Department. If requirements and necessary qualifications are not attached, Purchasing and the user department may jointly develop them.

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The user department follows up the memo request with entry of a requisition into the ARS.

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The RFQ/RFP must specify the evaluation factors to be used to determine minimum qualifications and demonstrated experience. Evaluators may use only the specified evaluation factors in evaluating the responses. Purchasing staff leads the evaluation team and is responsible, in consultation with the Director, or designee, of the user department, for:

- Developing evaluation matrix and criteria;
- Tabulating scores;
- Calculating values;
- Coordinating follow-up meetings for negotiations and recommending an award; or
- Discontinuing the process.

Notice After development of requirements and qualification and preparation of the RFQ/RFP, and following approval of the Director, or designee, of the user department, a legal notice is published by the Purchasing Department.

The legal notice must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the solicitation opening. To ensure firms sufficient time to complete and return their solicitation, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days.

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Amendment of RFQ The Purchasing Department may extend the response opening date on the notice of an RFQ if an error is discovered, or the nature of the services requires an extension. The Purchasing Manager may amend an RFQ to clarify its original intent or to correct clerical errors, after consultation with the Director, or designee, of the user department, if:

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- Inquiries about the meaning of the RFQ indicate the need for an amendment; and
- The amendment does not change the general scope of the RFQ.

There must be at least three days between the date of the amendment and the opening date specified in the notice. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date specified in the notice.

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Pre-Proposal Conference The Purchasing Department works with the user department to determine if a pre-proposal conference is necessary. Purchasing staff manages any pre-proposal conference and requests that the user department makes staff available to answer questions at the conference. or a cover email in the case of an electronic submission,

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Receipt of Responses To ensure confidentiality, the following procedures are adhered to when receiving responses:

- The Purchasing Manager receives all responses as specified by the RFQ/RFP.
- All responses are stamped with the time and date received. The "Date Stamp Clock" in the Purchasing Department serves as the **official** time clock for identifying the date and time a response is received in the Purchasing Department.

- **Responses are not accepted after the opening time on the day of opening.** All responses offered after the opening time are returned unopened to the offeror with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the offeror that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the RFQ/RFP number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After responses are received, the Purchasing Department keeps them secured until the opening date. The responses are to be received sealed and remain sealed until they are opened by the Purchasing Department on the advertised date and time.
- On occasion, responses that are received in the mail, or by some other independent carrier, may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response were not reviewed and the response will be sealed by the receiving employee, with the event documented.

Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the RFQ/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will

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Opening of Responses	<p><u>print the electronic responses and make them public accordingly.</u></p> <p><u>The above stated process for paper responses and electronic responses shall be performed</u> in a manner that precludes any perception of favoritism and <u>avoids</u> revealing <u>prices or</u> response information. Publicly receiving sealed <u>responses and recording the submission of requested responses</u> inhibits <u>any</u> perception that the Purchasing Department is manipulating the receipt of <u>solicitations.</u></p> <p>Sealed responses, <u>paper and electronic</u>, are opened and documented by the Purchasing Department. Only the names of firms submitting responses are announced. The Purchasing Manager, or designee, opens the responses on the date specified in the notice.</p>	<div>Deleted: is undertaken</div> <div>Deleted: to avoid</div> <div>Deleted: bids</div> <div>Deleted: the</div> <div>Deleted: bids.</div> <div>Deleted: <object>¶</div>
Confidentiality Statement	<p><u>Responses to</u> proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All <u>responses to proposals, paper and electronic</u>, that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information obtained from a firm is subject to the provisions of the Texas Public Information Act.</p> <p><u>Please see</u> Chapter <u>4</u> of this Policy, <u>for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping</u> proprietary information confidential; <u>and</u> requirements <u>related to the</u> disclosure of any potential conflict of interest, <u>and</u> any attempted communication by the <u>vendor</u> directly with <u>the</u> evaluation committee members <u>during evaluation.</u></p>	<div>Deleted: As described in</div> <div>Deleted: 2</div> <div>Deleted: ,</div> <div>Deleted: Purchasing Department uses</div> <div>Deleted: that</div> <div>Deleted: is kept confidential. Before the evaluation of</div> <div>Deleted: proposals begins, the Purchasing Department sends a statement to evaluation committee members for signature and certification. The statement contains</div> <div>Deleted: which the evaluation committee member is expected to adhere until the City Council approves an award. This statement includes</div> <div>Deleted: or</div> <div>Deleted: firm</div>
Evaluation	<p>The evaluation committee must select the most highly qualified provider of the services on the basis of demonstrated competence and qualifications. Purchasing shall issue a letter to the firm which has been determined the most highly qualified <u>provider</u> requesting a defined scope of work and proposed cost. The committee shall then attempt to negotiate with that provider a scope of work and cost. If a satisfactory contract cannot be negotiated with the most highly qualified provider the committee will formally end negotiations with that provider and select the next most highly qualified provider. The committee shall continue the process described above until a provider is selected and a contract finalized. <u>Failed negotiations are not subject to renewed discussion as this would contradict the prohibition against competitive bidding for professional services.</u> The committee shall review the contract for form and content, verify the scope is consistent with that submitted with the approved project submission, verify that the proposed costs are fair and reasonable and recommend to City Council that they proceed with contract award and execution.</p>	<div>Deleted: ¶ The RFQ must specify the evaluation factors to be used to determine minimum qualifications and demonstrated experience. Evaluators may use only the specified evaluation factors in evaluating the responses. Purchasing staff leads the evaluation team and is responsible for: ¶ ¶ developing evaluation matrix and criteria¶ ¶ tabulating scores; ¶ ¶ calculating values; and/or ¶ ¶ coordinating follow-up meetings for negotiations and recommending an award; or ¶ ¶ discontinuing the process. ¶</div>
Recommendation for Award	<p>The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that it is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.</p> <p>After the evaluation of proposals has been completed, Purchasing forwards an evaluation summary to the <u>Director, or designee</u>, of the user department for concurrence with the evaluation summary and requests that the <u>Director, or designee</u>, submit a memo to the Purchasing <u>Department</u> with their recommendation.</p> <p>The Purchasing <u>Department</u> works with the <u>Director, or designee</u>, to develop the recommendation for award and present it for approval to the City Council, <u>or City Manager as appropriate.</u></p>	<div>Deleted: Executive</div> <div>Deleted: Executive</div> <div>Deleted: Manager</div> <div>Deleted: Manager</div> <div>Deleted: Executive</div>

Written Contract Before services for any specific project are rendered, a contract for professional services for that project, must be prepared in writing, and approved and signed by the City Manager if the proposed work has been previously budgeted by the City Council and the amount of the contract is \$50,000 or less. All other contracts for professional services require City Council approval. A standard template professional services agreement has been prepared by the City Attorney's Office for departmental use and City Manager execution without Council approval for contracts of less than \$50,000 in value and City Council approval for contracts of more than \$50,000 in value.

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**Vendor
"Pools"** If, as a result of an RFQ/RFP, City enters into contracts with more than one qualified professional firm a pool of these professionals is created to provide services as needed. Thereafter, user department forwards a memo to the Purchasing Department including rationale/determination as to which firm within the pool is the most qualified to provide services for the subject project. The user department must ensure that an RFQ/RFP is distributed at least once every 3 years so that newly qualified professionals may be added to the pool.

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Chapter 20: Construction Procurement

Purchasing Statutes

Section 252.021 of the Local Government Code and Section 2269 of the Government Code govern the competitive procurement procedure for award of construction contracts.

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Construction procurement is consistent with other procurement procedures in this Policy and with pertinent statutes. The Purchasing Manager supervises all construction procurements. All competitive bids are accomplished by the process set forth in this chapter:

Purchase Requisition

A memo or email submitted to the Purchasing Manager serves as the initial notification that a competitive bid is needed. After receipt of the memo, Purchasing provides a bid number to the project manager to be included in the project manual and plans. An electronic copy of the manual and plans are sent to Purchasing for review and approval of the bidding and general requirements. The Purchasing Manager reviews the specifications for compliance with the Purchasing laws and policies.

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The user department must provide the Purchasing Department at least five (5) workdays to review the documents. During this time, Purchasing will review the procurement schedule detailing the milestones of the solicitation, including dates and times for the pre-bid conference, bid opening, pre-award conference, if applicable, and pre-construction conference.

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Bidding Notice

The Purchasing Department publishes the advertisement for bid, which must generally include the following:

- Description of work;
- The location at which plans and specifications may be obtained and the amount of the deposit required;
- Time and place for submitting bids;
- Time and place of bid opening;

If the contract is to be awarded on a unit price basis, the notice must also include the approximate quantities of the goods and services needed that are to be bid on and the quantities must be based on the best available information.

Notice of a proposed purchase must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the bid opening. To ensure bidders sufficient time to complete and return Bid Documents, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but must be at least 15 days.

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Consideration of Safety Records

If the Bid Documents provide that the safety record may be considered in determining the responsibility of the bidder, and the Bid Document includes the Safety Record Questionnaire, the City may consider the bidder's safety record in determining the responsible bidder because the City Council has adopted a resolution approving that consideration as required by state law. The safety record includes compliance with requirements for the safety of the environment. In relation to the safety record, bidder includes not only the bidder, but also the firm, corporation, partnership or institution represented by the bidder, or anyone acting for such a firm corporation, partnership or institution.

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The definition and criteria for determining the safety record of a bidder include, but are not necessarily limited to, the following provided that such criteria are included in the Bid Documents:

- If the bidder reveals more than two (2) cases in which final orders have been entered by the Occupational Safety and Health Review Commission (OSHRC) against the bidder for serious violations of OSHA regulations within the past three (3) years, City may, at its discretion, disqualify the bidder.
- If the bidder reveals more than one (1) case in which bidder has received a citation from an environmental protection agency for violations within the past five (5) years, City may, at its discretion, disqualify the bidder.
- Environmental Protection Agencies include the U.S. Army Corps of Engineer (USACOE), the U.S. Fish and Wildlife Service (USFWS), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ), and its past associated agency, the Texas Natural Resource Conservation Commission (TNRCC), the Texas State Department of Health, (TDH), the Texas Parks and Wildlife Department (TPWD), the Structural Pest Control Board (SPCB), agencies of local governments responsible for enforcing environmental protection laws or regulations and similar regulatory agencies of other states of the United States. Citations include notice of violation, notice of enforcement, suspension/revocations of state or federal licenses or registrations, fines assessed pending criminal complaints, indictments, or convictions, administrative orders, draft orders, final orders and judicial final judgments. Notice of Violations and Notice of Enforcement received from TCEQ shall include those classified as major violations and moderate violations under TCEQ's regulations for documentation of Compliance History, 30 TAC, Chapter 60.2 (c) (1) and (2).
- If the bidder reveals, or the City otherwise learns, that the bidder has been convicted of a criminal offense within the past ten (10) years which resulted in serious bodily harm or death, City may, at its discretion, disqualify the bidder.
- Bidder may be required to provide their company's safety Experience Modifier Rate (EMR), Recordable Incident Rate (RIR) and their Loss Indicator Rate (LIR).

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Bonding

Bonds are required for construction contracts.

Bid Bonds

If the Purchasing Manager decides that a bid bond is required for a particular contract, the Bid Documents state that a bid security in the amount of 5% of the contract price is required and that it must be executed by a surety company authorized to do business in Texas. The bid security may be in the form of a bond or cashier's check.

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Performance Bonds

For all public work contracts in excess of \$100,000 for the construction, repair or alteration of a public work or the prosecution or completion of any public work, prior to the commencement of work, the vendor must execute a performance bond on the form approved by the City Attorney that is:

- payable to the City of McKinney, Texas;
- in the full amount of the contract;
- conditioned on faithful performance of the work in accordance with the plans, specifications, and contract documents;

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- solely for the protection of City of McKinney Texas; and
- executed in accordance with Chapter 2253 of the Texas Government Code, by a surety company authorized to do business in Texas.

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In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. Id.

Payment Bonds

For all public work contracts in excess of \$50,000 for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, must execute a payment bond that is:

- solely for the protection and use of payment bond beneficiaries who have a direct material for a public work;
- payable to City of McKinney, Texas;
- in the full contractual relationship with the prime contractor or a subcontractor to supply labor or amount of the contract; and
- executed in accordance with Chapter 2253 Government Code, by a surety company authorized to do business in Texas.

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In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. Id.

Maintenance Bonds

For all public work contracts for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, may be required to execute a maintenance bond that is:

- solely for the protection and use of the City of McKinney, Texas,
- payable to City of McKinney, Texas,
- in the amount of 15% of the contract sum,
- provides for maintenance, repair or replacement of all the work performed under the terms of the contract, and

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Pre-Bid
Conference

- executed by a surety company authorized to do business in Texas.
- ▼ The Purchasing Department provides detailed information on the bidding requirements set out in the Bid Documents to ensure that purchasing procedures are complied with, the user department provides technical information and to ensure compliance with the technical standards. Purchasing will schedule the pre-bid conference and assist in conducting the conference as follows:
 - Have all attendees sign the attendance roster.
 - Provide a detailed Agenda which:
 - Provides a brief introduction of the project title, magnitude, and performance period.
 - Indicates whether there has been any addendum issued, and if so, provides all attendees and project document holders with a copy.
 - Discusses the Purchasing Department role in the procurement and administration process.
 - Establishes a “cut-off” date for questions and requests for clarifications, as well as a final date for issuance of addendum.
 - Have the project Engineer, Architect or Project Manager discuss the specifics of the project including review of the plans and specifications and allow for a question and answer session.
 - Determine whether any issues raised during the conference require issuance of an addendum. The Purchasing Manager may extend the date specified in the notice if needed. The Purchasing Department issues the amendment only if there are at least three (3) days between the date of the addendum and the date specified for bid opening. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the addendum and the opening date specified in the addendum.
 - Have the project Engineer, Architect or Project Manager discuss the specifics of the project
 - Have the user department provide Purchasing with the technical documents (i.e. changes or additions to the plans and or specifications).
 - Prepare addendum using standard forms and distribute the addendum to all attendees and project document holders.

Receipt of
Competitive
Bids

- ▼ The following procedures are adhered to when receiving bids:
- The Purchasing Department receives all bids as specified by the ITB.
 - **Bids are not accepted after the opening time on the day of bid opening.** All bids offered after the opening time are returned unopened to the bidder with a letter from the Purchasing Manager notifying the bidder that the submitted bid arrived after the due date and time.

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- The Purchasing Department records the name of the vendor submitting the bid, as well as the time and date the bid was submitted.
- As bids are received, the Purchasing Department provides a secure place to hold the bids until the opening date. The bids are to be received sealed and remain sealed until the Purchasing Department opens them in a public forum on the advertised date and time.
- On occasion, bids that are received in the mail or by some other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the bid, especially the price, were not reviewed, then the bid will be sealed again by the receiving employee, with the incident documented.

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The above process shall be undertaken in a manner that precludes any perception of favoritism and avoids revealing bid prices or any bid information. Publicly receiving sealed bids and recording the submission of requested bids inhibits the perception that the Purchasing Department is manipulating the receipt of bids.

Public Opening of Bids

The Purchasing Department publicly opens and documents sealed bids on the date, time and place specified in the notice. Preliminary bid tabulations, once prepared, may be provided to the public upon request. The Purchasing Department and the user department determine who is responsible for creating the bid tabulation and, if it is the user department, then the user department provides a copy to the Purchasing Department which may be distributed to the general public.

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The Purchasing Manager provides a copy of the preliminary bid tabulation to the City Council with the contract award package. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. In cases of discrepancy between the price written in words and the price written in numerals, the price written in words shall govern. If a conflict between the unit price and total contract amount/price exist, the unit price shall govern.

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Evaluation of Bids

The user department evaluates all bids with assistance from the City consultant and Purchasing to jointly develop a recommendation for award to City Council. The evaluation of bids is based on the following factors unless stated otherwise in the Bid Documents:

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- the relative prices of the bids, including the cost of repair and maintenance of heavy equipment, if that is subject of the bid, or the cost of delivery and hauling, if road construction equipment is the subject of the bids;
- the compliance of goods and services offered with the user department specifications; and
- the responsibility of the vendor, including the vendor's past performance, the vendor's financial and practical ability to perform the contract and the vendor's safety record, if City Council has adopted a definition of safety that is stated in the Bid Documents.

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The user department, with the assistance of Purchasing, is responsible for placing the item on the agenda of the City Council.

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When the lowest priced bid is not the recommended bid, based on best value or the responsibility of the bidder, clear justification for not selecting the lowest bidder must be documented to the City Council. This recommendation may be supported by clear and concise documentation from the user department that determines the rationale for awarding to a bidder other than the lowest bidder. A joint review of the bid by the user department and the Purchasing Department is required.

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Pre-Award Conference

To ensure the vendor understands all the requirements of the project manual and plans, and to provide the vendor the opportunity to voice any concerns or issues they may have with the project or the project documents as designed, a pre-award conference may be held prior to contract award. The pre-award conference ensures, to the greatest extent practical, the successful award, performance and completion of the project.

Pre-award conferences are normally reserved for more complex and complicated construction projects or in some instances where it is the vendor's first construction project with the City.

A joint determination, by the Purchasing Department and the project manager, is made as to the necessity of a pre-award conference. The Purchasing Department schedules the conference, prepares the agenda, and conducts the meeting. The project manager ensures the vendor has a clear understanding of the project's technical requirements, and that the bid covers all requirements, and addresses any issues/problems with the project documents or design.

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Contract Award

The user department's Director and Purchasing jointly recommend contract award to City Council, during the applicable Council meeting. The Council shall be responsible for:

- Awarding the contract to the responsive and responsible bidder who submits the lowest and best bid; or
- Rejecting all bids.

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If two responsive and responsible bidders submit the lowest and best bid, the City Council shall decide between the two by drawing lots in a manner prescribed by the Mayor.

After an award is made, the contract shall be submitted to the City Manager for signature. Copies of all documents are furnished to the user department, City Secretary and Financial Services departments.

A Notice-of-Award ("NOA") letter, issued by the end user department, accompanies the contractor's copy of the contract. The NOA letter includes the requirements for the contractor to submit various documents, and the time period within which they must be submitted. For example, Payment Bonds, and Performance Bonds in the form acceptable to the City and an Insurance Certificate must be submitted within ten (10) workdays after contractor's receipt of the NOA letter. Unless otherwise indicated, the NOA also states that Notice-to-Proceed ("NTP") is not issued unless the contractor submits the required documents within the specified time period. If the contractor does not submit the required documents within the specified time period, the City has the option of holding the bid security and awarding the contract to the next lowest, responsible bidder or, depending on the proper bid application, the bidder providing the next best value.

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Pre-Construction Conference

The end user department schedules the Pre-Construction Conference (also known as the Pre-Performance Conference). The user department is responsible for all technical presentations and the Purchasing Department ensures that all applicable purchasing procedures are followed. Purchasing assists in conducting the conference by:

- Having all attendees sign the attendance roster, introduce themselves, and briefly explain their involvement in the project;
- Discussing briefly the contract requirements, amount, and any other pertinent information about the project. The user department representative (technical

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representative) is responsible for providing a thorough synopsis of contract requirements and any City policies to which contractor must adhere;

- Establishing dates for submissions of all required documents such as material submittals, progress reports, payrolls, (when applicable), etc.

Note: The NTP is not issued until all required bonds and insurance certificates have been received, reviewed and verified with the appropriate agency (i.e. surety or insurance agency);

- Ensuring a complete understanding by all participants on issues raised before adjourning.

Purchasing works with the user department on the timing of the issuance of the NTP. After Purchasing receives all of the required documents, the user department determines when the NTP will be issued. If and when all documents have been received and approved by the user department, Purchasing issues the NTP.

Contract Administration

The user department is responsible for monitoring and documenting contractor performance and compliance. The user department provides Purchasing with copies of performance and compliance documentation, which keeps the Purchasing Department informed about all outstanding or prior issues. Discussions that merely explain the interpretation of the specifications may be dealt with by the user department.

If poor performance or non-compliance with the contract is evidenced, the user department initiates written corrective action with the contractor after providing Purchasing with an advance copy of all written correspondence directing correction of a discrepancy.

The user department must not provide any instructions or requests for changes directly to the contractor. The user department takes the necessary steps relative to correcting non-compliance with the contract, but must consult with the City Attorney before taking any steps toward suspension or termination of the contract, unless emergency, life safety or property damage issues require immediate temporary work stoppage. Before any letters, notices or other communication related to termination or suspension are sent to the contractor, the contents of the communication must be reviewed by the City Attorney in order to protect the City's position in the event of potential litigation.

Documentation of contractor performance is often overlooked and is important if suspension or termination is necessary. To enforce contractual terms, documentation of specific non-compliance must be available. Specific dates, locations, examples, etc. must be documented.

Contract administration duties are basic daily, weekly, and monthly activities of the user department staff and must take place to ensure successful completion of the project and to ensure the City receives the goods and services for which it has contracted. Unless otherwise noted, the following are responsibilities of the user department:

- Assist in conducting the pre-construction conference.
- Maintain a comprehensive, neat, and orderly contract file that includes all documentation related to the procurement process including the pre-solicitation, solicitation, contract award, post award, and administration phases of the project.
- Monitor the continued insurance coverage and obtain updated insurance certificates on a timely basis.

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- If project is federally funded, receive and review copies of contractor payrolls to ensure payments made to contractor's employees comply with the prevailing wage rate classifications, by trade, which are included in the contract.

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- Perform periodic visits to the construction site to perform spot labor interviews to ensure contractor compliance with prevailing labor laws.

- Receive and review copies of contractor invoices for accuracy. Discrepancies are reported to the contractor for resolution. The user department verifies that the invoice is appropriate for payment before submitting it to Finance for payment.

- Maintain and monitor correspondence; All correspondence, concerning major issues involving non-compliance, between the contractor and the City are to be documented and forwarded to the Purchasing Department. This ensures that the Purchasing Department is aware of any directives being issued to the contractor or any potential problems that may occur in the performance of the contract.

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In emergency situations, or those regarding minor issues, correspondence may be issued directly to the contractor by the user department. **However, Purchasing must be provided a copy of the correspondence immediately.** The professional judgment of the user department representative determines what constitutes an emergency, and what is considered to be a minor issue.

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Change Orders

Change orders in excess of \$50,000, or the "not-to-exceed" amount in excess of the proposed contract amount as approved by the City Council, shall be approved by City Council.

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The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less, if the funds for such increase have been approved by the City Council.

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In a contract governed by Local Government Code Chapter 252, the original contract price may not be increased by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the consent of the contractor.

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A change order shall not be issued until it is determined that the necessary funds are budgeted and available, and it is also determined that any such increase or decrease conforms to state law. A statement to that effect should be included with the backup documentation.

Close Out Procedures

The user department ensures that all applicable warranty certificates are received and safeguarded throughout the term of the warranty.

The user department supervises return of bonds to ensure that the contract is complete in all respects before payment or performance bonds are returned. Every subcontractor and/or materialman must provide a release that states that the subcontractor or materialman releases City of McKinney from all claims arising from labor or materials provided for the project.

Alternative Project Delivery Methods

Section 2269 of the Government Code applies if an alternative project delivery method (that is, not "traditional" competitive bidding) is being utilized. Specific procedures and requirements are developed for each specific project using an alternative delivery method. If an alternative project delivery method is not being used, the provisions of Chapter 252 of the Texas Local Government Code apply.

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Chapter 21: Exemptions to the Competitive Procurement Process

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Section 252.022 of the Texas Local Government Code lists the available exemptions from the requirements of competitive bidding which are available for purchases made out of current funds, bond funds, or through time warrants. The following is a list of circumstances that are generally exempt from competitive bidding:

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- An emergency procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the City's residents or to preserve the property of the City;
- An emergency procurement necessary to preserve or protect the public health or safety of the City's residents;
- An emergency procurement necessary because of unforeseen damage to public machinery, equipment or other property;
- A procurement for personal, professional or planning services;
- A procurement for work performed that is performed and paid for by the day as the work progresses;
- A purchase of land or right-of-way;
- A procurement of items that are available from only once source, including:
 - Goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes or monopolies;
 - Films, manuscripts or books;
 - Gas, water and other utility services;
 - Captive replacement parts for equipment;
 - Books, papers, and other library materials available only from the persons holding exclusive distribution rights to the materials;
 - 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;
- A purchase of rare books, papers, and other library materials for a public library;
- 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 the property that will benefit from the improvements;
- 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;
- A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212 of the Texas Local Government Code and in which the City's contribution is limited to no more than 30% of the total contract amount;
- Personal property sold:
 - At an auction by a state licensed auctioneer;
 - At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code;

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- By a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
- Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
- Services performed by blind or severely disabled persons;
- Goods purchased by a municipality for subsequent retail sale by the municipality;
- Electricity; or
- Advertising, other than legal notices.

Public Finance Act

In addition, section 271.056 of the Texas Local Government Code lists all the circumstances when exemptions are available for purchases made from funds obtained from certificates of obligation.

Policy | Exemption orders from the competitive procurement process must be processed through the Purchasing Manager.

Procedure | The Director of the user department submits a memo to the Purchasing Manager requesting an exemption to the competitive procurement process and identifying the basis for the exemption (e.g. emergency). The memo must state specific details and explain why an exemption from the competitive procurement process is requested and the basis for the exemption. When possible, it should also contain the name of the vendor, goods or services covered by the order and the expected maximum cost and other relevant information justifying the exemption.

Emergency | The City Manager, Deputy City Manager, or Assistant City Manager must approve all emergency purchases. Whenever possible, approval should be obtained in advance of the purchase. If prior approval is not possible, written approval must be obtained within 48 hours thereafter and submitted to Purchasing with the requisition.

Sole Source Goods and Services | Sole-source goods and services require completion of the Sole Source Form and submission to the Purchasing Department for verification and approval prior to purchase of goods and services.

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Chapter 22: Receipt of Goods and Payment

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Policy

Departments **must** notify the Purchasing Department if goods are not received by the due date, if goods are missing from a delivery or if damaged goods are delivered.

Verify Order

Department employees receiving shipments must pay particular attention to the delivery ticket, and determine whether it matches the City's purchase order. The person receiving the goods must verify that all goods were shipped as stated on the delivery ticket, and sign **in his or her own name (a full signature in ink)** on all of the appropriate receiving documentation, particularly the City copy.

The user department must acknowledge receipt and acceptance of delivered goods through the ARS immediately upon receiving goods. (Please **do not** accept items in the ARS if damaged goods have to be returned.) Timely recording of receipt of goods in the ARS is critical to the timely processing of payments to vendors in compliance with Texas Government Code, section 2251.021, et seq., Prompt Payment Act. According to the Prompt Payment Act, payment for goods or services received is overdue on the 31st day after the later of:

- the date the City receives the good under the contract.
- the date the performance of the service under the contract is complete, or
- the date the City receives and invoice for the goods or service.

Damaged Goods

When a shipment arrives, the user department must inspect the condition of all cartons. If goods are undamaged, the department receiving the shipment should sign the freight bill. If goods are visibly damaged, the receiving department must instruct the freight line driver to:

- Note the damage on the freight bill, and;
- Sign the freight bill.

If there is concealed damage, save the shipping cartons so that the Purchasing Department can notify the freight line and request an "inspection and report of concealed damage". A receiving report noting the damage should be completed and matched with the receiving copy of the purchase order.

All boxes and packing materials should be kept in the event of visibly damaged and concealed damage goods shipments.

Damaged goods must be reported to the freight line within 15 days after delivery. After 15 days the freight line is no longer liable for the damage.

All goods not received properly or not in compliance with the contract should be documented and reported to the Purchasing Department as soon as possible so that the contractor can be notified and instructed about corrective action. To comply with the Prompt Payment Act, the Purchasing Department notifies the contractor within 21 days of any damaged goods received to avoid the assessment of interest by the contractor.

Damaged goods should not be returned to the freight line or the contractor, unless such action is specifically requested and then only if a claim has been filed or if authorization has been given by the contractor or the Purchasing Department to return the goods.

Documentation

All receiving documentation must be maintained by the user department for their records.
All vendor invoices are sent directly to Finance. The department should provide documentation to Finance regarding any disputes in the receipt of goods.

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Chapter 23: Contract Modifications

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Policy

During the term of a contract, it may be necessary to make changes to the contract. These changes can be minor, administrative changes such as a change of address or the changes can be substantial that affect the price and delivery.

There are basically two ways to change a contract. One way is a bilateral modification, in which both parties to the contract agree in writing that a modification is necessary. Both parties must sign the written modification, amendment or change order to indicate their agreement. The second way is a unilateral modification. In this case, terms and conditions in the original contract set forth the situations under which the City may exercise a right to modify the contract without the contractor's consent. A unilateral modification, if allowed, would also be in writing and signed by the City.

Unilateral Changes

The Purchasing Manager may modify contracts, in writing, if the changes are within the general scope of the contract including changes to any of the following:

- method of shipment or packing;
- place of delivery;
- correction of errors of a general administrative nature or other mistakes;
- increases or decreases in the quantity of items purchased;
- time extensions allowed by the contract terms and conditions;
- contract name changes;
- assignments of payment; and
- additions or deletions of products.

Chapter 24: Contract Administration

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Policy

Contract administration and oversight includes four general processes:

- Planning
- Monitoring Contractor Performance
- Payment Approval
- Change Management

All aspects of contract administration are important. Documentation of specific non-compliance must be established and maintained to enforce contractual terms. Documentation includes a description of specific dates, locations, examples, etc. of non-performance and any contact or communication with the contractor about non-compliance.

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The user department has primary responsibility for monitoring and documenting contractor performance and compliance. The user department must provide copies of all documentation of non-compliance to the Purchasing Department. Copies may be sent by e-mail to the Purchasing Manager. The Purchasing Department maintains all documents including matters related to contract performance and documents related to clarification of expected performance during the term of the contract. The user department does not need to provide copies of documentation about clarification of expected performance standards with which the contractor complied after clarification. The user department should contact the Purchasing Department if there is any question about documentation.

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If the user department observes poor performance or non-compliance with the contract, Purchasing communicates with the contractor and initiates any corrective action. The Purchasing Manager takes all steps related to obtaining contract compliance.

Contract Administration

The objectives of contract administration are to:

- Ensure the contract requirements are satisfactorily performed before payment;
- Properly discharge the responsibilities of both parties;
- Identify any material breach of contract by assessing the difference between contract performance and material non-performance;
- Determine if corrective action is necessary and take that action, if required; and
- Resolve any disputes.

The statement of work is the guide for contract administration. Therefore, planning for contract administration occurs before issuance of the solicitation. Effective contract administration minimizes or eliminates problems which can result in potential claims and disputes.

Good contract management ensures that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected. The contractor must perform and meet the requirements of the

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contract. To do so, contractors sometimes need technical direction and approval from City staff. City staff must provide this technical direction and approval in a timely and effective manner. All guidance provided to a contractor must be within the scope of the contract.

Contract Management

The responsibilities of the contract manager are:

- Participating, as necessary, in developing the solicitation and writing the draft documents;
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements;
- Managing any city property used in contract performance;
- Authorizing payments consistent with the contract documents;
- Exercising remedies, as appropriate, where a contractor's performance is deficient;
- Resolving disputes in a timely manner;
- Documenting significant events; and
- Maintaining appropriate records.

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A contract manager should ensure that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected.

Post Award Conference

A post award conference is a meeting with the contractor that includes the principals responsible for administering the contract. The conference is typically held soon after the contract is awarded. It is an orientation for the contractor to ensure a clear and mutual understanding of all contract terms and conditions, and the responsibilities of all parties. The conference also serves as a tool to clarify and resolve any potential misunderstandings early. Although both the contractor and City staff should be fully aware of the contract requirements, the post award conference ensures that those involved directly in the contract administration process understand all requirements of contract performance.

Monitoring Performance

Monitoring the performance of a contractor is a key function of contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the user department to be aware of and address any developing problems or issues.

Monitoring by Third Parties

In some instances the obligation to monitor the progress of a contract is assigned to another contractor. This is known as independent oversight. For example, in a construction contract, the architectural firm that provided the construction plans may perform the task of ensuring progress in accordance with the contract.

Termination for Default

A contract may be terminated for default when the City concludes that the contractor fails to perform, fails to make progress, or in any other way commits a substantial breach of the contract.

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Termination for default should be used as the last resort and not as punishment. The City should do everything within reason to assist the contractor in curing any default. Factors to consider before making a termination for default decision include:

- The provisions of the contract and applicable regulations,
- The specific contractual failure(s) and the explanation provided for the failures,
- The urgency of the need for the contracted supplies or services,
- The availability of the supplies or services from other sources and the time required to obtain them, and
- Availability of funds or resources to re-purchase if the costs cannot be recovered from the delinquent contractor. In the event of a termination of a contract for default, under the City's standard contract terms and conditions, the City may obtain re-procurement costs from the defaulting contractor.

Contract File

Keeping a complete master contract administration file is critical. The file provides a basis for settling claims and disputes, if they arise in administrative or court actions. Throughout the life of the contract, the contract file should contain such things as:

- A copy of the current contract and all modifications;
- A copy of the agenda request(s);
- A copy of all specifications, drawings or manuals incorporated into the contract by reference;
- The solicitation document, the contractor's response, evaluation determination and the notice of award document;
- A list of contractor submittal requirements;
- A list of City furnished property or services;
- A copy of the pre-award conference summary, if applicable;
- A copy of all general correspondence related to the contract;
- The originals of all contractor data or report submittals;
- A copy of all notices to proceed, to stop work, to correct deficiencies and change orders;
- The records or minutes of all meetings, both internal and external, including sign-in sheets and agendas;
- A copy of the original bidders list; and
- Any other information required by the standard contract file checklist.

Please note that a contract file could provide a basis for determining a contractor lacks the required responsibility for the award of future contract opportunities with the City.

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Chapter 25: Electronic Bidding and Reverse Auctions

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Electronic Bidding

Electronic sealed bids or proposals shall be processed in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

Identification

Invitations to Bids and Requests for Proposals will be advertised and issued in the current manner. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.

Security

At the specified bid closing time, a *password-enabled* employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.

Confidentiality

Purchasing staff will read aloud all bid responses received by the closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with ~~the following, or similar,~~ qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".

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Reverse Auctions

Electronic reverse auctions shall be conducted in accordance with Section 271.906 of the Texas Local Government Code and as specified in Section 2155.062(s) requiring a real-time bidding process taking place during a previously scheduled Internet location with multiple suppliers, anonymous to each other, submitting bids to provide goods or services.

- "Real-time" Bidding Process
 - Reverse auctions will be advertised and issued in the same manner as invitations to bid and requests for proposals are noticed. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed. The real-time bidding process will usually last up to one (1) hour and take place during a previously scheduled period and scheduled internet location.
- Multiple Bidders
 - Purchasing staff, along with its selected internet service provider, shall insure multiple, qualified bidders are available, interested and notified electronically, or otherwise, of any current reverse bidding opportunity. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed.
- Anonymous Bidders
 - City's selected Internet Service Provider (ISP) shall insure the anonymity of all responding bidders through the assignment of a "bidder number" to the supplier

(as opposed to their supplier name) which will be reflected on the ISP's website during the reverse auction bidding process. The ISP website will reflect all active suppliers bidding by a) the supplier's assigned bidder number and b) their last entered bid price. After the tabulation of bids, staff will post the bid tabulation.

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Policy

Chapter 26 Disposal of Surplus Items

All departments shall review their assets each year and determine which items are no longer needed. A list of surplus, obsolete or unused supplies, materials or equipment, including description, make, model, and serial numbers should be forwarded to the Purchasing Division.

The Purchasing Division may transfer these items from one department to another should the need arise.

The Purchasing Division will forward to the Accounting Division, a list of items to be sold for removal of City of McKinney property labels and removal from fixed asset list.

Upon approval of the City Manager, the Purchasing Manager may sell, via online auction or sealed bid, surplus, obsolete or unused supplies, materials or equipment.

The City may donate surplus, obsolete or unused supplies, materials or equipment to other governmental agencies providing preference to agencies residing in or adjacent to the City of McKinney with the City Manager's approval.

Monies received from sale of surplus items will be returned to the appropriate City of McKinney funds.

Deleted: 24: Procurement Cards¶

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City of McKinney Procurement Card Program has been made available through a contracted banking services provider, hereafter referred to as the Bank. The card will allow selected employees to purchase items required for the daily operations of their departments. The intent of the procurement card is to enhance the abilities of City personnel to perform operational tasks without administrative delay of obtaining Departmental Purchase Orders. The card is offered to promote ease of operation; however, it should not be used to replace pre-planning. ¶

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Cards will be issued in the name of each individual and the City of McKinney. The card will remain the property of the City of McKinney. Each potential cardholder will attend a training session and sign a procurement card agreement prior to being issued the card. ¶

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Statements will be mailed to cardholders by the Bank. Cardholders must reconcile their receipts with the transactions shown by the Bank. Attach all documentation, note any additional information pertinent to the purchase, receive necessary approvals and forward to Finance. Statements are to be reconciled by the department on a monthly basis and all receipts must be forwarded to Finance per the timeline listed in the cardholder guide. ¶

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If a problem arise with a purchased item, service or charges, an attempt should be made to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits or disputed charges. All returned, credited or disputed item should be documented. ¶

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If a cardholder needs to return an item to a supplier, cardholder must contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking fee for returns. All returns must be documented. ¶

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When a supplier accepts an item as a return, a credit for this item must appear on the following statement. Cardholder must follow up with the supplier until the credit appears. ¶

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If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the item directly. All disputed items should be indicated on reports forwarded to Finance. If a cardholder cannot resolve a disputed item directly with the supplier, the cardholder should contact the Program Administrator. Bank provider will place the charge in a state of "Dispute" and the account may be given a provisional status until receipt of adequate documentation from the supplier is received. ¶

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Chapter 26: Definitions¶

Advertisement - A public notice put in a newspaper of general circulation containing information about a solicitation in compliance with legal requirements.¶

Off-the-Fact Purchases - Unauthorized purchases that deviate from City of McKinney policies regarding purchases.¶

Alternate Delivery Method - a method of procuring construction services other than "traditional" competitive bidding. Methods may include design-build, construction manager (either at risk or as consultant), and job order.¶

Amendment/Addendum - A document used to change the provisions of a Solicitation. Addendum is the preferred term in the construction industry.¶

Annual Term Contract - A recurring contract for goods or services, typically in effect on a 12 month basis.¶

City - City of McKinney Financial Management System which includes modules for accounting and purchasing.¶

City of McKinney

Purchasing Policy and Procedures Manual



Office of the City of McKinney Purchasing Department

Adopted: September 20, 2016

Issued: October 1, 2016

City of McKinney

Purchasing Policy and Procedures Manual

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Chapter 1: Introduction

Background

This Purchasing Policies and Procedures Manual provides city departments information to assist in making decisions regarding the purchase of goods and services necessary to perform the functions of their offices and/or departments effectively.

Mission

The mission of the City of McKinney Purchasing Department is to:

- Ensure compliance with local, state and federal laws applicable to city purchasing;
- Provide all vendors, including HUBS, equal access to the City's competitive processes for the acquisition of goods and services;
- Provide an ongoing supply of quality goods and services to all City offices; and
- Protect the interests of City of McKinney taxpayers by avoiding any undue influence or political pressures.

Goals of Public Purchasing

Public purchasing has several goals including:

- purchasing the proper goods and services;
- obtaining the best possible price for the goods or services, without sacrificing the quality needed; and
- ensuring a continuing supply of goods and services are available where and when needed.

Public purchasing must also ensure:

- **Responsible bidders are given a fair opportunity to compete for the City's business.** This goal can be accomplished by abiding with statutory requirements regarding competitive bids and proposals, and through the City's purchasing policy.
- **Public funds are safeguarded.** The Purchasing Department should attempt to see that the best value is received for the public dollar.
- **Public spending is not used to enrich elected officials or City employees, or to confer favors.** Adoption and implementation of a code of ethics and employee training and awareness of their responsibilities in the public purchasing area accomplish this goal.
- **Historically underutilized businesses (minority and women-owned) have an equal opportunity in the contract awards process.** City of McKinney achieves this goal through complying with Texas Local Government Code Section 252.0215.

City of McKinney has adopted a partially centralized purchasing function that provides many benefits including, but not limited to, the following:

- It allows for the consolidation of smaller purchases by individual departments into larger purchases for the entire city, resulting in lower unit prices and cost savings;

- Vendors and the business community have a single central link to the city procurement process to facilitate consistent communication and understanding;
- Purchasing Department personnel accumulate a solid foundation of knowledge and experience about purchasing, market trends, prices, and vendors. This expertise helps user departments save money by better defining their needs. It also promotes a more efficient procurement process; and
- Centralized expertise places the purchasing processes on a professional footing and inspires public confidence in the City's actions.

Other Duties

In addition to the above, the Purchasing Department is responsible for:

- Historically Underutilized Business (HUB) Program;
- Interlocal Purchasing Agreements and Cooperative Purchasing Agreements;
- Inventory and Warehouse Management;
- Disposition of Seized Property; and
- Auctions of Surplus and Salvaged Property.

The Purchasing Department is committed to promoting effective, professional, and consistent procurement for the City of McKinney, as well as championing the public perception that tax dollars are wisely spent. To be successful, the system must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of the City.

The purchasing process is not instantaneous. Time is required to complete the steps required by law. In order to accomplish timely purchasing of products and services at the least cost to the City, all departments must cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and assure the process is both orderly and lawful.

This purchasing manual is not static. Purchasing procedures in the City of McKinney will change as needed, particularly evolving to incorporate technological advances and changing laws.

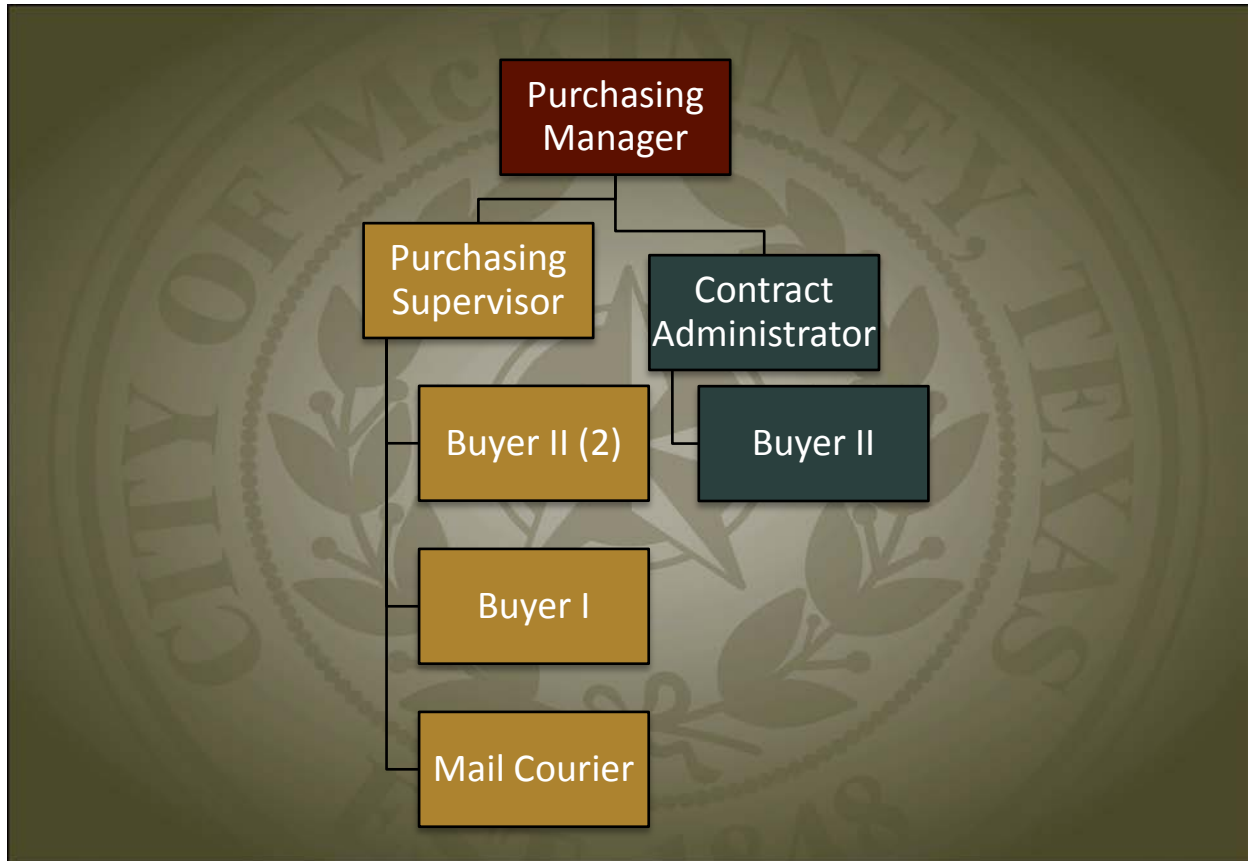
The organizational chart of the Purchasing Department is attached as Exhibit 1.

There are many terms used throughout this manual that pertain to purchasing activities. Definitions of key terms are found in Chapter 2.



Ms. Lisa Littrell, CPPO, CPPB
City of McKinney Purchasing Manager

**Exhibit 1:
City of McKinney
Purchasing Department Organizational Chart**



Chapter 2: Definitions

Advertisement - A public notice in a newspaper of general circulation containing information about a solicitation in compliance with legal requirements

“After-the-Fact” Purchases - Purchases, which are typically unauthorized, that deviate from City of McKinney policies regarding purchases.

Alternate Delivery Method – A method of procuring construction services other than “traditional” competitive bidding. Methods may include best-value competitive bidding, competitive sealed proposals, design-build, construction manager (either at risk or as agent), and job order.

Amendment/Addendum - A document used to change the provisions of a Contract or a Solicitation. An Amendment typically changes a provision in a Contract and requires the consent of the parties to that Contract. An Addendum typically adds an omitted requirement or condition to a Solicitation before its due date and does not require mutual agreement. An Addendum may also add provisions to, delete provisions from, or otherwise modify a Contract prior to the execution of and as a part of the consideration for the execution of the underlying Contract.

Annual Term Contract - A recurring contract for goods or services, usually in effect on a 12 month basis.

ARS - City of McKinney Financial Management System that includes modules for accounting and purchasing.

Best Value - A method of evaluating competitive bids that includes an evaluation based on more factors than just price and whether the presumptive low bidder is responsible. The “best value” process allows the City to consider the following criteria:

1. the price;
2. the bidder’s experience and reputation;
3. the quality of the bidder’s goods or services;
4. the impact on the ability of the city to comply with rules relating to historically underutilized businesses;
5. the bidder’s safety record;
6. the bidder’s proposed personnel;
7. whether the bidder’s financial capability is appropriate to the size and scope of the project; and
8. any other relevant factor specifically listed in the request for bids, proposals, or qualifications.

Best value allows for the selection of the best and lowest overall life cycle cost proposal taking into consideration various factors depending on what is being procured and the factors set forth in the procurement document.

Bid Bonds – A deposit required of bidders to protect the City if a low bidder withdraws its bid following submission or fails to enter into a contract following award. Acceptable forms of bid

deposits are limited to: cashier's check, certified check, or irrevocable letter of credit issued by or drawn upon a financial institution chartered by and subject to the laws of the State of Texas and formal Bid Bonds underwritten by a surety company authorized to do business in the State of Texas and identified as a company authorized to underwrite federal obligations as reflected on the most recent edition of the United States Department of the Treasury's Circular 570.

Bidder – A vendor that submits a bid including anyone acting on behalf of the vendor that submits a bid, such as agents, employees and representatives.

Bidders' List - An automated list of vendors who have stated in writing an interest in submitting bids for particular categories of goods and services.

Centralized Master Bidders' List (CMBL) - A list maintained by the Texas Procurement and Support Services of the Office of the Texas Comptroller of Public Accounts containing the names and addresses of prospective bidders.

Change Order, Contracts - A document used in connection with construction contracts to change a contract after the performance of the contract is begun if changes in the plans or specifications are necessary or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, or adjusting the time for performance. A change order cannot be used to change the scope of the project for which the contract was awarded. Please be aware that there are certain legal requirements regarding the approval of change orders and the amount by which a change order may increase or decrease a contract amount.

Change Order, Purchase Order – A document used to modify a Purchase Order for the purchase of goods and services written on the city's standard purchase order form and which change, when accepted by the contractor without qualification within the specified time limit, becomes an amendment to the existing Purchase Order and operates as the vendor's authority to deliver and invoice for goods or services as modified.

City Council - City of McKinney City Council.

Commodity Code - The accounting system classification of goods and services with a unique number assigned to each description.

Competitive Bidding – A transparent procurement process in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract. The aim of competitive bidding is to obtain goods and services at the lowest price for such goods or services through competition and preventing favoritism. The City determines the lowest bidder that is responsible and awards the contract to the low responsible bidder.

Competitive Proposal Process – A transparent procurement process in which proposals from competing contractors, suppliers or vendors are invited by openly advertising the scope and specifications for a particular work, goods or services that also specifies the relative importance of price and other evaluation factors. The City ranks the proposers and then engages in negotiations with the top ranked proposer until an agreement is reached. If an agreement cannot be reached the City moves to the next highest ranked proposer and negotiates with the next highest ranked proposer until an agreement is reached, and so forth. Once the City concludes negotiating with a proposer and moves on to the next highest ranked proposer the

City cannot return to negotiations with a previously higher ranked proposer. The aim of competitive proposals is to select the responsible proposer whose proposal is determined to be the most advantageous to the city considering the relative importance of price and the other evaluation factors included in the request for proposals. The competitive proposal process allows the City more flexibility in product solicitation and negotiation to obtain the best final offer in compliance with Section 252.042 of the Texas Local Government Code than is allowed in competitive bidding.

Component Purchases - A series of purchases of component parts of goods that in normal purchasing practices would be purchased in one purchase.

Consultant – A person who provides or proposes to provide advice and counsel in a specialized area.

Contract - A formal, written agreement executed by the City and a third-party containing the terms and conditions under which particular work, goods or services are furnished to the City typically in exchange for the payment of money by the City or the granting of some other form of benefit or consideration from the City to the third-party.

Contractor - A third-party that has been awarded a contract by the City of McKinney.

City - City of McKinney.

City Attorney – The attorney selected and hired by the City Council to handle legal matters for the City and his designated representatives.

Cycle Time - The time between when a purchase requisition is received in the Purchasing Department and placement of a purchase order with a vendor. Cycle time does not include the time required for delivery or the time it takes for the Purchasing Department to obtain corrections to line item accounts, commodity codes, and other necessary information.

Design-Build Contract – A single contract through which the City contracts with a single entity to provide both design and construction services for the construction, rehabilitation, alteration, or repair of a facility.

Design Criteria Package – A set of documents that provide the specifications for the work that must be performed including the explicit goals and end results desired in sufficient detail to permit a contractor, supplier or vendor to prepare a response to City's request for competitive bids, proposals or qualifications and any additional information requested, including criteria for selection.

Department – That division or group of special expertise or responsibility within the City that deals with a specific subject or area of activity including all city offices and subdivisions of them as well as component agencies when the purchases are funded even partially with city funds.

Director - Any Director of a Department and any person authorized to act on his or her behalf.

Emergency Purchase - An item that must be purchased immediately because of a public calamity to relieve the necessity of the citizens or to preserve the property of the City. An emergency purchase might also include a purchase that is required: (a) to preserve or protect

the public health or safety of the City's residents; or (b) as a result of unforeseen damage to public machinery, equipment or other property.

Employee - Any city appointed official, or employee.

Formal Competitive Bidding - The bidding process in compliance with Chapter 252 of the Texas Local Government Code which requires approval by the City Council.

Goods - Any personal property purchased by the City, including equipment, supplies, material, and component or repair parts.

Historically Underutilized Business (HUB) - Texas Administrative Code, Chapter 2161 defines a "Historically Underutilized Business" or "HUB", in part, as one with ownership by "a person who is economically disadvantaged because of the person's identification as a member of a certain group, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians, who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control". Also referred to as a disadvantaged business, Minority/Woman-owned Disadvantaged Business Enterprise or M/W/DBE.

Invitation to Bid (ITB) - Specifications and formal bidding documents requesting pricing for a specified work, good or service which has been advertised for bid in a newspaper.

Invitation to Quote (ITQ) - Specifications and informal bidding documents requesting pricing for a specified work, good or service within a designated time frame.

Lease - A contract for the use of personal property or real property for a period of time in return for a specified compensation.

Lowest Responsible Bid - The offer that provides the lowest price meeting all requirements of the specifications, terms, and conditions of the Invitation to Bid including any related costs to the City in a total cost concept and which submittal, including all reported references contained therein, provides the City with sufficient evidence of the bidder's financial and practical ability to perform the contract, references of past performance indicating the ability to comply with the Contract and satisfactorily complete the subject work, and other information provided to or obtained by the City demonstrating the subject bidder's capabilities, competence and success.

Modification - A document used to change the provisions of a contract.

Negotiations – A bargaining process between the City and one or more third-parties seeking to reach an agreement regarding the terms of a transaction or to resolve a dispute.

Occupant Department - The department that ultimately uses the finished goods or services when the purchase or construction is completed, which may be different from the user department.

Official - Any elected or appointed official and any person authorized to act on his or her behalf.

Payment Bond - A surety bond executed in connection with a contract that secures solely for the protection and benefit of those persons or entities that have a direct contractual relationship with the Contractor to supply public work labor or material ("Payment Bond Beneficiaries") and

with which such Contractor the City has contracted for a particular contract the payment obligation of that Contractor to the Payment Bond Beneficiaries.

Performance Bond – A surety bond that provides assurance to the City that the Contractor will faithfully perform the work in accordance with the plans, specifications, and contract documents.

Personal Service – Services performed personally by the specific person who contracted to perform the services.

Policy – This Purchasing Policies and Procedures Manual.

Pre-Bid/Proposal Conference - A conference conducted by the Purchasing Department for the benefit of those wishing to submit a response for services or supplies required by the City that is held in order to allow vendors to ask questions about the proposed contract and particularly about the contract specifications.

Professional Services - Services directly related to professional practices as defined by the Professional Services Procurement Act, including those services within the scope of the practice of accounting; architecture; optometry; medicine; land surveying; and professional engineering.

Professional Services, Other – Those services usually referred to as a professional service, but not specifically listed in the Professional Services Procurement Act and that are within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Proprietary Information - Information provided in responses to solicitations to which a vendor claims ownership or exclusive rights and which may be protected from disclosure under the Texas Public Information Act (Texas Government Code, chapter 551) because such information contains trade secrets, would give advantage to a competitor or bidder or supports certification as a HUB or M/W/DBE provided that the vendor identifies such information as being proprietary.

Public Works - Constructing, altering, repairing or maintaining a public building, public infrastructure or other public asset or facility.

Purchase Order - An order issued by the Purchasing Department for the purchase of goods and services written on the City's standard purchase order form and which, when accepted by the contractor without qualification within the specified time period, becomes a contract or an amendment to an existing contract that authorizes the vendor to deliver to and invoice the City for goods or services specified and commits the City to accept the specified goods or services for an agreed upon price.

Purchase Requisition - An automated request from a user department submitted to the Purchasing Department that authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services for the City and authorizes the Finance Department to charge the appropriate department budget and which request is for internal use only and cannot be used by a department to order materials directly from a vendor.

Purchasing - The acquisition of goods and services including, but not limited to, construction and professional services.

Purchasing Department – The Office of the City of McKinney Purchasing Manager and her staff.

Purchasing Liaisons – The contact person within each department designated to communicate directly with the Purchasing Department.

Purchasing Manager – Means and includes the Purchasing Manager or her designee and may also mean or include the Finance Director in the absence of the Purchasing Manager.

Request for Information (RFI) - A general request to contractors for information regarding a potential future solicitation that is used as a research and information gathering tool for preparation of specifications and requirements.

Request for Proposal (RFP) - A document requesting a proposal from vendors that specifies the relative importance of price and other evaluation factors, and which allows for negotiations after a proposal has been received and before award of the contract for the goods and services sought. *See also* “Competitive Proposal Process,” above.

Request for Qualifications (RFQ) - A document that requests details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act or in conjunction with an alternative bid delivery process.

Responsive – A vendor who has complied with all material aspects of the solicitation document, including submission of all required documents.

Responsible – A vendor who has the capability to perform fully and deliver in accordance with the contract requirements based on consideration of past performance, financial capabilities, and business management together with any other pertinent information.

Sealed Bids - Offers in response to an Invitation to Bids that is advertised in a newspaper and submitted to the Purchasing Department in a manner that conceals the price.

Separate Purchases - Purchases made separately in different orders for goods and services that in normal purchasing practices would be purchased in a single order or in one purchase.

Sequential Purchases - Purchases of items made over a period of time that in normal purchasing practices would be purchased at one time or in one purchase.

Services - The furnishing of labor by a contractor that includes all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, personal or professional services.

Sole Source Good or Service - A good or service that can be obtained from only one source due to patents, copyrights, secret processes, or natural monopolies. The purchase of captive replacement parts or components for equipment that is already owned by the City may also be considered for acquisition as a sole source good or service.

Solicitation - A document, such as an invitation to bid, invitation to quote, request for proposal, request for information or request for qualifications issued by the Purchasing Department that

contains terms and conditions for a contract to solicit a response from vendors to provide work, goods or services needed by the City.

Solicitation Conference – A meeting chaired by purchasing staff, designed to help potential vendors understand the requirements of a solicitation. Also known as a pre-bid or pre-proposal conference

Specifications - A total description of a good or service to be purchased by the City, and the requirements the vendor must meet to be considered for the contract which may include requirements for testing, inspection, or preparing any good or service for delivery, or preparing or installing it for use. See *a/so* “Design Criteria Package,” above.

User Department - The Department, defined above, from whose budget line item the contract is paid.

Vendor - A business entity or individual that seeks to have or has a contract to provide goods or services to the City.

Chapter 3: Purchasing Authority and Policy

Purchasing Laws

The Texas Legislature has enacted laws regulating the purchase of goods and services by government entities. It is the policy of the City of McKinney to fully comply in all aspects with these laws as they may be amended from time to time.

The City Manager has directed that the Purchasing Manager oversee and provide a framework for a partially-centralized purchasing system.

The Purchasing Department, as well as officials, directors and employees of the City will strive to provide equitable and competitive access to the City's procurement process for all responsible vendors. Further, City procurement will be conducted in a manner that promotes and fosters public confidence in the integrity of the City's procurement process.

Purchasing Policy and Procedures Manual

The purpose of this Purchasing Policies and Procedures Manual ("Policy") is to:

- Seek the best quality, lowest priced goods and services that meet the needs of City and its personnel;
- Provide all responsible vendors and contractors, including historically underutilized businesses ("HUBs"), equitable access to serving the needs of the City and its personnel through competitive acquisition of goods and services;
- Comply with all federal and state laws that apply to city purchasing and comply with the requirements in this Policy;
- Manage City inventory efficiently and accurately; and
- Dispose of all surplus, salvage and seized property in a manner that benefits the taxpayers of City, fosters interlocal cooperation and provides assistance to other governmental entities, and complies with applicable law.

Application

The Policy applies to all City officials and employees. The Purchasing Department and City personnel must purchase or lease all goods and services, including maintenance and repair, for all departments in accordance with the Policy.

The requirements and procedures set forth in this Policy are adopted by the City Council.

Effective Date

This Policy shall become effective upon approval by the City Council.

Precedents and Interpretation

- This Policy shall be interpreted liberally to accomplish its purpose.
- If there is any conflict between this Policy and a State or Federal law, or a rule adopted under a State or Federal law, the stricter of the conflicting provisions prevails.
- The masculine, feminine, and neutral genders shall be interpreted to include the other genders as required. The singular and plural shall be interpreted to include the other number as required.
- Headings and titles at the beginning of the various sections of this Policy have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in interpreting this Policy.

- If any provision of this Policy or the application of a provision to any person or circumstances is held invalid by a court of competent jurisdiction, such holding shall not affect the validity of the remainder of this Policy and the application of its provisions to other persons and circumstances shall not be affected.
- In general, the Purchasing Manager interprets this Policy. Any questions regarding the Purchasing Manager's interpretation and/or application of the Policy may be taken to the Chief Financial Officer for his review and consideration. The City Manager shall resolve any question about any interpretation and/or application of this Policy when there is a conflict with the Chief Financial Officer's determination.

Additional Resources

For additional information, the following are listed as references:

- Comptroller of Public Accounts, State of Texas Cooperative Purchasing Manual
http://www.window.state.tx.us/procurement/prog/coop/coop_manual.pdf
- The State of Texas Contract Management Guide, Version 1.6
<http://www.cpa.state.tx.us/procurement/pub/contractguide/>

Chapter 4: City of McKinney Purchasing Code of Ethics

Policy	It is the policy of City of McKinney that the following ethical principles should govern the conduct of every employee involved, directly or indirectly, in the City's procurement process.
Accountability	<p>It is essential for employees to take ownership of, and be responsible for, their actions to preserve the public trust and protect the public interest.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Apply sound business judgment.• Be knowledgeable of and abide by all applicable laws and regulations.• Be responsible stewards of public funds.• Maximize competition to the greatest extent practicable.• Practice due diligence.• Promote effective, economic and efficient acquisition.• Support economic, social and sustainable communities.• Use procurement strategies to optimize value to stakeholders.
Ethics	<p>It is essential for employees to act in a manner true to these values to preserve the public's trust.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Act and conduct business with honesty and integrity, avoiding even the appearance of impropriety.• Maintain consistency in all processes and actions.• Meet the ethical standards of the profession.
Impartiality	<p>It is essential for employees to engage in unbiased decision-making and action to ensure fairness for the public good.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Be open, fair, impartial and non-discriminatory in all processes.• Treat suppliers equitably, without preference or discrimination, and without imposing unnecessary constraints on the competitive market.• Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders.
Professionalism	<p>It is essential for employees to uphold high standards of job performance and ethical behavior to balance diverse public interests.</p> <p>Principles: Employees should:</p> <ul style="list-style-type: none">• Follow the lead of, and learn from, those with education, experience, and professional certification in public procurement.• Continually contribute value to the organization.• Continually develop as a professional through education, mentorship, innovation, and partnerships.• Develop, support, and promote the highest professional standards in order to serve the public good.• Seek continuous improvement through on-going training, education, and skill enhancement.
Service	It is essential for employees to assist other City employees and citizens in a professional manner to support the public good.

Principles: Employees should:

- Be a crucial resource and strategic partner within the organization and community.
- Develop and maintain relationships with other City employees.
- Develop collaborative partnerships to meet public needs.
- Maintain a customer-service focus while meeting the needs, and protecting the interests, of the organization and the public.

Transparency

It is essential for employees to have and follow easily accessible and understandable policies and processes that demonstrate responsible use of public funds.

Principles: Employees should:

- Exercise discretion in the release of confidential information.
- Maintain current and complete policies, procedures and records.
- Provide open access to competitive opportunities.
- Provide timely access to procurement policies, procedures and records.

Responsibility to City

Employees shall avoid activities that compromise or give the perception of compromising the best interests of the City of McKinney. Employees shall not knowingly use confidential proprietary information for actual, perceived or anticipated personal gain.

Conflict of Interest

Employees shall avoid any activity that might create a conflict between their personal interests and the interests of the City of McKinney. Conflicts exist in any relationship where the City's best interest may be different from the employee's best interests or the best interest of someone associated with the employee. Conflicts of interest include an employee participating in any way in any procurement in which:

- The employee or any member of the employee's family within the first degree of relationship by blood or marriage (a "close family member"), has a financial interest in the results of the City procurement process;
- A business or organization in which the employee, or a close family member, has an employment relationship or an ownership of interest has a financial interest in the result of the City procurement process; or
- Any other person, business, or organization with whom the employee or a close family member is negotiating for or has an arrangement concerning prospective employment.

If conflicts of interest exist, the employee shall notify the Purchasing Manager in writing and remove him or herself from the City procurement process.

Perception

Employees shall avoid the appearance of unethical or possibly compromising practices in relationships, actions and communications associated with the City procurement process.

Gratuities

Employees shall not solicit or accept money, loans, gifts, favors or anything of value, from present or potential contractors that might influence or appear to influence a purchasing decision or the City procurement process. If anyone is in doubt about whether a specific transaction complies with this policy, the person should disclose the transaction to the Purchasing Manager for a determination of compliance.

Confidential Information

Employees shall, to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures, keep the proprietary information of vendors that is obtained during the procurement process confidential. **Employees shall not disclose**

vendor proposal information obtained from a solicitation to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an “unauthorized person”) until such time as the contract has been awarded.

Confidentiality Statement

The City of McKinney Purchasing Department uses a confidentiality statement (Exhibit 2) to ensure compliance with the City’s ethics policy regarding the confidentiality of proprietary information. Before the evaluation of confidential proposals, the Purchasing Department sends the confidentiality statement to evaluation committee members for signature and certification, which signature and certification may be confirmed electronically. The statement contains the following requirements to which the evaluation committee member is expected to adhere during the course of the evaluation process and **until an award is approved by the City Council:**

- All information in the vendor’s response is to be kept confidential to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures.
- No discussion of the proposal is to occur with any unauthorized person. Notwithstanding the foregoing, an evaluation committee member may discuss the proposal with the City Manager or one or more Deputy City Managers and Assistant City Managers upon request and consult with subject matter experts employed by the City regarding the proposal(s) provided that the subject matter expert has signed the applicable confidentiality statement.
- Evaluation committee members must be familiar with and read the City of McKinney Purchasing Code of Ethics and agree to comply with its requirements including reporting any violations of the Purchasing Code of Ethics and any potential conflict of interest as well as any attempt to exercise undue influence or attempted communications from vendors and other third-parties during the evaluation process.

Compliance with the requirements outlined in the Confidentiality Statement is crucial. If proprietary information of any vendor is compromised during the procurement process, all proposals may be rejected.

Exhibit 2: Example City of McKinney Confidentiality Statement

CONFIDENTIALITY STATEMENT **DISCLOSURE OF SOURCE SELECTION INFORMATION**

In accordance with the City of McKinney Purchasing Policy, this project was issued as a competitive proposal, and, therefore, all information contained in the response should be kept **CONFIDENTIAL** until an award is approved by City Council. I certify that I will make no disclosure or release of any source selection information to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person"). This includes the contents of proposals submitted in response to the City of McKinney's Request for Proposal for (insert project name) and any evaluation thereof prior to final execution of the contract.

I further certify that I will not discuss with any unauthorized person the Evaluation Team's findings or decisions, the contractor's approaches, or any information generated during the selection process. I understand that disclosure or release of any such information to an unauthorized person may subject me to adverse administrative action and may require the rejection of all proposals. Notwithstanding the foregoing it is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Deputy City Managers or Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

Please refer all questions for information to (insert buyer's name).

To the best of my knowledge, neither I nor my spouse, ex-spouse (if applicable), children, stepchildren, parents, siblings or in-laws (collectively "close family member") has a direct or indirect financial interest in, including any part-time or full-time employment with, any of the prime respondents (see attached list) that conflicts or appears to conflict with my duties as an evaluation team member; nor do I or a close family member have any other interest that might impact my independent judgment in connection with this evaluation. (I understand that a financial interest of any amount, no matter how small is considered a disqualifying financial interest for such purposes.)

In the event I later become aware of a conflict, I agree to disqualify myself and report this fact to the Purchasing Manager.

NOTE: Application for employment is considered a financial interest and must be reported.

PRINT NAME

SIGNATURE

DATE

Chapter 5: Purchasing Manager Authority and Responsibilities

Authority

The City of McKinney Home-Rule Charter, Chapter VI, "Finance Department," Sec. 49 – Purchasing Department, establishes a Purchasing department which shall purchase, store and distribute all supplies, materials and equipment required by any office, department or agency of the City.

Statutory Authority and Duties

All Purchasing Department activity shall be conducted in compliance with the City of McKinney Home-Rule Charter, Chapter VI, Sections 49 and 50, the Code of Ordinances, City of McKinney, Texas ("McKinney Code"), Texas Local Government Code, Chapters 252 and 271, and Texas Government Code, Chapters 2252, 2253, 2254 and 2269 as any and all of such provisions may hereafter be added to, subtracted from, amended, revised or deleted.

- The Purchasing Department shall purchase all supplies, materials, and equipment required or used, and contract for all repairs to property used by the City or a subdivision, officer, or employee of the city, except purchases and contracts required by law to be made on competitive bid.
- The Purchasing Manager shall participate in all purchases made on competitive bid and shall see that all purchased supplies, materials, and equipment are delivered to the proper city officer or department in accordance with the contract terms.
- The Purchasing Manager shall recommend the transfer of City surplus or seized goods that are not needed or used, from one department or employee, to another department or employee requiring the goods or the use of the goods.
- The Purchasing Manager shall ensure compliance with the Professional Services Procurement Act.
- Only the City Manager, or his designee, has signature authority to execute contracts of any nature (i.e. agreements, statement of work, etc.) which have been approved by Council via the budget or agenda item.
- The City Manager has authorized the Purchasing Manager to sign tax exemption forms and credit applications.
- Rules and procedures adopted by this Purchasing Policy include rules and procedures for employees to use City purchasing cards to pay for City purchases under the direction and supervision of the Purchasing Department.
- The Purchasing Manager shall confer with the City Attorney when necessary to interpret this Policy or requirements under applicable State and Federal laws.

Additional Responsibilities

In addition to statutory duties, the Purchasing Manager:

- Encourages and supports compliance with Texas purchasing laws;
- Works in conjunction with the Finance Department and other City officials in the development of efficient financial processes;
- Promotes local business participation in City procurement processes; and
- Provides the business community with a central link to City business

Chapter 6: Purchasing Process, Policy, Roles and Responsibilities

Purchasing Process

The general purchasing process as outlined in Exhibit 3 contains several stages with responsibilities that are often designated by statute. It begins with requirements planning and identification culminating with the receipt of and payment for goods and services.

Exhibit 3: Purchasing Process

Step	Performed By:
Identify requirements and obtain budget	User Department (Purchasing Department may assist)
Define/finalize requirements	User Department and Purchasing Department
Submit electronic requisition outlining requirements to Purchasing	User Department
Solicit, advertise, and generate Purchase Orders and Contracts from requisition and send to vendor	Purchasing
Submit electronic requisition identifying increase change to dollar value for Purchase Orders, (budget confirmation) reference original Purchase Order in reason field	User Department
Submit email requesting changes to Purchase Orders for correction of vendors and product/service descriptions	User Department
Generate Purchase Order change order from requisition and/or email and send to vendor	Purchasing
Receive good/service and verify completeness against contract	User Department (Purchasing Department coordinates)
Electronically receive item in the City's automated requisitioning system ("ARS") upon receipt of good/service and submit original invoice to Finance Department.	User Department
Match received amount with invoice and audit	Finance Department
Process and approve payment of invoice.	Finance Department
Disburse payment of invoice	Finance Department

User Do's and Don'ts

Coordination among many City departments and offices is necessary for the process to work smoothly. To avoid delays and comply with the Policy and state law, user departments should remember the following:

- **Do not authorize the purchase of any goods or services.**
- **Do not purchase any goods or services for your own personal benefit.**
- **Do not authorize product demonstrations, trials or wear tests without knowledge and coordination by the Purchasing Department.**

- **Do not obligate the City for the purchase of goods that are delivered for use on a trial basis.**
- **Do not commit to acquire goods or services without an authorized purchase order.** Anyone obligating an expenditure of funds for goods or services before securing a purchase order may be held personally responsible for the payment, and may face criminal charges.
- **Do not use purchasing strategies to avoid the requirements of this Policy or which may violate the law.** Strategies that are prohibited by law include:
 - purchasing component parts that would normally be purchased in one purchase (component purchases);
 - separately purchasing items that normally would be purchased in one purchase (separate purchases); and
 - purchasing items over a period of time, that normally would be purchased in one purchase (sequential purchases).

A city officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Texas Local Government Code Section 252.021 is committing a Class B misdemeanor according to Texas Local Government Code Section 252.062 (a). In addition, a city officer or employee who intentionally or knowingly violates the competitive bidding requirements of Texas Local Government Code Section 252.021 in some other manner is also committing a Class B misdemeanor. Tex. Loc. Gov't Code § 252.063. The final conviction of a City officer or employee for a violation of Section 252.021, as explained above, also results in the immediate removal of that person from any office or employment with the City; and, prohibits the removed individual from being appointed or elected to public office in the State of Texas and further prohibits the individual from working for the City or receiving any compensation through a contract with the City for a period of four years from the date of conviction. See Tex. Loc. Gov't Code § 252.063.

- **Adhere to the City Purchasing Code of Ethics and avoid activities and behaviors that are unethical or create a conflict of interest or the perception of a conflict of interest.** Examples of activities that are inappropriate include:
 - soliciting or accepting money, loans, gifts, favors or anything of values of any kind from present or potential contractors that might influence or appear to influence a purchasing decision;
 - failing to disclose in writing to the Purchasing Manager a conflict of interest and not removing yourself from the procurement process when there is a conflict; and
 - disclosing confidential proprietary information from solicitations to other vendors or using the information for personal gain.
- **Ensure funding is available before submitting a requisition.** Texas law does not allow expenditures of funds that exceed the City's fiscal year budget. Purchasing does not process requisitions for which there is not adequate funding in the current budget.

- **Plan purchases to minimize the use of emergency and expedited purchases.** Rush purchases are generally more expensive and they delay other requisitions already in the system. Vendors may attempt to charge premium prices for goods and services needed in an expedited manner. Costs can be elevated when there is insufficient time allowed to explore alternative sources or options.
- **Plan purchases to allow sufficient time to process purchase requests.** The Purchasing Department is committed to processing all requisitions within a reasonable amount of time. In general, departments should allow 1-2 weeks for all non-contract purchases between \$25,000 and \$50,000 and 6–8 weeks on all purchases requested over \$50,000 that are not covered by an existing contract. Existing contract requisitions and requisitions under \$25,000 are generally processed within one day of receipt.
- **Ensure that purchasing policies and procedures are understood before ordering.** Departments must assure that all employees responsible for making department purchase requests have read and understand the purchasing procedures set forth in this Policy. Departments should also ensure that employees attend any training provided by the Purchasing Department.
- **Coordinate with Purchasing on receipt of goods and services.** Since the City does not have centralized receiving, each department is responsible for individually receiving goods and services. Departments should contact the individual listed as the buyer on the purchase order to make Purchasing aware of vendor performance issues such as shortages, late delivery, or damaged merchandise. If the item received is a fixed asset the item must be reported to Finance for tracking.

Roles and Responsibilities

There are specific roles and responsibilities for both user departments and the Purchasing Department during the procurement process. The City's Procurement Process protects the integrity of the internal processes and provides fair and equal access to all vendors seeking to do business with the City. Exhibit 4 outlines the primary roles and responsibilities.

Policy Deviations

If there are indications that a requisition is for an after-the-fact purchase, an explanation setting forth the reasoning for a requisition after the purchase has been made must be provided. Forms for this purpose will be made available by the Purchasing Department. The form must be signed by the employee's Director and include statements describing the following:

How did the purchase occur prior to a requisition being issued and the circumstances surrounding it?

Whether or not the actions that occurred were in the best interest of the City, and if not, to what extent were these actions detrimental to the City?

Actions taken to correct the circumstances which led to the deviation from City policy or procedure and to prevent future deviation.

Disciplinary action may be taken against the employee(s) involved where actions were not justifiable. Steps to reinforce policy and use of positive administrative action(s) such as staff training, establishment of internal procedures, realignment of staff responsibilities, etc., are to be undertaken to correct any existing problem(s) that may discourage adherence to policy.

Exhibit 4: Formal Purchasing Process Roles and Responsibilities

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
Requirements Definition/ Specification Development	<ol style="list-style-type: none"> 1. Identifies what is needed, when it is needed, the quantity needed and where it is needed and works with Purchasing Department to document need in writing a specification 2. Ensures funding (budget) is available to support need 3. Sends specification and requisition with funding to Purchasing Department 4. Works with Purchasing Department to develop evaluation criteria/ formats (as applicable) 5. Drafts agenda request for Purchasing approval 	<ol style="list-style-type: none"> 1. Consults with User Department in development of specification and procurement process to be used 2. Works with City Attorney to prepare or review solicitation and contract documents 3. Reviews specification to ensure that it is descriptive and specific but does not prevent competitive bidding of comparable goods 4. Works with user department to develop evaluation criteria/formats (as applicable) 5. Prepares agenda item for City Council (if applicable) 6. Reviews/edits agenda request and files in Legistar
Solicitation	<ol style="list-style-type: none"> 1. Reviews solicitation documents before issuance to ensure department needs are met 2. Provides Purchasing Department with a list of potential vendors that can meet the solicitation requirements 3. Provides technical clarifications to Purchasing Department if vendor questions arise 4. Supports pre-solicitation conferences (as applicable) 	<ol style="list-style-type: none"> 1. Develops solicitation documents based on specification and sends to user department for review before final issuance 2. Issues solicitation to vendors registered on electronic bidding system (and those identified by user department) 3. Advertises solicitation in accordance with State law 4. Conducts pre-solicitation conferences (as applicable) 5. Provides answers or clarifications to vendors through addenda before solicitation closes 6. Receives and logs vendor responses 7. Prepares responses for evaluation and sends to user department
Evaluation and Negotiation (as applicable)	<ol style="list-style-type: none"> 1. Evaluators from department sign confidentiality statement and send to Purchasing Department (as applicable) 2. Evaluates response based on established evaluation criteria and formats 3. Completes evaluation and submits recommendation to Purchasing Department 4. Works with Purchasing Department to develop negotiation strategy (as 	<ol style="list-style-type: none"> 1. Issues confidentiality statement to all evaluators before evaluation commences (as applicable) 2. Supervises evaluation process to ensure consistent and fair application of evaluation criteria 3. Acts as point of contact for evaluator requests and communications to vendors for additional information 4. Compiles individual evaluation results and works with users to

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
	<p>applicable)</p> <ol style="list-style-type: none"> Participates as member of negotiating team to negotiate Best and Final Offers (as applicable) Works with Purchasing Department to co-develop final recommendation for award Provides information to Purchasing Department (memorandum) to support contract award agenda development 	<p>develop recommendation for award and prepares contract award agenda item for City Council or</p> <ol style="list-style-type: none"> Works with user department to develop negotiation strategy (as applicable) Leads negotiating team to negotiate Best and Final Offers (if applicable) Receives Best and Final Offers and co-develops final recommendation for award (if applicable) and Prepares contract award agenda request for City Council
Contract Modifications	<ol style="list-style-type: none"> Request modifications in writing to Purchasing Department Reviews draft and final modification to ensure it meets department needs 	<ol style="list-style-type: none"> Evaluates modification request and works with user department to develop modifications Coordinates with vendor and user department to develop draft modifications Works with City Attorney to review and finalize modifications Obtains appropriate signatures (vendor, attorney, etc.) Either Purchasing Manager approves modifications or develops City Council agenda item for approval depending on type and amount of modification
Contract Performance Monitoring	<ol style="list-style-type: none"> Receives copy of contract and monitors vendor performance and delivery Notifies Purchasing Department of non-performance and provides written documentation outlining details of non-performance (dates, description of problem, etc.) Works with Purchasing Department to develop acceptable corrective actions (as applicable) 	<ol style="list-style-type: none"> Maintains complete contract file with supporting documentation during term of contract Works with vendor to resolve performance issues as identified by user department Develops corrective actions and timetables for completion to resolve performance issues and documents in contract file (as applicable) Works with user department and City Attorney to terminate contract when necessary because of non-performance

Chapter 7: Historically Underutilized Business Program

Policy	<p>The policy of the City of McKinney Purchasing Department is to ensure a good faith effort is made to assist certified HUB vendors and contractors in receiving contracts in accordance with State law:</p> <p><i>Texas Local Government Code, Chapter 252.0215. A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161 of the Texas Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.</i></p>
Informal Solicitations	<p>For expenditures over \$3,000 and less than \$50,000, the Purchasing Department solicits a quote from two certified HUBs, if available.</p>
Formal Solicitations	<p>The Purchasing Department uses a third party vendor to maintain the Bidders List. All registered vendors within a specific commodity and sub-commodity category are solicited. All HUB vendors are encouraged to register with the third party vendor so they are included in formal solicitations within the commodity code they select.</p>
Eligibility	<p>City of McKinney does not certify HUB vendors. HUB vendors must complete the certification process with the State of Texas Comptroller of Public Accounts. The HUB vendor must hold a current valid certification from the Comptroller.</p>

Chapter 8: Other General Purchasing Policies

IT Review of Data Processing Equipment

The Information Technology Department (IT) shall review and approve all purchase requests made by departments for software, hardware and other data processing equipment save and except Pre-approved Marketplace Items (defined below). This procedure is to ensure compatibility and standardization of the City's computer system. IT may provide the Purchasing Manager with a list of the goods and services that have been pre-approved and need no additional review ("Pre-approved Marketplace Items"). Pre-approved Marketplace Items also include renewals and re-purchases of previously approved software applications, but do not include updates or new versions that may by their revisions be rendered incompatible. To purchase any other data processing goods or services, the user department must obtain IT approval.

Risk Management Coverage

When departments sustain loss or damage to goods or buildings, and funding for replacement or repair is coordinated through the Risk Management Department, the actual purchase is processed by the Purchasing Department. Additionally, the Risk Manager must notify the Finance Department so that fixed asset inventory files can be updated, if applicable.

After Hours Emergency Purchases

Each department must have written internal procedures consistent with this Policy that address Emergency Purchases (defined in Chapter 2 of this Policy) in an amount of less than \$50,000 that occur after regular work hours. If you have any questions regarding whether a particular purchase meets the state law definition of an emergency purchase, please contact the Purchasing Manager.

Each department's written internal procedures should require that department employees contact their immediate supervisor or other designated person for approval prior to making an Emergency Purchase. On the first working day after the Emergency Purchase, the department must enter a purchase requisition into the ARS and complete the Emergency Purchase Justification form, available on the City's Intranet, and submit to the Purchasing Manager.

Interlocal Agreements

All interlocal agreements with other governmental and quasi-governmental entities which will provide for a Cooperative Purchasing Program, only, between the City and other governmental and quasi-governmental entities must be reviewed by the Purchasing Manager and may be approved by the City Manager pursuant to Resolution No. 2000-08-093.

Best Value

If the competitive sealed bidding requirement applies to the contract for goods or services, and if so specified in the bid documents, the contract must be awarded to the lowest responsible bidder or alternatively, if so specified in the bid documents, to the bidder who provides goods or services at the best value for the City. In determining the best value for the municipality, the City may consider:

- the purchase price;
- the experience and reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the City's needs;
- the bidder's past relationship with the City;

- the impact on the ability of the City to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

Electronic Transactions

Electronic sealed bids or proposals shall be accepted in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

- Invitations to Bid and Requests for Proposals will be advertised and issued through the City's electronic service provider. A notification will be added to bid terms and conditions stating suppliers may/should submit responses electronically through City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.
- At the specified bid closing time, a *password-enabled* employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.

Purchasing staff will read aloud all bid responses received by the stated bid closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with a qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".

Vendor List

The Purchasing Department maintains a list of vendors who have requested that they be sent notices of advertised solicitations through our third party electronic service provider. The vendor is responsible for registering on-line via the City's website www.mckinneytexas.org. They may categorize their business by the commodity codes for the goods and services that they are capable of providing. The Purchasing Department utilizes a third party vendor for maintenance of the vendor list and publication of solicitations.

As a courtesy to vendors, and as a means of encouraging competition, notification of each solicitation is provided to appropriate vendors via email. The Purchasing Department also advertises solicitations on the City's cable television channel, on the City Purchasing website at <http://www.mckinneytexas.org>, and in a newspaper of general circulation as required by law.

Stock Requisition

A City stock room will be maintained for use by all departments. Departments may obtain materials directly from this stock room through electronic supply requisition (stock req.). Materials and supplies in the stock room have already been purchased by the City based upon anticipated needs. Consequently, a purchase order is not needed to obtain such items, only a supply requisition.

Petty Cash Incidental items under \$50 (with the exception of items available on fixed price contracts) may be purchased utilizing petty cash.

Field Purchase Order (FPO) Payments, in which use of a purchase order would not be practicable (no need to shop for services), are allowed by electronic field purchase order (or by hard copy check request where FPO is unavailable). FPO's should not be used for recurring services. Electronic field purchase orders/check requests may be utilized for the following items:

- Seminar, conferences (registration, fees – not travel advances)
- Employee reimbursements (mileage)
- Advertisements
- Subscriptions, dues and memberships (magazines, professional/trade annual fees)
- Refunds (Parks, Community Center, UB, Court only)
- Utility payments (electric, gas, phones)
- Banking/Financial Fees (credit card fees, debt service payments, broker fees, etc.)
- Food (for council meetings, department meetings)
- Land Acquisition (easements, right of way or land purchases only)
- Personal Services (artists, instructors, judges, translator)
- Legal Fees (attorneys, legal services)
- Doctors/Medical Services
- Contributions/Support (grant or program support, prisoner retention)
- Other payments as authorized by the Finance Director

Ethical Procurement City of McKinney departments are encouraged to do business with companies who adhere to the federal and state labor law and regulations, including but not limited to:

- The Fair Labor Standards Act through limiting child labor, requiring payment for overtime work and requiring payment of at least the general prevailing daily wage rate for work of a similar character performed in the same locality.
- The Occupational Health and Safety Act which requires safe working practices and procedures in all projects.
- The provision of workers' compensation insurance, by the general contractor and all subcontractors, in accordance with the Texas Workers' Compensation Act on any City building or construction project.
- Any state or federal law prohibiting discrimination or harassment based on age, gender, race, religion, or national origin in the work place.

The City of McKinney, including the Purchasing Department, is strongly committed to upholding these beliefs in ethical and humane business practices.

Grant Funded Purchases Grants should be administered via a written contractual agreement between the City and the party providing the service. Grants administered by the State are governed by Chapter 2261 of the Texas Government Code, which includes grants in the definition of a contract unless certain criteria are met. All purchases made with grant monies will comply with the terms and conditions of the grant, as well as the City's procedures regarding all purchases. Grants often have short time frames to meet and although every effort will be made to expedite purchasing processes where possible to meet these deadlines, the department is responsible to provide the Purchasing Manager a copy of all procurement requirements in the grant document in a timely manner.

Chapter 9: The Requisitioning Process

Definition	Requisitioning is the formal request for a purchase to be made. It is the first step after the need for goods or services is recognized.
Purpose	The department's purchase requisition authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services. This automated form is for internal use and cannot be used by a department to order materials directly from a vendor.
Policy	City of McKinney uses an automated requisitioning system, commonly referred to as the ARS. Based on pre-established budget line items, the user department enters purchase requisitions into the ARS. Adequate budget funds must be available in the departmental line item(s) before the Purchasing Department can purchase the requested goods and services.
Procedure	<p>Purchase requisitions should fully describe what to buy, when it is required, and where the goods are to be delivered or the services are to be performed. The user department needs to “build” a complete description of the item(s) needed. Exhibit 5 identifies the information and steps the user department should follow to obtain the full descriptive information needed to process requisitions expeditiously. The information should be researched and obtained before the user department enters a requisition in the ARS.</p> <p>After the Purchasing Department receives a purchase requisition, it determines the appropriate purchasing method based on the cost of the purchase, the goods and services to be purchased, the existing contracts for goods and services and other relevant factors.</p> <p>Specific instructions on entering purchase requisitions into the automated ARS are not covered in this manual. The user department can contact the Purchasing Department for training.</p> <p>Note: Cycle time to process a requisition refers to the time between when a purchase requisition is received in the Purchasing Department and when an actual purchase order is placed with a vendor.</p> <p>Reminder: It is the department's responsibility to track the progress of their requisition to make sure it is released from the Financial Service's queue. Time the requisition may spend in the Financial Service's queue is not included in cycle time.</p> <p>Emergency Requisitions: Please contact the Purchasing Department prior to entering an emergency requisition into the automated ARS and inform the Purchasing Department that you are submitting an emergency requisition so the emergency requisition can be promptly retrieved from the ARS and processed.</p>

Exhibit 5: Open Market Requisition Checklist

Step	Reference Source:
Identify the commodity and sub-commodity code for the item(s) to determine the accounting line item(s) to be used and ensure that there are sufficient budgeted funds available. Perform budget transfer if necessary, before submitting requisition.	ARS (purchasing module for commodity/sub-commodity and financial module for account line item balances)
<p>Find the desired item(s) and obtain the following information:</p> <ul style="list-style-type: none"> ✓ Manufacturer Name (e.g. Dell) ✓ Model Number (e.g. Pentium series II, model Number 135867) ✓ Unit of measure (e.g. each) ✓ Unit price, quantity, and total price ✓ Item description (complete description with as much detail as possible) 	<p>Vendor catalog, Internet research</p> <p>Helpful hint: copy the model description information from the source and either type it in the requisition or e-mail to purchasing. Also, identify where you got the information (e.g. Office Depot catalog p.22 or online at www.officedepot.com, item xxx)</p>
<p>Obtain the full description for the item(s) being purchased. Example of full description (file cabinet): File Cabinet, Vertical, 2 Drawer, Letter Size, Dimensions 27 3/4"H x 17 11/16"W x 25"D, Color: Steel Gray Shipping Weight: 320 Lb. MFG: FireKing P/N FK25 (seen online at Office Depot catalog)</p>	Vendor catalog, Internet research
<p>Check the vendor name to see if the vendor exists in the ARS and verify the vendor number. If the vendor does not exist, obtain the following to enter into requisition comments:</p> <ul style="list-style-type: none"> ✓ Vendor name ✓ Vendor address ✓ Vendor telephone number ✓ Vendor point of contact (who you talked with to get product information) ✓ Email and/or fax number 	ARS Purchasing module (requisition function)
<p>Identify shipping and delivery information including:</p> <ul style="list-style-type: none"> ✓ Date required ✓ Shipping (determine if it is included in price or is a separate item) ✓ Department point of contact to whom item will be delivered ✓ The "Ship to" location ✓ Any specific delivery instructions (location, time of day etc.) ✓ Any special options that are available, but not part of description (color, fabric, etc.) 	ARS Purchasing module (requisition function)

Chapter 10: Open Market Purchases Under \$3,000

Policy	For open market purchases of goods and services totaling less than \$3,000, end user shall seek a source with fair and reasonable pricing.
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none">• Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to quotes from other suppliers;• Purchasing should be contacted if additional sources for a particular product or service are needed;• Quotes should be entered in the appropriate space on the electronic requisition and forwarded to Purchasing for supplier selection/confirmation, price confirmation and issuance of a Purchase Order;• In accordance with State statutes, under no circumstances is the user department authorized to place an order without Purchasing approval or unless a purchase order has been obtained from the Purchasing Department; and• Contact the Purchasing Department with any concerns or questions you may have.

Chapter 11: Procurement Cards

Purpose	The City of McKinney Procurement Card Program has been made available through a contracted banking services provider, hereafter called the Bank. The card will allow selected employees to purchase items required for the daily operations of their departments. The intent of the procurement card is to enhance the capabilities of City personnel to perform operational tasks without the administrative delay of obtaining Departmental Purchase Orders. The card is offered to promote ease of operation; however, it should not be used to replace pre-planning. All purchases made with the Procurement Card are to follow the City of McKinney's Purchasing Policies, Cardholder/Supervisor guides, the City of McKinney's cardholder agreement, the Travel Policy and any other applicable policies. All policies and guides are available for reference on the Purchasing intranet page.
Issuance	Cards will be issued in the name of each individual and the City of McKinney. The card will remain the property of the City of McKinney. Each potential cardholder will attend a training session and sign a procurement cardholder agreement prior to being issued the card.
Statements	Statements will be mailed to cardholders by the Bank. Cardholders are to reconcile their receipts with the transactions shown by the Bank. Attach all documentation, note any additional information pertinent to the purchase, receive necessary approvals and forward to Finance. Statements are to be reconciled by the department on a monthly basis and all receipts must be forwarded to Finance per the timeline listed in the cardholder guide.
Returns, Credits and Disputed Charges	Should a problem arise with a purchased item, service or charges, every attempt should be made by the cardholder to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits or disputed charges. The returned, credited or disputed item should be documented.
Returns	If a cardholder needs to return an item to a supplier, cardholder must contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking fee for returns. Returns must be documented.
Credits	If the supplier accepts an item as a return, a credit for this item should appear on the following statement. Cardholder must follow up with the supplier until the credit appears.
Disputed Charges	If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on reports forwarded to Finance. If a cardholder cannot resolve a disputed item directly with the supplier, the cardholder should contact the Program Administrator. Bank provider will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the supplier is received. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is considered to be fraudulent, the card will be immediately locked, the account may have a provisional credit (if given) and an investigation of the charge will continue. A new card will be re-issued to the cardholder, if appropriate. If the charge appears legitimate after investigation, the transaction will then post to the new account.
Security of The Card	The cardholder is responsible for the security of the card. This city-issued credit card should be treated with at least the same level of care that cardholder would use with

his/her own personal credit cards. Guard the Procurement Card Number carefully. It should not be posted in a work area. Do not leave the card in a conspicuous place, but rather keep it in an accessible, secure location. Cardholder shall always keep the procurement card in the protective sleeve provided by the city and only remove it from the sleeve for official City business use.

The only person authorized to use the Procurement Card is the cardholder whose name appears on the card. The card is to be used for business purposes only.

Lost or Stolen Cards

Record the Bank's Customer Service number in a handy location. If a Procurement card is lost or stolen, the cardholder shall immediately contact the Bank's Customer Service number. After contacting the Bank, the cardholder shall immediately notify the Program Administrator. Prompt action can reduce the City's and the cardholder's liability for fraudulent activity.

It is imperative that Purchasing and Finance be notified immediately of any of the aforementioned problems.

Responsibility of Cardholders

The Procurement Card may be used ONLY for CITY RELATED BUSINESS. No personal use of the card will be allowed. Misuse of the Procurement Card may subject the cardholder to discipline up to termination and criminal prosecution.

Purchases should be made by use of the Procurement Card only if it is the most efficient and most cost effective method. Procurement Cards should not be used to replace planning for the department's needs. The City promotes progressive productive work methods and supports planning ahead to achieve the best possible results.

Cards must be used under SECURE CONDITIONS ONLY. Only secure websites are allowed for online transactions. Look for either a "lock" icon at the top of the screen or an added 's' in prefix of the site's URL, specifically "https://". If one of these indications is not present, do not complete the transaction. Cardholders are to use caution when providing a card number by telephone or by facsimile.

The City of McKinney is exempt from sales tax. BE SURE TO CHECK ALL RECEIPTS TO ENSURE THAT TAX HAS NOT BEEN INCLUDED.

Card Restrictions

Cardholders are prohibited from using the Procurement Card to purchase local business meals with the exception of the City Manager, Deputy City Managers and Directors (who are authorized to purchase reasonable business meals as determined by the City Manager). Business meal receipts shall be documented to include attendee names and purpose of the meeting.

Travel/Training – related meals are handled on per-diem basis. Therefore, the Procurement Card shall not be used for these type meals. See travel policy.

The Procurement Card shall not be used for items and/or services on contract, CIP projects, fixed assets or capital outlays. The City Marketplace is the only exception where payment for contracted items can be made with a procurement card.

To remain in compliance with Texas Local Government Code Section 252.0215, the cardholder must solicit quotes from [HISTORICALLY UNDERUTILIZED BUSINESSES](#) if total expense for a commodity reaches \$3,000 or more. (Contact Purchasing or refer to 'Purchasing' on the intranet for "how-to" information.)

For examples of appropriate purchases, refer to the City of McKinney Procurement Card Program, Quick Reference Cardholder Guide.

Director and Approving Officer Responsibilities

Directors will set expenditure and purchase limits.

- Predetermined card limits of \$1000 per transaction have been set. However, if a Director requests a lower limit for certain cards the cardholder will be notified by their Director. Directors have the authority to assign higher per transaction and per cycle limits.
- In the event that the cardholder misuses the card the Director may cancel the card and require the return of the card. Further disciplinary action may result.

Approving Officers will review all purchases.

- The Approving Officer is responsible for timely reviewing and approving of cardholder monthly transactions. Notwithstanding the foregoing, an Approving Officer or Director shall not review and approve their own cardholder monthly transactions. Rather, such cardholder monthly transactions shall be reviewed and approved by their respective Supervisors.
- The Director will counsel cardholders and their Approving Officers whenever cardholders are not adhering to all requirements and guidelines of the card. In the event that a cardholder misuses the card, the Program Administrator may cancel their card. The Finance Director, Program Administrator and Human Resources Director will work in conjunction with Director on appropriate disciplinary action for card misuse. The Purchasing Department will conduct audits of the Procurement Card usage in the same manner as is done with Departmental Purchase Orders.
- Neither the Bank nor the merchant bears any responsibility for inappropriate purchases. If the cardholder makes a purchase, the merchant will be paid and the department budget charged unless the City returns the merchandise and the merchant agrees to accept and issue a credit.
- The Approving Officer shall immediately report any inappropriate purchases made by any cardholder to their Director. The Supervisor of the Approving Officer, if the Director is not the Approving Officer's Supervisor, shall immediately report any inappropriate purchases made by the Approving Officer to their Director. The Director shall counsel the offending cardholder, including an offending Approving Officer, and report the offending cardholder and/or offending Approving Officer and inappropriate purchase to the Program Administrator.
- In the event a Director makes any inappropriate purchases, such inappropriate purchases shall be immediately reported to the Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department as well as the City Manager. The Assistant City Manager or Deputy City Manager charged with oversight of that Director's Department and/or the City Manager shall counsel the Director and report the Director and inappropriate purchase to the Program Administrator.

Director will request new cards and/or cancellation of existing cards.

- The Director is responsible for notifying the Program Administrator to process the application of an authorized cardholder, cancel the card of a cardholder and for turning in a card to be cancelled.
- Whenever the employment of a cardholder ends, or the individual is transferred to other duties, the Director is responsible for returning the card to the Program Administrator for cancellation.

Program Administrator Responsibilities

The Program Administrator will be responsible for:

- processing applications to obtain Procurement Cards for staff members and for canceling cards returned by the Director upon their request.
- keeping a current list of all cardholders, card numbers, card limits and card history. They will also be responsible for the integrity of the system and as such may request a full audit of the cardholder account.
- reviewing the appropriateness of purchases made with the Procurement Cards and any misuse and/or abuse of card privileges (collectively "Occurrence") will be dealt with as follows:
 - Occurrence 1 – The Director determines if the cardholder should be individually responsible for the charge, if the individual should continue in the program, and any disciplinary action up to and including termination. Program Administrator will be notified of the disposition of the incident.
 - Occurrence 2 – Program Administrator and Director will meet to determine if the individual will continue in the card program and the Director will determine the need for disciplinary action up to and including termination.
 - Occurrence 3 – Program Administrator and Finance Director may terminate the cardholder's participation in the program, and the Director will determine the need for disciplinary action up to and including termination.
- Each occurrence is subject to discipline at the Director involvement consultation.
- Merchant Category Codes (MCC) will be assigned to give the purchaser optimum buying capability. Samples of the MCC, which will be available, are:

- Tools	- Auto Repair
- Auto Parts	- Office Supplies
- Janitorial Supplies	- Safety Supplies

The Procurement Card will cover most of the purchases that a department makes. A complete listing is available through the Program Administrator. Should a department determine that they have additional needs beyond the MCC the department should submit a written request to the Program Administrator and at that time, if deemed necessary, the new MCC will be added.

Chapter 12: Open Market Purchases between \$3,000 - \$25,000

Policy	<p>For open market purchases of goods and services totaling between \$3,000 and \$25,000, Purchasing will solicit price quotations from a minimum of three sources to assure fair and reasonable competition. Any exception must be approved by the Purchasing Manager and documented on the requisition.</p> <p>The Purchasing Department shall contact at least two Historically Underutilized Businesses (HUBs) when making expenditures in this category, on a rotating basis based on information provided by the Texas Procurement and Support Services pursuant to Chapter 2161 of the Texas Government Code. If the HUB list fails to identify a historically underutilized business within Collin County for the service or goods sought, the City is exempt from this requirement, and the Purchasing Department will obtain the required quotes. The Purchasing Department will maintain the proper documentation reflecting compliance with this obligation.</p>
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none">• Except for the reverse auction process allowed by law and conducted only by Purchasing, suppliers will not be privileged to or provided information regarding quotes from other suppliers;• Purchasing should be contacted if additional sources for a particular product or service are needed;• Quotes should be entered in the appropriate space on the electronic requisition for supplier selection/confirmation, price confirmation and issuance of a Purchase Order. Results regarding the solicitation of price quotations from HUBs will be documented and kept on file by the Purchasing Department;• In accordance with State statutes, under no circumstances is the User Department authorized to place an order without Purchasing's prior approval or unless a purchase order has been obtained from the Purchasing Department; and• Contact the Purchasing Department with any concerns or questions you may have.

Chapter 13: Purchases between \$25,000 - \$50,000

Policy	Formal written quotes are obtained by Purchasing for these purchases
Considerations	<p>To protect the integrity of the process, all solicitations of quotes shall comply with the following:</p> <ul style="list-style-type: none">• Department shall submit a requisition to Purchasing for services and/or products required;• Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;• Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Quote (ITQ). Invitation to Quote will be forwarded to prospective suppliers and shall state a specific date, time and location for quote submittal. Purchasing will be responsible in these instances for complying with the State's HUB requirements; and• Departments must allow adequate time (at least one to two weeks) for processing orders in this category.

Chapter 14: Purchases over \$50,000

Policy	<p>Texas State law (Texas Local Government Code Chapter 252) sets the requirements for formal solicitations. By law, purchases of more than \$50,000 require that a competitive sealed bid or a competitive sealed proposal process, including public notice, public opening of the bids and City Council award, be utilized. See Policy, Chapter 16. Certain expenditures are exempt from the competitive bidding requirements. See Tex. Loc. Gov't Code § 252.022. A department must contact Purchasing to determine if an exemption applies. See Policy, Chapter 19.</p>
Considerations	<p>No specifications are to be written with the intent to exclude a possible bidder. Tex. Loc. Gov't Code § 252.047 allows that competitive bidding can be let on either a lump-sum or a unit price basis. If unit price bids are solicited, the approximate quantities of each item needed are to be estimated in the requisition based on the best available information but payment to the contractor must be based on the actual quantities involved. <i>Id.</i></p> <p>The competitive sealed bid process is used for most purchases. Electronic receipt of bids and the Reverse Auction procedures may be used if the Purchasing Manager deems those processes to be the best method for the solicitation. Bids are awarded based on lowest responsible bidder or best value, as established in the bid documents. See Chapter 8 of this Policy for a discussion regarding "Best Value" bidding.</p> <p>The competitive sealed proposal process may be used when circumstances dictate and the Purchasing Manager has designated, through the proposal process, that this process is the best method of procurement for the particular item and/or service. Proposals are awarded based on the most responsible offeror whose proposal is determined to be the most advantageous to the municipality, considering the relative importance of price and the other evaluation factors included in the request for proposals.</p> <p>To protect the integrity of the process, all solicitations shall comply with the following:</p> <ul style="list-style-type: none">• Department shall submit a requisition to Purchasing for services and/or products required;• Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;• Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Invitation to Bid (ITB) or Request for Proposals (RFP) in consultation with, as needed, the City Attorney. Bid documents will be forwarded to prospective vendors and shall state a specific date, time and location for submittal; and• Departments must allow adequate time for processing orders in this category.

Chapter 15: Specifications

Definition

A specification is a concise description of goods or services that user departments seek to buy and the requirements the vendor must meet to be considered for the award. A specification may include requirements for testing, inspection, preparing any goods or services for delivery, or installing them for use. The specification is the total description of the goods and services desired to be purchased.

Purpose

The primary purposes of any specification is to provide vendors with firm criteria about a minimum standard acceptable for goods or services by providing reasonable tests and inspections to determine their acceptability and to provide purchasing personnel with clear guidelines of the needs of the department which will be used to produce the purchase documents. As a result, the specification also:

- promotes competitive bidding; and
- provides a means to make an equitable award to the lowest and/or best bid from a responsible bidder.

Preparation

In writing specifications, user departments are encouraged to obtain an existing specification (i.e. City or another public entity-created RFP) before starting to write a new one. The existing specification can provide ideas and examples that can be customized for City of McKinney purposes. The user department should contact the Purchasing Department for assistance in obtaining existing specifications to facilitate the specification development process.

There are numerous sources for specifications. These include other departments within the City, the City Attorney's Office, other governments, professional trade associations, professional purchasing associations and user knowledge. Some specification libraries that are available include:

- Texas Specification Library located at the Texas Comptroller of Public Accounts website: www.window.state.tx.us/procurement/pub/specifications-library/
- General Services Administration, Federal Supply Service – Specifications Section found at www.gsa.gov
- Texas Department of Transportation Standard Specification Index located at http://www.dot.state.tx.us/qsd/purchasing/tssi_alpha.htm
- National Institute of Governmental Purchasing. Contact Purchasing for assistance because this is available to members only.

The user department, occupant department or an outside agency may propose specifications. To ensure compliance with legal purchasing requirements, the Purchasing Department has final determination of the language included in specifications, except for specifications for construction projects. Specifications for construction projects shall be developed in coordination with the City Attorney. The User Department Director is responsible for obtaining final approval of the specifications. This ensures proper quality control and avoids the proliferation of conflicting specifications in the different City departments.

To facilitate specification development and avoid duplication of their efforts, user departments should submit their specifications in electronic format to the Purchasing Department.

Characteristics

An effective specification has the following characteristics:

- **Simple:** Avoids unnecessary detail, but is complete enough to ensure that purchased goods and services satisfy their intended purpose.
- **Clear:** Uses terminology that is understandable to the user department and vendors.
 - Eliminates confusion by using correct spelling and appropriate sentence structure.
 - Avoids the use of jargon and “legalese”.
- **Accurate:** Uses units of measure that are compatible with industry standards, identifies all quantities and describes packing requirements.
- **Competitive:** Identifies at least two commercially available brands, makes, or models (whenever possible) that satisfy the intended purpose.
 - Avoids unneeded specifications or “extras” that could reduce or eliminate competition and increase costs.
- **Flexible:** Avoids situations that prevent the acceptance of a response that could offer greater performance for fewer dollars.
 - Uses approximate values that are within a 10% range for the dimensions, weight, speed, etc. (whenever possible) if these values can satisfy the intended purpose.

Types

The Purchasing Department uses a number of specification types:

- **Design** - Details description of a good or service, including details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients and all other information needed to produce an item of minimum acceptability. Design specifications are usually required for construction projects, custom-produced items and many services.
- **Performance** – Details required performance parameters such as required power, strength of material, test methods, standards of acceptability, and recommended practices. Performance specifications are usually used for capital equipment purchases.
- **Brand Name or Equal** - Lists goods or services by brand-name, model, and other identifying specifics, except that products with performance equivalent to the characteristics of the named brand are specified as acceptable. Other manufacturers may provide a nearly identical product under another brand name. **The Purchasing Department uses this method only if there is a business purpose justification. The burden of justification rests with the user department.**
- **Industry Standard** – States an industry standard that is identical, regardless of manufacturer that results in acquisition of goods of uniform quality. The UL standard for electrical products is an example of an industry standard.

Chapter 16: Competitively Solicited Purchases Exceeding \$50,000

Definitions and Use

There are two primary types of solicited purchases - competitive bidding and competitive proposals. Competitively solicited purchasing means letting available vendors compete with each other to provide goods or services.

The Dallas 5th District Court of Appeals explains the use or process of competitive bidding as follows:

"Competitive bidding requires due advertisement, giving opportunity to bid, and contemplates a bidding on the same undertaking upon each of the same material items and services covered by the contract; upon the same thing. It requires that all bidders be placed upon the same plane of equality and that they each bid upon the same terms and conditions involved in all the items and services and parts of the contract, and that the proposal specify as to all bids the same, or substantially similar specifications." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

Purpose of Competitive Bidding

The Dallas 5th District Court of Appeals further explains the purpose of competitive bidding as follows:

"The purpose of competitive bidding is to stimulate competition, prevent favoritism, and secure the best work and materials at the lowest practicable price for the best interest of the taxpayers and property owners." Sterrett v. Bell, 240 S.W. 2d 516 (Tex. Civ. App.-Dallas 1951, no writ).

The first purpose of competitive solicitations is to ensure the best possible value is received. Competitive solicitations also increase the likelihood that public monies are spent properly, legally, and for public projects only.

The second purpose is to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so.

Competitive Bidding: The term "Formal Competitive Bidding" generally applies to public purchasing when the solicitation process complies with Texas Local Government Code § 252.021, and the solicitation award requires approval by the City Council.

Competitive "sealed" bids are solicited through an advertisement for bids for public works projects, goods and supplies and non-personal services expected to exceed \$50,000. The advertisement for bids contains the specifications, terms, general conditions and special conditions for the public works project, and/or the procurement of goods and supplies and non-personal services ("Bid Documents") as well as the agreement and related performance, payment and maintenance bonds that with the Bid Documents comprise the "Contract Documents" for the project. A formal set of Bid Documents that include the City's standard terms and conditions, reviewed by the City Attorney's Office, must be used for any procurement in excess of \$50,000.

The City Council must accept and award the contract for any public works projects, and/or the procurement of goods and supplies and non-personal services that exceed \$50,000 which are solicited through the competitive sealed bid process to the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city timely responding to the advertisement for bids and returning a fully completed

and signed Bid Proposal and Bid Bond. The User Department and Purchasing Department work together to determine whether the presumptive low bidder is the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the city and prepare a bid tabulation regarding the bids received together with an agenda item recommending to the City Council that the project be awarded to the appropriate bidder. The Contract Documents once signed by the bidder and the City Manager following approval of the City Council form the contract between City of McKinney and the vendor. **Competitive sealed bids are not negotiated and are based upon the terms and conditions set out in the Bid Documents and Contract Documents.**

The competitive sealed bid method is the most preferred method of procuring the performance of public works projects, goods and supplies and non-personal services. It is used when the requirement can be definitively described, is readily available and is an off-the-shelf type of acquisition. Competitive bid contents are not disclosed until after the contract is awarded. In the event that the Bid Documents call for the submission of background documents that are trademarked or proprietary such documents may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

Competitive Proposals: The term "Formal Competitive Proposal" generally applies to public purchasing in amounts exceeding \$50,000 when the solicitation process complies with Texas Local Government Code § 252.021, and the solicitation award requires approval by the City Council.

Competitive proposals are solicited through a sealed Request for Proposals (RFP) process. Vendors submit responses to the RFP for consideration. The RFP solicits proposals from vendors in response to the City's requirements and contractual terms and conditions. A formal contract that includes the City's standard terms and conditions, reviewed by the City Attorney's Office, must be approved by the City Council for any procurement in excess of \$50,000.

While the RFP process is similar to the competitive sealed bid process, there are notable differences. The primary difference is that the RFP results in a negotiated procurement. Cost is not necessarily the primary determining evaluation factor; however, its relative importance to other evaluation factors must be specified in the RFP and considered in recommending the award of the contract. Also, the proposals in the RFP process are received, but are not opened and read publicly at the time of receipt. Proposal contents are not disclosed until after the contract is awarded to the responsible proposer whose proposal is determined to be the most advantageous to the city under the pertinent evaluation factors. Proposal contents that are trademarked or proprietary may remain confidential pursuant to the Texas Public Information Act provided that certain steps are timely followed to protect the confidential information from disclosure. (Please contact the City's Public Information Officer and the City Attorney promptly upon receipt of a public information request.)

In accordance with Texas Local Government Code § 252.021, the formal competitive proposal (RFP) method may also be used to purchase other items more typically bid through the competitive sealed bid process when the Purchasing Manager determines it is in the best interest of the City.

Procedures

In the City of McKinney, competitive solicited procurements which call for approval by City Council due to an expenditure in excess of \$50,000 are required to comply with the

requirements of the Texas Local Government Code and, with few exceptions, are accomplished by the process set forth in this chapter. Throughout this chapter, “bids” are vendor responses in the competitive sealed bid process and “proposals” are vendor responses in the RFP process. Unless specifically noted, the procedures apply to both the competitive sealed bid and RFP.

Pursuant to Section 50 of the Charter of the City of McKinney, the City Manager generally has the authority to authorize purchasing expenditures under either the competitive sealed bid process or the RFP process if, and only if, (a) the bid or proposal received by the City is for an amount of less than \$50,000, (b) the subject of the bid or proposal is contained within the then current City budget, (c) the amount of the bid or proposal does not exceed the budget for such public works projects, goods and supplies and non-personal services and, (d) such bid or proposal is otherwise exempt from the State of Texas’ laws regarding the competitive procurement processes. All purchases required to be competitively bid or which require a competitive procurement process shall conform to applicable State law, provided further that only the City Council shall have the right to reject any and all bids.

Defining the Need

Competitive Sealed Bid: When the need for a good or service costing more than \$50,000 is identified, the user department should immediately contact the Purchasing Department for assistance in developing the specifications. The specification should be comprehensive and broadly defined to allow for maximum competition.

RFP: When the need for the goods or services (greater than \$50,000) is identified, the user department should immediately contact the Purchasing Department for assistance in defining the requirements to be used for the solicitation. The user department is responsible for submitting a Statement of Work (SOW) or Technical Requirements that functionally define the needs and requirements of the department regarding such goods or services. Purchasing Department staff will review to ensure that the SOW or Technical Requirements is quantified and structured to:

- secure the best economic advantage utilizing best value;
- state the needs or requirements clearly;
- be contractually sound;
- treat all vendors fairly and without favoritism;
- encourage innovative solutions to the requirement described; and
- permit free and open competition to the maximum extent reasonably possible.

Purchase Requisition

A written memo submitted to the Purchasing Manager and signed by the Director, or designee, or a direct e-mail from the Director, or designee, serves as the initial purchase requisition for goods or services. The memo must include the budget line items from which the purchase is funded or an explanation about how funding is obtained before the Purchasing Department will proceed with the preparation of the competitive solicitation.

Requirements or specifications should be attached to the memo and forwarded electronically to the Purchasing Department. If requirements or specifications are not attached, Purchasing and the user department will work to jointly develop them.

The user department must follow up the memo request with the entry of a purchase requisition in the ARS. The Purchasing Department will not proceed with a purchase unless:

- The appropriate budget line item includes sufficient unencumbered funds for the purchase; or
- The Financial Services Department verifies that funds are available through budget transfers; and
- The Director, or designee, of the user department has approved the proposed requirements or specifications prepared or as revised by the Purchasing Department.

Notice

Once the Purchasing Department has finalized the specification or requirements with the Director, or designee, of the user department, the Purchasing Department prepares the solicitation for issuance and submits the solicitation to the Director of the user department for final approval. Following receipt of the Director's approval the Purchasing Department publishes a notice of the proposed purchase that complies with the requirements in Texas Local Government Code § 252.041.

According to Section 252.041, notice of a proposed purchase must be published at least once a week in a newspaper published in the municipality. 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. To ensure vendors sufficient time to complete and return the solicitation, the Purchasing Department generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days. The notice must include:

- The specifications (requirements) describing the goods and services to be purchased, or a statement of where the specifications (requirements) may be obtained;
- The time and place for receiving and opening solicitations and the name and position of the employee to whom the paper solicitations are sent as well as the appropriate electronic address for the City's electronic source provider through which electronic submissions may be submitted; and
- The type of bond required from the vendor, if applicable.
- If unit pricing is required, City must specify approximate quantities, estimated on the best available information.

The Purchasing Department publishes the notice of the proposed purchase.

Special Considerations

If the solicitation is for high technology goods and services, IT must review it before it is advertised.

If the solicitation is for rolling stock, the Fleet Manager must review it before it is advertised.

Amendment of Solicitation

The Purchasing Department may extend the proposal opening date on the notice of a solicitation if an error is discovered or if the nature of the goods or services requires an

extension. The Purchasing Manager may amend a solicitation, after consultation with the Director, or designee, of the user department:

- If inquiries about the meaning indicate the need for an amendment to clarify its original intent or to correct clerical errors; and
- If the amendment does not change the general scope.

There should be at least three days between the date of the amendment and the opening date in the notice. If there are less than three days, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date in the notice.

Pre-Bid (Proposal) Meeting

The Purchasing Department may invite potential vendors to attend a pre-bid (pre-proposal) meeting to discuss contract requirements and answer vendor questions. The Purchasing Manager will work with the user department to determine if a pre-bid (pre-proposal) meeting is necessary. The Purchasing Department manages any pre-bid (pre-proposal) conference and requests that the user department makes staff available to answer questions at the meeting.

Receipt of Responses to Competitive Solicitations

To ensure the identification, security, and confidentiality of responses to solicitations, both electronic and paper, the following procedures are adhered to:

- The Purchasing Manager receives all responses as specified by the solicitation document.
- **Responses to solicitations are not accepted after the opening time on the day of response opening.** All responses offered after the opening time are returned unopened to the vendor with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the vendor that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the bid/proposal number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After a response is received, the Purchasing Department will provide a secure place to hold the solicitation until the opening date. The responses are only accepted if sealed. Responses remain sealed until the Purchasing Department opens them in a public forum at the advertised date and time.
- On occasion, responses that are received in the mail or by other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response (especially the price for a bid) were not reviewed and the response will be sealed by the receiving employee of the Purchasing Department, with the incident documented.

Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the Bid Documents/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will print the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Public Opening of Solicitations

Competitive Sealed Bid: The Purchasing Manager, or designee, publicly opens paper responses and electronic responses, reads aloud and documents the bids at the date, time, and place specified in the notice. Preliminary tabulations are provided to the public upon request. Disclosure of trade secrets and confidential proprietary information contained in bid responses, if any, obtained from a vendor is subject to the provisions of the Texas Public Information Act.

RFP: The Purchasing Manager publicly opens and documents sealed proposals, paper and electronic, at the date, time and place specified in the notice. Only the names of vendors submitting proposals are announced.

Proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All proposals that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information contained in proposals obtained from a vendor is subject to the provisions of the Texas Public Information Act.

Confidentiality Statement

RFP: Please see Chapter 4 of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation

Competitive Sealed Bid: The Purchasing Department evaluates all bids with assistance from the user department and recommends the lowest responsible bid or best value bid to the City Council for award. The Purchasing Department evaluates bids based on:

- The purchase price;
- The reputation of the bidder and the bidder's goods or services;
- The quality of the bidder's goods or services;
- The extent to which the goods or services meet the municipality's needs;
- The bidder's past relationship with the municipality;
- The safety record of the bidder (when allowed under Tex. Loc. Gov't Code § 252.0435);
- The impact on the ability of the municipality to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- The total long-term cost to the municipality to acquire the bidder's goods or services; and
- Any relevant criteria specifically listed in the request for bids or proposals.

The Purchasing Department forwards the bids, the Bid Tabulation, evaluation forms (if applicable) to the Director for completion. The user department recommendation and other appropriate documentation from the user department are submitted with the City Council agenda request to justify the recommended award.

When the lowest priced bid is not the best bid, based on value or responsibility of bidder, clear justification for not selecting the lowest bid must be documented.

RFP: The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that the evaluation is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

The RFP must specify the relative importance of price and other evaluation factors; the relative weight of each factor must be stated. Evaluators may only use the specified factors in evaluating the proposals. Purchasing staff leads the evaluation team and is responsible for:

- Tabulating scores;
- Calculating values; and
- **either**
 - Coordinating follow-up meetings to obtain best final offers from all proposers after submission and prior to awarding the contract and recommending an award; or
 - Discontinuing the process.

Please note state law requires that proposers shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. See Tex. Loc. Gov't Code § 252.041. After the evaluation is completed, Purchasing forwards an evaluation summary to the Director of the user department for concurrence with the selection and a request that the Director submit a memo to the Purchasing Department signifying the user department's concurrence in the evaluation. The Purchasing Department works with the Director of the user department to develop the recommendation for award and present it for approval to the City Council.

Negotiations (RFP)

The Purchasing Manager, or designee, supervises all negotiations. Any conversations with proposers must be coordinated with the Purchasing Manager, or designee. Departments that contact proposers without coordinating with the Purchasing Department risk jeopardizing the integrity of the City procurement process.

Contract Award

Competitive Sealed Bid: The Purchasing Department along with user department recommends contract award to City Council. The City Council either:

- Awards the contract; or
- Rejects all bids and publishes a new notice if the goods or services are still needed.

If two responsible bidders submit the lowest and best bid, the City Council decides between the two bidders by drawing lots in a manner prescribed by the City Council.

After City Council approves the contract, the Purchasing Manager issues a Notice of Contract Award. This notice and the Contract Documents identified in the original solicitation form the complete contract. A complete original contract is maintained in the City Secretary's Office. A copy will be distributed to the user department.

RFP: The award of the contract is made by City Council to the responsible proposer, whose proposal is determined to be the best evaluated offer resulting from negotiations, taking into consideration the relative importance of price and other evaluation factors in RFP. Negotiations are instituted with the highest ranked proposer. If an agreement is not successfully negotiated with the highest ranked proposer, those negotiations are formally ended and negotiations commenced with the next highest ranked proposer and so forth until an agreement can be successfully negotiated. Failed negotiations are not subject to renewed discussion.

Change Orders

The City Council shall approve change orders that increase the amount of a contract by more than \$50,000, whether that amount is exceeded by one change order or the cumulative amount of all change orders for the contract. The City Council shall also

approve change orders that increase the amount of a contract beyond the initial “not to exceed” amount established by the City Council when the contract was approved.

The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less and that are within the range of the “not to exceed” amount approved by the City Council.

In no case shall the original contract price be increased, based on the total of all change orders, by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the express written consent of the contractor.

A change order shall not be issued until it is determined that the necessary funds are budgeted and available. A statement to that effect should be included with the back-up documentation.

Change orders are not required for contracts that are exempted or excepted from the competitive bidding requirements as provided in Chapter 252 of the Texas Local Government Code. But, please note a contract that was originally entered into with a vendor or contractor in an amount that did not require compliance with the state’s competitive bid statutes cannot later be increased to an amount that would have required compliance with the state’s competitive bid statutes. Such a purchase or acquisition would be considered a sequential or component purchase that violates the competitive bid statutes and for which conduct criminal penalties may attach. Regardless, any increases in the amount of the contract in excess of \$50,000 requires City Council approval and increases of \$50,000 or less may be approved by the City Manager.

Re-Solicitation of Annual Contracts

The Purchasing Department monitors the expiration dates of all contracts. Purchasing notifies user departments by email at least four months before contract expiration and verifies whether the goods or services continue to be needed and the contract needs to be re-bid, renewed or extended, if renewals or extensions are available. Purchasing also sends the existing specifications or requirements to the user department and requests any changes before the solicitation is reissued. The user department returns the specifications or requirements with any additions, deletions, or corrections.

Reverse Auctions

In purchasing goods and services, the Purchasing Manager may use reverse auction procedures under Texas Government Code, Chapter 2155. Reverse auction means:

- A real-time bidding process usually lasting less than one hour and taking place at a previously scheduled time and Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services; or
- A real-time bidding process usually lasting less than two weeks and taking place during a previously scheduled period and at a previously scheduled Internet location, in which multiple suppliers, anonymous to each other, submit bids to provide the designated goods or services.

On-going Maintenance

An often-overlooked cost of equipment or software is on-going maintenance. All on-going maintenance issues should be considered, evaluated and priced in the initial procurement process.

Exhibit 6: Procurement Methods

Procurement Method	Use When	Advantages	Disadvantages
Competitive Bids (Invitation to Bids)	Adequate competition exists. The product or service is available from more than one source.	Award process is simpler. Award is made to the lowest responsive, responsible bidder or the bidder providing the best value to the City.	Defined specifications may be difficult to develop. Does not encourage innovative solutions.
Competitive Proposals (Request for Proposals)	When factors other than price are evaluated. When negotiations are desired. Vendor is expected to provide innovative ideas.	Allow factors other than price to be considered. Allows for customized proposals suggesting different approaches to the same business need. Allows for negotiations in order to obtain the best value for the City.	Lead times for procurement may be greater. Evaluations are more complex.
Request for Information	There is insufficient information to write specifications for any procurement method.	Provides information to prepare a complete bid or proposal document. Allows the business community to have input into the solicitation document based on current industry practices and market factors. Informs City of any potential problems early in the procurement.	Lengthens the procurement process.
Request for Qualification/Services	Selection is made solely on the skills and qualifications of the professional.	Emphasizes the competency of the proposed professional contractors	Contractor is tentatively selected before price is negotiated.

Chapter 17: State Purchasing Programs

Background and Statutory Authority

There are three types of purchasing programs that allow local governments to purchase goods and services using contracts competitively awarded by the State of Texas or other governments through the Texas Procurement and Support Services Cooperative Purchasing Program (State of Texas Co-op). The Procurement and Support Services Division (TPASS) of the Texas Comptroller's Office manages two of them. The third program allows local governments to purchase computer technology directly from the state's Department of Information Resources (DIR).

- **Term Contracts** (authorized by sections 271.081 through 271.083 of the Texas Local Government Code). The City may purchase from vendors on the same terms and conditions as the State. The State has entered into term contracts after using competitive bidding procedures. The TPASS manages this program for the State.
- **Texas Multiple Award Schedule (TXMAS)** (authorized by section 2155.502 of the Texas Government Code). The City may purchase goods and services from a schedule of multiple award contracts developed by the TPASS. The schedule is adapted from General Services Administration (GSA) Federal Supply Service contracts. TXMAS contracts take advantage of the most favored customer (MFC) pricing and under certain circumstances; the City may negotiate a lower price for the goods or services offered on a scheduled contract.
- **Department of Information Resources (DIR)** (authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code). The City may purchase computer-related equipment through the DIR and its contracted vendors.

Official Representative

The Purchasing Manager acts as the official representative for the City of McKinney in all matters related to the purchase of goods and services from a vendor under any contract based on a State Purchasing program. The City is responsible for making payments directly to these vendors should the City choose to utilize a State Purchasing program contract.

State Term Contract Purchases

Policy

City of McKinney participates in the purchasing program of TPASS for local governments.

Procedure

The Purchasing Manager either submits requisitions to the TPASS under a contract or electronically sends purchase orders directly to vendors and reports to TPASS on actual purchases in compliance with TPASS regulations. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for all purchases under this program made for the City.

To initiate this process, the user department submits a purchase requisition. The Purchasing Department determines if the requested goods or services are available from TPASS contracts. If they are available, the Purchasing Department assigns a state requisition number that is used for reporting and payments.

Texas Multiple Award Schedules (TXMAS) Purchases

Policy

City of McKinney participates in the purchasing program of the TPASS using TXMAS contracts developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state.

Procedure

The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for purchases under this program for City of McKinney.

To initiate this process, the user department may research goods and services on the TPASS website to determine if the goods or services are available from TXMAS. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service may be available through TXMAS. The Purchasing Department determines if the requested goods or services are available from TXMAS and compares prices among TXMAS vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and then issues a purchase order with the selected vendor providing the best value.

Department of Information Resources (DIR) Purchases

Policy

The City purchases computer-related equipment and services through the state's Department of Information Resources (DIR) and from its contracted vendors. The City contracts with DIR and uses its Go DIRect program.

Procedure

The Purchasing Manager either submits requisitions to the DIR under any contract or electronically sends purchase orders directly to DIRect vendors. The Purchasing Manager monitors vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Manager may coordinate and deliver all necessary documents for purchases under this program made on behalf of the City.

To initiate this process, the user department may research goods and services on the DIR website to determine if the goods or services are available from DIR or its contracts. Based on its research, the user department submits an “open market” purchase requisition and identifies in the requisition comments that the good or service is available from DIR. The Purchasing Department determines whether or not the requested goods or services are available from DIR, and if available, the Purchasing Department compares prices among DIR vendors to obtain the best value. The Purchasing Department works with user department to determine best value and issues a purchase order with the selected vendor providing the best value. For larger, more complex IT purchases, the Purchasing Department may work with the City Attorney's Office on a supplemental contract to ensure the best interests of the City are covered. The user department should plan their procurements accordingly to allow sufficient time to negotiate and enter into a contract with the selected vendor, if necessary.

If the purchase is from a vendor who is part of the Go DIRect program, the City issues the purchase order directly to the vendor and pays the vendor directly. If the purchase is to a vendor that is not part of the Go DIRect program, the City issues the purchase order to DIR, which authorizes a separate purchase order to the vendor.

Chapter 18: Cooperative Purchasing Agreements

Background and Statutory Authority

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, authorizes local governments to contract directly with other governments to increase their efficiency and effectiveness. Texas Government Code Section 791.025(c) states that a local government that purchases goods and any services reasonably required for the installation, operation or maintenance of those goods under the Interlocal Cooperation Act satisfies the requirement of the local government to seek competitive bids for the purchase of goods and their services. The City has a variety of interlocal agreements with other governmental entities that allow the City to participate in cooperative purchasing programs.

Policy

The City participates in the purchasing programs of various local, state and national cooperatives such as Houston Area Council of Governments (H-GAC), Texas Association of School Boards (BuyBoard), The Cooperative Purchasing Network (TCPN), U.S. Communities and Federal Supply Schedules. Before using any cooperative, the Purchasing Department researches and recommends cooperatives. The City Council has delegated authority to the City Manager to enter into an interlocal agreement with other governmental and quasi-governmental entities that will allow the City to participate in a cooperative purchasing program which acknowledges the terms and conditions for using each cooperative, including any fee schedules, and authorizes the Purchasing Department to make purchases under the terms of the interlocal agreement. See Resolution 2000-08-093 (R), dated August 15, 2000.

Official Representative

The Purchasing Department acts as the official representative for the City of McKinney in all matters relating to cooperative purchasing programs, including the purchase of goods and services from a vendor under any contract.

Procedure

The Purchasing Department must review and recommend approval of all interlocal agreements involving the purchase of goods, repair, or maintenance agreements before the agreement is submitted to City Manager for approval.

To initiate this process, the user department may research goods and services on the approved cooperative's website to determine if the needed goods or services are available from the cooperative. Based on its research, the user department submits an "open market" purchase requisition and identifies in the requisition comments that the good or service is available from the cooperative. The Purchasing Department determines whether or not the requested goods or services are available from a specific cooperative. If available, the Purchasing Department compares prices among cooperative and local vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and issues a purchase order with the selected vendor using the purchasing method that provides the best value.

The Purchasing Department either submits requisitions to the applicable cooperative or electronically sends purchase orders directly to vendors using the processes defined by the specific cooperative. The Purchasing Department monitors vendor compliance with all conditions of delivery and the quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for purchases under cooperative purchasing programs made on behalf of the City.

Contract Award

The Purchasing Department may execute all purchase orders for purchases through interlocal agreements that are procured in compliance with this chapter, including purchases in excess of \$50,000, provided funding for the purchase has been approved by the City Council.

**Interlocal
Agreements**

All interlocal agreements that involve the purchase of goods, services, repair or maintenance agreements must be approved in writing by the Purchasing Department before being submitted to City Manager for approval.

**Federal
Supply
Schedules**

Texas Local Government Code Section 271.103 states that a local government that purchases goods and services available under Federal supply schedules of the United States General Services Administration, to the extent permitted by federal law, satisfies the requirement of the local government to seek competitive bids for the purchase of those goods and services.

Under the Cooperative Purchasing Program, state and local government entities may purchase a variety of Information Technology (IT) products, software, and services from contracts awarded under [GSA Federal Supply Schedule 70](#), Information Technology.

State and local government entities may also purchase alarm and signal systems, facility management systems, firefighting and rescue equipment, law enforcement and security equipment, marine craft and related equipment, special purpose clothing and related services from contracts awarded under [GSA Federal Supply Schedule 84](#), Total Solutions for Law Enforcement, Security, Facility Management Systems, Fire, Rescue, Special Purpose Clothing, Marine Craft, and Emergency/Disaster Response.

Chapter 19: Procurement of Professional Services

Background and Statutory Authority

The Professional Services Procurement Act, Chapter 2254 of the Texas Government Code, prohibits a governmental entity from selecting a provider of professional services or a group or association of providers of professional services or otherwise awarding a contract for professional services on the basis of competitive bids. Texas Government Code § 2254.003. Rather, the governmental entity must make the selection and award a contract for professional services on the basis of demonstrated competence and qualifications to perform the services, and for a fair and reasonable price which does not exceed any maximum provided by law. *Id.* “Professional services” is defined in Section 2254.002 of the Texas Government Code as those services:

- within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing, or
- provided in connection with the professional employment or practice of a person who is licensed or registered as an architect, an optometrist, a physician, a surgeon, a certified public accountant, a land surveyor, a landscape architect or professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse.

The Professional Services Procurement Act does not address all professional services. A municipality has the ability to determine whether particular services, in addition to those services identified in Chapter 2254 of the Texas Government Code, are “professional services” for the purpose of exemption from competitive bidding requirements. See Texas Local Government Code § 252.022. The competitive bid statute (Chapter 252 of the Texas Local Government Code) provides that professional services are exempt from competitive bidding. Remember that just because an item is exempt from competitive bidding that does not mean the item cannot be competitively bid. A city can choose to not take advantage of the exemption and competitively bid except to the extent prohibited. Read in conjunction with the Professional Services Procurement Act, this means that the determination to competitively bid professional services is discretionary with the exception of services in the fields of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising or professional nursing. Atty. Gen. Op. DM-106 (1992).

The Purchasing Manager relies on court cases and attorney general opinions, and may also consult with the City Attorney, to determine what additional services may be included in the list of professional services. For the purpose of this policy, “professional services” shall be defined as those services “requiring special knowledge or attainment and a higher order of learning, skill, and intelligence.” Op. Tex. Att’y Gen. Nos. JM-1038 (1989), JM-940 (1988), MW-344 (1981). Other services defined by the City of McKinney as professional services, which are not specifically listed in Chapter 2254 of the Government Code, include;

- Those services within the scope of practice of actuaries, attorneys, business consultants, computer programmers, copywriters, developers, efficiency experts, executive search firms, facilitators, funeral directors, public relations, recruiters, real estate brokers, translators; or

- Any other professional service as determined by approval of the City Council from time to time and made a part of this policy.

Contracts for the procurement of these professional services **may not be awarded on the basis of bids**. Instead, services must be awarded on the basis of demonstrated competence and qualifications.

Professional Services Procurement Act

Request for Qualifications /Proposals (RFQ/RFP)

To ensure professional firms a fair and equal opportunity to do business with the City, and to ensure that the services of the most qualified professional are obtained, professional services should be procured using the Request for Qualifications (RFQ) or Request for Proposals (RFP) process to identify the most highly qualified provider of those services on the basis of demonstrated competence and qualifications, when necessary, and then attempt to negotiate a contract at a fair and reasonable price as outlined in Chapter 2254 of the Texas Government Code.

Informal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost less than \$50,000 should be procured using the informal RFQ/RFP process. Departments forward a recommendation memo to the Purchasing Manager when professional services are required and a highly qualified provider of those professional services needs to be identified on the basis of demonstrated competence and qualifications. The memo identifies the following:

- Scope of work;
- Qualification and experience requirements;
- Project description and deliverables;
- Time frame(s) for performance;
- Budgeted amount and budget line items; and
- Suggested professional and rationale for determining qualification based selection.

The user department follows up the memo request with entry of a requisition into the ARS.

Formal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost more than \$50,000 should be procured using the formal RFQ or RFP process following procedures outlined by Chapter 2254.

Either a memo submitted to the Purchasing Department, signed by the Director, or designee, of the user department, or a direct email, from the Director, or designee, of the user department, **serves as the initial requisition. The memo must include the budget line** items from which the purchase is funded or an explanation that is acceptable to the Purchasing Department about how funding is obtained before the Purchasing Department prepares the RFQ/RFP. Detailed requirements (scope of work) and necessary qualifications should be attached to the memo and also forwarded electronically to the Purchasing Department. If requirements and necessary qualifications are not attached, Purchasing and the user department may jointly develop them.

The user department follows up the memo request with entry of a requisition into the ARS.

The RFQ/RFP must specify the evaluation factors to be used to determine minimum qualifications and demonstrated experience. Evaluators may use only the specified evaluation factors in evaluating the responses. Purchasing staff leads the evaluation team and is responsible, in consultation with the Director, or designee, of the user department, for:

- Developing evaluation matrix and criteria;
- Tabulating scores;
- Calculating values;
- Coordinating follow-up meetings for negotiations and recommending an award; or
- Discontinuing the process.

Notice

After development of requirements and qualification and preparation of the RFQ/RFP, and following approval of the Director, or designee, of the user department, a legal notice is published by the Purchasing Department.

The legal notice must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the solicitation opening. To ensure firms sufficient time to complete and return their solicitation, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but in no event can the time for publication be shortened to less than 15 days.

Amendment of RFQ

The Purchasing Department may extend the response opening date on the notice of an RFQ if an error is discovered, or the nature of the services requires an extension. The Purchasing Manager may amend an RFQ to clarify its original intent or to correct clerical errors, after consultation with the Director, or designee, of the user department, if:

- Inquiries about the meaning of the RFQ indicate the need for an amendment; and
- The amendment does not change the general scope of the RFQ.

There must be at least three days between the date of the amendment and the opening date specified in the notice. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the amendment and the opening date specified in the notice.

Pre-Proposal Conference

The Purchasing Department works with the user department to determine if a pre-proposal conference is necessary. Purchasing staff manages any pre-proposal conference and requests that the user department makes staff available to answer questions at the conference. , or a cover email in the case of an electronic submission,

Receipt of Responses

To ensure confidentiality, the following procedures are adhered to when receiving responses:

- The Purchasing Manager receives all responses as specified by the RFQ/RFP.

- All responses are stamped with the time and date received. The "Date Stamp Clock" in the Purchasing Department serves as the **official** time clock for identifying the date and time a response is received in the Purchasing Department.
- **Responses are not accepted after the opening time on the day of opening.** All responses offered after the opening time are returned unopened to the offeror with a letter, or a cover email in the case of an electronic submission, from the Purchasing Manager notifying the offeror that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the RFQ/RFP number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After responses are received, the Purchasing Department keeps them secured until the opening date. The responses are to be received sealed and remain sealed until they are opened by the Purchasing Department on the advertised date and time.
- On occasion, responses that are received in the mail, or by some other independent carrier, may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response were not reviewed and the response will be sealed by the receiving employee, with the event documented.

Electronic Responses:

- Electronic responses shall be submitted to the specified electronic address, with electronic signature of a person having authority to bind the vendor in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED.
- Electronic responses shall be submitted to: <https://mckinney.ionwave.net>. This electronic address is a confidential, reserved address for submittal of bid/proposal responses only. All other communications should be addressed specific to the intended recipient.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both "documents" must be attached to the one message. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by City in accordance with the date and time set forth in the RFQ/RFP. Any responses received after the listed closing date and time shall not be considered. City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.

- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will print the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Opening of Responses

Sealed responses, paper and electronic, are opened and documented by the Purchasing Department. Only the names of firms submitting responses are announced. The Purchasing Manager, or designee, opens the responses on the date specified in the notice.

Responses to proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All responses to proposals, paper and electronic, that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information obtained from a firm is subject to the provisions of the Texas Public Information Act.

Confidentiality Statement

Please see Chapter 4 of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation

The evaluation committee must select the most highly qualified provider of the services on the basis of demonstrated competence and qualifications. Purchasing shall issue a letter to the firm which has been determined the most highly qualified provider requesting a defined scope of work and proposed cost. The committee shall then attempt to negotiate with that provider a scope of work and cost. If a satisfactory contract cannot be negotiated with the most highly qualified provider the committee will formally end negotiations with that provider and select the next most highly qualified provider. The committee shall continue the process described above until a provider is selected and a contract finalized. Failed negotiations are not subject to renewed discussion as this would contradict the prohibition against competitive bidding for professional services. The committee shall review the contract for form and content, verify the scope is consistent with that submitted with the approved project submission, verify that the proposed costs are fair and reasonable and recommend to City Council that they proceed with contract award and execution.

The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that it is conducted fairly and consistently and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

Recommendation for Award

After the evaluation of proposals has been completed, Purchasing forwards an evaluation summary to the Director, or designee, of the user department for concurrence with the evaluation summary and requests that the Director, or designee, submit a memo to the Purchasing Department with their recommendation.

The Purchasing Department works with the Director, or designee, to develop the recommendation for award and present it for approval to the City Council, or City Manager as appropriate.

Written Contract

Before services for any specific project are rendered, a contract for professional services for that project, must be prepared in writing, and approved and signed by the City Manager if the proposed work has been previously budgeted by the City Council and the amount of the contract is \$50,000 or less. All other contracts for professional services require City Council approval. A standard template professional services agreement has been prepared by the City Attorney's Office for departmental use and City Manager execution without Council approval for contracts of less than \$50,000 in value and City Council approval for contracts of more than \$50,000 in value.

**Vendor
"Pools"**

If, as a result of an RFQ/RFP, City enters into contracts with more than one qualified professional firm a pool of these professionals is created to provide services as needed. Thereafter, user department forwards a memo to the Purchasing Department including rationale/determination as to which firm within the pool is the most qualified to provide services for the subject project. The user department must ensure that an RFQ/RFP is distributed at least once every 3 years so that newly qualified professionals may be added to the pool.

Chapter 20: Construction Procurement

Purchasing Statutes

Section 252.021 of the Local Government Code and Section 2269 of the Government Code govern the competitive procurement procedure for award of construction contracts.

Construction procurement is consistent with other procurement procedures in this Policy and with pertinent statutes. The Purchasing Manager supervises all construction procurements. All competitive bids are accomplished by the process set forth in this chapter:

Purchase Requisition

A memo or email submitted to the Purchasing Manager serves as the initial notification that a competitive bid is needed. After receipt of the memo, Purchasing provides a bid number to the project manager to be included in the project manual and plans. An electronic copy of the manual and plans are sent to Purchasing for review and approval of the bidding and general requirements. The Purchasing Manager reviews the specifications for compliance with the Purchasing laws and policies.

The user department must provide the Purchasing Department at least five (5) workdays to review the documents. During this time, Purchasing will review the procurement schedule detailing the milestones of the solicitation, including dates and times for the pre-bid conference, bid opening, pre-award conference, if applicable, and pre-construction conference.

Bidding Notice

The Purchasing Department publishes the advertisement for bid, which must generally include the following:

- Description of work;
- The location at which plans and specifications may be obtained and the amount of the deposit required;
- Time and place for submitting bids;
- Time and place of bid opening;

If the contract is to be awarded on a unit price basis, the notice must also include the approximate quantities of the goods and services needed that are to be bid on and the quantities must be based on the best available information.

Notice of a proposed purchase must be published at least once a week in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the bid opening. To ensure bidders sufficient time to complete and return Bid Documents, Purchasing generally advertises for 21 days. If necessary, advertising time can be extended or decreased, but must be at least 15 days.

Consideration of Safety Records

If the Bid Documents provide that the safety record may be considered in determining the responsibility of the bidder, and the Bid Document includes the Safety Record Questionnaire, the City may consider the bidder's safety record in determining the responsible bidder because the City Council has adopted a resolution approving that consideration as required by state law. The safety record includes compliance with requirements for the safety of the environment. In relation to the safety record, bidder includes not only the bidder, but also the firm, corporation, partnership or institution represented by the bidder, or anyone acting for such a firm corporation, partnership or institution.

The definition and criteria for determining the safety record of a bidder include, but are not necessarily limited to, the following provided that such criteria are included in the Bid Documents:

- If the bidder reveals more than two (2) cases in which final orders have been entered by the Occupational Safety and Health Review Commission (OSHRC) against the bidder for serious violations of OSHA regulations within the past three (3) years, City may, at its discretion, disqualify the bidder.
- If the bidder reveals more than one (1) case in which bidder has received a citation from an environmental protection agency for violations within the past five (5) years, City may, at its discretion, disqualify the bidder.
- Environmental Protection Agencies include the U.S. Army Corps of Engineer (USACE), the U.S. Fish and Wildlife Service (USFWS), the Environmental Protection Agency (EPA), the Texas Commission on Environmental Quality (TCEQ), and its past associated agency the Texas Natural Resource Conservation Commission (TNRCC), the Texas State Department of Health (TDH), the Texas Parks and Wildlife Department (TPWD), the Structural Pest Control Board (SPCB), agencies of local governments responsible for enforcing environmental protection laws or regulations and similar regulatory agencies of other states of the United States. Citations include notice of violation, notice of enforcement, suspension/revocations of state or federal licenses or registrations, fines assessed pending criminal complaints, indictments, or convictions, administrative orders, draft orders, final orders and judicial final judgments. Notice of Violations and Notice of Enforcement received from TCEQ shall include those classified as major violations and moderate violations under TCEQ's regulations for documentation of Compliance History, 30 TAC, Chapter 60.2 (c) (1) and (2).
- If the bidder reveals, or the City otherwise learns, that the bidder has been convicted of a criminal offense within the past ten (10) years which resulted in serious bodily harm or death, City may, at its discretion, disqualify the bidder.
- Bidder may be required to provide their company's safety Experience Modifier Rate (EMR), Recordable Incident Rate (RIR) and their Loss Indicator Rate (LIR).

Bonding

Bonds are required for construction contracts.

Bid Bonds

If the Purchasing Manager decides that a bid bond is required for a particular contract, the Bid Documents state that a bid security in the amount of 5% of the contract price is required and that it must be executed by a surety company authorized to do business in Texas. The bid security may be in the form of a bond or cashier's check.

Performance Bonds

For all public work contracts in excess of \$100,000 for the construction, repair or alteration of a public work or the prosecution or completion of any public work, prior to the commencement of work, the vendor must execute a performance bond on the form approved by the City Attorney that is:

- payable to the City of McKinney, Texas;
- in the full amount of the contract;
- conditioned on faithful performance of the work in accordance with the plans, specifications, and contract documents;

- solely for the protection of City of McKinney Texas; and
- executed in accordance with Chapter 2253 of the Texas Government Code, by a surety company authorized to do business in Texas.

In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. *Id.*

Payment Bonds

For all public work contracts in excess of \$50,000 for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, must execute a payment bond that is:

- solely for the protection and use of payment bond beneficiaries who have a direct material for a public work;
- payable to City of McKinney, Texas;
- in the full contractual relationship with the prime contractor or a subcontractor to supply labor or amount of the contract; and
- executed in accordance with Chapter 2253 Government Code, by a surety company authorized to do business in Texas.

In addition, for any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current U.S. Treasury Department Circular 570 as required by Texas Gov't Code § 3503.005. In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current U.S. Treasury Department Circular 570. *Id.*

Maintenance Bonds

For all public work contracts for the construction, repair, or alteration of a public work or the prosecution or completion of any public work, the vendor, before commencing work, may be required to execute a maintenance bond that is:

- solely for the protection and use of the City of McKinney, Texas,
- payable to City of McKinney, Texas,
- in the amount of 15% of the contract sum,
- provides for maintenance, repair or replacement of all the work performed under the terms of the contract, and

Pre-Bid Conference

- executed by a surety company authorized to do business in Texas.

The Purchasing Department provides detailed information on the bidding requirements set out in the Bid Documents to ensure that purchasing procedures are complied with, the user department provides technical information and to ensure compliance with the technical standards. Purchasing will schedule the pre-bid conference and assist in conducting the conference as follows:

- Have all attendees sign the attendance roster.
- Provide a detailed Agenda which:
 - Provides a brief introduction of the project title, magnitude, and performance period.
 - Indicates whether there has been any addendum issued, and if so, provides all attendees and project document holders with a copy.
 - Discusses the Purchasing Department role in the procurement and administration process.
 - Establishes a “cut-off” date for questions and requests for clarifications, as well as a final date for issuance of addendum.
- Have the project Engineer, Architect or Project Manager discuss the specifics of the project including review of the plans and specifications and allow for a question and answer session.
- Determine whether any issues raised during the conference require issuance of an addendum. The Purchasing Manager may extend the date specified in the notice if needed. The Purchasing Department issues the amendment only if there are at least three (3) days between the date of the addendum and the date specified for bid opening. If less than three days exist, the opening date should be extended to allow for a minimum of three days between the date of the addendum and the opening date specified in the addendum.
- Have the project Engineer, Architect or Project Manager discuss the specifics of the project
- Have the user department provide Purchasing with the technical documents (i.e. changes or additions to the plans and or specifications).
- Prepare addendum using standard forms and distribute the addendum to all attendees and project document holders.

Receipt of Competitive Bids

The following procedures are adhered to when receiving bids:

- The Purchasing Department receives all bids as specified by the ITB.
- **Bids are not accepted after the opening time on the day of bid opening.** All bids offered after the opening time are returned unopened to the bidder with a letter from the Purchasing Manager notifying the bidder that the submitted bid arrived after the due date and time.

- The Purchasing Department records the name of the vendor submitting the bid, as well as the time and date the bid was submitted.
- As bids are received, the Purchasing Department provides a secure place to hold the bids until the opening date. The bids are to be received sealed and remain sealed until the Purchasing Department opens them in a public forum on the advertised date and time.
- On occasion, bids that are received in the mail or by some other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the bid, especially the price, were not reviewed, then the bid will be sealed again by the receiving employee, with the incident documented.

The above process shall be undertaken in a manner that precludes any perception of favoritism and avoids revealing bid prices or any bid information. Publicly receiving sealed bids and recording the submission of requested bids inhibits the perception that the Purchasing Department is manipulating the receipt of bids.

Public Opening of Bids

The Purchasing Department publicly opens and documents sealed bids on the date, time and place specified in the notice. Preliminary bid tabulations, once prepared, may be provided to the public upon request. The Purchasing Department and the user department determine who is responsible for creating the bid tabulation and, if it is the user department, then the user department provides a copy to the Purchasing Department which may be distributed to the general public.

The Purchasing Manager provides a copy of the preliminary bid tabulation to the City Council with the contract award package. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. In cases of discrepancy between the price written in words and the price written in numerals, the price written in words shall govern. If a conflict between the unit price and total contract amount/price exist, the unit price shall govern.

Evaluation of Bids

The user department evaluates all bids with assistance from the City consultant and Purchasing to jointly develop a recommendation for award to City Council. The evaluation of bids is based on the following factors unless stated otherwise in the Bid Documents:

- the relative prices of the bids, including the cost of repair and maintenance of heavy equipment, if that is subject of the bid, or the cost of delivery and hauling, if road construction equipment is the subject of the bids;
- the compliance of goods and services offered with the user department specifications; and
- the responsibility of the vendor, including the vendor's past performance, the vendor's financial and practical ability to perform the contract and the vendor's safety record, if City Council has adopted a definition of safety that is stated in the Bid Documents.

The user department, with the assistance of Purchasing, is responsible for placing the item on the agenda of the City Council.

When the lowest priced bid is not the recommended bid, based on best value or the responsibility of the bidder, clear justification for not selecting the lowest bidder must be documented to the City Council. This recommendation may be supported by clear and concise documentation from the user department that determines the rationale for

awarding to a bidder other than the lowest bidder. A joint review of the bid by the user department and the Purchasing Department is required.

Pre-Award Conference

To ensure the vendor understands all the requirements of the project manual and plans, and to provide the vendor the opportunity to voice any concerns or issues they may have with the project or the project documents as designed, a pre-award conference may be held prior to contract award. The pre-award conference ensures, to the greatest extent practical, the successful award, performance and completion of the project.

Pre-award conferences are normally reserved for more complex and complicated construction projects or in some instances where it is the vendor's first construction project with the City.

A joint determination, by the Purchasing Department and the project manager, is made as to the necessity of a pre-award conference. The Purchasing Department schedules the conference, prepares the agenda, and conducts the meeting. The project manager ensures the vendor has a clear understanding of the project's technical requirements, and that the bid covers all requirements, and addresses any issues/problems with the project documents or design.

Contract Award

The user department's Director and Purchasing jointly recommend contract award to City Council, during the applicable Council meeting. The Council shall be responsible for:

- Awarding the contract to the responsive and responsible bidder who submits the lowest and best bid; or
- Rejecting all bids.

If two responsive and responsible bidders submit the lowest and best bid, the City Council shall decide between the two by drawing lots in a manner prescribed by the Mayor.

After an award is made, the contract shall be submitted to the City Manager for signature. Copies of all documents are furnished to the user department, City Secretary and Financial Services departments.

A Notice-of-Award ("NOA") letter, issued by the end user department, accompanies the contractor's copy of the contract. The NOA letter includes the requirements for the contractor to submit various documents, and the time period within which they must be submitted. For example, Payment Bonds and Performance Bonds in the form acceptable to the City and an Insurance Certificate must be submitted within ten (10) workdays after contractor's receipt of the NOA letter. Unless otherwise indicated, the NOA also states that Notice-to-Proceed ("NTP") is not issued unless the contractor submits the required documents within the specified time period. If the contractor does not submit the required documents within the specified time period, the City has the option of holding the bid security and awarding the contract to the next lowest, responsible bidder or, depending on the proper bid application, the bidder providing the next best value.

Pre-Construction Conference

The end user department schedules the Pre-Construction Conference (also known as the Pre-Performance Conference). The user department is responsible for all technical presentations and the Purchasing Department ensures that all applicable purchasing procedures are followed. Purchasing assists in conducting the conference by:

- Having all attendees sign the attendance roster, introduce themselves, and briefly explain their involvement in the project;
- Discussing briefly the contract requirements, amount, and any other pertinent information about the project. The user department representative (technical representative) is responsible for providing a thorough synopsis of contract requirements and any City policies to which contractor must adhere;
- Establishing dates for submissions of all required documents such as material submittals, progress reports, payrolls, (when applicable), etc.

Note: The NTP is not issued until all required bonds and insurance certificates have been received, reviewed and verified with the appropriate agency (i.e. surety or insurance agency);

- Ensuring a complete understanding by all participants on issues raised before adjourning.

Purchasing works with the user department on the timing of the issuance of the NTP. After Purchasing receives all of the required documents, the user department determines when the NTP will be issued. If and when all documents have been received and approved by the user department, Purchasing issues the NTP.

Contract Administration

The user department is responsible for monitoring and documenting contractor performance and compliance. The user department provides Purchasing with copies of performance and compliance documentation, which keeps the Purchasing Department informed about all outstanding or prior issues. Discussions that merely explain the interpretation of the specifications may be dealt with by the user department.

If poor performance or non-compliance with the contract is evidenced, the user department initiates written corrective action with the contractor after providing Purchasing with an advance copy of all written correspondence directing correction of a discrepancy.

The user department must not provide any instructions or requests for changes directly to the contractor. The user department takes the necessary steps relative to correcting non-compliance with the contract, but must consult with the City Attorney before taking any steps toward suspension or termination of the contract, unless emergency, life safety or property damage issues require immediate temporary work stoppage. Before any letters, notices or other communication related to termination or suspension are sent to the contractor, the contents of the communication must be reviewed by the City Attorney in order to protect the City's position in the event of potential litigation.

Documentation of contractor performance is often overlooked and is important if suspension or termination is necessary. To enforce contractual terms, documentation of specific non-compliance must be available. Specific dates, locations, examples, etc. must be documented.

Contract administration duties are basic daily, weekly, and monthly activities of the user department staff and must take place to ensure successful completion of the project and to ensure the City receives the goods and services for which it has contracted. Unless otherwise noted, the following are responsibilities of the user department:

- Assist in conducting the pre-construction conference.

- Maintain a comprehensive, neat, and orderly contract file that includes all documentation related to the procurement process including the pre-solicitation, solicitation, contract award, post award, and administration phases of the project.
- Monitor the continued insurance coverage and obtain updated insurance certificates on a timely basis.
- If project is federally funded, receive and review copies of contractor payrolls to ensure payments made to contractor's employees comply with the prevailing wage rate classifications, by trade, which are included in the contract.
- Perform periodic visits to the construction site to perform spot labor interviews to ensure contractor compliance with prevailing labor laws.
- Receive and review copies of contractor invoices for accuracy. Discrepancies are reported to the contractor for resolution. The user department verifies that the invoice is appropriate for payment before submitting it to Finance for payment.
- Maintain and monitor correspondence: All correspondence, concerning major issues involving non-compliance, between the contractor and the City are to be documented and forwarded to the Purchasing Department. This ensures that the Purchasing Department is aware of any directives being issued to the contractor or any potential problems that may occur in the performance of the contract.

In emergency situations, or those regarding minor issues, correspondence may be issued directly to the contractor by the user department. **However, Purchasing must be provided a copy of the correspondence immediately.** The professional judgment of the user department representative determines what constitutes an emergency, and what is considered to be a minor issue.

Change Orders

Change orders in excess of \$50,000, or the "not-to-exceed" amount in excess of the proposed contract amount as approved by the City Council, shall be approved by City Council.

The City Manager has authority to approve change orders that involve a decrease or an increase to construction contracts which are \$50,000 or less, if the funds for such increase have been approved by the City Council.

In a contract governed by Local Government Code Chapter 252, the original contract price may not be increased by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the consent of the contractor.

A change order shall not be issued until it is determined that the necessary funds are budgeted and available and it is also determined that any such increase or decrease conforms to state law. A statement to that effect should be included with the backup documentation.

Close Out Procedures

The user department ensures that all applicable warranty certificates are received and safeguarded throughout the term of the warranty.

The user department supervises return of bonds to ensure that the contract is complete in all respects before payment or performance bonds are returned. Every subcontractor and/or materialman must provide a release that states that the subcontractor or

materialman releases City of McKinney from all claims arising from labor or materials provided for the project.

**Alternative
Project
Delivery
Methods**

Section 2269 of the Government Code applies if an alternative project delivery method (that is, not “traditional” competitive bidding) is being utilized. Specific procedures and requirements are developed for each specific project using an alternative delivery method. If an alternative project delivery method is not being used, the provisions of Chapter 252 of the Texas Local Government Code apply.

Chapter 21: Exemptions to the Competitive Procurement Process

Purchasing Law

Section 252.022 of the Texas Local Government Code lists the available exemptions from the requirements of competitive bidding which are available for purchases made out of current funds, bond funds, or through time warrants. The following is a list of circumstances that are generally exempt from competitive bidding:

- An emergency procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the City's residents or to preserve the property of the City;
- An emergency procurement necessary to preserve or protect the public health or safety of the City's residents;
- An emergency procurement necessary because of unforeseen damage to public machinery, equipment or other property;
- A procurement for personal, professional or planning services;
- A procurement for work performed that is performed and paid for by the day as the work progresses;
- A purchase of land or right-of-way;
- A procurement of items that are available from only once source, including:
 - Goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes or monopolies;
 - Films, manuscripts or books;
 - Gas, water and other utility services;
 - Captive replacement parts for equipment;
 - Books, papers, and other library materials available only from the persons holding exclusive distribution rights to the materials;
 - 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;
- A purchase of rare books, papers, and other library materials for a public library;
- 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 the property that will benefit from the improvements;
- 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;
- A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212 of the Texas Local Government Code and in which the City's contribution is limited to no more than 30% of the total contract amount;
- Personal property sold:
 - At an auction by a state licensed auctioneer;
 - At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code;

- By a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
- Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
- Services performed by blind or severely disabled persons;
- Goods purchased by a municipality for subsequent retail sale by the municipality;
- Electricity; or
- Advertising, other than legal notices.

Public Finance Act

In addition, section 271.056 of the Texas Local Government Code lists all the circumstances when exemptions are available for purchases made from funds obtained from certificates of obligation.

Policy

Exemption orders from the competitive procurement process must be processed through the Purchasing Manager.

Procedure

The Director of the user department submits a memo to the Purchasing Manager requesting an exemption to the competitive procurement process and identifying the basis for the exemption (e.g. emergency). The memo must state specific details and explain why an exemption from the competitive procurement process is requested and the basis for the exemption. When possible, it should also contain the name of the vendor, goods or services covered by the order and the expected maximum cost and other relevant information justifying the exemption.

Emergency

The City Manager, Deputy City Manager, or Assistant City Manager must approve all emergency purchases. Whenever possible, approval should be obtained in advance of the purchase. If prior approval is not possible, written approval must be obtained within 48 hours thereafter and submitted to Purchasing with the requisition.

Sole Source Goods and Services

Sole-source goods and services require completion of the Sole Source Form and submission to the Purchasing Department for verification and approval prior to purchase of goods and services.

Chapter 22: Receipt of Goods and Payment

Policy	Departments must notify the Purchasing Department if goods are not received by the due date, if goods are missing from a delivery or if damaged goods are delivered.
Verify Order	<p>Department employees receiving shipments must pay particular attention to the delivery ticket, and determine whether it matches the City's purchase order. The person receiving the goods must verify that all goods were shipped as stated on the delivery ticket, and sign in his or her own name (a full signature in ink) on all of the appropriate receiving documentation, particularly the City copy.</p> <p>The user department must acknowledge receipt and acceptance of delivered goods through the ARS immediately upon receiving goods. (Please do not accept items in the ARS if damaged goods have to be returned.) Timely recording of receipt of goods in the ARS is critical to the timely processing of payments to vendors in compliance with Texas Government Code, section 2251.021, et seq., Prompt Payment Act. According to the Prompt Payment Act, payment for goods or services received is overdue on the 31st day after the later of:</p> <ul style="list-style-type: none">• the date the City receives the good under the contract.• the date the performance of the service under the contract is complete, or• the date the City receives and invoice for the goods or service.
Damaged Goods	<p>When a shipment arrives, the user department must inspect the condition of all cartons. If goods are undamaged, the department receiving the shipment should sign the freight bill. If goods are visibly damaged, the receiving department must instruct the freight line driver to:</p> <ul style="list-style-type: none">• Note the damage on the freight bill, and;• Sign the freight bill. <p>If there is concealed damage, save the shipping cartons so that the Purchasing Department can notify the freight line and request an "inspection and report of concealed damage". A receiving report noting the damage should be completed and matched with the receiving copy of the purchase order.</p> <p>All boxes and packing materials should be kept in the event of visibly damaged and concealed damage goods shipments.</p> <p>Damaged goods must be reported to the freight line within 15 days after delivery. After 15 days the freight line is no longer liable for the damage.</p> <p>All goods not received properly or not in compliance with the contract should be documented and reported to the Purchasing Department as soon as possible so that the contractor can be notified and instructed about corrective action. To comply with the Prompt Payment Act, the Purchasing Department notifies the contractor within 21 days of any damaged goods received to avoid the assessment of interest by the contractor.</p> <p>Damaged goods should not be returned to the freight line or the contractor, unless such action is specifically requested and then only if a claim has been filed or if authorization has been given by the contractor or the Purchasing Department to return the goods.</p>

Documentation All receiving documentation must be maintained by the user department for their records. All vendor invoices are sent directly to Finance. The department should provide documentation to Finance regarding any disputes in the receipt of goods.

Chapter 23: Contract Modifications

Policy

During the term of a contract, it may be necessary to make changes to the contract. These changes can be minor, administrative changes such as a change of address or the changes can be substantial that affect the price and delivery.

There are basically two ways to change a contract. One way is a bilateral modification, in which both parties to the contract agree in writing that a modification is necessary. Both parties must sign the written modification, amendment or change order to indicate their agreement. The second way is a unilateral modification. In this case, terms and conditions in the original contract set forth the situations under which the City may exercise a right to modify the contract without the contractor's consent. A unilateral modification, if allowed, would also be in writing and signed by the City.

Unilateral Changes

The Purchasing Manager may modify contracts, in writing, if the changes are within the general scope of the contract including changes to any of the following:

- method of shipment or packing;
- place of delivery;
- correction of errors of a general administrative nature or other mistakes;
- increases or decreases in the quantity of items purchased;
- time extensions allowed by the contract terms and conditions;
- contract name changes;
- assignments of payment; and
- additions or deletions of products.

Chapter 24: Contract Administration

Policy

Contract administration and oversight includes four general processes:

- Planning
- Monitoring Contractor Performance
- Payment Approval
- Change Management

All aspects of contract administration are important. Documentation of specific non-compliance must be established and maintained to enforce contractual terms. Documentation includes a description of specific dates, locations, examples, etc. of non-performance and any contact or communication with the contractor about non-compliance.

The user department has primary responsibility for monitoring and documenting contractor performance and compliance. The user department must provide copies of all documentation of non-compliance to the Purchasing Department. Copies may be sent by e-mail to the Purchasing Manager. The Purchasing Department maintains all documents including matters related to contract performance and documents related to clarification of expected performance during the term of the contract. The user department does not need to provide copies of documentation about clarification of expected performance standards with which the contractor complied after clarification. The user department should contact the Purchasing Department if there is any question about documentation.

If the user department observes poor performance or non-compliance with the contract, Purchasing communicates with the contractor and initiates any corrective action. The Purchasing Manager takes all steps related to obtaining contract compliance.

Contract Administration

The objectives of contract administration are to:

- Ensure the contract requirements are satisfactorily performed before payment;
- Properly discharge the responsibilities of both parties;
- Identify any material breach of contract by assessing the difference between contract performance and material non-performance;
- Determine if corrective action is necessary and take that action, if required; and
- Resolve any disputes.

The statement of work is the guide for contract administration. Therefore, planning for contract administration occurs before issuance of the solicitation. Effective contract administration minimizes or eliminates problems which can result in potential claims and disputes.

Good contract management ensures that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected. The contractor must perform and meet the requirements of

the contract. To do so, contractors sometimes need technical direction and approval from City staff. City staff must provide this technical direction and approval in a timely and effective manner. All guidance provided to a contractor must be within the scope of the contract.

Contract Management

The responsibilities of the contract manager are:

- Participating, as necessary, in developing the solicitation and writing the draft documents;
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements;
- Managing any city property used in contract performance;
- Authorizing payments consistent with the contract documents;
- Exercising remedies, as appropriate, where a contractor's performance is deficient;
- Resolving disputes in a timely manner;
- Documenting significant events; and
- Maintaining appropriate records.

A contract manager should ensure that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected.

Post Award Conference

A post award conference is a meeting with the contractor that includes the principals responsible for administering the contract. The conference is typically held soon after the contract is awarded. It is an orientation for the contractor to ensure a clear and mutual understanding of all contract terms and conditions, and the responsibilities of all parties. The conference also serves as a tool to clarify and resolve any potential misunderstandings early. Although both the contractor and City staff should be fully aware of the contract requirements, the post award conference ensures that those involved directly in the contract administration process understand all requirements of contract performance.

Monitoring Performance

Monitoring the performance of a contractor is a key function of contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the user department to be aware of and address any developing problems or issues.

Monitoring by Third Parties

In some instances the obligation to monitor the progress of a contract is assigned to another contractor. This is known as independent oversight. For example, in a construction contract, the architectural firm that provided the construction plans may perform the task of ensuring progress in accordance with the contract.

Termination for Default

A contract may be terminated for default when the City concludes that the contractor fails to perform, fails to make progress, or in any other way commits a substantial breach of the contract.

Termination for default should be used as the last resort and not as punishment. The City should do everything within reason to assist the contractor in curing any default. Factors to consider before making a termination for default decision include:

- The provisions of the contract and applicable regulations,
- The specific contractual failure(s) and the explanation provided for the failures,
- The urgency of the need for the contracted supplies or services,
- The availability of the supplies or services from other sources and the time required to obtain them, and
- Availability of funds or resources to re-purchase if the costs cannot be recovered from the delinquent contractor. In the event of a termination of a contract for default, under the City's standard contract terms and conditions, the City may obtain re-procurement costs from the defaulting contractor.

Contract File

Keeping a complete master contract administration file is critical. The file provides a basis for settling claims and disputes, if they arise in administrative or court actions. Throughout the life of the contract, the contract file should contain such things as:

- A copy of the current contract and all modifications;
- A copy of the agenda request(s);
- A copy of all specifications, drawings or manuals incorporated into the contract by reference;
- The solicitation document, the contractor's response, evaluation determination and the notice of award document;
- A list of contractor submittal requirements;
- A list of City furnished property or services;
- A copy of the pre-award conference summary, if applicable;
- A copy of all general correspondence related to the contract;
- The originals of all contractor data or report submittals;
- A copy of all notices to proceed, to stop work, to correct deficiencies and change orders;
- The records or minutes of all meetings, both internal and external, including sign-in sheets and agendas;
- A copy of the original bidders list; and
- Any other information required by the standard contract file checklist.

Please note that a contract file could provide a basis for determining a contractor lacks the required responsibility for the award of future contract opportunities with the City.

Chapter 25: Electronic Bidding and Reverse Auctions

Electronic Bidding	Electronic sealed bids or proposals shall be processed in accordance with Section 252.0415(a) of the Local Government Code requiring the identification, security and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.
Identification	Invitations to Bids and Requests for Proposals will be advertised and issued in the current manner. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through City's service provider at the appropriate electronic address listed. An automatic "e-mail return notification" will be sent to the submitting supplier upon receipt of their bid or proposal.
Security	At the specified bid closing time, a <i>password-enabled</i> employee in the Purchasing Department will open, download, and print all bids and the bid tabulation summary assembled by the City's service provider. The printing operation will occur in the controlled environment of the Purchasing Department where purchase order equipment is currently located. By law, a bid that is submitted non-electronically will be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.
Confidentiality	Purchasing staff will read aloud all bid responses received by the closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation electronically with the following, or similar, qualifying statement: "The tabulation listing of a bid should not be construed as a comment on its responsiveness or an indication that the City accepts such bid as responsive".
Reverse Auctions	<p>Electronic reverse auctions shall be conducted in accordance with Section 271.906 of the Texas Local Government Code and as specified in Section 2155.062(s) requiring a real-time bidding process taking place during a previously scheduled Internet location with multiple suppliers, anonymous to each other, submitting bids to provide goods or services.</p> <ul style="list-style-type: none">• "Real-time" Bidding Process<ul style="list-style-type: none">➤ Reverse auctions will be advertised and issued in the same manner as invitations to bid and requests for proposals are noticed. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed. The real-time bidding process will usually last up to one (1) hour and take place during a previously scheduled period and scheduled internet location.• Multiple Bidders<ul style="list-style-type: none">➤ Purchasing staff, along with its selected internet service provider, shall insure multiple, qualified bidders are available, interested and notified electronically, or otherwise, of any current reverse bidding opportunity. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through the City's service provider at the appropriate electronic address listed.

- Anonymous Bidders
 - City's selected Internet Service Provider (ISP) shall insure the anonymity of all responding bidders through the assignment of a "bidder number" to the supplier (as opposed to their supplier name) which will be reflected on the ISP's website during the reverse auction bidding process. The ISP website will reflect all active suppliers bidding by a) the supplier's assigned bidder number and b) their last entered bid price. After the tabulation of bids, staff will post the bid tabulation.

Chapter 26 Disposal of Surplus Items

Policy

All departments shall review their assets each year and determine which items are no longer needed. A list of surplus, obsolete or unused supplies, materials or equipment, including description, make, model, and serial numbers should be forwarded to the Purchasing Division.

The Purchasing Division may transfer these items from one department to another should the need arise.

The Purchasing Division will forward to the Accounting Division, a list of items to be sold for removal of City of McKinney property labels and removal from fixed asset list.

Upon approval of the City Manager, the Purchasing Manager may sell, via online auction or sealed bid, surplus, obsolete or unused supplies, materials or equipment.

The City may donate surplus, obsolete or unused supplies, materials or equipment to other governmental agencies providing preference to agencies residing in or adjacent to the City of McKinney with the City Manager's approval.

Monies received from sale of surplus items will be returned to the appropriate City of McKinney funds.



16-927

TITLE: Consider/Discuss/Act on a Resolution Adopting the Investment Policy for Fiscal Year 2016-2017

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Adopt the Fiscal Year 2016-2017 Investment Policy

ITEM SUMMARY:

- Annual review of the City's investment policy is required to comply with the state statute, Public Funds Investment Act, Chapters 2256 & 2257 of the Texas Local Government Code.
- There are no changes to the financial policy.

BACKGROUND INFORMATION:

- As required by the Public Funds Investment Act, the City's investment policy must be approved by the City Council annually.
- The Investment Policy for Fiscal Year 2015-2016 was approved by City Council on September 15, 2015.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution
Investment Policy-2017](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, ADOPTING THE INVESTMENT POLICY**

WHEREAS, the City Council of the City of McKinney, Texas, acknowledges that the Investment Policy has to comply with the Public Funds Investment Act and for practical treasury operations; and,

WHEREAS, as required by the Public Funds Investment Act, the City Council has to approve the Investment Policy at least once every year.

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

Section 1. The City Council of the City of McKinney, Texas, hereby approves the Investment Policy.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

City of McKinney, Texas

INVESTMENT POLICY

I. POLICY

It is the policy of the City of McKinney, Texas to invest public funds in a manner which will provide the optimum investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to the statutes, rules and regulations governing the investment of public funds. This policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The policy and strategy shall be reviewed by the Investment Committee and the City Council annually. Any modifications will be formally approved by the City Council. This investment policy, as approved, is in compliance with the provisions of the Public Funds Investment Act of the Texas Government Code Chapter 2256.

II. SCOPE

This policy applies to all aspects of investing the financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include: General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and any new fund created by legislative body, unless specifically exempted or excluded. All funds will be pooled for investment purposes. The strategy developed for this pooled fund group will address the varying needs, goals, and objectives of each fund.

This policy shall not govern funds which are managed under separate investment programs in accordance with Section 2256.004 of the Public Fund investment act. Such funds currently include the Other Post-Employment Benefit Fund and the Deferred Compensation Fund.

III. INVESTMENT OBJECTIVE AND STRATEGY

Objective

The primary objectives of the City of McKinney's investment activities, listed in order of priority, shall be as follows:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to control the risk of capital loss by investing in securities or other investments of high quality. All investment officers shall understand the suitability of investment to the financial requirements of the City. The objective will be to mitigate credit and interest risk.

- Credit Risk and Concentration of Credit Risk – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer by:
 - Limiting investments to the safest types of investments
 - Pre-qualifying the financial institutions and broker/dealers with which the City will do business
 - Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.
 - Monitoring credit rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provision of Section 2256.021.
- Interest Rate Risk – the City will minimize the risk that the market value of investments in the portfolio will fall due to changes in general interest rates by limiting the maximum weighted average maturity of the investment portfolio to 730 days. The City will, in addition:
 - Structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
 - Diversify maturities and staggering purchase dates to minimize the impact of market movements over time.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

Yield: The City's investment portfolio shall be designed with the objective of regularly exceeding

the average rate of return on six-month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Strategy: The City of McKinney maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the investment portfolios.

Operating Funds: Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing quality, short to medium term securities which will complement each other in a laddered structure. The dollar weighted average maturity of 730 days or less will be calculated using the stated final maturity dates of each security.

Debt Service Funds: Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Surplus funds outside the debt service dates will be invested according to the investment guidelines for operating funds.

Debt Service Reserve Funds: Funds for Debt Service Reserve should assure the ability to generate a dependable revenue stream from securities with a low degree of credit risk. Securities should be of high quality. Since reserve funds generally do not have a need for liquidity, they may invest in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Capital Projects and Special Purpose Funds: Funds for capital projects or special purposes should allow for flexibility and unanticipated project outlays by having a portion of their investments in highly liquid securities. The stated final maturity dates of securities held should not exceed the estimated project completion date.

IV. STANDARD OF CARE

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officers shall be “**prudent person**” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The governing body of the City of McKinney retains ultimate responsibility as fiduciaries of the assets of the City of McKinney.

Ethics and Conflicts of Interest

Ethics: All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officers shall avoid any transaction that might impair public confidence in the City’s ability to govern effectively.

Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of investment programs, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the Texas Ethics Commission and the City Manager, and the City Manager discloses to the City Council if:

- a) The officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
- b) The officer is related within the second degree by affinity of consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.

Delegation of Authority

Investment Committee: An Investment Committee, consisting of the City Manager, Chief Financial Officer, Deputy / Assistant Finance Director, and at least two other members appointed by the City Manager, shall meet quarterly to determine general strategies and to

monitor results. The Investment Committee shall include in its deliberations such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk to the City's funds, authorized brokers and dealers, and the target rate of return on the investment portfolio. The Committee will review and approve the list of authorized broker/dealers at least annually. Any two members of the Investment Committee may request a special meeting, and three members shall constitute a quorum. The Investment Committee shall establish its own rules of procedures.

Investment Officer and Training: Management responsibility for the investment program is hereby delegated to the Chief Financial Officer, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

The Chief Financial Officer, Deputy / Assistant Finance Director, Investment & Treasury Manager, and Senior Financial Services Manager, are hereby designated as "Investment Officers" pursuant to the Public Fund Investment Act Section 2256.005 subsection f. Authority granted to a person to invest the funds on behalf of the City shall remain in effect until rescinded by the City or until the person resigns from or is terminated by the City. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officers. The City shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the City's investment personnel. Such training shall be a minimum of ten hours within 12 months after taking office or assuming duties and thereafter not less than eight hours every two year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date and shall be sponsored by an independent source and approved by the City Investment Committee. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act.

Internal Control

The Chief Financial Officer, or designee, shall establish and maintain a system of internal controls to ensure that the assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the depository bank or third-party custodian.

A compliance audit will be performed annually as part of the annual audit to assure compliance with the Public Funds Investment Act and this policy.

V. AUTHORIZED INVESTMENTS AND INVESTMENT PARAMETERS

Active Portfolio Management

The City intends to pursue an active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

Authorized Investments

Assets of funds of City of McKinney may be invested in:

- A. US Treasury obligations with stated maturities not to exceed five (5) years and not to exceed 80% of the overall portfolio.

- B. Obligations of US Government agencies and instrumentalities with stated maturities not to exceed five (5) years and not to exceed 80% of the overall portfolio.
- C. Obligations of the States (other than Texas), agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent by at least one nationally recognized investment rating firm, with maturities not to exceed three (3) years and not to exceed 80% of the overall portfolio.
- D. Fully insured or collateralized certificates of deposit at commercial banks doing business in Texas or obtained through a broker that has a main or a branch office in this state and is on the qualified broker/dealer list approved by the governing body and meets specific registration requirements as stated in the Public Funds Investment Act. These instruments shall have stated maturities not to exceed five (5) years and not to exceed 20% of the overall portfolio. The bank/broker must contractually agree to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010 (b) of the Public Funds Investment Act are authorized investments.
- E. Repurchase agreements and reverse repurchase agreements as defined by Public Fund Investment Act and secured by a combination of cash and collateralized by US Government Obligations and obligations of US Government agencies and instrumentalities, undertaken under an executed Master Repurchase Agreement with a primary dealer or a financial institution doing business in Texas and not to exceed six (6) months (except flex repurchase agreements for bond funds which may not extend past the expenditure plan of the bond funds). The portfolio may not contain more than 80% repurchase agreements. A signed copy of the City's Master Repurchase Agreement must be on file before the City will enter into any repurchase agreement or reverse repurchase agreement with an issuer.
- F. Investment Pools which invest in instruments and follow practices allowed by current law. A thorough investigation of the pool is required prior to investing, and on a continual basis. The City Council must approve a formal agreement to participate (by resolution) in each pool providing services to the City. The pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

A public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. It must also maintain a maximum average dollar-weighted maturity that does not exceed 90 days. Any investment pool that does not meet the requirements of one that is created to function as a money market mutual fund, must maintain a maximum average dollar-weighted maturity that does not exceed 365 days (or 366 days in the case of a leap year) and must provide a fixed interest rate and fixed maturity term for each pool position. The pool can only use money market mutual funds whose authorized investments are consistent with their own investment policy and authorized investments. The pool must provide monthly reports that contain:

- The types and percentage breakdown of securities in which the pool is invested;
- The current average dollar-weighted maturity, based on the stated maturity date of the pool;
- The current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
- The book value versus the market value of the pool's portfolio, using amortized cost valuation;
- The size of the pool;
- The number of participants in the pool;
- The custodian bank that is safekeeping the assets of the pool;
- A listing of daily transaction activity of the entity participating in the pool;
- The yield and expense ratio of the pool;
- A statement on how yield is calculated
- Report yield in accordance with SEC regulations
- Disclose fee breakpoint or state the lowest possible level of return based on the smallest level of funds invested
- The portfolio managers of the pool; and
- Any changes or addenda to the offering circular.

Additionally, the pool must provide an annual audited financial statement and if the pool operates a website it must provide all information required in the offering circular 2256.016(b), monthly newsletter 2256.016(c)(2), and standardized SEC 7 day net yield 2256.016(f) on their website.

- G. Commercial paper as defined by the Public Funds Investment Act with stated maturities not to exceed 270 days and rated not less than A1/P1 or its equivalent by one nationally recognized rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank and not be exceed 20% of the overall portfolio.
- H. No-load money market mutual funds registered with and regulated by Securities Exchange Commission, which has a dollar-weighted average portfolio maturity of 90 days or less whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share. Each fund must provide the City with a prospectus and other information required by federal law. The portfolio may not contain more than 20% of money market mutual funds.
- I. Obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or have the explicit full faith and credit of the United States as defined by the Public Funds Investment Act.

The City is not required to liquidate investments that were authorized investments at the time of purchase. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

Other types of investments which may become authorized through amendment to the Public Funds Investment Act will not be authorized investments until approved by City Council in amendment to this Policy.

Prohibited Investments

The Investment Officer shall not knowingly permit City funds to be invested with any of the following investment instruments that are strictly prohibited:

- A. Obligations whose payment represents the coupon payments of the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal;
- B. Obligations whose payment represents the principal stream of cash flow from underlying mortgage-backed security collateral and bears no interest;
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years;
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; and
- E. Any other restricted instruments or limitations that involve outright speculation.

The practice of "leveraging" whereby funds are borrowed for the sole purpose of investing shall not be practiced.

Diversification

The City of McKinney recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk of issuer default is controlled by limiting investment to those instruments allowed by the Act, which are described herein. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification limits are shown in the Authorized Investment Section above.

The Investment Committee shall conduct a quarterly review of these diversification guidelines and shall evaluate the probability of market and default risk in various investment sectors as part of its considerations.

Maximum Maturities

To the extent possible, the City of McKinney will attempt to match its investments with anticipated cash flow requirements. The average maturity of investments of the City's operating funds shall not exceed two years. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

VI. SELECTION OF BANKS AND DEALERS

Depository

At least once every five years, a qualified depository shall be selected through the City's banking services procurement process, which shall include a formal request for proposal and

consistent with state law. In selecting depositories, the service cost and credit worthiness of institutions shall be considered, and the Chief Financial Officer shall conduct a comprehensive review of prospective depository's credit characteristics, financial history and ability to meet all requirements in the banking request for proposal. All banks will execute a depository agreement covering collateral issues for sale of time deposits if not covered by the competitively bid bank services agreement.

Authorized Brokers/Dealers

Brokers and dealers are approved by the Investment Committee. At least once annually, the Committee will review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. Evaluation of security dealers and financial institutions are based upon (1) Financial conditions, strength and capability to fulfill commitments; (2) overall reputation with other dealers or investors; (3) regulatory status of the dealer; (4) background and expertise of the individual representatives. All brokers and dealers must be on the approved dealer list in order to transact business with the City.

All financial institutions and broker/dealers who desire to be on the approved dealer list must supply the Investment Committee a broker questionnaire, financial statements, proof of state registration, certification of having received and reviewed the City's Investment Policy and acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the City's Investment Policy.

Competitive Bids

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for transactions with money market mutual funds and local government investment pools, which are deemed to be made at prevailing market rates and municipal securities that require advance orders for broker bidding.

All security transactions will be competitively bid with at least three competitive offers or bids.

Delivery vs. Payment

All investment transactions, except investment pools and mutual funds must be settled on a delivery versus payment basis. That is, funds shall not be released or paid until verification has been made that the collateral or security was received by the Trustee or custodian.

VII. CUSTODIAL CREDIT RISK MANAGEMENT

Safekeeping and Custody

Safekeeping and custody of securities and collateral shall be in accordance with state law. Securities and collateral will be held by a third party custodian designated by the City, and held in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited. The original copy of the safekeeping receipts shall be delivered to the City.

Collateralization and Repurchase Agreements

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

All time and demand deposits and repurchase (and reverse) agreements of the City shall be secured by pledged collateral with a market value equal to or not less than 102% of deposits plus accrued interest less an amount insured by FDIC and evidenced by original safekeeping receipts. Evidence of the pledged collateral shall be maintained by the Chief Financial Officer and held by an independent third party with whom the City has a current custodial agreement.

Any financial institution requesting substitution of collateralized securities must contact the Investment Officer for approval and settlement. The substituted security's value will be equal to or greater than the required security value. Written notification of the substitution must be provided to the bank or safekeeping agent prior to any security release.

Repurchase agreements shall be documented by a specific Master Repurchase Agreement noting the authorized collateral required. Bank collateral shall be reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances. Repurchase securities will be priced daily.

The City of McKinney shall accept only the following securities as collateral:

- A. FDIC insurance coverage.
- B. United States Treasuries and Agencies.
- C. Texas State, county, city, school, or political subdivision bonds with a remaining maturity of ten (10) years or less with investment grade bond rating of AAA from at least one major bond rating agency.

The use of a letter of credit issued to the City by the Federal Home Loan Bank may be considered by the City to provide collateral for certificates of deposit.

The City's Investment Officers reserve the right to accept or reject any form of collateral or enhancement stated above at their sole discretion. All collateral shall be subject to inspection and audit by the Chief Financial Officer or the City's independent auditors.

VIII. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City intends to pursue an active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. Given this strategy, the basis used to determine whether market yields are being achieved shall be the average rate of return on six-month U.S. Treasury Bills.

IX. REPORTING

The Investment Officer shall maintain a current listing of investments for management purposes. In addition, the City Council will be provided quarterly reports which include a listing of individual securities held at the end of the reporting period; original purchase date and final maturity of all investments listed; coupon, discount or earnings rate; par value, amortized book value and market value; and the percentage of the portfolio represented by each investment category and any additional reporting information as required by Section 2256.023 of the Texas Government Code. The report will also include a management level summary review of the portfolio including total book and market value, weighted average maturity and yield information for analysis purposes. The fourth quarter report will summarize activities for the past twelve months. The quarterly reports must be formally reviewed at least annually by an independent auditor and reported to the City Council.

Month-end market prices on each security are obtained from a variety of nationally recognized security databases (e.g., include whatever the City is using, such as Bloomberg or The Wall Street Journal). These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

X. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by resolution of the City Council. The investment policy and investment strategies shall be reviewed at least once annually by the investment committee and any modifications will be recommended for approval to the City Council. The City Council shall review the investment policy and strategies not less than annually.

XI. FINANCIAL GLOSSARY

Accretion

An accounting method for realizing the additional income earned through the purchase of a discounted, or zero coupon security where the difference between the discounted purchase price and the par value is credited to an income account, gradually increasing the book value until it reaches par at maturity. *Also see Amortization.*

Accrued Interest

An accounting term used to describe coupon interest earned, *but not yet paid* to the security holder. Typically, an accounting entry is created to reflect the payable amount.

Agency: A category of investments that includes that Government Sponsored Enterprises (GSEs) of Fannie Mae, Freddie Mac, the Federal Home Loan Bank (FHLB) and the Federal Farm Credit Bank (FFCB). Federal agencies are generally considered to be *government securities* and all carry the highest possible senior debt rating from both Moody's and S&P.

American Call

A type of call provision whereby the issuer of a security has the right to return to the investor par value plus accrued interest at any time after a specific date has passed; also known as a continuous call.

Amortization

An accounting method for gradually reducing net income when a security is purchased at a premium, or a price that exceeds par. *See Accretion.*

Ask or Asking Price

The price at which securities are offered by the broker/dealer; the price at which a governmental entity buys a security; also referred to as an "offer" or "offering price".

Asset-Backed Security (ABS)

A broad term used to describe a security created by pooling certain loans together, whereby principal and interest payments made on the loans are used to pay the security holders. Some common examples of ABS pools are auto loans and credit card receivables.

Basis Point

The unit of measurement for yield equal to 1/100th of 1 percent; e.g., 1/4 of 1 percent is equal to 25 basis points.

Bear Market

A prolonged period of falling security prices usually caused by declining economic conditions and/or rising interest rates. A bear market may describe stocks or bonds, but it's important to remember that when bond prices are falling, yields are rising. A person may be "bearish" when they think investment prices will fall in the future, or if

they have a negative outlook for the economy in general.

Benchmark

The performance of a predetermined group of securities, individual security or index used to compare risk and performance to a managed portfolio. A good benchmark should be verifiable, easy to understand and appropriate to the portfolio to which it is being compared. Typical benchmarks used in the public sector include the three-month, six-month and one-year T-bill averages over a similar measurement timeframe.

Bermuda Call

A type of call provision whereby the issuer of a security has the right to return to the investor par value plus accrued interest only on interest payment dates.

Bid

A bid is the price a broker will show an investor when the investor wishes to sell a security. An offer is the price a broker will show an investor who seeks to buy a security (also called the ask price). An investor will always seek the highest bid price when selling a coupon security, but will accept the lowest discount rate on a discounted security when selling. When buying securities we often refer to obtaining three competitive bids, actually we are getting 'competitive offers'.

Bond

A very broad term used to describe a debt obligation. A bond may have a fixed or floating coupon rate; may be issued by the U.S. Treasury or an agency or a corporation; and may be callable or non-callable.

Book Entry

The name given to securities whose ownership resides, and transfer occurs on a computer system. For treasuries and agencies this system is maintained by the Federal Reserve. Years ago, securities were traded in physical form similar to currency.

Book Value

The value at which a security is carried on an inventory list or other financial records of an investor. Book value reflects the principal price at which the security was originally bought plus/minus net amortization/accretion to that point in time. The book value *may* differ significantly from the security's current market value creating an unrealized gain or loss.

Broker

A broker brings buyers and sellers together in return for a commission (fee). Unlike a Dealer, the broker typically does not own the securities. Often times, the two are combined as "broker-dealer" because most may act in both capacities.

“Bullet”

Slang term for a type of bond that repays the entire principal amount on the maturity date. Bullets are never callable.

Bull Market

A market condition in which prices are rising; a bull market may describe stocks or bonds, but it's important to remember that when bond prices are rising, yields are falling. A person may be “bullish” when they think investment prices will rise in the future, or may be “bullish” in general if they have a positive outlook for the future economy.

“Buy-and-Hold”

A common investment strategy for conservative investors with specific cash flow objectives or cyclical cash flow patterns, whereby securities are purchased with no intention to sell prior to maturity.

Call Risk

A form of investment risk that exists when a bond may be redeemed prior to maturity, leaving the investor to reinvest the principal at a lower yield. This risk increases when interest rates are falling, and it becomes more attractive for the bond issuers to call bonds with higher interest rates and issue new bonds with lower interest rates.

Callable Security

A bond containing an option that grants the issuer of the bond the right to redeem the security early and return the full principal amount to the investor along with all accrued interest. The issuer will only call the bond if rates fall, at which time new bonds can be issued at lower rates. An investor in a callable security earns a higher yield, but is subject to reinvestment risk.

Capital Gain

The profitable result of the sale of a security or asset, whereby the principal amount exceeds the book value of the security.

Capital Loss

The resulting loss when the principal amount on the sale of a security or asset is less than the book value of the security.

Cash Settlement

Cash settlement occurs when a security is purchased and subsequently delivered on the same day.

“CHEAP” (vs. Expensive)

Slang term for securities that are trading at yield spreads higher than would be considered normal relative to similar security types or their own trading history.

CMO or Collateralized Mortgage Obligation

A derivative mortgage-backed security bond created from a large pool of home mortgage loans. A single CMO is divided into a number of different classes or “tranches”, each containing unique risk profiles and characteristics. Most CMOs are not

considered appropriate for local governments and other conservative investors.

Collateral

Securities, evidences of deposit, or other property that a borrower pledges to secure repayment of a loan; also refers to securities pledged by a bank or trade counter-party to secure deposits.

Commercial Paper (CP)

Unsecured, short-term obligations with maturities ranging from 1 to 270 days issued by banks, corporations and other borrowers to investors with large temporary cash positions. This type of security is usually issued at a discount and carries a zero coupon. The accounting process is identical to a T-bill. Prime commercial paper carries a short-term rating of A1 P1 or equivalent.

Constant Dollar Fund or Pool

A type of money market fund or investment pool whose stated objective is to offer safety of principal and liquidity by maintaining a \$1 dollar share value for all its participants, meaning that the dollar value of the original deposit is expected to be maintained through conservative management practices; also referred to as a “dollar in / dollar out” fund or pool.

Continuous Call

A type of call option on a security in which the issuer maintains the right to repurchase the bond from the investor, at any time after the initial call date has passed. Also known as an American option.

Credit Risk

The risk that the issuer of a bond will default on its obligation to pay principal and/or interest when due. Credit risk is a primary consideration when purchasing commercial paper, banker's acceptances and corporate obligations.

CUSIP Number

CUSIP is the acronym for **Committee on Uniform Securities Identification Procedures**, and represents the standard industry identification for individual securities. Each security is assigned a unique CUSIP number.

Dated Date

Date at which interest begins accruing on a newly issued security. The dated date can sometimes differ from the issue date potentially causing accrual discrepancies.

Dealer

A dealer (as opposed to a broker) acts as a principal, by buying and selling for his or her own account. A dealer maintains a portfolio of securities and can trade from that portfolio. Often times, a “broker” will also act in a dealer capacity when selling securities owned by his or her own firm.

Debenture

A general term used to describe a bond secured only by the general credit of the issuer.

Deflation

A rare economic condition characterized by a general decline in prices of goods and services (the reverse of inflation). In a deflationary environment, fixed income securities become very desirable, pushing bond prices up and yields downward. During periods of deflation, there is a disincentive to produce.

Delivery versus Payment (DVP)

DVP requires that the delivery of securities is made at the same time payment for those securities is received in account.

Depository Trust Company (DTC)

A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of the certificates. The DTC uses computerized debit and credit entries. The system mirrors the FedWire system and was designed to reduce its load. When settling an investment that is DTC eligible, the delivering dealer will request the DTC number of the safekeeping agent.

“Disco”

Slang term for an agency discount note.

Discount

The difference between the cost or the original purchase price of a security offered below par, and its PAR or face value.

Discount Note

An agency note with a zero coupon issued to maturity dates not to exceed 365 days. This is a very common security type purchased by conservative institutional investors, public fund investment pools and money market fund portfolios.

Discrete Call

A call structure in which the option can be exercised only on specific dates; usually each quarter.

Disinflation

The slowing down of price increases, i.e. a slowing in the rate of inflation. Prices are still rising; they are just rising at a slowing rate.

Diversification

Dividing investable funds among a variety of different security types offering independent returns, and maturing at different times throughout the year(s). Diversification spreads an investor's risk and smoothes earnings. A well-diversified portfolio should perform relatively well regardless of the direction interest rates move.

D.K. (sometimes incorrectly thought to be “decay”) - See “Don't Know”

Don't Know (“DK”)

A term used in the securities clearance process when a bank or safekeeping agent will not accept delivery on a trade because it does not recognize the security being delivered

DTC - See Depository Trust Company

Duration

A measure of the price volatility of a bond equal to the weighted-average term to maturity of the bond's cash flows. The greater the duration of a bond, the greater its price volatility. The duration of a portfolio is roughly equivalent to the average maturity of the portfolio, and will vary depending on the size of the cash flows. If there are no actual cash flows, as in the case of a portfolio consisting of zero coupon T-bills or discount notes, the duration will equal the average maturity. Duration will be increasingly less than average maturity as the weighted average coupon of a portfolio increases.

European Call

A call structure in which the option may be exercised only on a single predetermined date; also known as a “one-time call”.

Equity

Another name for “stock”.

Fair Market Value

The likely market price for a security transaction between a willing, unbiased and non-desperate seller and a willing, unbiased and non-desperate buyer.

Fannie Mae – the Federal National Mortgage Association (FNMA) commonly referred to as Fannie Mae, was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company's long-term senior debt rating is currently AAA. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a significant decline the underlying market value of the mortgage loans it held and guaranteed.

Fed or Federal Reserve Bank

The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information and setting monetary policy through the FOMC. Alan Greenspan was Fed Chairman from 1987 to January 2006. Ben Bernanke is the current Fed Chairman.

Federal Farm Credit Bank (FFCB) – A common issuer of agency securities; FFCB is part of the Farm Credit System, a nationwide network of borrower-owned institutions that lend to agricultural and rural America. The System was created in 1916

and is the oldest Government-sponsored enterprise (GSE). Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of FFCB securities. Common FFCB securities include discount notes, debentures, callables and step-ups.

Federal Funds Rate

The rate of interest at which banks with excess reserves charge banks lacking reserves for overnight loans to meet reserve requirements. This key overnight rate determines, in large part, the rate at which overnight repurchase agreements will trade. When the Federal Reserve “raises rates”, the target fed funds rate is increased and other short-term security yields follow. Since pools and money market funds invest heavily in short-term securities, their rates often approximate the fed funds rate at any given point in time.

Federal Home Loan Bank (FHLB) – A common issuer of agency securities, the Federal Home Loan Banks provide a source of low-cost funding to U.S. banks for all types of lending. With their members, the FHLBank System represents the largest collective source of home mortgage in the United States. The banks do not provide loans directly to individuals, only to other banks. Common FHLB securities include discount notes, debentures, callables and step-ups.

Federal Housing Administration (FHA)

A Federally sponsored agency that insures lenders against loss on residential mortgages.

Federal Housing Finance Agency (FHFA)

An independent government regulatory agency created in 2008 to oversee Fannie Mae, Freddie Mac and the Federal Home Loan Bank system. It effectively replaced the Office of Federal Housing Enterprise Oversight (OFHEO) and the Federal Housing Finance Board. James Lockhart was the first director, having served as the director of OFHEO. Its regulatory powers include the ability to place GSEs into government receivership or conservatorship if necessary. The FHFA placed Fannie Mae and Freddie Mac into conservatorship in September 2008.

Financial Industry Regulatory Authority (FINRA)

FINRA was formed through the merger of the National Association of Securities Dealers, Inc. (NASD) and the regulatory arm of the New York Stock Exchange. FINRA is a self-regulatory organization that is responsible for training, testing, licensing and oversight of registered broker dealers; arbitration and mediation; as well as regulation of the major U.S. stock exchanges.

Fixed Income Market

The market defined by securities with set (fixed) coupon rates.

Federal Open Market Committee (FOMC)

A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raise and lower interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

FOMC – See Federal Open Market Committee

“Flex Repo” or Flexible Repurchase Agreement

A type of repurchase agreement used primarily for investment of bond proceeds that has a maturity date corresponding with the last expected construction draw for the bond project. Flex repos pay a fixed rate of interest and allow for cash withdrawals at the buyer’s discretion during the life of the agreement.

Floater

A security whose value or coupon is reset on a periodic basis and moves up or down depending on the movement of a specified index like LIBOR or the 91- day T-bill yield.

Freddie Mac - the Federal Home Loan Mortgage Corporation (FHLMC) commonly referred to as “Freddie Mac” was created in 1970 to assist its sister company Fannie Mae by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of a mortgage-backed security. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years. Its long-term senior debt rating is also AAA, and in September 2008, it too was placed under Federal government conservatorship as a result of a significant decline the underlying market value of the mortgage loans it held and guaranteed.

GAAP

Acronym for Generally Accepted Accounting Principles.

GASB

Acronym for the [Governmental Accounting Standards Board](#).

GINNIE MAE (GNMA) or the Government National Mortgage Association.

GNMA buys Veterans Administration, Farmers Home Administration and Federal Housing Administration Mortgages, then issues bonds that are secured by pools of the mortgages. An investor in this type of bond receives monthly payments of principal and interest that represent monthly mortgage payments by homeowners. GNMA's are guaranteed by the full faith and credit of the U.S. Government unlike other agency mortgage-backed securities.

Inflation

The effect of generally rising prices of goods and services. Rising inflation will decrease the value of fixed income securities and push yields higher. The Fed seeks to control inflation by raising interest rates to slow the economy. Some degree of inflation is good - the Fed is generally thought to target an acceptable core inflation rate of approximately 2%.

Interest Rate Risk

A form of investment risk whereby changes in the general level of interest rates adversely affect the value of a security portfolio. For example, bond prices are likely to decline when market interest rates increase.

Inverted Yield Curve

A market condition where the yields on long-term securities are lower than yields on short-term securities. For example, the five-year Treasury-note yield is trading below the six-month Treasury-bill yield. An inverted curve typically occurs when investors expect rates to fall in the future.

Ladder

A common investment strategy whereby securities are purchased to mature at regular intervals so that cash is always available to meet known obligations, or be reinvested back into the market at prevailing yields.

LIBOR

Acronym for the London Interbank Offered Rate. In England's Eurodollar market, LIBOR is the interest rate banks charge each other on short-term money; roughly equivalent to the Fed Funds rate in the U.S. In the U.S. market, LIBOR serves as a frequently used floating rate index.

Liquidity

The characteristic of an asset that allows it to be converted easily and quickly into cash without a substantial loss of value. Investment pools and money market funds are considered to be "fully liquid" since they can always be converted to cash on demand. Typically, the shorter the maturity, the more liquid the asset. Treasuries are considered the most liquid of all securities due to a continuously traded and efficient market.

Liquidity Risk

A type of investment risk whereby an investment may not be able to be sold quickly at a fair market price when cash is needed. Long-term Treasury Bonds, for example, are publicly traded and have excellent liquidity. Limited partnerships, on the other hand, are often not publicly traded and typically have poor liquidity.

LGIP

Acronym for Local Government Investment Pool. Very similar to a money market fund. Professionally managed portfolio of short-term securities owned on a pro rata basis by its local government participants.

"Long Bond"

Slang term for the most current issue of the 30-year Treasury bond.

Margin

The amount of additional collateral above 100% pledged to an entity in order to accommodate changes in market prices. A deposit or repo collateralized at 102% has a two-percent margin.

Market Risk

Risk that the price of a security will decrease with an overall decline in the market. This risk cannot be diversified away, but can be minimized by purchasing securities with shorter maturity dates. A decline in the market value of a security may not be considered a problem if that security can be held to maturity.

Market Value

The current value of a security determined by multiplying par value by the current market price. The unrealized gain or loss on a security can be calculated by subtracting the book value from the market value.

Master Repurchase (Repo) Agreement

The standard written agreement covering a repurchase or reverse repurchase agreement that establishes each party's rights in the transaction. A master agreement will specify among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Mortgage-Backed Security

A security backed by pools of home loan mortgages. Investors in mortgage-backed certificates receive monthly payments derived from the income stream of interest and principal on the underlying mortgages in the pool. A standard mortgage-backed security is referred to as a "pass-through". When a number of pass-through securities are combined and subsequently divided into separate classes of new securities with unique investment characteristics, these are called "collateralized mortgage obligations" or CMOs.

National Association of Securities Dealers (NASD) – See Financial Industry Regulatory Authority (FINRA)

Net Asset Value (NAV)

The value of a mutual fund share as determined at the close of each business day. The NAV is determined by summing the market value of all securities in the portfolio, deducting expenses and dividing this total by the number of shares outstanding.

Offer Price

The price at which investor will buy a security. When seeking to purchase a security, an investor will ask the broker for an offer.

Off-the-Run Securities

Previously issued Treasury securities not generally used for benchmarking or pricing purposes. They tend to be somewhat less active and less liquid than the most recent issues, but may offer more attractive yields as a result.

On-the-Run Securities

The most recently issued Treasury security in each maturity range. Often used as benchmarks. A Treasury yield curve will generally include “on-the runs”.

Open Market Operations

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the Federal Open Market Committee (FOMC) in order to influence the volume of money and credit in the economy. Open market operations are the primary tool that the Fed uses to raise and lower interest rates.

Overnight Repo

A type of repurchase agreement that is negotiated or renegotiated (rolled over) each day at a new interest rate. This investment type is heavily used by pools and money market funds. The daily repo rate tracks very closely with the fed funds target rate. Banks and dealers use repurchase agreements as a primary source of cash to finance their inventory positions.

Par Value

For bonds, the par value is the face amount on which interest is calculated and equals the amount of principal due at maturity.

Premium

1) The difference between a security's price and par (face amount) if the security is selling above its par value. 2) An amount that must be paid above par in order to call or refund an issue. 3) The price paid for an option.

Primary Dealer

A group of government securities dealers who submit daily reports of market activity and inventory positions to the Federal Reserve Bank of New York and are subject to its formal oversight. Primary dealers are required to “make a market” in U.S. Government securities, participate in Treasury auctions, provide the Fed with market information and analysis, and work with the Fed to implement monetary policy. As of October 2009, there were 18 Primary Dealers. A current list is available at – http://www.newyorkfed.org/markets/primary_dealers_current.html

Put

An option that gives the buyer of a security the right to sell that security back to the issuer (or put holder) at a specified time at a specified price.

Quantitative Easing

A method of increasing the money supply

through open market operations of the Fed. Money is essentially created when the Central Bank purchases securities and credits the accounts of the sellers. With interest rates near zero, this is an alternative used by the Fed to free up credit for the financial markets.

Rally

A sharp rise in the general price level of the market, or a particular market or security; a rally implies higher prices for securities, and thus lower yields on fixed income securities. Example: “Stocks *rallied* today on better than expected earnings reports.” Or “bonds *rallied* today after the Fed unexpectedly cut the target fed funds rate.”

Rate of Return

A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Regular or “Reg” Settlement

Regular or “Reg” settlement is when cash and securities are exchanged on the day after trade date for Treasuries, agencies and commercial paper. Also see *Cash Settlement*.

Reinvestment Risk

The risk that funds will have to be reinvested in a security with a lower interest rate if the original security is called away.

“Repo” or Repurchase Agreement

A type of agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned for principal along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Reset Date

The date on which a floating security's coupon rate is reset based on an established index and schedule

“Reverse Repo” or Reverse Repurchase Agreement

The opposite side of a repo transaction. In a “reverse”, the investor accepts cash from the dealer in exchange for securities, agreeing to return the principal with interest in exchange for the security at a later date.

Safe Harbor

The shifting of financial assets to less volatile areas to reduce risk. Example: When the stock markets crashes, fearful investors sell stocks and invest sale proceeds in the “safe harbor” offered by the U.S. Treasury market. This action is also referred to as a “flight to quality”.

Secondary Market

A market existing for the purchase and sale of securities that were originally sold to investors days or even years earlier.

Securities Industry and Financial Markets Association (SIFMA)

SIFMA is a security industry trade group that represents banks, securities dealers, asset management companies in the U.S. and around the world. It was created by the merger of the Bond Market Association (BMA) and the Securities Industry Association. Its stated mission is to promote effective and efficient regulation, facilitate more open, competitive, and efficient global capital markets, champion investor education, retirement preparedness, and savings, as well as ensure the public's trust in the securities industry and financial markets.

"Selling Off" (sometimes known as "trading off")

A condition in which stock or bond prices move gradually lower following a rally.

Settlement Date

The purchase (or sale) date of a security on which the money actually changes hand (see also Trade Date)

Short

The practice of selling a security without owning it, in anticipation of subsequently purchasing it back at a lower price and making a profit. Not permitted by governmental entities.

Skip Day Settlement

Skip Day or "Skip" settlement is when cash and securities are exchanged *two days after* trade date for Treasuries, agencies and commercial paper.

Spread

The difference between the current bid price and the current ask price of a given security, or between yields on similar securities; the additional yield over and above yields on Treasury securities, expressed in basis points, that can be earned by investing in non-Treasury securities.

When buying an agency, the offer will typically be presented in term of "spread to the comparable Treasury issue". For example, a two-year agency bullet may be offered at "plus 25 to the Treasury". What this means is that if the two-year Treasury note were yielding 1.00%, the agency would be offered 25 basis points higher to yield 1.25%.

Step-Up

A type of agency callable bond with a coupon rate that climbs higher as the security moves toward its maturity date. This security type offers some protection against rapid increases in interest rates, but may be called away before the coupon has a chance to "step" higher.

Strip

A security in which all the interest coupons have been removed, leaving only the principal. The new "strip" is a deeply discounted security which pays no interest, but returns all principal at maturity. The process of creating a principal strip also creates a corresponding interest strip. Although any fixed rate bond can be stripped, a Treasury strip is most common.

Swap

Trading one security for another with the objective of increasing overall return while maintaining similar risk and maturity characteristics in the new security. A typical swap may involve the sale of Treasury securities, which become expensive as they near maturity, and the purchase of higher yielding discount notes or commercial paper.

Temporary Liquidity Guaranty Program (TLGP)

This program allows banks and certain other financial institutions to issue senior unsecured debt that carries an FDIC guarantee. Participating companies pay the FDIC a fee in exchange for the insurance. The FDIC's guarantee is backed by the full faith and credit of the United States.

Term Asset-Backed Loan Facility (TALF)

The Term Asset-Backed Securities Loan Facility (TALF) was announced in November, 2008, but working through the complicated operational details delayed the program until March 2009. The objective of the \$1 trillion dollar program (originally \$200 billion) is to free up funds for additional auto, student and small-business loans. The TALF hopes to accomplish this by encouraging big investors (\$10 million minimum) to buy up newly issued AAA-rated pools of auto, student and business loans. Buyers pledge those securities as collateral in exchange for low-cost government funded loans of up to three years. The Wall Street Journal reported that prior to the beginning of the credit crisis, about 40% of consumer lending had been generated through the securitization process. At its peak, Wall Street issued \$1 trillion a year in securities backed by consumer credit loans and trillions more backed by mortgages. In the final three months of 2008, only \$8 billion in consumer loan-backed securities were issued. The Fed hopes the TALF program will reignite the securitization process and by extension the consumer lending market.

Trade Date

The date on which the agreement to buy or sell a security is made (see also Settlement Date).

Treasury Bill

A highly liquid, short-term, US Government debt security issued at a discount from par value auctioned weekly by the U.S. Treasury with maturities ranging 30 days to 12 months. A Treasury bill is generally considered to be a risk-free investment.

Treasury Bond

A marketable, long-term, fixed coupon U.S. Government debt security with a maturity of more than 10 years.

Treasury Note

A marketable, medium-term, US Government debt security issued with a fixed coupon with an original maturity of two to 10 years.

Troubled Asset Relief Program (TARP)

After considerable debate, during what many considered to be an extremely dire liquidity crisis in the global financial markets, the TARP program became law on October 3, 2008. The original plan was for the U.S. Treasury to purchase or insure up to \$700 billion of illiquid or “troubled” assets from banks and other financial institutions that were difficult to price because the secondary market had frozen up. A large number of these illiquid assets were mortgage-backed securities created by pooling together residential mortgage loans. When home foreclosures began to rise rapidly in 2008, the value of the mortgage-backed securities containing the troubled loans plummeted. Because there were virtually no ready buyers, it was nearly impossible to establish a fair trading market. The TARP was originally intended to purchase these illiquid assets, but the reality was that financial institutions were not willing to sell securities at severely distressed prices. On October 14, 2008, Treasury Secretary Paulson announced that the Treasury would instead purchase senior preferred stock and warrants in the nine largest American banks as well as in smaller banking institutions with the first \$250 billion. The theory was that this would bolster the bank’s capital positions, thereby enabling them to expand their lending activities. In reality, much of the capital injected into these banks was gobbled up by growing losses.

Unrealized Gain or Loss

The amount of profit (or loss) that would be reflected on the sale of a security if that security were sold. The unrealized gain or loss is calculated by taking the difference between book value and market value of the security at a given point in time.

Weighted Average Maturity (WAM)

This common term, usually expressed in number of days, represents a dollar-

weighted average of the remaining term to maturity of all assets in a pool or securities portfolio. A longer WAM generally indicates higher market risk. An SEC-registered money market fund has a 90-day WAM limitation, while a constant dollar investment pool is limited to a 60-day WAM.

Yield

The return, expressed as a percentage, that a security will earn as a result of both the coupon rate and any discount earned or premium paid. A yield will exceed the coupon if purchased at a discount (and vice-versa).

Yield Burning

An illegal activity whereby a security provider charges more than the fair market price for a security, lowering the yield, thereby diverting arbitrage away from the IRS.

Yield Curve

The Relationship between yields and maturity dates for a set of similar bonds, usually Treasuries, at a given point in time. A yield curve is a standard measure of risk and return, and answers the question “how much additional yield will I earn if I extend my maturity and assume additional market risk?”

Yield-to-Call (YTC)

The expected yield to maturity of a bond if it is called on the scheduled exercise date.

Yield-to-Maturity (YTM)

The expected rate of return of a bond if it is held to its maturity date; calculated by taking into account the current market price, stated redemption value, coupon payments and time to maturity and assuming all coupons are reinvested at the same rate; equivalent to the internal rate of return (IRR).

Zero Coupon Bond

A bond that does not make interest payments but instead is sold at a deep discount. On the maturity date of the bond, the full-face amount is due. The difference between the amount paid at purchase and the face amount at maturity represents the income earned by the investor. Common examples of zero coupon bonds include Treasury strips, Treasury bills and agency discount notes.

City of McKinney, Texas

INVESTMENT POLICY

I. POLICY

It is the policy of the City of McKinney, Texas to invest public funds in a manner which will provide the optimum investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to the statutes, rules and regulations governing the investment of public funds. This policy serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The policy and strategy shall be reviewed by the Investment Committee and the City Council annually. Any modifications will be formally approved by the City Council. This investment policy, as approved, is in compliance with the provisions of the Public Funds Investment Act of the Texas Government Code Chapter 2256.

II. SCOPE

This policy applies to all aspects of investing the financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include: General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and any new fund created by legislative body, unless specifically exempted or excluded. All funds will be pooled for investment purposes. The strategy developed for this pooled fund group will address the varying needs, goals, and objectives of each fund.

This policy shall not govern funds which are managed under separate investment programs in accordance with Section 2256.004 of the Public Funds Investment Act. Such funds currently include the Other Post-Employment Benefit Fund and the Deferred Compensation Fund.

III. INVESTMENT OBJECTIVE AND STRATEGY

Objective

The primary objectives of the City of McKinney's investment activities, listed in order of priority, shall be as follows:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to control the risk of capital loss by investing in securities or other investments of high quality. All investment officers shall understand the suitability of investment to the financial requirements of the City. The objective will be to mitigate credit and interest risk.

- Credit Risk and Concentration of Credit Risk – The City will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment, and concentration of credit risk, the risk of loss attributed to the magnitude of investment in a single issuer by:
 - Limiting investments to the safest types of investments.
 - Pre-qualifying the financial institutions and broker/dealers with which the City will do business.
 - Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

- Monitoring credit rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provision of Section 2256.021.
- Interest Rate Risk – The City will minimize the risk that the market value of investments in the portfolio will fall due to changes in general interest rates by limiting the maximum weighted average maturity of the investment portfolio to 730 days. The City will, in addition:
 - Structure the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity.
 - Diversify maturities and staggering purchase dates to minimize the impact of market movements over time.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

Yield: The City's investment portfolio shall be designed with the objective of regularly exceeding the average rate of return on six-month U.S. Treasury Bills. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Strategy: The City of McKinney maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the investment portfolios.

Operating Funds: Investment strategies for operating funds and commingled pools containing operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing quality, short to medium term securities which will complement each other in a ladder structure. The dollar weighted average maturity of 730 days or less will be calculated using the stated final maturity dates of each security.

Debt Service Funds: Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. Surplus funds outside the debt service dates will be invested according to the investment guidelines for operating funds.

Debt Service Reserve Funds: Funds for Debt Service Reserve should assure the ability to generate a dependable revenue stream from securities with a low degree of credit risk. Securities should be of high quality. Since reserve funds generally do not have a need for liquidity, they may invest in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Capital Projects and Special Purpose Funds: Funds for capital projects or special purposes should allow for flexibility and unanticipated project outlays by having a portion of their

investments in highly liquid securities. The stated final maturity dates of securities held should not exceed the estimated project completion date.

IV. STANDARD OF CARE

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officers shall be “**prudent person**” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The governing body of the City of McKinney retains ultimate responsibility as fiduciaries of the assets of the City of McKinney.

Ethics and Conflicts of Interest

Ethics: All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officers shall avoid any transaction that might impair public confidence in the City’s ability to govern effectively.

Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of investment programs, or which could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the Texas Ethics Commission and the City Manager, and the City Manager discloses to the City Council if:

- a) The officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
- b) The officer is related within the second degree by affinity of consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.

Delegation of Authority

Investment Committee: An Investment Committee, consisting of the City Manager, Chief Financial Officer, Investment & Treasury Manager, Senior Financial Services Manager, and at least two other members appointed by the City Manager, shall meet quarterly to determine general strategies and to monitor results. The Investment Committee shall include in its deliberations such topics as: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk to the City’s funds, authorized brokers and dealers, and the target rate of return on the investment portfolio. The Committee will review and approve the list of authorized broker/dealers at least annually. Any two members of the Investment Committee may request a special meeting, and three members shall constitute a quorum. The Investment Committee shall establish its own rules of procedures.

Investment Officer and Training: Management responsibility for the investment program is hereby delegated to the Chief Financial Officer, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

The Chief Financial Officer, Investment & Treasury Manager, and Senior Financial Services Manager, are hereby designated as “Investment Officers” pursuant to the Public Funds Investment Act Section 2256.005 subsection f. Authority granted to a person to invest the funds on behalf of the City shall remain in effect until rescinded by the City or until the person resigns from or is terminated by the City. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer. The Chief Financial Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officers. The City shall provide periodic training in investments for the investment personnel through courses and seminars offered by professional organizations and associations in order to insure the quality and capability of the City’s investment personnel. Such training shall be a minimum of ten hours within 12 months after taking office or assuming duties and thereafter not less than eight hours every two year period that begins on the first day of the City’s fiscal year and consists of the two consecutive fiscal years after that date and shall be sponsored by an independent source and approved by the City Investment Committee. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act.

Internal Control

The Chief Financial Officer, or designee, shall establish and maintain a system of internal controls to ensure that the assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the depository bank or third-party custodian.

A compliance audit will be performed annually as part of the annual audit to assure compliance with the Public Funds Investment Act and this policy.

V. AUTHORIZED INVESTMENTS AND INVESTMENT PARAMETERS

Active Portfolio Management

The City intends to pursue an active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

Authorized Investments

Assets of funds of City of McKinney may be invested in:

- A. US Treasury obligations with stated maturities not to exceed five (5) years and not to exceed 80% of the overall portfolio.
- B. Obligations of US Government agencies and instrumentalities with stated maturities not to exceed five (5) years and not to exceed 80% of the overall portfolio.
- C. Obligations of the States (other than Texas), agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or its equivalent by at least one nationally recognized investment rating firm, with maturities not to exceed three (3) years and not to exceed 80% of the overall portfolio.
- D. Fully insured or collateralized certificates of deposit at commercial banks doing business in Texas or obtained through a broker that has a main or a branch office in this state and is on the qualified broker/dealer list approved by the governing body and meets specific registration requirements as stated in the Public Funds Investment Act. These instruments shall have stated maturities not to exceed five (5) years and not to exceed 20% of the overall portfolio. The bank/broker must contractually agree to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010 (b) of the Public Funds Investment Act are authorized investments.
- E. Repurchase agreements and reverse repurchase agreements as defined by Public Funds Investment Act and secured by a combination of cash and collateralized by US Government Obligations and obligations of US Government agencies and instrumentalities, undertaken under an executed Master Repurchase Agreement with a primary dealer or a financial institution doing business in Texas and not to exceed six (6) months (except flex repurchase agreements for bond funds which may not extend past the expenditure plan of the bond funds). The portfolio may not contain more than 80% repurchase agreements. A signed copy of the City's Master Repurchase Agreement must be on file before the City will enter into any repurchase agreement or reverse repurchase agreement with an issuer.
- F. Investment Pools which invest in instruments and follow practices allowed by current law. A thorough investigation of the pool is required prior to investing, and on a continual basis. The City Council must approve a formal agreement to participate (by resolution) in each pool providing services to the City. The pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

A public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily and, to the extent reasonably possible, stabilize at a \$1 net asset value. It must also maintain a maximum average dollar-weighted maturity that does not exceed 90 days. Any investment pool that does not meet the requirements of one that is created to function as a money market mutual fund, must maintain a maximum average dollar-weighted maturity that does not exceed 365 days (or 366 days in the case of a leap year) and must provide a fixed interest rate and fixed maturity term for each pool position. The pool can only use money market mutual funds whose authorized investments are consistent with their own investment policy and authorized investments. The pool must provide monthly reports that contain:

- The types and percentage breakdown of securities in which the pool is invested;
- The current average dollar-weighted maturity, based on the stated maturity date of the pool;
- The current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
- The book value versus the market value of the pool's portfolio, using amortized cost valuation;
- The size of the pool;
- The number of participants in the pool;
- The custodian bank that is safekeeping the assets of the pool;
- A listing of daily transaction activity of the entity participating in the pool;
- The yield and expense ratio of the pool;
- A statement on how yield is calculated;
- Report yield in accordance with SEC regulations;
- Disclose fee breakpoint or state the lowest possible level of return based on the smallest level of funds invested;
- The portfolio managers of the pool; and
- Any changes or addenda to the offering circular.

Additionally, the pool must provide an annual audited financial statement and if the pool operates a website it must provide all information required in the offering circular 2256.016(b), monthly newsletter 2256.016(c)(2), and standardized SEC 7 day net yield 2256.016(f) on their website.

- G. Commercial paper as defined by the Public Funds Investment Act with stated maturities not to exceed 270 days and rated not less than A1/P1 or its equivalent by one nationally recognized rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank and not exceed 20% of the overall portfolio.
- H. No-load money market mutual funds registered with and regulated by Securities Exchange Commission, which has a dollar-weighted average portfolio maturity of 90 days or less whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share. Each fund must provide the City with a prospectus and other information required by federal law. The portfolio may not contain more than 20% of money market mutual funds.
- I. Obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or have the explicit full faith and credit of the United States as defined by the Public Funds Investment Act.

The City is not required to liquidate investments that were authorized investments at the time of purchase. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

Other types of investments which may become authorized through amendment to the Public Funds Investment Act will not be authorized investments until approved by City Council in amendment to this Policy.

Prohibited Investments

The Investment Officer shall not knowingly permit City funds to be invested with any of the following investment instruments that are strictly prohibited:

- A. Obligations whose payment represents the coupon payments of the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal;
- B. Obligations whose payment represents the principal stream of cash flow from underlying mortgage-backed security collateral and bears no interest;
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years;
- D. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index; and
- E. Any other restricted instruments or limitations that involve outright speculation.

The practice of "leveraging" whereby funds are borrowed for the sole purpose of investing shall not be practiced.

Diversification

The City of McKinney recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk of issuer default is controlled by limiting investment to those instruments allowed by the Act, which are described herein. Risk of market price changes shall be controlled by avoiding over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification limits are shown in the Authorized Investment Section above.

The Investment Committee shall conduct a quarterly review of these diversification guidelines and shall evaluate the probability of market and default risk in various investment sectors as part of its considerations.

Maximum Maturities

To the extent possible, the City of McKinney will attempt to match its investments with anticipated cash flow requirements. The average maturity of investments of the City's operating funds shall not exceed two years. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

VI. SELECTION OF BANKS AND DEALERS

Depository

At least once every five years, a qualified depository shall be selected through the City's banking services procurement process, which shall include a formal request for proposal and consistent with state law. In selecting depositories, the service cost and credit worthiness of institutions shall be considered, and the Chief Financial Officer shall conduct a comprehensive review of prospective depository's credit characteristics, financial history and ability to meet all requirements in the banking request for proposal. All banks will execute a depository agreement

covering collateral issues for sale of time deposits if not covered by the competitively bid bank services agreement.

Authorized Brokers/Dealers

Brokers and dealers are approved by the Investment Committee. At least once annually, the Committee will review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. Evaluation of security dealers and financial institutions are based upon (1) Financial conditions, strength and capability to fulfill commitments; (2) overall reputation with other dealers or investors; (3) regulatory status of the dealer; (4) background and expertise of the individual representatives. All brokers and dealers must be on the approved dealer list in order to transact business with the City.

All financial institutions and broker/dealers who desire to be on the approved dealer list must supply the Investment Committee a broker questionnaire, financial statements, proof of state registration, certification of having received and reviewed the City's Investment Policy and acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the City's Investment Policy.

Competitive Bids

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for transactions with money market mutual funds and local government investment pools, which are deemed to be made at prevailing market rates, and municipal securities that require advance orders for broker bidding.

All other security transactions will be competitively bid with at least three competitive offers or bids.

Delivery vs. Payment

All investment transactions, except investment pools and mutual funds must be settled on a delivery versus payment basis. That is, funds shall not be released or paid until verification has been made that the collateral or security was received by the Trustee or custodian.

VII. CUSTODIAL CREDIT RISK MANAGEMENT

Safekeeping and Custody

Safekeeping and custody of securities and collateral shall be in accordance with state law. Securities and collateral will be held by a third party custodian designated by the City, and held in the City's name as evidenced by safekeeping receipts of the institution with which the securities are deposited. The original copy of the safekeeping receipts shall be delivered to the City.

Collateralization and Repurchase Agreements

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

All time and demand deposits and repurchase (and reverse) agreements of the City shall be secured by pledged collateral with a market value equal to or not less than 102% of deposits plus accrued interest less an amount insured by FDIC and evidenced by original safekeeping receipts. Evidence of the pledged collateral shall be maintained by the Chief Financial Officer and held by an independent third party with whom the City has a current custodial agreement.

Any financial institution requesting substitution of collateralized securities must contact the Investment Officer for approval and settlement. The substituted security's value will be equal to or greater than the required security value. Written notification of the substitution must be provided to the bank or safekeeping agent prior to any security release.

Repurchase agreements shall be documented by a specific Master Repurchase Agreement noting the authorized collateral required. Bank collateral shall be reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances. Repurchase securities will be priced daily.

The City of McKinney shall accept only the following securities as collateral:

- A. FDIC insurance coverage.
- B. United States Treasuries and Agencies.
- C. Texas State, county, city, school, or political subdivision bonds with a remaining maturity of ten (10) years or less with investment grade bond rating of AAA from at least one major bond rating agency.
- D. Letter of credit issued to the City by the Federal Home Loan Bank may be considered certificates of deposit.

The City's Investment Officers reserve the right to accept or reject any approved form of collateral at their sole discretion. All collateral shall be subject to inspection and audit by the Chief Financial Officer or the City's independent auditors.

VIII. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City intends to pursue an active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade. Given this strategy, the basis used to determine whether market yields are being achieved shall be the average rate of return on six-month U.S. Treasury Bills.

IX. REPORTING

The Investment Officer shall maintain a current listing of investments for management purposes. In addition, the City Council will be provided quarterly reports which include a listing of individual securities held at the end of the reporting period; original purchase date and final maturity of all investments listed; coupon, discount or earnings rate; par value, amortized book value and market value; and the percentage of the portfolio represented by each investment category and any additional reporting information as required by Section 2256.023 of the Texas Government Code. The report will also include a management level summary review of the portfolio including total book and market value, weighted average maturity and yield information for analysis purposes. The fourth quarter report will summarize activities for the past twelve months. The quarterly reports must be formally reviewed at least annually by an independent auditor and reported to the City Council.

Month-end market prices on each security are obtained from a variety of nationally recognized security databases (e.g., include whatever the City is using, such as Bloomberg or The Wall Street Journal). These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

X. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by resolution of the City Council. The investment policy and investment strategies shall be reviewed at least once annually by the investment committee and any modifications will be recommended for approval to the City Council. The City Council shall review the investment policy and strategies not less than annually.

XI. FINANCIAL GLOSSARY

Accretion

An accounting method for realizing the additional income earned through the purchase of a discounted, or zero coupon security where the difference between the discounted purchase price and the par value is credited to an income account, gradually increasing the book value until it reaches par at maturity. *Also see Amortization.*

Accrued Interest

An accounting term used to describe coupon interest earned, *but not yet paid* to the security holder. Typically, an accounting entry is created to reflect the payable amount.

Agency: A category of investments that includes that Government Sponsored Enterprises (GSEs) of Fannie Mae, Freddie Mac, the Federal Home Loan Bank (FHLB) and the Federal Farm Credit Bank (FFCB). Federal agencies are generally considered to be *government securities* and all carry the highest possible senior debt rating from both Moody's and S&P.

American Call

A type of call provision whereby the issuer of a security has the right to return to the investor par value plus accrued interest at any time after a specific date has passed; also known as a continuous call.

Amortization

An accounting method for gradually reducing net income when a security is purchased at

a premium, or a price that exceeds par. See *Accretion*.

Ask or Asking Price

The price at which securities are offered by the broker/dealer; the price at which a governmental entity buys a security; also referred to as an "offer" or "offering price".

Asset-Backed Security (ABS)

A broad term used to describe a security created by pooling certain loans together, whereby principal and interest payments made on the loans are used to pay the security holders. Some common examples of ABS pools are auto loans and credit card receivables.

Basis Point

The unit of measurement for yield equal to 1/100th of 1 percent; e.g., 1/4 of 1 percent is equal to 25 basis points.

Bear Market

A prolonged period of falling security prices usually caused by declining economic conditions and/or rising interest rates. A bear market may describe stocks or bonds, but it's important to remember that when bond prices are falling, yields are rising. A person may be "bearish" when they think investment prices will fall in the future, or if they have a negative outlook for the economy in general.

Benchmark

The performance of a predetermined group of securities, individual security or index

used to compare risk and performance to a managed portfolio. A good benchmark should be verifiable, easy to understand and appropriate to the portfolio to which it is being compared. Typical benchmarks used in the public sector include the three-month, six-month and one-year T-bill averages over a similar measurement timeframe.

Bermuda Call

A type of call provision whereby the issuer of a security has the right to return to the investor par value plus accrued interest only on interest payment dates.

Bid

A bid is the price a broker will show an investor when the investor wishes to sell a security. An offer is the price a broker will show an investor who seeks to buy a security (also called the ask price). An investor will always seek the highest bid price when selling a coupon security, but will accept the lowest discount rate on a discounted security when selling. When buying securities we often refer to obtaining three competitive bids, actually we are getting 'competitive offers'.

Bond

A very broad term used to describe a debt obligation. A bond may have a fixed or floating coupon rate; may be issued by the U.S. Treasury or an agency or a corporation; and may be callable or non-callable.

Book Entry

The name given to securities whose ownership resides, and transfer occurs on a computer system. For treasuries and agencies this system is maintained by the Federal Reserve. Years ago, securities were traded in physical form similar to currency.

Book Value

The value at which a security is carried on an inventory list or other financial records of an investor. Book value reflects the principal price at which the security was originally bought plus/minus net amortization/accretion to that point in time. The book value *may* differ significantly from the security's current market value creating an unrealized gain or loss.

Broker

A broker brings buyers and sellers together in return for a commission (fee). Unlike a Dealer, the broker typically does not own the securities. Often times, the two are combined as "broker-dealer" because most may act in both capacities.

"Bullet"

Slang term for a type of bond that repays the entire principal amount on the maturity date. Bullets are never callable.

Bull Market

A market condition in which prices are rising; a bull market may describe stocks or bonds, but it's important to remember that when bond prices are rising, yields are falling. A person may be "bullish" when they think investment prices will rise in the future, or may be "bullish" in general if they have a positive outlook for the future economy.

"Buy-and-Hold"

A common investment strategy for conservative investors with specific cash flow objectives or cyclical cash flow patterns, whereby securities are purchased with no intention to sell prior to maturity.

Call Risk

A form of investment risk that exists when a bond may be redeemed prior to maturity, leaving the investor to reinvest the principal at a lower yield. This risk increases when interest rates are falling, and it becomes more attractive for the bond issuers to call bonds with higher interest rates and issue new bonds with lower interest rates.

Callable Security

A bond containing an option that grants the issuer of the bond the right to redeem the security early and return the full principal amount to the investor along with all accrued interest. The issuer will only call the bond if rates fall, at which time new bonds can be issued at lower rates. An investor in a callable security earns a higher yield, but is subject to reinvestment risk.

Capital Gain

The profitable result of the sale of a security or asset, whereby the principal amount exceeds the book value of the security.

Capital Loss

The resulting loss when the principal amount on the sale of a security or asset is less than the book value of the security.

Cash Settlement

Cash settlement occurs when a security is purchased and subsequently delivered on the same day.

“CHEAP” (vs. Expensive)

Slang term for securities that are trading at yield spreads higher than would be considered normal relative to similar security types or their own trading history.

CMO or Collateralized Mortgage Obligation

A derivative mortgage-backed security bond created from a large pool of home mortgage loans. A single CMO is divided into a number of different classes or “tranches”, each containing unique risk profiles and characteristics. Most CMOs are not considered appropriate for local governments and other conservative investors.

Collateral

Securities, evidences of deposit, or other property that a borrower pledges to secure repayment of a loan; also refers to securities pledged by a bank or trade counter-party to secure deposits.

Commercial Paper (CP)

Unsecured, short-term obligations with maturities ranging from 1 to 270 days issued by banks, corporations and other borrowers to investors with large temporary cash positions. This type of security is usually issued at a discount and carries a zero coupon. The accounting process is identical to a T-bill. Prime commercial paper carries a short-term rating of A1 P1 or equivalent.

Constant Dollar Fund or Pool

A type of money market fund or investment pool whose stated objective is to offer safety of principal and liquidity by maintaining a \$1 dollar share value for all its participants, meaning that the dollar value of the original deposit is expected to be maintained through conservative management practices; also referred to as a “dollar in / dollar out” fund or pool.

Continuous Call

A type of call option on a security in which the issuer maintains the right to repurchase the bond from the investor, at any time after the initial call date has passed. Also known as an American option.

Credit Risk

The risk that the issuer of a bond will default on its obligation to pay principal and/or interest when due. Credit risk is a primary consideration when purchasing commercial paper, banker’s acceptances and corporate obligations.

CUSIP Number

CUSIP is the acronym for **Committee on Uniform Securities Identification Procedures**, and represents the standard industry identification for individual securities. Each security is assigned a unique CUSIP number.

Dated Date

Date at which interest begins accruing on a newly issued security. The dated date can sometimes differ from the issue date potentially causing accrual discrepancies.

Dealer

A dealer (as opposed to a broker) acts as a principal, by buying and selling for his or her own account. A dealer maintains a portfolio of securities and can trade from that portfolio. Often times, a “broker” will also act in a dealer capacity when selling securities owned by his or her own firm.

Debenture

A general term used to describe a bond secured only by the general credit of the issuer.

Deflation

A rare economic condition characterized by a general decline in prices of goods and services (the reverse of inflation). In a deflationary environment, fixed income securities become very desirable, pushing bond prices up and yields downward. During periods of deflation, there is a disincentive to produce.

Delivery versus Payment (DVP)

DVP requires that the delivery of securities is made at the same time payment for those securities is received in account.

Depository Trust Company (DTC)

A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of the certificates. The DTC uses computerized debit and credit entries. The system mirrors the FedWire system and was designed to reduce its load. When settling an investment that is DTC eligible, the delivering dealer will request the DTC number of the safekeeping agent.

“Disco”

Slang term for an agency discount note.

Discount

The difference between the cost or the original purchase price of a security offered below par, and its PAR or face value.

Discount Note

An agency note with a zero coupon issued to maturity dates not to exceed 365 days. This is a very common security type purchased by conservative institutional investors, public fund investment pools and money market fund portfolios.

Discrete Call

A call structure in which the option can be exercised only on specific dates; usually each quarter.

Disinflation

The slowing down of price increases, i.e. a slowing in the rate of inflation. Prices are still rising; they are just rising at a slowing rate.

Diversification

Dividing investable funds among a variety of different security types offering independent returns, and maturing at different times throughout the year(s). Diversification spreads an investor's risk and smoothes earnings. A well diversified portfolio should perform relatively well regardless of the direction interest rates move.

D.K. (sometimes incorrectly thought to be “decay”) - See “Don't Know”

Don't Know (“DK”)

A term used in the securities clearance process when a bank or safekeeping agent will not accept delivery on a trade because it does not recognize the security being delivered

DTC - See Depository Trust Company

Duration

A measure of the price volatility of a bond equal to the weighted-average term to maturity of the bond's cash flows. The greater the duration of a bond, the greater its price volatility. The duration of a portfolio is roughly equivalent to the average maturity of the portfolio, and will vary depending on the size of the cash flows. If there are no actual cash flows, as in the case of a portfolio consisting of zero coupon T-bills or discount notes, the duration will equal the average maturity. Duration will be increasingly less than average maturity as the weighted average coupon of a portfolio increases.

European Call

A call structure in which the option may be exercised only on a single predetermined date; also known as a “one-time call”.

Equity

Another name for “stock”.

Fair Market Value

The likely market price for a security transaction between a willing, unbiased and non-desperate seller and a willing, unbiased and non-desperate buyer.

Fannie Mae – the Federal National Mortgage Association (FNMA) commonly referred to as Fannie Mae, was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company's long-term senior debt rating is currently AAA. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a significant

decline the underlying market value of the mortgage loans it held and guaranteed.

Fed or Federal Reserve Bank

The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information and setting monetary policy through the FOMC. Alan Greenspan was Fed Chairman from 1987 to January 2006. Ben Bernanke is the current Fed Chairman.

Federal Farm Credit Bank (FFCB) – A common issuer of agency securities; FFCB is part of the Farm Credit System, a nationwide network of borrower-owned institutions that lend to agricultural and rural America. The System was created in 1916 and is the oldest Government-sponsored enterprise (GSE). Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of FFCB securities. Common FFCB securities include discount notes, debentures, callables and step-ups.

Federal Funds Rate

The rate of interest at which banks with excess reserves charge banks lacking reserves for overnight loans to meet reserve requirements. This key overnight rate determines, in large part, the rate at which overnight repurchase agreements will trade. When the Federal Reserve “raises rates”, the target fed funds rate is increased and other short-term security yields follow. Since pools and money market funds invest heavily in short-term securities, their rates often approximate the fed funds rate at any given point in time.

Federal Home Loan Bank (FHLB) – A common issuer of agency securities, the Federal Home Loan Banks provide a source of low-cost funding to U.S. banks for all types of lending. With their members, the FHLBank System represents the largest collective source of home mortgage in the United States. The banks do not provide loans directly to individuals, only to other banks. Common FHLB securities include discount notes, debentures, callables and step-ups.

Federal Housing Administration (FHA)

A Federally sponsored agency that insures lenders against loss on residential mortgages.

Federal Housing Finance Agency (FHFA)

An independent government regulatory agency created in 2008 to oversee Fannie Mae, Freddie Mac and the Federal Home Loan Bank system. It effectively replaced the Office of Federal Housing Enterprise Oversight (OFHEO) and the Federal Housing Finance Board. James Lockhart was the first director, having served as the director of OFHEO. Its regulatory powers include the ability to place GSEs into government receivership or conservatorship if necessary. The FHFA placed Fannie Mae and Freddie Mac into conservatorship in September 2008.

Financial Industry Regulatory Authority (FINRA)

FINRA was formed through the merger of the National Association of Securities Dealers, Inc. (NASD) and the regulatory arm of the New York Stock Exchange. FINRA is a self-regulatory organization that is responsible for training, testing, licensing and oversight of registered broker dealers; arbitration and mediation; as well as regulation of the major U.S. stock exchanges.

Fixed Income Market

The market defined by securities with set (fixed) coupon rates.

Federal Open Market Committee (FOMC)

A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raise and lower interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

FOMC – See Federal Open Market Committee

“Flex Repo” or Flexible Repurchase Agreement

A type of repurchase agreement used primarily for investment of bond proceeds that has a maturity date corresponding with the last expected construction draw for the bond project. Flex repos pay a fixed rate of interest and allow for cash withdrawals at the buyer's discretion during the life of the agreement.

Floater

A security whose value or coupon is reset on a periodic basis and moves up or down depending on the movement of a specified index like LIBOR or the 91-day T-bill yield.

Freddie Mac - the Federal Home Loan Mortgage Corporation (FHLMC) commonly referred to as “Freddie Mac” was created in 1970 to assist its sister company Fannie Mae by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of a mortgage-backed security. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years. It's long-term senior debt rating is also AAA, and in September 2008, it too was placed under Federal government conservatorship as a result of a significant decline in the underlying market value of the mortgage loans it held and guaranteed.

GAAP

Acronym for Generally Accepted Accounting Principles.

GASB

Acronym for the [Governmental Accounting Standards Board](#).

GINNIE MAE (GNMA) or the Government National Mortgage Association.

GNMA buys Veterans Administration, Farmers Home Administration and Federal Housing Administration Mortgages, then issues bonds that are secured by pools of the mortgages. An investor in this type of bond receives monthly payments of principal and interest that represent monthly mortgage payments by homeowners. GNMA's are guaranteed by the full faith and credit of the

U.S. Government unlike other agency mortgage-backed securities.

Inflation

The effect of generally rising prices of goods and services. Rising inflation will decrease the value of fixed income securities and push yields higher. The Fed seeks to control inflation by raising interest rates to slow the economy. Some degree of inflation is good - the Fed is generally thought to target an acceptable core inflation rate of approximately 2%.

Interest Rate Risk

A form of investment risk whereby changes in the general level of interest rates adversely affect the value of a security portfolio. For example, bond prices are likely to decline when market interest rates increase.

Inverted Yield Curve

A market condition where the yields on long-term securities are lower than yields on short-term securities. For example, the five-year Treasury-note yield is trading below the six-month Treasury-bill yield. An inverted curve typically occurs when investors expect rates to fall in the future.

Ladder

A common investment strategy whereby securities are purchased to mature at regular intervals so that cash is always available to meet known obligations, or be reinvested back into the market at prevailing yields.

LIBOR

Acronym for the London Interbank Offered Rate. In England's Eurodollar market, LIBOR is the interest rate banks charge each other on short-term money; roughly equivalent to the Fed Funds rate in the U.S. In the U.S. market, LIBOR serves as a frequently used floating rate index.

Liquidity

The characteristic of an asset that allows it to be converted easily and quickly into cash without a substantial loss of value. Investment pools and money market funds are considered to be “fully liquid” since they can always be converted to cash on demand. Typically, the shorter the maturity, the more liquid the asset. Treasuries are considered

the most liquid of all securities due to a continuously traded and efficient market.

Liquidity Risk

A type of investment risk whereby an investment may not be able to be sold quickly at a fair market price when cash is needed. Long-term Treasury Bonds, for example, are publicly traded and have excellent liquidity. Limited partnerships, on the other hand, are often not publicly traded and typically have poor liquidity.

LGIP

Acronym for Local Government Investment Pool. Very similar to a money market fund. Professionally managed portfolio of short-term securities owned on a pro rata basis by its local government participants.

“Long Bond”

Slang term for the most current issue of the 30-year Treasury bond.

Margin

The amount of additional collateral above 100% pledged to an entity in order to accommodate changes in market prices. A deposit or repo collateralized at 102% has a two-percent margin.

Market Risk

Risk that the price of a security will decrease with an overall decline in the market. This risk cannot be diversified away, but can be minimized by purchasing securities with shorter maturity dates. A decline in the market value of a security may not be considered a problem if that security can be held to maturity.

Market Value

The current value of a security determined by multiplying par value by the current market price. The unrealized gain or loss on a security can be calculated by subtracting the book value from the market value.

Master Repurchase (Repo) Agreement

The standard written agreement covering a repurchase or reverse repurchase agreement that establishes each party's rights in the transaction. A master agreement will specify among other things, the right of the buyer-lender to liquidate the

underlying securities in the event of default by the seller-borrower.

Mortgage-Backed Security

A security backed by pools of home loan mortgages. Investors in mortgage-backed certificates receive monthly payments derived from the income stream of interest and principal on the underlying mortgages in the pool. A standard mortgage-backed security is referred to as a “pass-through”. When a number of pass-through securities are combined and subsequently divided into separate classes of new securities with unique investment characteristics, these are called “collateralized mortgage obligations” or CMOs.

National Association of Securities Dealers (NASD) – See Financial Industry Regulatory Authority (FINRA)

Net Asset Value (NAV)

The value of a mutual fund share as determined at the close of each business day. The NAV is determined by summing the market value of all securities in the portfolio, deducting expenses and dividing this total by the number of shares outstanding.

Offer Price

The price at which investor will buy a security. When seeking to purchase a security, an investor will ask the broker for an offer.

Off-the-Run Securities

Previously issued Treasury securities not generally used for benchmarking or pricing purposes. They tend to be somewhat less active and less liquid than the most recent issues, but may offer more attractive yields as a result.

On-the-Run Securities

The most recently issued Treasury security in each maturity range. Often used as benchmarks. A Treasury yield curve will generally include “on-the runs”.

Open Market Operations

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the Federal Open Market Committee (FOMC) in order to influence the

volume of money and credit in the economy. Open market operations are the primary tool that the Fed uses to raise and lower interest rates.

Overnight Repo

A type of repurchase agreement that is negotiated or renegotiated (rolled over) each day at a new interest rate. This investment type is heavily used by pools and money market funds. The daily repo rate tracks very closely with the fed funds target rate. Banks and dealers use repurchase agreements as a primary source of cash to finance their inventory positions.

Par Value

For bonds, the par value is the face amount on which interest is calculated and equals the amount of principal due at maturity.

Premium

1) The difference between a security's price and par (face amount) if the security is selling above its par value. 2) An amount that must be paid above par in order to call or refund an issue. 3) The price paid for an option.

Primary Dealer

A group of government securities dealers who submit daily reports of market activity and inventory positions to the Federal Reserve Bank of New York and are subject to its formal oversight. Primary dealers are required to "make a market" in U.S. Government securities, participate in Treasury auctions, provide the Fed with market information and analysis, and work with the Fed to implement monetary policy. As of October 2009, there were 18 Primary Dealers. A current list is available at – http://www.newyorkfed.org/markets/pridealers_current.html

Put

An option that gives the buyer of a security the right to sell that security back to the issuer (or put holder) at a specified time at a specified price.

Quantitative Easing

A method of increasing the money supply through open market operations of the Fed. Money is essentially created when the Central Bank purchases securities and

credits the accounts of the sellers. With interest rates near zero, this is an alternative used by the Fed to free up credit for the financial markets.

Rally

A sharp rise in the general price level of the market, or a particular market or security; a rally implies higher prices for securities, and thus lower yields on fixed income securities. Example: "Stocks *rallied* today on better than expected earnings reports." Or "bonds *rallied* today after the Fed unexpectedly cut the target fed funds rate."

Rate of Return

A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Regular or "Reg" Settlement

Regular or "Reg" settlement is when cash and securities are exchanged on the day after trade date for Treasuries, agencies and commercial paper. Also see *Cash Settlement*.

Reinvestment Risk

The risk that funds will have to be reinvested in a security with a lower interest rate if the original security is called away.

"Repo" or Repurchase Agreement

A type of agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned for principal along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Reset Date

The date on which a floating security's coupon rate is reset based on an established index and schedule

"Reverse Repo" or Reverse Repurchase Agreement

The opposite side of a repo transaction. In a “reverse”, the investor accepts cash from the dealer in exchange for securities, agreeing to return the principal with interest in exchange for the security at a later date.

Safe Harbor

The shifting of financial assets to less volatile areas to reduce risk. Example: When the stock markets crashes, fearful investors sell stocks and invest sale proceeds in the “safe harbor” offered by the U.S. Treasury market. This action is also referred to as a “flight to quality”.

Secondary Market

A market existing for the purchase and sale of securities that were originally sold to investors days or even years earlier.

Securities Industry and Financial Markets Association (SIFMA)

SIFMA is a security industry trade group that represents banks, securities dealers, asset management companies in the U.S. and around the world. It was created by the merger of the Bond Market Association (BMA) and the Securities Industry Association. Its stated mission is to promote effective and efficient regulation, facilitate more open, competitive, and efficient global capital markets, champion investor education, retirement preparedness, and savings, as well as ensure the public’s trust in the securities industry and financial markets.

“Selling Off” (sometimes known as “trading off”)

A condition in which stock or bond prices move gradually lower following a rally.

Settlement Date

The purchase (or sale) date of a security on which the money actually changes hand (see also Trade Date)

Short

The practice of selling a security without owning it, in anticipation of subsequently purchasing it back at a lower price and making a profit. Not permitted by governmental entities.

Skip Day Settlement

Skip Day or “Skip” settlement is when cash and securities are exchanged *two days after* trade date for Treasuries, agencies and commercial paper.

Spread

The difference between the current bid price and the current ask price of a given security, or between yields on similar securities; the additional yield over and above yields on Treasury securities, expressed in basis points, that can be earned by investing in non-Treasury securities.

When buying an agency, the offer will typically be presented in term of “spread to the comparable Treasury issue”. For example, a two-year agency bullet may be offered at “plus 25 to the Treasury”. What this means is that if the two-year Treasury note were yielding 1.00%, the agency would be offered 25 basis points higher to yield 1.25%.

Step-Up

A type of agency callable bond with a coupon rate that climbs higher as the security moves toward its maturity date. This security type offers some protection against rapid increases in interest rates, but may be called away before the coupon has a chance to “step” higher.

Strip

A security in which all the interest coupons have been removed, leaving only the principal. The new “strip” is a deeply discounted security which pays no interest, but returns all principal at maturity. The process of creating a principal strip also creates a corresponding interest strip. Although any fixed rate bond can be stripped, a Treasury strip is most common.

Swap

Trading one security for another with the objective of increasing overall return while maintaining similar risk and maturity characteristics in the new security. A typical swap may involve the sale of Treasury securities, which become expensive as they near maturity, and the purchase of higher yielding discount notes or commercial paper.

Temporary Liquidity Guaranty Program (TLGP)

This program allows banks and certain other financial institutions to issue senior unsecured debt that carries an FDIC guarantee. Participating companies pay the FDIC a fee in exchange for the insurance. The FDIC's guarantee is backed by the full faith and credit of the United States.

Term Asset-Backed Loan Facility (TALF)

The Term Asset-Backed Securities Loan Facility (TALF) was announced in November, 2008, but working through the complicated operational details delayed the program until March 2009. The objective of the \$1 trillion dollar program (originally \$200 billion) is to free up funds for additional auto, student and small-business loans. The TALF hopes to accomplish this by encouraging big investors (\$10 million minimum) to buy up newly issued AAA-rated pools of auto, student and business loans. Buyers pledge those securities as collateral in exchange for low-cost government funded loans of up to three years. The Wall Street Journal reported that prior to the beginning of the credit crisis, about 40% of consumer lending had been generated through the securitization process. At its peak, Wall Street issued \$1 trillion a year in securities backed by consumer credit loans and trillions more backed by mortgages. In the final three months of 2008, only \$8 billion in consumer loan-backed securities were issued. The Fed hopes the TALF program will reignite the securitization process and by extension the consumer lending market.

Trade Date

The date on which the agreement to buy or sell a security is made (see also Settlement Date).

Treasury Bill

A highly liquid, short-term, US Government debt security issued at a discount from par value auctioned weekly by the U.S. Treasury with maturities ranging 30 days to 12 months. A Treasury bill is generally considered to be a risk-free investment.

Treasury Bond

A marketable, long-term, fixed coupon U.S. Government debt security with a maturity of more than 10 years.

Treasury Note

A marketable, medium-term, US Government debt security issued with a fixed coupon with an original maturity of two to 10 years.

Troubled Asset Relief Program (TARP)

After considerable debate, during what many considered to be an extremely dire liquidity crisis in the global financial markets, the TARP program became law on October 3, 2008. The original plan was for the U.S. Treasury to purchase or insure up to \$700 billion of illiquid or "troubled" assets from banks and other financial institutions that were difficult to price because the secondary market had frozen up. A large number of these illiquid assets were mortgage-backed securities created by pooling together residential mortgage loans. When home foreclosures began to rise rapidly in 2008, the value of the mortgage-backed securities containing the troubled loans plummeted. Because there were virtually no ready buyers, it was nearly impossible to establish a fair trading market. The TARP was originally intended to purchase these illiquid assets, but the reality was that financial institutions were not willing to sell securities at severely distressed prices. On October 14, 2008, Treasury Secretary Paulson announced that the Treasury would instead purchase senior preferred stock and warrants in the nine largest American banks as well as in smaller banking institutions with the first \$250 billion. The theory was that this would bolster the bank's capital positions, thereby enabling them to expand their lending activities. In reality, much of the capital injected into these banks was gobbled up by growing losses.

Unrealized Gain or Loss

The amount of profit (or loss) that would be reflected on the sale of a security if that security were sold. The unrealized gain or loss is calculated by taking the difference between book value and market value of the security at a given point in time.

Weighted Average Maturity (WAM)

This common term, usually expressed in number of days, represents a dollar-weighted average of the remaining term to maturity of all assets in a pool or securities portfolio. A longer WAM generally indicates higher market risk. An SEC-registered money market fund has a 90-day WAM limitation, while a constant dollar investment pool is limited to a 60-day WAM.

Yield

The return, expressed as a percentage, that a security will earn as a result of both the coupon rate and any discount earned or premium paid. A yield will exceed the coupon if purchased at a discount (and vice-versa).

Yield Burning

An illegal activity whereby a security provider charges more than the fair market price for a security, lowering the yield, thereby diverting arbitrage away from the IRS.

Yield Curve

The Relationship between yields and maturity dates for a set of similar bonds, usually Treasuries, at a given point in time.

A yield curve is a standard measure of risk and return, and answers the question “how much additional yield will I earn if I extend my maturity and assume additional market risk?”

Yield-to-Call (YTC)

The expected yield to maturity of a bond if it is called on the scheduled exercise date.

Yield-to-Maturity (YTM)

The expected rate of return of a bond if it is held to its maturity date; calculated by taking into account the current market price, stated redemption value, coupon payments and time to maturity and assuming all coupons are reinvested at the same rate; equivalent to the internal rate of return (IRR).

Zero Coupon Bond

A bond that does not make interest payments but instead is sold at a deep discount. On the maturity date of the bond, the full-face amount is due. The difference between the amount paid at purchase and the face amount at maturity represents the income earned by the investor. Common examples of zero coupon bonds include Treasury strips, Treasury bills and agency discount notes.



16-928

TITLE: Consider/Discuss/Act on a Resolution Adopting the Fiscal Year 2016-2017 Financial Policies

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Adopt the Fiscal Year 2016-2017 Financial Policies

ITEM SUMMARY:

- The City of McKinney shall take action to annually adopt the financial policy.
- This policy, which is included in the annual budget, is used by the external auditor to ensure that prudent financial management is being practiced.
- Updates to the Financial Policies accommodate the City's current charter and operating practices including:
 - The basis of budgeting for capital projects to reflect the City's annual adoption of unspent balances on multi-year projects in capital project funds
 - Removal of appropriation ordinance language revised by the last charter election
 - Budget transfers between expenditure accounts within a department to be approved by the newly created Budget Director position
 - Removal of the risk/insurance reserve on General Fund balance language
 - There has not been a reservation of General Fund balance for this purpose since the Risk/Insurance Internal Service Fund was established in FY13

BACKGROUND INFORMATION:

- The City adopts financial policies to provide a stable financial base at all times. The policy establishes that sufficient funds be retained to provide cash flows as needed for the financial operations of the City.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution](#)

[Financial Policies FY17 - Redline](#)

[Financial Policies FY17](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS,
ADOPTING THE FINANCIAL POLICIES**

WHEREAS, the City Council of the City of McKinney, Texas, acknowledges that the financial policies comply with established provisions of the Texas Local Government Code and the City of McKinney City Charter.

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

Section 1. The City Council of the City of McKinney, Texas hereby approves the financial policies.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 20TH DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

CITY OF MCKINNEY - FINANCIAL POLICIES

INTRODUCTION

The City of McKinney, 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 McKinney City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

BASIS OF ACCOUNTING AND BUDGETING

1. The City's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.
 - a) 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.
 - b) 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, franchise and tax revenues recorded in the General Fund, ad valorem tax revenues recorded in the Debt Service Fund and hotel/motel tax revenues in the Special Revenue Hotel/Motel 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.
 - c) 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.
 - d) 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.
 - e) 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 including an appropriation for unspent balances on multi-year projects in the capital project funds. 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 reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

ANNUAL BUDGET (*CHARTER REQUIREMENTS)

- 1*. The fiscal year of the City shall begin on the first day of October each year and shall end with the thirtieth day of September of each year.
- 2*. On or before the fifteenth day of August of each year, the City Manager shall submit to the City Council a budget of the revenues of the City and the expense of conducting the affairs thereof for the ensuing

fiscal year. This estimate shall be compiled from detailed information obtained from the several departments, divisions, and offices of the City. The information from the various departments shall be furnished to the City Manager by the Departments under his control and those not under his control, not later than the first of August. The classification of the estimate shall be as nearly uniform as possible for the main functional divisions of such departments, divisions and offices and shall give the following information:

- An itemized estimate of the expense of conducting each department, division, office and commission.
 - Comparison of such estimates with the corresponding items of expenditure of the last two (2) fiscal years, and with the expenditures of the current fiscal year plus an estimate of expenditures necessary to complete the current fiscal year.
 - Reason for proposed increases or decreases of such items of expenditure compared with the current fiscal year.
 - Items of payroll increases as either additional pay to present employees or pay for more employees.
 - A statement from the Chief Financial Officer of the total probable income of the City from taxes for the period covered by the estimate.
 - An itemization of all anticipated revenue from sources other than the tax levy.
 - The amount required for interest on the City's debt, for sinking fund and for maturing serial bonds.
 - The total amount of outstanding City debts, with a schedule of maturities on bond issues.
 - Such other information as may be required by the City Council.
 - The proposed budget shall contain a suggested tax rate to be levied to support the expenditures proposed.
- 3*. The City Council shall pass the appropriation ordinance in accordance with state law. Provision shall be made for public hearings upon the appropriation ordinance before the City Council. The City Council shall not pass the appropriation ordinance until after its publication, in accordance with State law. Upon passage of the appropriation ordinance by the City Council, it shall, before becoming effective, be published once in accordance with State law.
- 4*. Following final adoption of the appropriation ordinance approving the budget, the City Council shall pass an ordinance levying the taxes for the current year.
- 5*. Upon the written recommendation of the City Manager, the City Council, through its authorizations to the City Manager in the annual appropriations ordinance, may at any time transfer an unencumbered balance of an appropriation made for the use of one department, division or purpose to any other department, division or purpose; provided, however, that no such transfer shall be made of revenue or earnings of the water department, sewer department or any other City-owned utility in excess of ten (10) percent.
- 6*. If at any time the total accruing revenue of the City shall be in excess of the total estimated income thereof as set forth in the annual budget estimate, the City Council may from time to time appropriate such excess to such uses as will not conflict with any uses for which such revenues specifically accrued.
- 7*. No money shall be drawn from the City Depository, nor shall any obligation for the expenditure of money be incurred, except in conformity with the appropriations ordinance and the approved financial policies of the City Council. At the close of each fiscal year, the unencumbered balance of each appropriation shall revert to the fund from which it was appropriated and shall be subject to future appropriations, but appropriations may be made in furtherance of improvements or other objects of work of the City which will not be completed within the current year.
8. During the budget process, the annual TMRS rate will be provided to City Council for evaluation of the status of the TMRS benefit.

REVENUES

1. The City will strive to obtain franchise agreements that incorporate a franchise or rental fee with all public utilities (including municipally owned utilities). The fee structure will be similar to other cities in the area and allowed by the Public Utility Commission.
2. The City will pursue an aggressive policy of collecting all moneys due to the City.
3. The applied tax rate will not exceed the effective tax rate by 3% and in unusual circumstances; the applied rate will not exceed the effective rate by 8%.
4. The City will maintain the percentage of the tax rate allocated to the general fund at a minimum of 65% level. Conversely, the allocation of the tax rate for debt purposes will be no more than 35%.
5. The City will continue an aggressive program to reduce the level of delinquent taxes. The minimum collection rate objective is 98.5%.
6. The City will strive to maintain total delinquent taxes outstanding at an aggregate level not to exceed 10% of the current tax levy.
7. Tax exemptions presently allowed by the City will be monitored. Additional residential or non-profit property exemptions must be approved by the City Council.

EXPENDITURES

1. All expenses of the City shall be made in accordance with the adopted annual budget or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance.
2. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. The following represents the City's budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Budget Director. Transfers between operating departments may occur with the approval of the City Manager. Transfers between funds must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

CAPITAL IMPROVEMENT PROGRAM

1. The City shall establish and maintain a Capital Project Fund to be used to renovate, repair and replace fixed assets of the City, including public buildings, streets, storm sewers, park facilities and water & wastewater improvements. The Capital Project Fund shall be funded with contributions made to the City, nonrecurring revenues of the City and other revenues detailed in the budget submitted to the City Council by the City Manager; as such budget may from time to time be amended.

PURCHASING POLICY

1. The City will ensure that goods and services needed are obtained by using accepted purchasing practices. It will also meet legally mandated federal, state and local statutes, ordinances and codes while providing for a uniform, timely and economical means of purchasing. Any modifications to this policy will be formally approved by the City Council.

DEBTS

1. The City will manage the length of maturity of its long-term debt in order to lower net interest cost and to maintain future flexibility by paying off debt earlier. The target shall be 20 years.

INVESTMENT POLICY

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FINANCIAL REPORTING

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4. The Chief Financial Officer shall submit to the Council a monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City.

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 - b) 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, franchise and tax revenues recorded in the General Fund, ad valorem tax revenues recorded in the Debt Service Fund and hotel/motel tax revenues in the Special Revenue Hotel/Motel 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.
 - c) 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.
 - d) 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.
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McKinney Financial Policies FY2017

Deleted: except the capital projects funds, which adopt project-length budgets

Deleted: FY2016

expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

ANNUAL BUDGET (*CHARTER REQUIREMENTS)

1*. The fiscal year of the City shall begin on the first day of October each year and shall end with the thirtieth day of September of each year.

2*. On or before the fifteenth day of August of each year, the City Manager shall submit to the City Council a budget of the revenues of the City and the expense of conducting the affairs thereof for the ensuing fiscal year. This estimate shall be compiled from detailed information obtained from the several departments, divisions, and offices of the City. The information from the various departments shall be furnished to the City Manager by the Departments under his control and those not under his control, not later than the first of August. The classification of the estimate shall be as nearly uniform as possible for the main functional divisions of such departments, divisions and offices and shall give the following information:

- An itemized estimate of the expense of conducting each department, division, office and commission.
- Comparison of such estimates with the corresponding items of expenditure of the last two (2) fiscal years, and with the expenditures of the current fiscal year plus an estimate of expenditures necessary to complete the current fiscal year.
- Reason for proposed increases or decreases of such items of expenditure compared with the current fiscal year.
- Items of payroll increases as either additional pay to present employees or pay for more employees.
- A statement from the Chief Financial Officer of the total probable income of the City from taxes for the period covered by the estimate.
- An itemization of all anticipated revenue from sources other than the tax levy.
- The amount required for interest on the City's debt, for sinking fund and for maturing serial bonds.
- The total amount of outstanding City debts, with a schedule of maturities on bond issues.
- Such other information as may be required by the City Council.
- The proposed budget shall contain a suggested tax rate to be levied to support the expenditures proposed.

3*. The City Council shall pass the appropriation ordinance in accordance with state law. Provision shall be made for public hearings upon the appropriation ordinance before the City Council. The City Council shall not pass the appropriation ordinance until after its publication, in accordance with State law. Upon passage of the appropriation ordinance by the City Council, it shall, before becoming effective, be published once in accordance with State law.

4*. Following final adoption of the appropriation ordinance approving the budget, the City Council shall pass an ordinance levying the taxes for the current year.

5*. Upon the written recommendation of the City Manager, the City Council, through its authorizations to the City Manager in the annual appropriations ordinance, may at any time transfer an unencumbered balance of an appropriation made for the use of one department, division or purpose to any other department, division or purpose; provided, however, that no such transfer shall be made of revenue or earnings of the water department, sewer department or any other City-owned utility in excess of ten (10) percent.

Deleted: The City Manager shall also have the City Attorney prepare an appropriation ordinance and transmit it to the City Council with the budget.

- 6*. If at any time the total accruing revenue of the City shall be in excess of the total estimated income thereof as set forth in the annual budget estimate, the City Council may from time to time appropriate such excess to such uses as will not conflict with any uses for which such revenues specifically accrued.
- 7*. No money shall be drawn from the City Depository, nor shall any obligation for the expenditure of money be incurred, except in conformity with the appropriations ordinance and the approved financial policies of the City Council. At the close of each fiscal year, the unencumbered balance of each appropriation shall revert to the fund from which it was appropriated and shall be subject to future appropriations, but appropriations may be made in furtherance of improvements or other objects of work of the City which will not be completed within the current year.
8. During the budget process, the annual TMRS rate will be provided to City Council for evaluation of the status of the TMRS benefit.

REVENUES

1. The City will strive to obtain franchise agreements that incorporate a franchise or rental fee with all public utilities (including municipally owned utilities). The fee structure will be similar to other cities in the area and allowed by the Public Utility Commission.
2. The City will pursue an aggressive policy of collecting all moneys due to the City.
3. The applied tax rate will not exceed the effective tax rate by 3% and in unusual circumstances; the applied rate will not exceed the effective rate by 8%.
4. The City will maintain the percentage of the tax rate allocated to the general fund at a minimum of 65% level. Conversely, the allocation of the tax rate for debt purposes will be no more than 35%.
5. The City will continue an aggressive program to reduce the level of delinquent taxes. The minimum collection rate objective is 98.5%.
6. The City will strive to maintain total delinquent taxes outstanding at an aggregate level not to exceed 10% of the current tax levy.
7. Tax exemptions presently allowed by the City will be monitored. Additional residential or non-profit property exemptions must be approved by the City Council.

EXPENDITURES

1. All expenses of the City shall be made in accordance with the adopted annual budget or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance.
2. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. The following represents the City's budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Budget Director. Transfers between operating departments may occur with the approval of the City Manager. Transfers between funds must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Deleted: Chief Financial Officer

CAPITAL IMPROVEMENT PROGRAM

1. The City shall establish and maintain a Capital Project Fund to be used to renovate, repair and replace fixed assets of the City, including public buildings, streets, storm sewers, park facilities and water & wastewater

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McKinney Financial Policies FY2017

improvements. The Capital Project Fund shall be funded with contributions made to the City, nonrecurring revenues of the City and other revenues detailed in the budget submitted to the City Council by the City Manager; as such budget may from time to time be amended.

PURCHASING POLICY

1. The City will ensure that goods and services needed are obtained by using accepted purchasing practices. It will also meet legally mandated federal, state and local statutes, ordinances and codes while providing for a uniform, timely and economical means of purchasing. Any modifications to this policy will be formally approved by the City Council.

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Deleted: as amended by House Bill 2226

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Deleted: <#>The City will maintain a reserve for insurance/risk management in the General Fund at least equal to the amount as determined by actuarial study. ¶

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4. The Chief Financial Officer shall submit to the Council a monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City.



16-929

TITLE: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Supplemental Agreement with the Texas Department of Transportation (TxDOT) for the Installation and Reimbursement for the Operation and Maintenance of Traffic Signals within a Municipality

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Development Services/Engineering

CONTACT: Gary Graham, P.E., P.T.O.E., Transportation and CIP Engineering Manager
Robyn Root, P.E., P.T.O.E., Traffic Engineer

RECOMMENDED CITY COUNCIL ACTION:

- Approval of the Resolution.

ITEM SUMMARY:

- This Resolution authorizes the City Manager to execute a Supplemental Agreement with the Texas Department of Transportation (TxDOT) for installation and reimbursement for the operation and maintenance of all traffic signals located at diamond interchanges within McKinney.

BACKGROUND INFORMATION:

- On June 1, 2001 the City of McKinney entered into the original agreement with TxDOT for the Installation and Reimbursement for the Operation and Maintenance of the Traffic Signals within a Municipality.
- The City of McKinney had exceeded the population threshold of 50,000 residents which is the time TxDOT turns over the operation and maintenance responsibility of the traffic signals to the municipality with TxDOT reimbursing the municipality for that operation and maintenance.
- This is the third supplement agreement to the original agreement.
- The following are the changes related to the traffic signals being made with this

supplemental agreement.

- US 75 at Spur 359 (Virginia Parkway) will be changed to US 75 at Virginia Parkway.
- US 75 at Parkview Avenue/Valley Creek Trail will be removed.
- US 75 at Eldorado Parkway will be added.
- Spur 399 at Medical Center Drive will be added.
- SH 121 at Exchange Parkway/Craig Ranch Parkway will be added.
- The maximum amount payable under this supplemental agreement will be increased from \$22,601.16 to \$27,623.64 per year.
- Reimbursement for the operation and maintenance of the traffic signals will occur on a quarterly basis.

FINANCIAL SUMMARY:

- The funding to operate and maintain the traffic signals within this Agreement will be funded by the Engineering Traffic Control Budget.
- The maximum amount that can be reimbursed by TxDOT for the operation and maintenance of the traffic signals per year is \$27,623.64.
- The reimbursement will be made back to the general fund.

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Resolution](#)

RESOLUTION NO. 2016-09-____ (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A SUPPLEMENTAL AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT) FOR THE INSTALLATION AND REIMBURSEMENT FOR THE OPERATION AND MAINTENANCE OF TRAFFIC SIGNALS WITHIN A MUNICIPALITY

WHEREAS, new traffic signals have been added to the intersections of US 75 at Eldorado Parkway, SH 121 at Exchange Parkway/Craig Ranch Parkway, and Spur 399 at Medical Center Drive; and

WHEREAS, the traffic signal at the intersection of US 75 at Parkview Avenue/Valley Creek Trail has been removed; and

WHEREAS, the traffic signal at the intersection of US 75 at Spur 359 (Virginia Parkway) has been changed to US 75 at Virginia Parkway; and

WHEREAS, the City of McKinney and the Texas Department of Transportation agree to amend the original agreement for the Installation and Reimbursement for the Operation and Maintenance of the Traffic Signals within a Municipality to include the changes.

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

Section 1. The City Council of the City of McKinney, Texas, hereby authorizes the City Manager to execute a Supplemental Agreement with the Texas Department of Transportation (TxDOT) for the installation and reimbursement for the operation and maintenance of the traffic signals at the diamond interchanges within McKinney for an amount not to exceed \$27,623.64 per year.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary

DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



16-930

TITLE: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract and All Necessary Change Orders with North Texas Contracting, Inc. for the Construction of WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Development Services / Engineering

CONTACT: Paul Tucker, PE, Senior Utility Engineer
Gary Graham, PE, PTOE, CIP and Traffic Manager
Mark Hines, PE, Director of Engineering

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Resolution.

ITEM SUMMARY:

- This Resolution authorizes the City Manager to execute a contract and all necessary change orders with North Texas Contracting, Inc. for the construction of the WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project for a total contract amount not to exceed \$940,000.

BACKGROUND INFORMATION:

- This project will result in 1,900 linear feet of 8-inch sanitary sewer trunk line and 1,700 linear feet of 12-inch sanitary sewer trunk line that will provide service to the sewer basin that includes service for the Future Fire Training Facility located on City property that is adjacent to Redbud Boulevard near Bloomdale Road.
 - Kimley-Horn and Associates, Inc., prepared the construction plans for this project.
 - Five (5) bids were received for this project on September 1, 2016. Following is a summary of the bids:
-

Bid No.	Bidder	Total Bid Amount
1	North Texas Contracting, Inc.	\$ 849,303.00
2	Dickerson Construction, Inc.	\$ 926,057.00
3	Canary Construction, Inc.	\$ 1,015,134.00
4	Camino Construction	\$ 1,077,549.00
5	Rey-Mar Construction	\$ 1,141,266.00

- North Texas Contracting, Inc. submitted the low bid in the amount of \$849,303.
- North Texas Contracting, Inc. submitted references and qualifications that were verified in accordance with the bid specifications.
- The contract documents require that this project be completed within 210 calendar days after issuance of the Notice to Proceed, which is expected in October, 2016. Construction is expected to be complete in April, 2017.

FINANCIAL SUMMARY:

- This Resolution authorizes a contract and all necessary change orders with North Texas Contracting, Inc. for an amount not to exceed \$940,000.
- Funding for this contract is included in the Capital Improvements Program WW4366 (\$940,000).
- With approval of this item, \$272,000 will remain in WW4366.

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution](#)

[Location Map](#)

[Award Recommendation Letter](#)

RESOLUTION NO. 2016-09-___ (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT IN THE AMOUNT OF \$849,303 WITH NORTH TEXAS CONTRACTING, INC. FOR THE CONSTRUCTION OF WW4366 BLOOMDALE ROAD SANITARY SEWER TRUNK LINE PROJECT AND AUTHORIZING ALL NECESSARY CHANGE ORDERS UNDER SAID CONTRACT UP TO AN AGGREGATE CONTRACT AMOUNT, INCLUSIVE OF ANY CHANGE ORDERS, NOT TO EXCEED \$940,000

WHEREAS, the City Council of the City of McKinney, Texas, desires to construct WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project; and

WHEREAS, the City has prepared a contract with North Texas Contracting, Inc. to construct WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project.

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

Section 1. The City Manager is hereby authorized to execute a contract in the amount of \$849,303 with North Texas Contracting, Inc. for the construction of WW4366 Bloomdale Road Sanitary Sewer Trunk Line Project and authorizing all necessary change orders under said contract up to an aggregate contract amount, inclusive of any change orders, not to exceed \$940,000.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

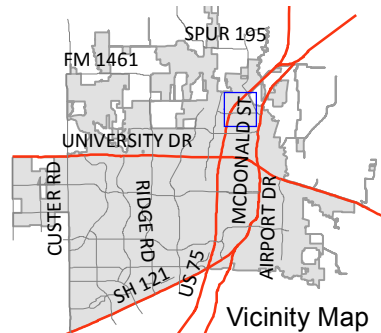


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City of McKinney

Bloomdale Road Sanitary Sewer Project





September 8, 2016

Mr. Paul Tucker, P.E.
City of McKinney
221 North Tennessee Street
McKinney, Texas 75069

RE: ***Bloomdale Road Sanitary Sewer Trunk Line***
KHA No. 063354020
Project No. WW4366
Bid No. 16-04CC

Dear Mr. Tucker:

On September 1, 2016 the City of McKinney received bids for the Bloomdale Road Sanitary Sewer Trunk Line project. The following bids were received:

Bidder	Base Bid
North Texas Contracting, Inc.	\$849,303.00
Dickerson Const. Co. Inc.	\$926,057.00
Canary Construction Inc.	\$1,015,134.00
Camino Construction LP	\$1,077,549.00
Rey-Mar Construction	\$1,141,266.00

North Texas Contracting, Inc. is the lowest responsive bidder. Kimley-Horn and Associates, Inc. has reviewed the lowest bidder's qualifications and verified that the Contractor's bonding company are licensed in the State of Texas.

Enclosed is a copy of the bid tabulation for your reference. Thank you for the opportunity to be of service to the City of McKinney.

Should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

KIMLEY-HORN AND ASSOCIATES, INC.

Todd Strouse, P.E.



16-931

TITLE: Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Contract with Metroplex Aquatics of Parker, Texas, for Aquatic Program Rentals/Providers at McKinney Apex Centre

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Parks and Recreation

CONTACT: Rhoda Savage, Parks and Recreation Director
Abri Sterlacci, Contract Administrator

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Resolution

ITEM SUMMARY:

- This Resolution authorizes award of a contract to Metroplex Aquatics of Parker, Texas, for Aquatic Program Rentals/Providers.

BACKGROUND INFORMATION:

- The City issued Request for Proposals 16-25RFP for Aquatic Program Rentals/Providers on June 26, 2016.
- This RFP was issued in response to a need for Aquatic (swim team) Programming at the McKinney Apex Centre throughout the calendar year.
- Five (5) responses were received on July 14, 2016 with only four meeting the required criteria for scoring.
- An evaluation team comprised of four (4) City employees reviewed and ranked the responses based on the following criteria:
 - Provider's Organization Information
 - Provider's Organizational Structure and Program/Team Overview
 - Program Fees
 - References
- The evaluation team recommends Metroplex Aquatics of Parker, Texas, as the

best value for Aquatic Program Rentals/Providers.

- Metroplex Aquatics is a non-profit swim club offering a USA year-round competitive swim program.
- They offer coaching and technique instructions for all ages and abilities.
- Metroplex Aquatics offered the maximum amount of lane rentals and is a regionally recognized swim club.
- Lane use will be paid for on an hourly basis thus resulting in the maximum amount of revenue to the center.
- Contract will commence on date of award and continue for a one (1) year period with four (4) one (1) year renewal options.
- Lanes that are not rented as part of the Metroplex Aquatics contract will be available to others on a rental basis.
- Members will have lanes available for recreational swim during virtually all hours of pool operations.

FINANCIAL SUMMARY:

- No City funds will be expended for this contract.

BOARD OR COMMISSION RECOMMENDATION:

- NA

SUPPORTING MATERIALS:

[Resolution](#)

[Evaluation Scoring Summary](#)

RESOLUTION NO. 2016-09-___ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, AWARDED A CONTRACT TO METROPLEX AQUATICS OF
PARKER, TEXAS, FOR AQUATIC PROGRAM RENTALS/PROVIDERS
AT MCKINNEY APEX CENTRE**

WHEREAS, the City of McKinney, Texas, has determined the need for Aquatic Program Rentals/Providers; and,

WHEREAS, a Request for Proposals was issued and Metroplex Aquatics of Parker, Texas, was selected as the best evaluated proposal for Aquatic Program Rentals/Providers.

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

Section 1. The City Manager is authorized to execute the contracts between the City of McKinney and Metroplex Aquatics for Aquatic Program Rentals/Providers.

Section 2. This Resolution shall take effect immediately from and after the date of passage and will continue for a one (1) year period with four (4) one (1) year renewal options and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

Scoring Summary

Active Submissions

	Total	Section 1- Provider's Organization Information	Section 2- Provider's Organizational Structure and Program/Team Overview	Section 3- Program Fees	Section 4- References
Supplier	/ 100 pts	/ 5 pts	/ 45 pts	/ 30 pts	/ 20 pts
Metroplex Aquatics	84.75 pts	4.5 pts	38.25 pts	24 pts	18 pts
Texas Ford Aquatics	73.25 pts	4.5 pts	29.25 pts	22.5 pts	17 pts
Lakeside Aquatics Club	73 pts	4.25 pts	29.25 pts	22.5 pts	17 pts
McKinney ISD Athletics	47.75 pts	4.25 pts	18 pts	10.5 pts	15 pts



16-932

TITLE: Consider/Discuss/Act on a Resolution Awarding a Contract to Texoma Concrete Cutting, LLC of Van Alstyne, Texas, for Crack Seal Services

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: McKinney National Airport

CONTACT: Eric Pratt, Airport Operations Manager
Abri Sterlacci, Contract Administrator

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Resolution

ITEM SUMMARY:

- This Resolution authorizes award of a fixed price contract with Texoma Concrete Cutting, LLC of Van Alstyne, Texas, for Crack Seal Services.

BACKGROUND INFORMATION:

- The City issued an Invitation to Bid (16-49FP) for Crack Seal Services on July 24, 2016.
- Out of 624 supplier notifications, one (1) bid was received from Texoma Concrete Cutting, LLC of Van Alstyne, Texas, on August 18, 2016.
- The proposal was reviewed by the Airport Operations Manager to ensure all requirements meet the needs and standards listed in the Invitation to Bid.
- Contract will commence on date of award and continue for a two (2) year period with three (3) one (1) year renewal options.

FINANCIAL SUMMARY:

- Funding for this service is budgeted for FY17 in 005-4120-503-8597.

BOARD OR COMMISSION RECOMMENDATION:

- NA

SUPPORTING MATERIALS:

[Resolution](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, AUTHORIZING THE AWARD OF A CONTRACT TO TEXOMA
CONCRETE CUTTING, LLC OF VAN ALSTYNE, TEXAS, FOR CRACK
SEAL SERVICES**

WHEREAS, the City of McKinney, Texas, has determined the need for crack seal services; and,

WHEREAS, the City has received a best value bid from Texoma Concrete Cutting, LLC of Van Alstyne, Texas, to provide crack seal services on an as-needed basis.

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

Section 1. The City Council of the City of McKinney, Texas, hereby accepts the bid from Texoma Concrete Cutting, LLC of Van Alstyne, Texas, for crack seal services to be used on an as-needed basis. This best value bid, when duly accepted by the City Council of the City of McKinney, shall constitute a contract equally binding between the successful bidder and the City of McKinney.

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



16-933

TITLE: Consider/Discuss/Act on a Resolution Amending the Policy on Board and Commission Member Appointment and Eligibility

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Mayor

CONTACT: Honorable Mayor Brian Loughmiller

REMMENDED CITY COUNCIL ACTION: Approve Resolution

ITEM SUMMARY:

- On December 1, 2015, the City Council amended the Policy to clarify the Council's annual board member performance review in conjunction with its annual appointment process and to add a provision related to consideration of membership if a member uses his/her position inappropriately in another public forum contrary to Section IV (e) of the policy.
- The current policy states:
 - *Term Limits. Effective for new members appointed in 2013 and in subsequent years, the limit for consecutive service on a board or commission is three (3) consecutive, full two-year terms. Members reappointed in 2013 or appointed prior to 2013, shall be limited to two (2) consecutive, full terms, regardless of term length.*
- Staff is recommending that the term limitations be amended to no more six consecutive years of service, rather than three (3) consecutive, full terms.

BACKGROUND INFORMATION:

- The City Council adopted and amended the policy on Board and Commission Member Appointment and Eligibility on July 21, 2009, August 17, 2009, May 24, 2010, June 15, 2010, October 4, 2011, June 4, 2013, September 17, 2013, September 14, 2014, June 8, 2015, July 21, 2015, August 3, 2015, and December 1, 2015.

SPECIAL CONSIDERATIONS: None

FINANCIAL SUMMARY: None

BOARD OR COMMISSION RECOMMENDATION: None

SUPPORTING MATERIALS:

[Resolution](#)

[Board and Commission Policy - Redline](#)

RESOLUTION NO. 2016-09-____ (R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING ITS POLICY ON BOARD AND COMMISSION MEMBER APPOINTMENT AND ELIGIBILITY; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council of the City of McKinney, Texas, appoints citizens to the various boards and commissions each year; and

WHEREAS, on August 15, 2015, the City Council amended the Policy to clarify the Council's performance review of members in conjunction with its annual appointment process and to add a provision related to consideration of membership if a member uses his/her position inappropriately in another public forum contrary to Section IV (e) of the policy; and

WHEREAS, the City Council of the City of McKinney, Texas, desires to make additional amendments to the Policy relative to the term limits for board and commission members and further finds and determines that it is in the best interest of the City to amend its policy relative thereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AS FOLLOWS:

Section 1. That the foregoing recitals are hereby found to be true and correct legislative findings of the City of McKinney, Texas, and are fully incorporated into the body of this resolution.

Section 2. The City Council of the City of McKinney, Texas does hereby amend the City of McKinney Policy on Board and Commission Member Appointment and Eligibility, a copy of which amended Policy is attached hereto as Exhibit A.

Section 3. This Resolution shall become effective from and after its passage.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THIS 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

Approved as to Form:

MARK S. HOUSER
City Attorney

EXHIBIT A

CITY OF MCKINNEY POLICY ON BOARD AND COMMISSION MEMBER APPOINTMENT AND ELIGIBILITY (Amended September 20, 2016)

I. Overview.

The City Council is very interested in citizens serving as members of City of McKinney boards or commissions. Citizens can provide an invaluable service to the City of McKinney through board membership and participation. Board and commission members volunteer many hours annually, sharing their time and expertise, and learning more about the City through their membership. Boards and commissions are established to offer citizens an extraordinary opportunity to participate in the City's governmental affairs and influence public policy in many areas. The City has several boards, commissions and committees that endeavor to reflect the varied interests of our City's citizenry.

Some of the City's boards and commissions are required and established by state statute, while others result from provisions of the City of McKinney Home-Rule Charter or from local ordinances. Where discrepancies exist between individual board and commission bylaws and this policy, this policy shall apply, subject however to any superseding state law. A number of the bodies exercise legal authority in some aspect of City government. Although many boards and commissions are advisory only, their influence and value can be significant. They make recommendations on a wide range of topics that eventually come before the City Council.

II. Appointment Process.

City Council members shall actively recruit candidates for service on City boards and commissions. Recognizing the City has four City Council districts, the City Council will strive to have adequate representation from all geographic areas of the city in the overall appointment process. The City Council shall endeavor to appoint Board and Commission membership reflective of the City of McKinney's diversity of residents.

On or before June 30th of each year, the Mayor shall designate interview committees comprised of two (2) City Council members that will thereafter interview candidates for designated Boards or Commissions. The City Council shall set interview dates and times upon such designation. All Board and Commission interviews shall be held in an open public meeting with a posted agenda. Meeting agendas shall contain information stating that there may be a potential quorum of the City Council in attendance at each particular interview session, and any City Council member may attend; however such City Council members shall not participate as an interview committee member.

Council member interview committees are encouraged to confer upon and prepare a list of recommended nominees from the applicants/interviewees of their committees' respective Boards or Commissions. When there are sufficient numbers of qualified applicants, it is recommended that each interview committee propose to the entire City Council a nomination list of twice the number of openings on each particular board. After the interview process is complete for any or all Boards or Commissions, the entire City Council will consider the recommendations and nomination lists of the interview committees, as well as any other council member nominations for Eligible Applicants, during a posted public meeting in open session; however, the City Council may consider and confer upon any recommendation in a closed session under the Texas Open Meetings Act. The City Council shall make appointments through an "open preference procedure" wherein each City Council member's preferences are openly registered prior to the presiding officer's acceptance of any motion for approval of an appointee(s) for an unfilled position(s). Council discussion regarding applicants during the preferencing process is limited to information contained on the applicant's application or resume. Orientation sessions for new board or commission members shall be held annually for new appointees.

The Mayor shall establish liaison assignments consisting of two (2) City Council members for each the following Boards or Commissions: MEDC, MCDC, MCVB, Main Street, McKinney Housing Authority, and Planning and Zoning. City Council liaison assignments shall be of varying length, as the Mayor shall determine, rotating in accordance with a matrix or other method determined by the Mayor.

The role of the liaisons is to attend meetings and report to the City Council any information related to action taken by the Board or Commission at said meeting. In the event the Board or Commission requests input from the City Council, the liaisons shall advise the Board or Commission that the City Council will be briefed on the issue and the position of the City Council will thereafter be relayed to the Board or Commission, by the liaisons or the entire City Council, as the case dictates. The liaisons shall use best efforts to not initiate communications during a Board or Commission meeting regarding a) his or her personal opinions regarding any issue before the Board or Commission; b) suggested actions to be taken by the Board or Commission; or c) opinions pertaining to actions previously or subsequently taken by the Board or Commission. The liaisons shall be responsible for communicating to the Board or Commission the position of the City Council only upon the City Council providing information or direction to the liaisons after the City Council has been fully-apprised of the issue. The liaisons shall also communicate to the Board or Commission any requests for information from the City Council and shall report back to the City Council the response to said requests based on the position of the entire Board or Commission and not of any single Board or Commission member.

Each Board or Commission having liaisons shall report in its respective minutes submitted for approval by the City Council any and all comments made by both Board or Commission members and City Council liaisons during any Board or Commission meeting.

All Board or Commission meetings shall be posted with a notice that a potential quorum of the Council may be attendance pursuant to Texas Open Meetings Act.

The provisions herein for communications between the Board or Commission members and the liaisons shall apply to all Council members attending a Board or Commission meeting.

III. Eligibility and Membership Criteria.

- (a) Written Application/Eligible Applicant. A signed, current application is required for appointment for service on any board or commission. The City Council shall consider any person an “Eligible Applicant” who has satisfied the foregoing and the residency requirements of (b) below prior to being sworn-in to an appointive position on a board or commission. Applications are valid for one (1) year from receipt by the City Secretary’s office. An Eligible Applicant may be appointed to any board or commission regardless of the applicant’s stated preference; however, the City Council endeavors to duly consider the preferences of all applicants.
- (b) Residency. Unless the authorizing ordinance or law creating a Board or Commission specifically allows otherwise, all applicants and appointees must continuously reside within and be qualified voters of the City of McKinney, Texas. All applicants shall be responsible for establishing proof of residency to the City Secretary under this subsection, and the City Secretary shall make all determinations of residency hereunder. All applicants shall provide their voter registration number on the application, and all applicants and appointees shall be registered to vote in the City. The City Secretary may request a current voter registration card as circumstances warrant. The residence address contained on an applicant’s or appointee’s voter registration or on a current voter registration card provided by an applicant to the City Secretary shall be determinative of residency. If a question of residency is presented to the City Secretary in writing, the affected board or commission member shall submit to the City Secretary any utility account statement in the name of the board or commission member for a residence address within the corporate limits along with a sworn statement (notary not required) that such residence address is the applicant’s residence. The receipt of the foregoing by the City Secretary shall be conclusive proof of residency under this subsection. Board and commission members shall notify the City Secretary of any change in residency status at least two (2) weeks prior to such change. For board and commission positions which may be filled by non-residents, such applicants shall be qualified voters, registered to vote in the precinct in which they reside.

- (c) Term. All terms shall be two (2) years unless otherwise modified by the City Council, provided by State law, or ordinance. Notwithstanding the foregoing and subject to the provisions for immediate removal in (l) below, the City Council shall annually review the performance of all board and commission members during the Appointment Process. Subject to the provisions for immediate removal in (l) below, appropriate appointments and removals shall be considered in conjunction with such annual review.
- (d) Appointments. Appointments shall be made once a year, and are effective on October 1 unless the appointment is made for filling a vacancy in which case the appointment shall be for the remainder of the term filled.
- (e) Attendance. Subject to the provisions for immediate removal in (l) below, attendance shall be reviewed annually during the board appointment process. A board or commission member shall attend seventy-five percent (75%) of the board meetings to be considered for continuation of any current term and for reappointment to any subsequent term. Subject to the provisions for immediate removal in (l) below, failure to attend 75% of the meetings shall result in the board member not being reappointed by the City Council unless the City Council finds good cause for such reappointment based on special circumstances presented by the board member.
- (f) Alternate Member for Planning and Zoning Commission. The City Council shall appoint one (1) alternate member (the "Alternate") for the Planning and Zoning Commission. The Alternate shall serve in the place of a seated member only in the physical absence (i.e. not due to conflict or abstention) of a seated member. The Alternate is encouraged to attend all meetings; however, the Alternate shall not participate as a member in the deliberations (open session) or discussions (closed session) of the Planning and Zoning Commission unless he or she is sitting for an absent, seated member. The Alternate may participate during those portions of meetings when the public at large may participate. The Alternate shall serve for the same term length as seated members. Service of Alternate shall not count against any term limits under (g) below. Any Alternate appointed to any board or commission prior to August 3, 2015 shall continue to serve until September 30, 2016.
- (g) Term Limits. Effective for new members appointed in 2013 and in subsequent years, the limit for consecutive service on a board or commission is six (6) -years. Members reappointed in 2013 or appointed prior to 2013, shall be limited to four years, regardless of term length.
- (h) Multiple Service. Board and commission members shall not serve concurrently on more than one board or commission.

- (j) Spousal Service and Nomination/Voting Procedures. Spouses may serve concurrently on separate boards or commissions; however no concurrent spousal service shall be permitted on any combination of the following boards and commissions: McKinney Economic Development Corporation, McKinney Community Development Corporation, Main Street Board, McKinney Housing Finance Corporation, and McKinney Convention and Visitors Bureau. Spouses may serve concurrently on any separate board or commission not listed herein. City Council members shall not knowingly participate in voting for or appointing any relative within the second degree of consanguinity or affinity to any board or commission¹. In the event a relative of a City Council member is recommended for a board or commission position at the time of preferencing, the City Council member who is related shall step down from the vote for such board appointments. City Council members shall not knowingly nominate, appoint or vote to nominate or appoint any person who is a member or employee, whether compensated or non-compensated, of a business entity of which the City Council member is also a member or employee. "Business Entity" shall mean a sole proprietorship, partnership, limited partnership, firm, corporation, limited liability company, holding company, joint-stock company, receivership, trust, unincorporated association, or any other business entity recognized by law. Applicants shall disclose on the application any membership or employee status in a business entity involving the applicant and a City Council member.
- (k) Commitment. Board and commission members shall support the annual goals of the City of McKinney.
- (l) Removal. Notwithstanding any provision of Section III (a)-(m), the City Council may remove any board or commission member at any time, with or without cause, including but not limited to the failure to attend seventy-five percent (75%) of board meetings. Failure to adhere to any of the policies contained this Section III or in Section IV below may subject the member to immediate removal by the City Council.
- (m) Resignation Upon Filing for Elective Office. Any appointed member of any board or commission who files for any City Council, Independent School Board (located within the city limits) or Collin County elective office other than that which he or she is holding at the time of filing for elective office, shall resign from his or her appointive position concurrently with the filing for such elective office. If the board or commission member fails to resign, the appointive position shall be automatically vacated by the member as of the date of filing for elective office.

¹ Second Degree of Consanguinity and Affinity relatives: mother, father, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, sister-in-law, brother-in-law, spouse's grandmother, spouse's grandfather, spouse's granddaughter, spouse's grandson.

IV. Practices

- a) Disclosure of Vendor Relationships. All members of any board or commission shall complete the required annual disclosures under Texas Local Government Code Chapter 176 whenever they contract with or are otherwise doing business with the City under applicable sections of this state law.
- b) Disclosure of interests. A City Council member or a board or commission appointee shall not participate or vote on a matter involving any entity on whose board the City Council member or appointee serves in any capacity or for which he/she is employed.
- c) Appointed board or commission members appearing before any board or commission. Board or commission members may not appear on behalf of a business, client, or other private or public interest before any City board or commission, save and except for an appearance concerning a business or property owned in whole or in part by such member, where approval by said board or commission is required for action by the business, client, private or public interest during their term on such board or commission.
- d) Appointed board or commission members doing business with the City. A board or commission member is prohibited from contracting or otherwise doing business with any board or commission during the member's term on any board or commission.
- e) Appointed board or commission member using board position status in public forum. Except while acting in a meeting on his/her appointed board or commission, a board or commission member shall not use his/her board title or position in communicating opinions or issues in a public forum, either written or oral. The purpose of this provision is to avoid confusion regarding the attribution of the member's statements, whether intended or not, to the member's board or to the City of McKinney. Upon receipt of notice of any member's communication contrary to this subsection, the City Manager shall place an item on the next available City Council agenda for consideration of removal of such member.

V. Official Notification.

- (a) A letter of appointment shall be sent to each member appointed to a board or commission.
- (b) A letter of gratitude shall be sent to each retiring member.

CITY OF MCKINNEY
POLICY ON BOARD AND COMMISSION MEMBER
APPOINTMENT AND ELIGIBILITY

(Amended ~~December 1, 2015~~ September 20, 2016)

I. Overview.

The City Council is very interested in citizens serving as members of City of McKinney boards or commissions. Citizens can provide an invaluable service to the City of McKinney through board membership and participation. Board and commission members volunteer many hours annually, sharing their time and expertise, and learning more about the City through their membership. Boards and commissions are established to offer citizens an extraordinary opportunity to participate in the City's governmental affairs and influence public policy in many areas. The City has several boards, commissions and committees that endeavor to reflect the varied interests of our City's citizenry.

Some of the City's boards and commissions are required and established by state statute, while others result from provisions of the City of McKinney Home-Rule Charter or from local ordinances. Where discrepancies exist between individual board and commission bylaws and this policy, this policy shall apply, subject however to any superseding state law. A number of the bodies exercise legal authority in some aspect of City government. Although many boards and commissions are advisory only, their influence and value can be significant. They make recommendations on a wide range of topics that eventually come before the City Council.

II. Appointment Process.

City Council members shall actively recruit candidates for service on City boards and commissions. Recognizing the City has four City Council districts, the City Council will strive to have adequate representation from all geographic areas of the city in the overall appointment process. The City Council shall endeavor to appoint Board and Commission membership reflective of the City of McKinney's diversity of residents.

On or before June 30th of each year, the Mayor shall designate interview committees comprised of two (2) City Council members that will thereafter interview candidates for designated Boards or Commissions. The City Council shall set interview dates and times upon such designation. All Board and Commission interviews shall be held in an open public meeting with a posted agenda. Meeting agendas shall contain information stating that there may be a potential quorum of the City Council in attendance at each particular interview session, and any City Council member may attend; however such City Council members shall not participate as an interview committee member.

Council member interview committees are encouraged to confer upon and prepare a list of recommended nominees from the applicants/interviewees of their

committees' respective Boards or Commissions. When there are sufficient numbers of qualified applicants, it is recommended that each interview committee propose to the entire City Council a nomination list of twice the number of openings on each particular board. After the interview process is complete for any or all Boards or Commissions, the entire City Council will consider the recommendations and nomination lists of the interview committees, as well as any other council member nominations for Eligible Applicants, during a posted public meeting in open session; however, the City Council may consider and confer upon any recommendation in a closed session under the Texas Open Meetings Act. The City Council shall make appointments through an "open preference procedure" wherein each City Council member's preferences are openly registered prior to the presiding officer's acceptance of any motion for approval of an appointee(s) for an unfilled position(s). Council discussion regarding applicants during the preferencing process is limited to information contained on the applicant's application or resume. Orientation sessions for new board or commission members shall be held annually for new appointees.

The Mayor shall establish liaison assignments consisting of two (2) City Council members for each the following Boards or Commissions: MEDC, MCDC, MCVB, Main Street, McKinney Housing Authority, and Planning and Zoning. City Council liaison assignments shall be of varying length, as the Mayor shall determine, rotating in accordance with a matrix or other method determined by the Mayor.

The role of the liaisons is to attend meetings and report to the City Council any information related to action taken by the Board or Commission at said meeting. In the event the Board or Commission requests input from the City Council, the liaisons shall advise the Board or Commission that the City Council will be briefed on the issue and the position of the City Council will thereafter be relayed to the Board or Commission, by the liaisons or the entire City Council, as the case dictates. The liaisons shall use best efforts to not initiate communications during a Board or Commission meeting regarding a) his or her personal opinions regarding any issue before the Board or Commission; b) suggested actions to be taken by the Board or Commission; or c) opinions pertaining to actions previously or subsequently taken by the Board or Commission. The liaisons shall be responsible for communicating to the Board or Commission the position of the City Council only upon the City Council providing information or direction to the liaisons after the City Council has been fully-apprised of the issue. The liaisons shall also communicate to the Board or Commission any requests for information from the City Council and shall report back to the City Council the response to said requests based on the position of the entire Board or Commission and not of any single Board or Commission member.

Each Board or Commission having liaisons shall report in its respective minutes submitted for approval by the City Council any and all comments made by both Board or Commission members and City Council liaisons during any Board or Commission meeting.

All Board or Commission meetings shall be posted with a notice that a potential quorum of the Council may be attendance pursuant to Texas Open Meetings Act.

The provisions herein for communications between the Board or Commission members and the liaisons shall apply to all Council members attending a Board or Commission meeting.

III. Eligibility and Membership Criteria.

- (a) Written Application/Eligible Applicant. A signed, current application is required for appointment for service on any board or commission. The City Council shall consider any person an "Eligible Applicant" who has satisfied the foregoing and the residency requirements of (b) below prior to being sworn-in to an appointive position on a board or commission. Applications are valid for one (1) year from receipt by the City Secretary's office. An Eligible Applicant may be appointed to any board or commission regardless of the applicant's stated preference; however, the City Council endeavors to duly consider the preferences of all applicants.
- (b) Residency. Unless the authorizing ordinance or law creating a Board or Commission specifically allows otherwise, all applicants and appointees must continuously reside within and be qualified voters of the City of McKinney, Texas. All applicants shall be responsible for establishing proof of residency to the City Secretary under this subsection, and the City Secretary shall make all determinations of residency hereunder. All applicants shall provide their voter registration number on the application, and all applicants and appointees shall be registered to vote in the City. The City Secretary may request a current voter registration card as circumstances warrant. The residence address contained on an applicant's or appointee's voter registration or on a current voter registration card provided by an applicant to the City Secretary shall be determinative of residency. If a question of residency is presented to the City Secretary in writing, the affected board or commission member shall submit to the City Secretary any utility account statement in the name of the board or commission member for a residence address within the corporate limits along with a sworn statement (notary not required) that such residence address is the applicant's residence. The receipt of the foregoing by the City Secretary shall be conclusive proof of residency under this subsection. Board and commission members shall notify the City Secretary of any change in residency status at least two (2) weeks prior to such change. For board and commission positions which may be filled by non-residents, such applicants shall be qualified voters, registered to vote in the precinct in which they reside.

- (c) Term. All terms shall be two (2) years unless otherwise modified by the City Council, provided by State law, or ordinance. Notwithstanding the foregoing and subject to the provisions for immediate removal in (l) below, the City Council shall annually review the performance of all board and commission members during the Appointment Process. Subject to the provisions for immediate removal in (l) below, appropriate appointments and removals shall be considered in conjunction with such annual review.
- (d) Appointments. Appointments shall be made once a year, and are effective on October 1 unless the appointment is made for filling a vacancy in which case the appointment shall be for the remainder of the term filled.
- (e) Attendance. Subject to the provisions for immediate removal in (l) below, attendance shall be reviewed annually during the board appointment process. A board or commission member shall attend seventy-five percent (75%) of the board meetings to be considered for continuation of any current term and for reappointment to any subsequent term. Subject to the provisions for immediate removal in (l) below, failure to attend 75% of the meetings shall result in the board member not being reappointed by the City Council unless the City Council finds good cause for such reappointment based on special circumstances presented by the board member.
- (f) Alternate Member for Planning and Zoning Commission. The City Council shall appoint one (1) alternate member (the "Alternate") for the Planning and Zoning Commission. The Alternate shall serve in the place of a seated member only in the physical absence (i.e. not due to conflict or abstention) of a seated member. The Alternate is encouraged to attend all meetings; however, the Alternate shall not participate as a member in the deliberations (open session) or discussions (closed session) of the Planning and Zoning Commission unless he or she is sitting for an absent, seated member. The Alternate may participate during those portions of meetings when the public at large may participate. The Alternate shall serve for the same term length as seated members. Service of Alternate shall not count against any term limits under (g) below. Any Alternate appointed to any board or commission prior to August 3, 2015 shall continue to serve until September 30, 2016.
- (g) Term Limits. Effective for new members appointed in 2013 and in subsequent years, the limit for consecutive service on a board or commission is ~~sixthree (36) consecutive, full two-year~~s-terms. Members reappointed in 2013 or appointed prior to 2013, shall be limited to ~~two~~four (2) consecutive, full year~~s-terms~~, regardless of term length.
- (h) Multiple Service. Board and commission members shall not serve concurrently on more than one board or commission.

- (j) Spousal Service and Nomination/Voting Procedures. Spouses may serve concurrently on separate boards or commissions; however no concurrent spousal service shall be permitted on any combination of the following boards and commissions: McKinney Economic Development Corporation, McKinney Community Development Corporation, Main Street Board, McKinney Housing Finance Corporation, and McKinney Convention and Visitors Bureau. Spouses may serve concurrently on any separate board or commission not listed herein. City Council members shall not knowingly participate in voting for or appointing any relative within the second degree of consanguinity or affinity to any board or commission¹. In the event a relative of a City Council member is recommended for a board or commission position at the time of preferencing, the City Council member who is related shall step down from the vote for such board appointments. City Council members shall not knowingly nominate, appoint or vote to nominate or appoint any person who is a member or employee, whether compensated or non-compensated, of a business entity of which the City Council member is also a member or employee. "Business Entity" shall mean a sole proprietorship, partnership, limited partnership, firm, corporation, limited liability company, holding company, joint-stock company, receivership, trust, unincorporated association, or any other business entity recognized by law. Applicants shall disclose on the application any membership or employee status in a business entity involving the applicant and a City Council member.
- (k) Commitment. Board and commission members shall support the annual goals of the City of McKinney.
- (l) Removal. Notwithstanding any provision of Section III (a)-(m), the City Council may remove any board or commission member at any time, with or without cause, including but not limited to the failure to attend seventy-five percent (75%) of board meetings. Failure to adhere to any of the policies contained this Section III or in Section IV below may subject the member to immediate removal by the City Council.
- (m) Resignation Upon Filing for Elective Office. Any appointed member of any board or commission who files for any City Council, Independent School Board (located within the city limits) or Collin County elective office other than that which he or she is holding at the time of filing for elective office, shall resign from his or her appointive position concurrently with the filing for such elective office. If the board or commission member fails to resign,

¹ Second Degree of Consanguinity and Affinity relatives: mother, father, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepson, stepdaughter, sister-in-law, brother-in-law, spouse's grandmother, spouse's grandfather, spouse's granddaughter, spouse's grandson.

the appointive position shall be automatically vacated by the member as of the date of filing for elective office.

IV. Practices

- a) Disclosure of Vendor Relationships. All members of any board or commission shall complete the required annual disclosures under Texas Local Government Code Chapter 176 whenever they contract with or are otherwise doing business with the City under applicable sections of this state law.
- b) Disclosure of interests. A City Council member or a board or commission appointee shall not participate or vote on a matter involving any entity on whose board the City Council member or appointee serves in any capacity or for which he/she is employed.
- c) Appointed board or commission members appearing before any board or commission. Board or commission members may not appear on behalf of a business, client, or other private or public interest before any City board or commission, save and except for an appearance concerning a business or property owned in whole or in part by such member, where approval by said board or commission is required for action by the business, client, private or public interest during their term on such board or commission.
- d) Appointed board or commission members doing business with the City. A board or commission member is prohibited from contracting or otherwise doing business with any board or commission during the member's term on any board or commission.
- e) Appointed board or commission member using board position status in public forum. Except while acting in a meeting on his/her appointed board or commission, a board or commission member shall not use his/her board title or position in communicating opinions or issues in a public forum, either written or oral. The purpose of this provision is to avoid confusion regarding the attribution of the member's statements, whether intended or not, to the member's board or to the City of McKinney. Upon receipt of notice of any member's communication contrary to this subsection, the City Manager shall place an item on the next available City Council agenda for consideration of removal of such member.

V. Official Notification.

- (a) A letter of appointment shall be sent to each member appointed to a board or commission.
- (b) A letter of gratitude shall be sent to each retiring member.



16-934

TITLE: Consider/Discuss/Act on a Resolution Amending the Appointment Terms for Various Boards and Commissions

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: Council

CONTACT: Honorable Mayor Brian Loughmiller
Sandy Hart, TRMC MMC, City Secretary

RECOMMENDED CITY COUNCIL ACTION:

- Approve Resolution

ITEM SUMMARY:

- On August 22, 2016, the City Council approved the annual appointments to the City's Boards and Commissions.
- During this year's appointments, there were appointees who received terms inconsistent with the current policy on Board and Commission Member Appointment and Eligibility or the applicable bylaws of the board/commission.
- This Resolution will correct the inconsistencies with the policy or applicable bylaws.

BACKGROUND INFORMATION:

- On December 11, 2015, the City Council amended the policy on Board and Commission Appointment and Eligibility.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, AMENDING THE TERMS FOR MEMBERS OF VARIOUS
BOARDS AND COMMISSIONS**

WHEREAS, on December 11, 2015, the City Council amended the policy on Board and Commission Member Appointment and Eligibility; and

WHEREAS, on August 22, 2016, the City Council appointed members to terms that were inconsistent with the policy on Board and Commission Member Appointment and Eligibility or the applicable bylaws of the board/commission.

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

Section 1. The City Council desires to correct the inconsistencies in the term length for various appointed Board and Commission members.

Section 2. The City Council makes the following appointments and for the stated terms described below:

1. Board of Adjustment
 - a. Scott Jacoby – two year term ending 9/30/18
 - b. Patrick Cloutier – one year term ending 9/30/17
 - c. Betty Petkovsek (Alt.) - one year term ending 9/30/17
 - d. Brian White (Alt) – two year term ending 9/30/18
2. Building and Standards Commission
 - a. Nadine Smith – two year term ending 9/30/18
 - b. Paul Abernathy – one year term ending 9/30/17
3. Community Grants Advisory Commission
 - a. Kelly Maier – two year term ending 9/30/18
 - b. Kelly Buettner – one year term ending 9/30/17
4. Historic Preservation Advisory Board
 - a. Dr. Amber Douzart – two year term ending 9/30/18
 - b. Karen Zupanic – one year term ending 9/30/17
5. Library Advisory Board
 - a. Joseph Closs – two year term ending 9/30/18
 - b. Corretta Lule – two year term ending 9/30/18
 - c. Joann Pond – one year term ending 9/30/17
 - d. Amanda Hamilton – one year term ending 9/30/17
6. McKinney Armed Services Memorial Board
 - a. Colin Kimball – two year term ending 9/30/18
 - b. Andrew Hudson – two year term ending 9/30/18
 - c. Barry Brown – two year term ending 9/30/18
 - d. James Creedon – one year term ending 9/30/17
 - e. Marlene Bockler – one year term ending 9/30/17
 - f. Matthew Parker – one year term ending 9/30/17
7. McKinney Arts Commission
 - a. Tricia Conover – two year term ending 9/30/18
 - b. Sandra Doak – one year term ending 9/30/17
 - c. Jeffery Hull – one year term ending 9/30/17
8. McKinney Convention and Visitors Bureau
 - a. Wayne Hill – two year term ending 9/30/18
 - b. Sally Huggins – one year term ending 9/30/17
9. McKinney Economic Development Corporation
 - a. Randy Page – two year term ending 9/30/18
 - b. Ken Sipiora – two year term ending 9/30/18
 - c. Walter Chen – one year term ending 9/30/17
 - d. Paul Merritt – one year term ending 9/30/17

10. McKinney Housing Authority
 - a. Justin Beller – two year term ending 9/30/18
 - b. Brenda Carter – one year term ending 9/30/17
11. McKinney Housing Finance Corporation
 - a. Semiramis Amirpour – two year term ending 9/30/18
 - b. Bridgette Wallis – one year term ending 9/30/17
12. McKinney Main Street
 - a. Edna Brown – two year term ending 9/30/18
13. Parks and Recreation
 - a. C. Larry Pereira – two year term ending 9/30/18
 - b. Leslie Warren – one year term ending 9/30/17
14. Planning and Zoning
 - a. Cameron McCall – two year term ending 9/30/18
 - b. Eric Zepp – two year term ending 9/30/18
 - c. Deanna Kuykendall – two year term ending 9/30/18
 - d. Bill Cox – one year term ending 9/30/17
 - e. Pamela Smith – one year term ending 9/30/17
 - f. Janet Cobbel – one year term ending 9/30/17
15. Reinvestment Zone Number One
 - a. Randy P. Pogue – two year term ending 9/30/18
 - b. Brian Loughmiller – two year term ending 9/30/18
 - c. Travis Ussery – two year term ending 9/30/18
 - d. Tracy Rath – one year term ending 9/30/17
 - e. Rainey Rogers – one year term ending 9/30/17
 - f. Chuck Branch – one year term ending 9/30/17
16. Reinvestment Zone Number Two
 - a. Randy P. Pogue – two year term ending 9/30/18
 - b. Brian Loughmiller – two year term ending 9/30/18
 - c. Travis Ussery – two year term ending 9/30/18
 - d. Tracy Rath – one year term ending 9/30/17
 - e. Rainey Rogers – one year term ending 9/30/17
 - f. Chuck Branch – one year term ending 9/30/17

Section 3. This Resolution shall supersede any contrary appointment made by action taken at the August 22, 2016 City Council Special Meeting and shall further take effect upon passage.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



16-935

TITLE: Consider/Discuss/Act on a Resolution Authorizing an Adjustment to the Solid Waste Contract with Progressive Waste Solutions of Texas, Inc.

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION: Approve Resolution

ITEM SUMMARY:

- Provides for the FY17 CPI increase (0.48%) per the existing contract.

BACKGROUND INFORMATION:

- The City of McKinney and Progressive (formerly IESI) entered into a contract in 1996 for solid waste collections. This contract was amended in 2005 to include recycling services.
- The contract allows an annual CPI Increase. This was requested during May of 2016.
- Progressive Waste Solutions has demonstrated the need for the CPI increase.
- These adjustments will have no impact on the FY17 solid waste charge for residential or commercial customers.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Resolution](#)

[Solid Waste Rates 2017](#)

[Progressive Increase Request May 2016](#)

RESOLUTION NO. 2016-09-____(R)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AUTHORIZING AN ADJUSTMENT TO THE SOLID WASTE CONTRACT WITH PROGRESSIVE WASTE SOLUTIONS OF TEXAS, INC.

WHEREAS, Section 3.4(d) of the License Agreement provides for annual adjustments to the Contractor's compensation by a percentage not to exceed 75% of the net percentage change of the CPI-U, All Items Index.

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

Section 1. The City Council of the City of McKinney, Texas, hereby approves an adjustment to the Progressive Waste Solutions of Texas (formerly known as IESI) contract.

Section 2. This Resolution shall take effect October 1, 2016 and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

Proposed Solid Waste Rates - FY2017*

0.480%

*As of October 1, 2016	Code	FY2016 IESI Solid Waste Charges	FY2017 CPI Adjustment	FY2017 Progressive Recycling	FY2017 TOTAL Progressive (eff. 10/01/2016)	FY2017 City Recycle	FY2017 City Disposal	FY2017 TOTAL City (eff. 10/01/16)	Billing Component	FY2017 Total Customer Charges
Residential										
1 Container + Base Recycle	R1T	7.56	0.0363	0.71	8.30	0.81	5.80	6.61	0.45	15.36
2 Container + Base Recycle	R2T	10.73	0.0515	0.71	11.49	0.81	9.21	10.02	0.45	21.96
3 Container + Base Recycle	R3T	13.88	0.0666	0.71	14.66	0.81	12.64	13.45	0.45	28.56
Res 2nd Recycle	R2RS/R2RD	0.00	0.0000	0.71	0.71	0.81				1.52
Res 3rd Recycle	R3RS/R3RD	0.00	0.0000	1.42	1.42	1.62				3.04
Res 4th Recycle	R4RS/R4RD	0.00	0.0000	2.13	2.13	2.43				4.56
Downtown Square										
Low	CBAGTL	22.39	0.1075		22.50		5.53	5.53	0.45	28.48
Moderate	CBAGTM	40.04	0.1922		40.23		22.17	22.17	0.45	62.85
High	CBAGTH	63.59	0.3052		63.89		44.66	44.66	0.45	109.00
Commercial Toters										
Commercial (1 Container)	CTOT1	7.56	0.0363		7.59		5.80	5.80	0.45	13.84
Commercial (2 Containers)	CTOT2	14.93	0.0717		15.00		12.23	12.23	0.45	27.68
Commercial (3 Containers)	CTOT3	22.30	0.1070		22.41		18.66	18.66	0.45	41.52
Commercial Front-Load Size										
Set Fee Front Load		15.95			15.95					15.95
3 yards										
	C03T1	40.64	0.1951		40.83		37.36	37.36	1.00	79.19
	C03T2	63.01	0.3025		63.31		67.41	67.41	1.00	131.72
	C03T3	81.62	0.3918		82.02		98.03	98.03	1.00	181.05
	C03T4	107.80	0.5174		108.31		112.42	112.42	1.00	221.73
	C03T5	118.90	0.5707		119.47		132.58	132.58	1.00	253.05
	C03T6	156.16	0.7496		156.91		167.12	167.12	1.00	325.03
4 yards										
	C04T1	46.85	0.2249		47.07		47.28	47.28	1.00	95.35
	C04T2	90.32	0.4336		90.76		81.76	81.76	1.00	173.52
	C04T3	102.81	0.4935		103.31		113.17	113.17	1.00	217.48
	C04T4	131.32	0.6303		131.95		144.09	144.09	1.00	277.04
	C04T5	149.94	0.7197		150.66		166.36	166.36	1.00	318.02
	C04T6	191.75	0.9204		192.67		228.67	228.67	1.00	422.34
6 yards										
	C06T1	58.03	0.2785		58.31		66.47	66.47	1.00	125.78
	C06T2	96.53	0.4633		96.99		112.52	112.52	1.00	210.51
	C06T3	143.72	0.6899		144.41		173.93	173.93	1.00	319.34
	C06T4	186.22	0.8938		187.11		227.41	227.41	1.00	415.52
	C06T5	209.59	1.0060		210.60		263.07	263.07	1.00	474.67
	C06T6	249.31	1.1967		250.51		336.85	336.85	1.00	588.36
8 yards										
	C08T1	86.60	0.4157		87.01		81.05	81.05	1.00	169.06
	C08T2	118.98	0.5711		119.55		159.14	159.14	1.00	279.69
	C08T3	179.76	0.8628		180.62		228.70	228.70	1.00	410.32
	C08T4	222.00	1.0656		223.06		281.27	281.27	1.00	505.33
	C08T5	243.11	1.1669		244.28		337.76	337.76	1.00	583.04
	C08T6	300.05	1.4402		301.49		391.86	391.86	1.00	694.35
10 yards										
	C10T1	106.81	0.5127		107.32		101.14	101.14	1.00	209.46
	C10T2	188.01	0.9024		188.91		253.26	253.26	1.00	443.17
	C10T3	256.60	1.2317		257.83		327.93	327.93	1.00	586.76
	C10T4	340.45	1.6342		342.08		433.02	433.02	1.00	776.10
	C10T5	411.57	1.9756		413.55		573.81	573.81	1.00	988.36
	C10T6	489.08	2.3476		491.43		644.56	644.56	1.00	1,136.99
Large Non-Compacted										
20 cu. yds	N20	144.67	0.6944		145.36		146.14	146.14	1.00	292.50
30 cu. yds	N30	144.67	0.6944		145.36		192.82	192.82	1.00	339.18
Set Fee Roll Off		53.63			53.63					53.63
Roll Off Monthly Rental		96.58			96.58					96.58
Small Compacted										
4 yards	See Note	66.60	0.3197		66.92		29.53	29.53	1.00	97.45
6 yards	C06PL	76.33	0.3664		76.69		44.06	44.06	1.00	121.75
8 yards	C08PL	89.24	0.4284		89.67		58.61	58.61	1.00	149.28
Large Compacted										
20 cu. yds.	C20	157.70	0.7570		158.46		187.69	187.69	1.00	347.15
30 cu. yds.	C30	157.70	0.7570		158.46		262.72	262.72	1.00	422.18
35 cu. yds.	C35	157.70	0.7570		158.46		299.40	299.40	1.00	458.86
42 cu. yds.	C42	157.70	0.7570		158.46		349.41	349.41	1.00	508.87
Set Fee Roll Off		53.63			53.63					53.63
Roll Off Monthly Rental		96.58			96.58					96.58
Recycle Containers										
6 yards	RC6	73.66			73.66		1.77	1.77		75.43
8 yards	RC8	81.14			81.14		7.57	7.57		88.71
6 yards (2x per week)		92.68			92.68		2.75	2.75		95.43
8 yards (2x per week)		98.89			98.89		9.82	9.82		108.71
Bi-weekly recycle 6 yard	MR6S	38.80			38.80					38.80
Bi-weekly recycle 8 yard	MR8S	46.22			46.22					46.22



May 25, 2016

Mr. Eric Hopes
Solid Waste & Fleet Superintendent
City of McKinney
1550 S. College Street
McKinney, TX 75069

It continues to be a pleasure for Progressive Waste Solutions to have the opportunity to provide waste and recycling services to the City of McKinney. We take pride in our work and feel that our company delivers the best and most innovative service our industry has to offer. I truly hope that McKinney's residents and City staff experience a level of service that is above expectations.

Please accept this letter as a request by Progressive Waste Solutions for a slight rate adjustment of 0.48%, to be effective October 1, 2016, as cited in our Solid Waste Agreement. The adjustment is a result of Consumer Price Index changes and increased operational costs over the last twelve months as reflected by fluctuations in the Price Wage Earners and Clerical Workers (CPI-U, All Items) published by the U.S. Department of Labor, Bureau of Labor Statistics, Dallas-Fort Worth area, in the "March-April" report.

I would be happy to discuss this matter in further detail if any additional information is required.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Shawn Eiras", with a stylized flourish extending from the end.

Shawn Eiras
Progressive Waste Solutions
District Manager
2138 Country Lane
McKinney Texas 75069



16-936

TITLE: Consider/Discuss/Act on a Resolution to Name a 16-Acre Neighborhood Park Site Located at 1849 Reagan Drive

COUNCIL GOAL: Enhance the Quality of Life in McKinney

MEETING DATE: September 20, 2016

DEPARTMENT: Parks, Recreation and Open Space

CONTACT: Ryan A. Mullins, Assistant Director

RECOMMENDED CITY COUNCIL ACTION:

- Adopt a Resolution to name a 16-acre Neighborhood Park Site located at 1849 Reagan Drive - "Dr. Mack Hill Park".

ITEM SUMMARY:

- On August 16, 2016, the City Council tabled the item in order for the Parks and Recreation Board to select one name to submit to the City Council.
- The Parks, Recreation, and Open Space Advisory Board (PROS) met on September 8, 2016, and unanimously recommended naming the Park after Dr. Mack Hill.
- City Council has adopted a policy allowing for the naming of parks and park facilities. (See Attachment)
- Per the Park Code, one of the powers and duties of the Parks, Recreation and Open Space Advisory Board (PROS) is to make recommendations to the City Council on naming parks and park facilities. (See Attachment)
- Names are generally recommended before or soon after a park or park facility has been constructed.
- Construction of a 16-acre park located at 1849 Reagan Drive was completed in early 2016.

BACKGROUND INFORMATION:

- On February 11, 2016, the PROS voted to solicit the public for suggestions in naming the park.

- Parks and Recreation Department solicited name suggestions from the public via an online submittal form.
- The online submittal form was posted to the City's website on March 29, 2016.
- The deadline for submittals for this park was April 12, 2016, allowing citizens two weeks to submit names.
- All submittals were sent to the PROS Board for their consideration and a final recommendation to the City Council was decided on July 14, 2016.
- On July 14, 2016, the PROS Board selected to recommend to City Council, "Monarch Park", with alternate names "George Webb Park" and "Dr. Mack Hill Park" from the online submittal for this park site.
- City Council considered the recommendation on August 16, 2016 and requested the PROS Board eliminate Monarch and propose the park be named after a worthy individual.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION:

- The PROS Board met on September 8, 2016 and recommends naming the park "Dr. Mack Hill Park".

SUPPORTING MATERIALS:

[Resolution](#)

[PROS Board Role in Naming Parks](#)

[Municipal Facility Naming Policy](#)

RESOLUTION NO. 2016-09-____ (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, NAMING A 16-ACRE NEIGHBORHOOD PARK SITE LOCATED
AT 1849 REAGAN DRIVE**

WHEREAS, it is necessary and desirable to name the 16-acre neighborhood park site at 1849 Reagan Drive; and

WHEREAS, the recommendation satisfies the policy direction of the City Council; and

WHEREAS, the powers and duties of the Parks, Recreation and Open Space Advisory Board include recommending park names to the City Council; and

WHEREAS, the Parks, Recreation and Open Space Advisory Board of the City of McKinney has reviewed and hereby recommends the following name: "Dr. Mack Hill Park."

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

Section 1. The City Council of the City of McKinney, Texas, hereby names the 16-acre neighborhood park site located at 1849 Reagan Drive "Dr. Mack Hill Park."

Section 2. This Resolution shall take effect immediately from and after the date of passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

ARTICLE II. - PARKS, RECREATION AND OPEN SPACE ADVISORY BOARD

Sec. 74-21. - Created.

There is hereby created a Parks, Recreation and Open Space Advisory Board.

Sec. 74-22. - Members.

Members of the Board shall be appointed pursuant to the Board and Commission Policy. The Board shall consist of not less than five (5) or more than nine (9) members, as determined by the City Council.

Sec. 74-23. - Term of members.

- (a) Members of the Board shall serve terms in accordance with the Board and Commission Policy.
- (b) Board member term limits are established by the Board and Commission Policy.
- (c) Each member shall serve on the Board until removed by the City Council or until their successors are appointed, whichever occurs first.

Sec. 74-24. - Officers and duties.

- (a) *Officers enumerated.* The Board shall elect annually, at the first regular Board meeting in October, the following officers from among its members:
 - (1) Chairperson; and
 - (2) Vice-chairperson.
- (b) *Duties described.*
 - (1) *Chairperson:* The Chairperson shall preside at all meetings and shall perform all other duties as usually pertain to the office of Chairperson, or as may be instructed by the City Council.
 - (2) *Vice-chairperson:* It shall be the duty of the Vice-chairperson to perform the duties of the Chairperson in his/her absence.

Sec. 74-25. - Compensation.

Members of the Board shall serve without compensation.

Sec. 74-26. - Powers and Duties.

The Board shall act in an advisory capacity to the Director, City Manager and City Council in matters pertaining to Parks, Recreation and Open Space, and shall:

- (1) Become familiar with the location and current condition of the Parks system;
- (2) Recommend sites to be purchased and used as City Parks in accordance with the City's Parks and Recreation Master Plan;
- (3) Recommend improvements to be made to existing Park property, structures, facilities, athletic areas and other improvements;
- (4) Recommend the removal of specific structures, facilities, athletic areas and other improvements or Park properties from the City's Park system in the best interest of the public;
- (5) Recommend rules and regulations governing the use of facilities including those related to youth sports associations, as necessary;
- (6) Perform other duties as the City Council may prescribe;
- (7) Establish goals and standards for the Board's governance and for the performance of its duties, as necessary;
- (8) Assist in informing citizens about Department policies and functions; and
- (9) Assist in educating the community about park related items including bond programs, capital projects, partnership opportunities, land donations and various other resource needs for Department operations.

Sec. 74-27. - Removal from Board; vacancies.

Members of the Board shall serve at the will and pleasure of the City Council. Any Member of the Board may be removed by the City Council at any time, with or without cause. Any vacancy in the membership of the Board may be filled by the City Council.

Sec. 74-28. - Meetings.

- (a) The Board will meet the second Thursday of each month as necessary and at such other times as needed, or by written request sent to the Chairperson or Vice-chairperson by the Director or City Council.
- (b) Notice of meetings shall be posted in accordance with the Texas Open Meetings Act, and shall be held at the Department's administration office, unless otherwise specified.
- (c) A simple majority of the Board members then appointed and qualified shall constitute a quorum.
- (d) Regular attendance at meetings is required in accordance with the City Council Policy on Board and Commission Member Appointment and Eligibility. The absence of any member from any meeting shall be noted in the minutes of the meeting. The Director shall submit to the City Council upon request information related to the Board.
- (e) The Director shall attend Board meetings, post notice of meetings and record minutes in accordance with state law.

Sec. 74-29. - Subcommittees.

- (a) The Board, by majority vote at any regular or special meeting, may establish one or more *ad hoc* subcommittees necessary to serve a limited need or purpose of the Board and appoint members of the Board to serve on such subcommittee(s).
- (b) *Ad hoc* subcommittees are not standing committees and shall be terminated in the same manner as they are appointed upon the resolution of the limited need or purpose for which they were established.
- (c) All meetings of any *ad hoc* subcommittees shall conform to the requirements of the Texas Open Meetings Act.

Sec. 74-30. - Naming of Parks.

The Board will be responsible for recommending to the City Council names for Parks.

- (1) The Board shall be responsible, with the assistance of the Department, for research, study and recommendation of a proposed name for Parks to the City Council.

- (2) Names for Parks should have meaning and be recommended utilizing the direction of the City Council as described in Resolution No. 2014-01-008 (R).
- (3) The recommended name will be communicated to the City Council for its consideration and approval.
- (4) The Board may recommend that a Park name be changed for any reason at any time.

RESOLUTION NO. 2014-01-008 (R)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MCKINNEY,
TEXAS, AUTHORIZING THE CITY MANAGER TO ESTABLISH
PROCEDURES FOR NAMING MUNICIPAL FACILITIES**

WHEREAS, the City Council has determined the need to revise the naming procedures for municipal facilities; and

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

Section 1. That the City Council of the City of McKinney, Texas, hereby adopts the Guidelines and Procedures for Naming Municipal Facilities, and shall read as follows:

PURPOSE. To establish guidelines and procedures for the naming of municipal facilities.

DEFINITIONS. The definition of municipal facility or municipal facilities shall be any real properties that are owned by the City of McKinney such as, but not limited to, parks and public buildings or portions thereof.

GUIDELINES. The name of municipal facilities shall promote ready identification and/or geographical association by the public. The following guidelines to accomplish the above shall be used:

- A. Outstanding and/or predominant geographical or physical features of the land. Geographical and physical features will include those naturally occurring, (e.g. vegetation materials, streams, rivers, creeks, lakes or forested areas), and those man-made, (e.g., subdivisions, streets, office/industrial complexes or other commercial areas).
- B. Outstanding and/or predominant historical features of significance. Historical features will include the names of early residents or citizens and/or events of significance to the area's development.
- C. Contributions of land for a park site and/or money (equal to or greater than 50% of the total cost of the project) by individuals or organizations.
- D. In honor of: 1) community leaders or individuals (either deceased or living) who have made significant contributions to the community based on excellence or duration of commitment; and, 2) deceased national and/or state historical leaders and/or heroes.
 - o No community (City or County) leader or individual currently serving in an elected or appointed capacity may be eligible.
 - o No individual currently employed by the City or County may be eligible.
- E. Municipal facilities may be given the same name as a school site, where the sites abut one another.
- F. Subdivision names where park lands are adjacent to or lie within the subdivision.
- G. Municipal recreation centers that are a part of or lie within the boundaries of a park shall bear the name of that park unless the park name cannot be incorporated in the facility name.
- H. Sections of a municipal facility, such as a pavilion, meeting room, or ballfield, may be given a name, which is different from that of the overall park or facility. The guidelines and procedures for naming such a section shall be the same as for naming an entire municipal facility.
- I. The renaming of municipal facilities may be considered if exceptional circumstances exist, but should not be a common practice. In such circumstances, care must be taken to avoid renaming because the purpose of the prior naming had become obscured over time (and thus eliminate appropriate recognition or honor).

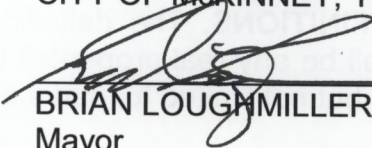
PROCEDURES

- A. Municipal facilities will generally be named immediately prior to or during development.
- B. The Parks, Recreation and Open Space Advisory Board, or other Board as appropriate, will be notified of the need to name a municipal park or other facility at least two months in advance of the City Council Meeting at which names will be considered.
- C. The Board considering the recommendation will forward such recommendation to the City Manager's office at least one week prior to the City Council Meeting at which the recommendation will be considered.

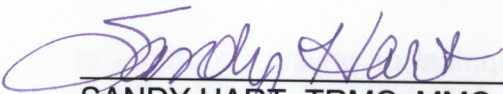
Section 2. This Resolution shall become effective from and after the date of its passage and is so resolved.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS ON THE 21st DAY OF JANUARY, 2014.

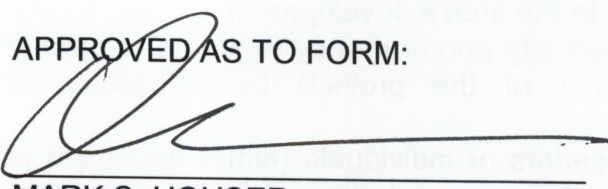
CITY OF MCKINNEY, TEXAS


BRIAN LOUGHMILLER
Mayor

ATTEST:


SANDY HART, TRMC, MMC
City Secretary
BLANCA I. GARCIA, TRMC
Assistant City Secretary

APPROVED AS TO FORM:


MARK S. HOUSER
City Attorney



16-937

TITLE: Conduct Second Public Hearing to Consider/Discuss/Act on the Adoption of the Budget Appropriation Ordinance for FY 2016-17

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Conduct the second Public Hearing on the Budget Appropriation Ordinance for Fiscal Year 2016-17.
- Conduct a record vote to adopt the budget.
- Approve the ordinance.

ITEM SUMMARY:

- Proposed budget for all operating funds and CIP projects for FY 2016-17 total \$383.6 million.
- Proposed budget for component unit funds for FY2016-17 are as follows:
 - McKinney Convention & Visitors Bureau \$652,913
 - MEDC Debt Service Fund \$2,406,987
 - McKinney Economic Development Corp \$11,652,420
 - McKinney Community Development Corp \$10,731,729
 - McKinney Housing Finance Corp \$68,650
- The proposed tax rate is \$0.57300 per \$100 of assessed value. The proposed tax rate is one cent lower than last year.

BACKGROUND INFORMATION:

- The City Charter provides that "The City Council shall pass the appropriation ordinance in accordance with state law. Provision shall be made for public hearings upon the appropriation ordinance before the City Council".
- The first public hearing was held on September 6, 2016, at the City Council

Meeting and satisfied the Charter requirement.

- Following the first public hearing, the appropriation ordinance is to be published (published on September 11, 2016).
- A second public hearing must be scheduled at least ten days after publication.
- Any changes the Council wishes to make may be incorporated in the appropriation ordinance before the second public hearing and final adoption action by the Council to be held on September 20, 2016.
- **Budget adoption must be by record vote.**
- Following the second public hearing and final adoption of the appropriation ordinance, the City Council shall consider and pass an ordinance ratifying the increased revenue from property taxes, an ordinance levying the taxes for the current year, and an ordinance to change fees/rates for City services.

SPECIAL CONSIDERATIONS:

- **Budget Discussions** - Budget planning and tax discussions were held on July 27, 2016, August 1, 2016 and August 22, 2016.
- **Budget Ordinance** - Public hearings (September 6, 2016 and September 20, 2016) and vote adopting the annual budget (September 20, 2016).
- **Ordinance ratifying the increased property tax revenue** - Ordinance and declaration (September 20, 2016).
- **Ordinance levying property tax rate** - Vote adopting the ordinance levying the property tax rate (September 20, 2016).
- **Ordinance changing rates/fees for City services** - Adoption (September 20, 2016).

FINANCIAL SUMMARY: None.

SUPPORTING MATERIALS:

[Ordinance](#)
[Presentation](#)

ORDINANCE NO. 2016-09-____

AN ORDINANCE ADOPTING A BUDGET FOR THE ENSUING FISCAL YEAR BEGINNING OCTOBER 1, 2016, AND ENDING SEPTEMBER 30, 2017, IN ACCORDANCE WITH THE CHARTER OF THE CITY OF MCKINNEY, APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH; PROVIDING FOR PUBLIC HEARINGS; PROVIDING FOR PUBLICATION OF THIS ORDINANCE AND FOR AN EFFECTIVE DATE HEREOF

WHEREAS, the City Manager of the City of McKinney, Texas, has submitted to the City Council a proposed budget of the revenues of said City and the expenditures/expenses of conducting the affairs thereof and providing a complete financial plan for 2016-2017 and which said proposed budget has been compiled from detailed information obtained from the several departments, divisions, and offices of the City; and,

WHEREAS, the City Council has received said City Manager's proposed budget, a copy of which proposed budget and all supporting schedules have been filed with the City Secretary of the City of McKinney, Texas.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. The proposed budget of the revenue of the City of McKinney, Texas, and the expenses of conducting the affairs thereof providing a complete financial plan for the ensuing fiscal year beginning October 1, 2016, and ending September 30, 2017, as submitted to the City Council by the City Manager of said City, be and the same is in all things adopted and approved as the budget of all current expenditures/expenses as well as fixed charges against said City for the fiscal year beginning October 1, 2016, and ending September 30, 2017.

Section 2. The sums below are hereby appropriated from the respective funds for the payment of expenditures on behalf of the city government as established in the approved budget document, including the revised budgetary data for the fiscal year ending September 30, 2016:

FUND	Fiscal Year 2016 (Revised)	Fiscal Year 2017
General Fund	\$120,985,368	\$127,021,020
Fleet Maintenance	832,562	956,068
Water and Wastewater	66,635,613	69,681,226
Golf Course	69,139	78,300
Airport	7,538,323	7,258,753
Surface Water Drainage Utility	2,305,826	3,046,333
Solid Waste	7,934,112	8,481,920
Hotel/Motel	668,270	805,000
Law Enforcement	232,500	245,000
Community Housing	448,120	386,400
Risk/Insurance	16,948,406	17,712,428
Main Street Program	0	226,929
Community Dev. Block Grant	1,117,203	966,415
Library Gift	25,000	25,000
Law Enforcement Donations	15,000	75,000
Fire Department Donations	14,500	14,500
Utility Construction	43,795,092	50,358,384

Governmental Capital Projects	160,107,668	48,649,991
G.O. Debt Service	27,219,097	29,337,390
Technology Improvement	2,837,261	936,239
Capital Equipment Replacement	7,531,443	4,727,622
Grants Fund	414,556	497,341
Aquatics & Fitness Center	0	3,340,738
PEG Cable Channel	157,400	71,250
Revenue Debt Service	7,391,178	7,802,919
MPAC	863,859	716,794
Veterans Memorial	5,000	5,000
Public Art	19,902	0
Airport Construction	8,140,475	0
Disaster Relief	50,000	50,000
TIRZ1 - Town Center	110,500	139,000
TIRZ2 - Airport	4,500	25,000
Total Primary Government	\$484,417,873	\$383,637,959
Component Units		
MCVB	570,073	652,913
MEDC Debt Service	2,398,037	2,406,987
MEDC	11,629,944	11,652,420
MCDC	49,296,597	10,731,729
MHFC	68,650	68,650
Total Component Units	\$63,963,301	\$25,512,698
Total All Funds	\$548,381,175	\$409,150,657

- Section 3. Specific authority is hereby given to the City Manager to transfer appropriations budgeted from one account classification or activity to another within any individual department or activity; and, to transfer appropriations from designated appropriations to any individual department or activity.
- Section 4. Ordinances or parts of Ordinances in conflict herewith are hereby repealed.
- Section 5. This Ordinance shall be and remain in full force and effect from and after its final passage and publication as herein provided.
- Section 6. Public hearings were held before the City Council as a Committee of the whole, on September 6, 2016 and September 20, 2016, and that due notice of said public hearings was published and that this Ordinance was also published one time in a newspaper having general circulation in the City of McKinney, Texas.
- Section 7. This Ordinance to become effective upon its passage and approval and upon the publication hereof.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20TH DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



FY 2016-17 Budget
Second Public Hearing

City of McKinney
September 20, 2016

Budget Notes

- Additional tax rate options have been presented to City Management & City Council.
- City Council requested a further reduction of the \$0.577 proposed tax rate.
- General Fund Revenues and Expenditures account for discussed tax rate of \$0.573.

Fund Summary

FY 2016-17

Fund Title	Total Revenues	Total Expenses
General Fund	\$ 127,021,020	\$ 127,021,020
Water/Wastewater	72,349,100	69,681,226
Airport	7,258,973	7,258,753
Surface Water	3,407,000	3,046,333
Solid Waste	8,653,730	8,481,920
Internal Services	19,973,075	18,668,496
Capital Projects	103,713,534	99,944,614
Debt Service	34,918,442	37,140,309
Other Operating	17,139,375	12,395,288
Component Units	24,789,337	25,512,698
Total All Funds	\$ 419,223,585	\$ 409,150,657



GENERAL FUND



General Fund Total

FY 2016-17

Revenues

- \$127,021,020

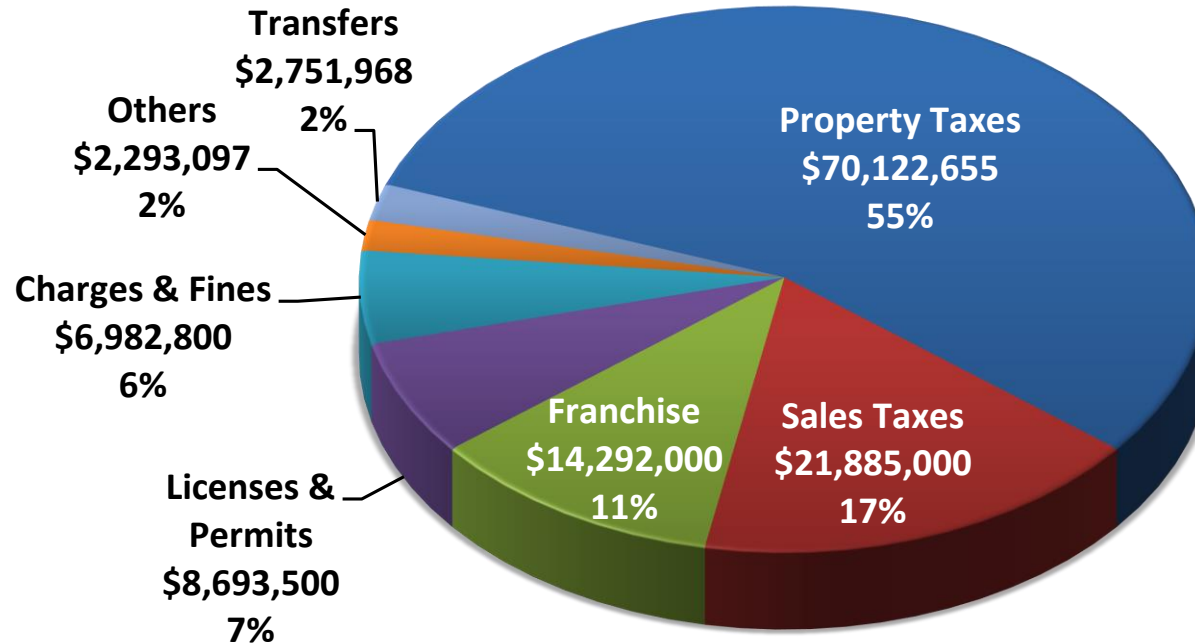
Expenditures

- \$127,021,020

General Fund Revenues

FY 2016-17 - \$127,021,020

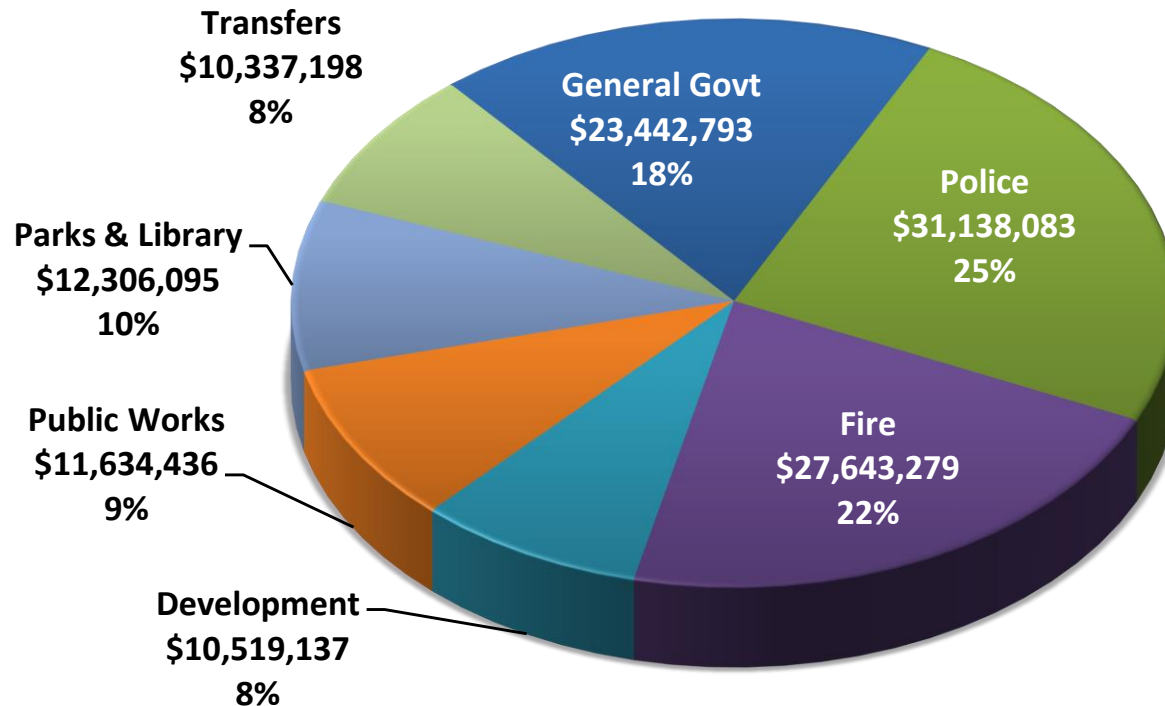
FY 2016-17 Budget



General Fund Expenditures

FY 2016-17 - \$127,021,020

FY 2016-17 Budget



Proposed GF Personnel

FY 2016-17 – 44 FTE's

Purchasing – 1

- Buyer II (1)

Police – 17

- Sworn (9)
- Civilian (8)

Fire – 18

- Firefighters (18)

Development Services – 4

- Environmental Health Specialist (1)
- Combination Building Inspector (1)
- Construction Inspector (1)
- Code Enforcement Officer (1)

Parks & Recreation – 4

- Parks Maintenance Staff (4)



WATER WASTEWATER FUND



Water Wastewater Fund Total

FY 2016-17

Revenues *

- \$72,349,100

Expenditures

- \$69,681,226

*Revenues include 8% water rate increase and 9% wastewater rate increase necessary to pass through NTMWD mandated increase.

Budget – Next Steps

September
20

- Adopt Budget
- Ratification of Property Tax Revenue Increase
- Adopt Tax Rate
- Adopt Fee/Rate Ordinance



16-938

TITLE: Consider/Discuss/Act on an Ordinance to Ratify the Property Tax Revenue Increase in the Fiscal Year 2016-17 Budget as a Result of the City Receiving More Revenues from Property Taxes than the Previous Fiscal Year

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approve the ordinance
- Ratify the increased revenue from property taxes by declaring:

Tax Rate of \$0.57300:

“THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$8,849,805 OR 9.91%, AND OF THAT AMOUNT, \$3,234,864 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR.”

ITEM SUMMARY:

- The City's Fiscal Year 2016-17 Budget has an increase in property tax revenues as compared to the previous year.
- As a result of the approval of the Fiscal Year 2016-17 Budget, the City Council must ratify the increased revenue from property taxes.

BACKGROUND INFORMATION:

- Local Government Code Section 102.007(c) requires that a governing body ratify the property tax increase in the budget if it adopts a budget that will require raising more revenue from property taxes than the previous year. The statute says that the vote under this subsection must be in addition and separate from the vote to adopt the budget or a vote to set the tax rate.

FINANCIAL SUMMARY:

- Estimated maintenance and operations tax revenues of \$68,737,914 (100% collection rate) for FY 2016-17 are based on this tax rate.

SUPPORTING MATERIALS:

[Ordinance](#)
[Motion](#)

ORDINANCE NO. 2016-09-____

AN ORDINANCE OF THE CITY OF MCKINNEY, TEXAS, RATIFYING THE PROPERTY TAX REVENUE INCREASE IN THE 2016-17 BUDGET AS A RESULT OF THE CITY RECEIVING MORE REVENUES FROM PROPERTY TAXES IN THE 2016-17 BUDGET THAN IN THE PREVIOUS FISCAL YEAR; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Texas Local Government Code section 102.005, subsection (b) and (c) (passed by the 80th Texas Legislature as H.B. 3195, relating in part to “truth-in-taxation disclosure”), requires the City Council to ratify by a separate vote and providing the necessary disclosure language in the ratification, when there is an increase to the property tax revenues in the proposed budget as compared to the previous year; and,

WHEREAS, the City’s 2016-17 Budget has an increase in property tax revenues as compared to the previous year; and,

WHEREAS, as a result of the approval of the 2016-17 Budget, the City Council finds that it must ratify the increased revenue from property taxes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. The increased revenue from property taxes in the 2016-17 City Budget is hereby ratified, with the following declaration:

Tax Rate of \$0.573000:

“THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$8,849,805 OR 9.91%, AND OF THAT AMOUNT, \$3,234,864 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR.”

Section 2. This Ordinance shall become effective immediately upon its passage.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

**Motion for Ratifying the Property Tax Revenue Increase
September 20, 2016**

Item # 16-938 Ordinance to Ratify the Property Tax Revenue Increase in the 2016-17 Budget as a Result of the City Receiving More Revenues from Property Taxes than the Previous Fiscal Year

I move that the increased revenue from property taxes in the 2016-17 City budget is hereby ratified with the following declaration:

Tax Rate of \$0.57300:

“THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$8,849,805 OR 9.91%, AND OF THAT AMOUNT, \$3,234,864 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR.”



16-939

TITLE: Consider/Discuss/Act on an Ordinance Adopting a Tax Rate for Fiscal Year 2016-17

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Provide a motion to adopt the tax rate ordinance with the following:

“I move that property tax rate be increased by the adoption of a tax rate of \$0.57300, which is effectively a 7.19 percent increase in the tax rate.”

- Conduct a record vote to adopt the tax rate.

ITEM SUMMARY:

- The proposed tax rate is \$0.57300 based on 100% market ratio on each \$100 of all taxable property within the City. The proposed tax rate is one cent lower than last year.
- The rate for Maintenance and Operations (M&O) is \$0.401769 per \$100 valuation.
- The rate for Interest and Sinking Funds (I&S) is \$0.171231 per \$100 valuation.
- The tax rate ratio is 70% for M&O and 30% for I&S.
- The proposed tax rate exceeds the effective tax rate of \$0.534543.
- This year's tax levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy.
- The amount of taxes imposed this year on the average home value of \$299,986 would be \$1,719.

- **THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.**
- **THE TAX RATE WILL EFFECTIVELY BE RAISED BY 7.19 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-8.20.**
- State law requires a specific caption to adopt the tax rate. Since the City will receive a larger amount of tax revenue from the proposed tax rate, the City has to announce that there is a tax increase.

BACKGROUND INFORMATION:

- State law requires an entity to hold two public hearings before adopting a tax rate. **The tax rate adoption must be a record vote.**
- On August 1, 2016, the City Council took a roll call vote on the tax rate.
- The two public hearings were held on August 22, 2016 and September 6, 2016.
- The tax rate adoption date is September 20, 2016, which must be a record vote.

FINANCIAL SUMMARY:

- Estimated maintenance and operations tax revenues of \$68,737,914 (100% collection rate) for FY 2016-17 are based on this tax rate.

SUPPORTING MATERIALS:

[Ordinance](#)
[Motion](#)

ORDINANCE NO. 2016-09-____

AN ORDINANCE LEVYING TAXES FOR THE CITY OF MCKINNEY, TEXAS, FOR THE TAX YEAR 2016; PROVIDING FOR A DATE ON WHICH SUCH TAXES BECOME DELINQUENT; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE THE PAYMENT OF TAXES DUE THEREON; PROVIDING FOR PENALTY AND INTEREST FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR A 15% COLLECTION FEE FROM AN EFFECTIVE DATE HEREOF; PROVIDING FOR ACCEPTANCE OF THE TAX ROLL TOGETHER WITH ANY SUPPLEMENTS THERETO; AND PROVIDING FOR PUBLICATION OF THE CAPTION OF THIS ORDINANCE

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. There should be, and is hereby, levied and ordered to be assessed and collected for the following rate of taxes for the City of McKinney, Texas, for the tax year 2016 to provide for the expenditures of said City for the fiscal year ending September 30, 2017, and to provide for the payments of indebtedness, interest and sinking funds for the City of McKinney, to wit:

(a) For the general revenue of the General Fund 40.1769 cents on each \$100.00 valuation of all taxable property within said City.

(b) For the revenue of bonded indebtedness, capital lease payments and related fees 17.1231 cents on each \$100.00 valuation of all taxable property within said City.

(c) Total tax rate of 57.30 cents based on 100% market ratio on each \$100.00 of all taxable property within said City.

(d) This year's tax levy to fund maintenance and operations expenditures exceeds last year's maintenance and operations tax levy.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY 7.19 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$-8.20.

Section 2. The taxes assessed and levied hereby are due and payable on October 1, 2016, and shall be payable not later than January 31, 2017. The penalties and interest provided for herein shall accrue after this date. However, if the entire taxes due are paid in full by January 31, 2017, no penalty or interest shall be due.

Section 3. In addition to the taxes assessed and levied herein, there is also assessed and levied a penalty for the failure to pay taxes due as herein specified in the amount of 6% for the first month, plus 1% each additional month, until the penalty shall be 12% on the total taxes due, and in addition thereto, there is hereby levied and assessed interest at the rate of 1% per month of any part thereof of all taxes allowed to become delinquent by the failure or refusal to pay the taxes as herein specified.

Section 4. In addition to the taxes and penalty and interest assessed and levied herein, there is also assessed and levied a 15% collection fee on all taxes and

penalty and interest that become delinquent and remain unpaid on July 1, 2017.

- Section 5. The City of McKinney shall have a lien on all taxable property located in the City of McKinney to secure the payment of taxes, penalty, interest and all costs of collection, assessed and levied hereby.
- Section 6. Taxes are payable in McKinney, Texas, at the Office of the Tax Assessor-Collector. The City shall have available all the rights and remedies provided by law for the enforcement of the collection of taxes levied under this Ordinance.
- Section 7. The tax roll as presented to the City Council together with any supplements thereto, are hereby accepted.
- Section 8. The caption of this Ordinance is to be published one (1) time in a newspaper having general circulation in the City of McKinney, and is to become effective immediately upon its passage and publication.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20th DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

Motion for Adopting the Property Tax Rate
(Must also take Record Vote)
September 20, 2016

Item # 16-939 Ordinance Adopting a Tax Rate for Fiscal
Year 2016-17

“I move that the property tax rate be increased by the adoption of a tax rate of \$0.573000, which is effectively a 7.19 percent increase in the tax rate.”



16-940

TITLE: Consider/Discuss/Act on an Ordinance to Change Rates/Fees for City Services

COUNCIL GOAL: Financially Sound Government

MEETING DATE: September 20, 2016

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Interim Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approve the ordinance.

ITEM SUMMARY:

- The attached ordinance details the proposed changes to fees in the Code of Ordinances Appendix A Schedule of Fees. These include:
 - Development Services Fees
 - Community Event Fees
 - Municipal Court Fees
 - Utility Billing Fees
 - Water & Wastewater Utility Fees
 - Water rates - 8% increase in order to pass through increased cost of services mandated to us from North Texas Municipal Water District (NTMWD).
 - Wastewater rates - 9% increase in order to pass through increased cost of services mandated to us from North Texas Municipal Water District (NTMWD).
- The new verbiage and rates in the ordinance are in blue and underlined for easier reading. Verbiage and rates to be removed are in red and have been crossed out.

BACKGROUND INFORMATION:

- The City intends to recover some of the costs of providing services through user fees.

SPECIAL CONSIDERATIONS: None.

FINANCIAL SUMMARY:

- Depending on the level of services provided, the changes will increase revenue.

BOARD OR COMMISSION RECOMMENDATION: None.

SUPPORTING MATERIALS:

[Ordinance](#)

[Fee Change Summary](#)

[Fee Change - Redline](#)

ORDINANCE NO. 2016-09-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCKINNEY, TEXAS, RELATING TO FEES, BY AMENDING APPENDIX A, IN PART, BY AMENDING SECTIONS 66-21, 87-11, 110-45, 110-141, 110-230, 122-39, AND 142-37; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

WHEREAS, the City Council of the City of McKinney, Texas, finds, determines and declares that certain fees are necessary to provide for efficient government services; and

WHEREAS, the City Council of the City of McKinney, Texas, finds and determines that the current fees are insufficient to cover the costs of the respective services; and

WHEREAS, the City Council of the City of McKinney, Texas, desires to adopt fees necessary for the City to provide good and efficient government for the benefit of the citizens of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. The findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

Section 2. Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 66-21, is hereby amended to read as follows:

Appendix A, Sec. 66-21. Administrative fees.

Defensive driving course, processing fee10.00

Municipal court building security fee3.00

Request for list of those who have paid a processing fee for defensive driving, for each request15.00

Juvenile case manager fee5.00

Special expense fee50.00

Request for expunction of one or more criminal conviction:

Filing fee, per criminal case30.00

Expunction fee, per agency5.00

Omnibase fee for each complaint or citation reported30.00

Child Safety Fee5.00

Copies0.10/sheet

Rewritable CD (CD-RW)1

Non-rewritable CD (CD-R)1

Digital video disc (DVD)3

Labor for programming28.50/hour

Labor for locating, compiling, and reproducing15.00/hour

Overhead charge - 20% of labor chargecalculated

Postage and shipping charge - actual costcalculated

Other costs - actual chargecalculated

Section 3. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 87-11, is hereby amended to read as follows:

Appendix A, Sec. 87-11. Application process.

Application fee. A non-refundable application fee of \$50.00, plus any costs incurred by the city, must be submitted with the application and is required for each permit or renewal of a permit, which permit shall extend only to those dates requested in the application and which are approved by the committee.

Section 4. That Appendix A, entitled “Schedule of Fees”, of the Code of Ordinances, City of McKinney, Texas, Section 110-45, is hereby amended to read as follows:

Appendix A, Sec. 110-45. Miscellaneous charges.

- Payment Plan Processing Fee5.00
- Removal or lockup of meter for non-payment50.00
- Tampering with meter50.00
- Damaged lock30.00
- Meter test fee:
 - Residential meter30.00
 - 1-inch meter50.00
 - 2-inch meter75.00
 - 3-inch meter or larger, the minimum fee shall be250.00
- Meter box replacement150.00
- Trip fee (i.e. emergency shut off, delivery of disconnection notice in lieu of reconnection fee)
 - During normal city working hours40.00
 - After normal city working hours60.00
- Missed appointment fee (charge for making appointments and customer is a "no show"):
 - Return trip—Next day15.00
 - Return trip—Same day20.00

Section 5. That Appendix A, entitled “Schedule of Fees”, of the Code of Ordinances, City of McKinney, Texas, Section 110-141, is hereby amended to read as follows:

Appendix A, Section 110-141. Monthly water rates.

Water rates and applicable criteria therefore for each monthly period:

- (1) Single-family dwelling accounts, excluding separate irrigation meters:
 - a. The base monthly rate per meter shall be 14.30
 - b. From 1 gallon to 20,000 gallons the rate per 1,000 gallons or any portion thereof shall be 4.08
 - c. From 20,001 gallons to 40,000 gallons the rate per 1,000 gallons or any portion thereof shall be 5.10
 - d. For usage to exceed over 40,000 gallons, the rate per 1,000 gallons or any portion thereof shall be 6.12
- (2) Multifamily/Commercial/industrial/governmental accounts:
 - a. The base monthly rate per meter shall be:
 - 1. 5/8-inch x 3/4-inch meter 14.30
 - 2. 1-inch meter 25.05
 - 3. 1½-inch meter 42.90

4. 2-inch meter 60.10
 5. 3-inch meter 105.85
 6. 4-inch meter 157.35
 7. 6-inch meter 293.30
 8. 8-inch meter 579.40
- b. The rate per 1,000 gallons or any portion thereof shall be 4.08
- (3) Water district/municipal accounts. The monthly rates for water sold by the city to treated-water water district accounts and municipal accounts, including separate irrigation meters, per 1,000 gallons or any portion thereof shall be 3.06
- (4) Irrigation accounts:
- a. The base monthly rate per meter shall be:
 1. 5/8-inch x 3/4-inch meter 14.30
 2. 1-inch meter 25.05
 3. 1½-inch meter 42.90
 4. 2-inch meter 60.10
 5. 3-inch meter 105.85
 6. 4-inch meter 157.35
 7. 6-inch meter 293.30
 8. 8-inch meter 579.40
 - b. From 1 gallon to 20,000 gallons the rate per 1,000 gallons or any portion thereof shall be 4.08
 - c. From 20,001 gallons to 40,000 gallons the rate per 1,000 gallons or any portion thereof shall be 5.10
 - d. For usage to exceed over 40,000 gallons, the rate per 1,000 gallons or any portion thereof shall be 6.12

Section 6. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 110-230, is hereby amended to read as follows:

Appendix A, Sec. 110-230. Sewer service rates generally.

- (1) Single-family dwelling accounts:
 - a. The base monthly rate shall be 15.25
 - b. The rate per 1,000 gallons up to 8,000 gallons, but not to exceed the winter average if applicable, shall be 4.29
 - c. Utility customers shall be billed at actual metered water consumption not to exceed 8,000 gallons maximum until a winter average may be established. The winter average shall be established using the consumption for the months of December, January and February.
- (2) Multifamily/Commercial/industrial/governmental accounts:
 - a. The base monthly rate shall be:

1. 5/8-inch x 3/4-inch meter 15.25
2. 1-inch meter 25.00
3. 1½-inch meter 41.25
4. 2-inch meter 53.70
5. 3-inch meter 84.25
6. 4-inch meter 119.40
7. 6-inch meter 204.00
8. 8-inch meter 399.20

b. The rate per 1,000 gallons or any portion thereof shall be 4.29

(3) Municipal accounts:

a. The rate per 1,000 gallons or any portion thereof shall be 3.22

(4) Irrigation accounts:

a. Meters used for irrigation purposes only shall not be billed sewer charges.

Section 7. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 122-39, is hereby amended to read as follows:

Appendix A, Sec. 122-39. Amendments to property maintenance code.

Department of property maintenance, registration, and inspection fees:

Registration fee25.00 per building

Re-inspection fee25.00 per building

Section 8. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 142-37, is hereby amended to read as follows:

Appendix A, Sec. 142-37. Facilities agreement.

The fee required to file a facilities agreement for recordation with the County Clerk's Office shall be equal to the County's recording fee as published by the County Clerk's Office.

Section 9. That if any section, subsection, paragraph, sentence, phrase or clause of this Ordinance shall be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this Ordinance, which shall remain in full force and effect, and to this end, the provisions of this Ordinance are declared to be severable.

Section 10. That this Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of said ordinances except in those instances where provisions of those ordinances are in direct conflict with the provisions of this Ordinance and such ordinances shall remain intact and are hereby ratified, verified and affirmed.

Section 11. This Ordinance shall become effective October 1, 2016.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 20TH DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

FY 2016-17 Proposed Fee/Rate Change Requests

Division	Section	Item Description	Current Rate	Proposed New Rate
DEVELOPMENT SERVICES				
Dev Svcs	122-39	Multi-Family / Hotel - Motel Annual Registration Program - Registration fee per building	\$ -	\$ 25
Dev Svcs	122-39	Multi-Family / Hotel - Motel Annual Registration Program - Re-inspection fee per building	\$ 47	\$ 25
Dev Svcs	142-37	Facilities Agreement Filing Fees (Appendix A)	\$16/first pg - then \$4/pg	See Sheet
COMMUNITY EVENTS				
Comm Evts	87-11	Special Event Permit Application	\$ 25	\$ 50
MUNICIPAL COURT				
Muni Court	66-21	Child Safety Fee	\$ -	\$ 5
Muni Court	66-21	Copies	\$ -	\$0.10/sheet
Muni Court	66-21	Rewritable CD (CD-RW)	\$ -	\$ 1
Muni Court	66-21	Non-rewritable CD (CD-R)	\$ -	\$ 1
Muni Court	66-21	Digital video disc (DVD)	\$ -	\$ 3
Muni Court	66-21	Labor for programming 28.50/hr	\$ -	\$28.5/hour
Muni Court	66-21	Labor for locating, compiling, and reproducing --\$15/hr	\$ -	\$15/hour
Muni Court	66-21	Overhead charge - 20% of labor charge	\$ -	Calculated
Muni Court	66-21	Postage and shipping charge - actual cost	\$ -	Calculated
Muni Court	66-21	Other costs - actual charge	\$ -	Calculated
UTILITY SERVICES				
Utility Svcs	110-45	Payment Plan Processing Fee	\$ -	\$ 5
WATER UTILITIES				
Utility Svcs	110-141	Increase Water Rates	Varies	8% increase
Utility Svcs	110-230	Increase Wastewater Rates	Varies	9% increase
Utility Svcs	110-141	Increase Base Water Rates Fee	\$ 13.74	\$ 14.30
Utility Svcs	110-230	Increase Base Wastewater Fee	\$ 13.99	\$ 15.25

Water Rate Schedule

FY 2017

	Current Rates	Proposed New Rates	% Inc/Dec
<u>Monthly Base Rate:</u>			
<u>Residential & Residential Irrigation Meters:</u>			
3/4"	\$ 13.74	\$ 14.30	4%
<u>Non-Residential & Non-Residential Irrigation Meters:</u>			
00.750 Inch	\$ 13.74	\$ 14.30	4%
01.000 Inch	24.07	25.05	4%
01.500 Inch	41.25	42.90	4%
02.000 Inch	57.77	60.10	4%
03.000 Inch	101.79	105.85	4%
04.000 Inch	151.30	157.35	4%
06.000 Inch	282.01	293.30	4%
08.000 Inch	557.11	579.40	4%
<u>Volumetric Rates:</u>			
<u>Residential & ALL Irrigation Meters:</u>			
0 - 20,000 Gallons	\$ 3.79	\$ 4.08	8%
20,001 - 40,000 Gallons	4.73	5.10	8%
Over 40,000 Gallons	5.68	6.12	8%
Non-Residential	\$ 3.79	\$ 4.08	8%
Wholesale/Municipal	2.84	3.06	8%

WasteWater Rate Schedule

FY 2017

	Current Rates	New Rates	% Inc/Dec
<u>Monthly Base Rate:</u>			
<u>Residential:</u>			
All Meter Sizes	\$ 13.99	\$ 15.25	9%
<u>Non-Residential:</u>			
00.750 Inch	\$ 13.99	\$ 15.25	9%
01.000 Inch	22.94	25.00	9%
01.500 Inch	37.86	41.25	9%
02.000 Inch	49.25	53.70	9%
03.000 Inch	77.29	84.25	9%
04.000 Inch	109.52	119.40	9%
06.000 Inch	187.17	204.00	9%
08.000 Inch	366.26	399.20	9%
<u>Volumetric Rates:</u>			
Residential	\$ 3.94	\$ 4.29	9%
Non-Residential	3.94	4.29	9%
Municipal	2.95	3.22	9%

ORDINANCE NO. 2016-09-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING THE CODE OF ORDINANCES OF THE CITY OF MCKINNEY, TEXAS, RELATING TO FEES, BY AMENDING APPENDIX A, IN PART, BY AMENDING SECTIONS 66-21, 87-11, 110-45, 110-141, 110-230, 122-39, AND 142-37; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.

WHEREAS, the City Council of the City of McKinney, Texas, finds, determines, and declares that certain fees are necessary to provide for efficient government services; and

WHEREAS, the City Council of the City of McKinney, Texas, finds and determines that the current fees are insufficient to cover the costs of the respective services; and

WHEREAS, the City Council of the City of McKinney, Texas desires to adopt fees necessary for the City to provide good and efficient government for the benefit of the citizens of the City.

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

Section 1. That the findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

Section 2. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 66-21, is hereby amended to read as follows:

Appendix A, Sec. 66-21. Administrative fees.

Defensive driving course, processing fee10.00

Municipal court building security fee3.00

Request for list of those who have paid a processing fee for defensive driving, for each request15.00

Juvenile case manager fee5.00

Special expense fee50.00

Request for expunction of one or more criminal conviction:

Filing fee, per criminal case30.00

Expunction fee, per agency5.00

Omnibase fee for each complaint or citation reported30.00

Child Safety Fee5.00

Copies0.10/sheet

Rewritable CD (CD-RW)1

Non-rewritable CD (CD-R)1

Digital video disc (DVD)3

Labor for programming28.50/hour

Labor for locating, compiling, and reproducing15.00/hour

Overhead charge - 20% of labor chargecalculated

Postage and shipping charge - actual costcalculated

Other costs - actual chargecalculated

Section 3. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 87-11, is hereby amended to read as follows:

Appendix A, Sec. 87-11. Application process.

Application fee. A non-refundable application fee of ~~\$25.00~~ \$50.00, plus any costs incurred by the city, must be submitted with the application and is required for each permit or renewal of a permit, which permit shall extend only to those dates requested in the application and which are approved by the committee.

Section 4. That Appendix A, entitled “Schedule of Fees”, of the Code of Ordinances, City of McKinney, Texas, Section 110-45, is hereby amended to read as follows:

Appendix A, Sec. 110-45. Miscellaneous charges.

- Payment Plan Processing Fee5.00
- Removal or lockup of meter for non-payment50.00
- Tampering with meter50.00
- Damaged lock30.00
- Meter test fee:
 - Residential meter30.00
 - 1-inch meter50.00
 - 2-inch meter75.00
 - 3-inch meter or larger, the minimum fee shall be250.00
- Meter box replacement150.00
- Trip fee (i.e. emergency shut off, delivery of disconnection notice in lieu of reconnection fee)
 - During normal city working hours40.00
 - After normal city working hours60.00
- Missed appointment fee (charge for making appointments and customer is a "no show"):
 - Return trip—Next day15.00
 - Return trip—Same day20.00

Section 5. That Appendix A, entitled “Schedule of Fees”, of the Code of Ordinances, City of McKinney, Texas, Section 110-141, is hereby amended to read as follows:

Appendix A, Section 110-141. Monthly water rates.

Water rates and applicable criteria therefore for each monthly period:

- (1) Single-family dwelling accounts, excluding separate irrigation meters:
 - a. The base monthly rate per meter shall be ~~.....13.74~~ 14.30
 - b. From 1 gallon to 20,000 gallons the rate per 1,000 gallons or any portion thereof shall be ~~.....3.79~~ 4.08
 - c. From 20,001 gallons to 40,000 gallons the rate per 1,000 gallons or any portion thereof shall be ~~.....4.73~~ 5.10
 - d. For usage to exceed over 40,000 gallons, the rate per 1,000 gallons or any portion thereof shall be ~~.....5.68~~ 6.12
- (2) Multifamily/Commercial/industrial/governmental accounts:
 - a. The base monthly rate per meter shall be:
 - 1. 5/8-inch x 3/4-inch meter ~~.....13.74~~ 14.30

2. 1-inch meter~~24.07~~ 25.05
 3. 1½-inch meter~~41.25~~ 42.90
 4. 2-inch meter~~57.77~~ 60.10
 5. 3-inch meter~~101.79~~ 105.85
 6. 4-inch meter~~151.30~~ 157.35
 7. 6-inch meter~~282.04~~ 293.30
 8. 8-inch meter~~557.14~~ 579.40
- b. The rate per 1,000 gallons or any portion thereof shall be~~3.79~~ 4.08
- (3) Water district/municipal accounts. The monthly rates for water sold by the city to treated-water water district accounts and municipal accounts, including separate irrigation meters, per 1,000 gallons or any portion thereof shall be~~2.84~~ 3.06
- (4) Irrigation accounts:
- a. The base monthly rate per meter shall be:
 1. 5/8-inch x 3/4-inch meter~~13.74~~ 14.30
 2. 1-inch meter~~24.07~~ 25.05
 3. 1½-inch meter~~41.25~~ 42.90
 4. 2-inch meter~~57.77~~ 60.10
 5. 3-inch meter~~101.79~~ 105.85
 6. 4-inch meter~~151.30~~ 157.35
 7. 6-inch meter~~282.04~~ 293.30
 8. 8-inch meter~~557.14~~ 579.40
 - b. From 1 gallon to 20,000 gallons the rate per 1,000 gallons or any portion thereof shall be~~3.79~~ 4.08
 - c. From 20,001 gallons to 40,000 gallons the rate per 1,000 gallons or any portion thereof shall be~~4.73~~ 5.10
 - d. For usage to exceed over 40,000 gallons, the rate per 1,000 gallons or any portion thereof shall be~~5.68~~ 6.12

Section 6. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 110-230, is hereby amended to read as follows:

Appendix A, Sec. 110-230. Sewer service rates generally.

- (1) Single-family dwelling accounts:
- a. The base monthly rate shall be~~13.99~~ 15.25
 - b. The rate per 1,000 gallons up to 8,000 gallons, but not to exceed the winter average if applicable, shall be~~3.94~~ 4.29
 - c. Utility customers shall be billed at actual metered water consumption not to exceed 8,000 gallons maximum until a winter average may be established. The winter average shall be established using the consumption for the months of December, January and February.

(2) Multifamily/Commercial/industrial/governmental accounts:

a. The base monthly rate shall be:

1. 5/8-inch x 3/4-inch meter~~13.99~~ 15.25
2. 1-inch meter~~22.94~~ 25.00
3. 1½-inch meter~~37.86~~ 41.25
4. 2-inch meter~~49.25~~ 53.70
5. 3-inch meter~~77.29~~ 84.25
6. 4-inch meter~~109.52~~ 119.40
7. 6-inch meter~~187.17~~ 204.00
8. 8-inch meter~~366.26~~ 399.20

b. The rate per 1,000 gallons or any portion thereof shall be~~3.94~~ 4.29

(3) Municipal accounts:

a. The rate per 1,000 gallons or any portion thereof ~~2.95~~ 3.22

(4) Irrigation accounts:

a. Meters used for irrigation purposes only shall not be billed sewer charges.

Section 7. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 122-39, is hereby amended to read as follows:

Appendix A, Sec. 122-39. Amendments to property maintenance code.

Department of property maintenance, registration, and inspection fees:

~~Any failed inspection47.00~~

Registration fee25.00 per building

~~License—No fee~~

Re-inspection fee25.00 per building

Section 8. That Appendix A, entitled "Schedule of Fees", of the Code of Ordinances, City of McKinney, Texas, Section 142-37, is hereby amended to read as follows:

Appendix A, Sec. 142-37. Facilities agreement.

~~Fee for filing facilities agreements, for the first page16.00~~

~~For each additional page4.00~~

The fee required to file a facilities agreement for recordation with the County Clerk's Office shall be equal to the County's recording fee as published by the County Clerk's Office.

Section 9. That if any section, subsection, paragraph, sentence, phrase or clause of this Ordinance shall be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this Ordinance, which shall remain in full force and effect, and to this end, the provisions of this Ordinance are declared to be severable.

Section 10. That this Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of said ordinances except in those

instances where provisions of those ordinances are in direct conflict with the provisions of this Ordinance and such ordinances shall remain intact and are hereby ratified, verified and affirmed.

Section 11. This Ordinance shall become effective October 1, 20165.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 2015TH DAY OF SEPTEMBER, 20165.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney



16-216SP2

TITLE: Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for an Office and Storage Facility (Public Safety Building), Located Approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive

COUNCIL GOAL: Safe & Secure Community

MEETING DATE: September 20, 2016

DEPARTMENT: Planning

CONTACT: Matt Robinson, AICP, Planning Manager
Brian Lockley, AICP, Director of Planning
Danielle Quintanilla, Planner I

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the proposed site plan with the following conditions:
 1. The conditions as shown on the Standard Conditions for Site Plan Approval Checklist, attached, be satisfied.

ITEM SUMMARY:

- The City of McKinney is proposing to construct a 27,501 square foot office and storage facility (Public Safety Building) on 16.595 acres of land, located approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive.
- The proposed office and storage facility will be maintained and operated by the City of McKinney.
- All proposed site plans for city-owned property must be considered by the City Council.

BACKGROUND INFORMATION:

- Please see attached Planning & Zoning Commission Staff Report

FINANCIAL SUMMARY:

- N/A

BOARD OR COMMISSION RECOMMENDATION:

- On August 23, 2016, the Planning and Zoning Commission voted 7-0-0 to recommend approval of the proposed site plan.

SUPPORTING MATERIALS:

[08.23.16 PZ Minutes](#)

[PZ Report](#)

[Standard Conditions Checklist](#)

[Location Map and Aerial Exhibit](#)

[Letter of Intent](#)

[Proposed Site Plan](#)

[Proposed Landscape Plan](#)

[PowerPoint Presentation](#)

Planning and Zoning Commission Meeting Minutes of August 23, 2016:

16-216SP Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for an Office and Storage Facility (Public Safety Building), Located Approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive

Ms. Danielle Quintanilla, Planner I for the City of McKinney, explained the proposed site plan request. She stated that the City of McKinney was planning to construct a 27,501 square foot Public Safety office and storage facility. Ms. Quintanilla stated that typically site plans were administratively approved by Staff; however, since this was a City project the recommendation of the Planning and Zoning Commission would be forwarded to City Council for consideration at the September 20, 2016 meeting. She stated that Staff recommended approval of the proposed site plan as conditioned in the Staff report and offered to answer questions. There were none.

Ms. Patricia Jackson, Facilities Construction Manager for the City of McKinney, concurred with the Staff report and offered to answer questions.

Chairman Cox wanted to clarify that she was in agreement with the conditions listed in the Staff report. Ms. Jackson said yes.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Commission Member Kuykendall, seconded by Commission Member Smith, the Commission voted unanimously to close the public hearing and recommend approval of the proposed site plan as conditioned in the Staff report, with a vote of 7-0-0.

Chairman Cox stated that the recommendation of the Planning and Zoning Commission will be forwarded to the City Council meeting on September 20, 2016.

AGENDA ITEM

TO: Planning and Zoning Commission

THROUGH: Matt Robinson, AICP, Planning Manager

FROM: Danielle Quintanilla, Planner I

SUBJECT: Conduct a Public Hearing to Consider/Discuss/Act on a Site Plan for an Office and Storage Facility (Public Safety Building), Located Approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive

APPROVAL PROCESS: The recommendation of the Planning and Zoning Commission for the proposed site plan will be forwarded to the City Council for final action at the September 20, 2016 meeting.

STAFF RECOMMENDATION: Staff recommends approval of the proposed site plan with the following conditions:

1. The City satisfy the conditions as shown on the Standard Conditions for Site Plan Approval Checklist, attached.

APPLICATION SUBMITTAL DATE: July 11, 2016 (Original Application)
July 27, 2016 (Revised Submittal)
August 9, 2016 (Revised Submittal)

ITEM SUMMARY: The City of McKinney is proposing to construct a 27,501 square foot office and storage facility (Public Safety Building) on 16.595 acres of land, located approximately 440 Feet East of Community Avenue and on the North Side of Taylor Burk Drive.

The proposed office and storage facility will be maintained and operated by the City of McKinney. Typically site plans can be administratively approved by Staff; however, since this is a city project, the recommendation of the Planning & Zoning Commission will be forwarded to the City Council for consideration at their September 20, 2016 meeting.

PLATTING STATUS: The subject property is currently platted as Lot 1, Block A of the City of McKinney Public Safety Building Addition. An amending plat, subject to review and approval by the Director of Planning, must be filed for recordation with the Collin County Clerk, prior to issuance of a certificate of occupancy.

ZONING:

Location	Zoning District (Permitted Land Uses)	Existing Land Use
Subject Property	"PD" – Planned Development District Ordinance No. 2004-08-082 (Government Complex Uses)	McKinney Public Safety Building
North	"PD" – Planned Development District Ordinance No. 1574 (Residential Uses)	Undeveloped Land
South	"PD" – Planned Development District Ordinance No. 1440 (Office Uses)	Collin College Campus
East	"C" – Planned Center (Commercial Uses)	Undeveloped Land
West	"PD" – Planned Development District Ordinance No. 2007-05-047 (Residential Uses)	Community North Baptist Church

ACCESS/CIRCULATION:

Adjacent Streets: Taylor Burk Drive, 60' Right-of-Way, Collector

Community Avenue, 80' Right-of-Way, Minor Arterial

PARKING: The City has satisfied the minimum parking requirements as specified within Section 146-130 (Vehicle Parking) of the Zoning Ordinance.

LOADING SPACES: The City has satisfied the minimum loading space requirements as specified within Section 146-131 (Off-Street Loading) of the Zoning Ordinance.

SOLID WASTE CONTAINERS: The sanitation container screening walls will be brick, stone masonry or other architectural masonry finish, including a metal gate, primed and painted, and the sanitation container screening walls, gate, and pad site will be constructed in accordance with the City of McKinney Design Specifications. The City has provided the required notation on the proposed site plan.

LANDSCAPING REQUIREMENTS: The City has satisfied all landscaping requirements as specified in Section 146-135 (Landscape Requirements) of the Zoning Ordinance.

SCREENING REQUIREMENTS: The City has provided the required notation stating that all mechanical, heating, and air conditioning equipment shall be screened from the public right-of-way and from adjacent residential properties. The City has properly screened the sanitation container and has satisfied the minimum requirements as specified in Section 146-132 (Fences, Walls, and Screening Requirements) of the Zoning Ordinance.

LIGHTING AND GLARE REGULATIONS: The City will be responsible for complying with Chapter 58 (Lighting and Glare Regulations) of the City of McKinney Code of Ordinances. The City has provided the required notation stating that the lighting will be in conformance to the requirements of the City of McKinney Code of Ordinances on the site plan.

ARCHITECTURAL STANDARDS: The City will be responsible for meeting the requirements of Section 146-139 (Architectural and Site Standards) of the City of McKinney Zoning Ordinance. Architectural building elevations are subject to review and approval by the Chief Building Official, prior to issuance of a building permit.

TREE PRESERVATION ORDINANCE: The City will be responsible for complying with the Tree Preservation Ordinance. The City has stated on a signed affidavit that there are no protected trees on the subject property, subject to review and approval of the City's Landscape Architect.

PUBLIC IMPROVEMENTS:

Sidewalks: Not Required

Hike and Bike Trails: Not Required

Road Improvements: All road improvements necessary for this development, and as determined by the City Engineer

Utilities: All utilities necessary for this development, and as determined by the City Engineer

Discussion: Under the requirements of the Subdivision Ordinance, the applicant will be required to construct all necessary public improvements prior to filing the accompanying plat, unless otherwise specified in an approved facilities agreement.

DRAINAGE: The City will be responsible for all drainage associated with the subject property, and for compliance with the Storm Water Ordinance, which may require on-site detention. Grading and drainage plans are subject to review and approval by the City Engineer, prior to issuance of a building permit.

FEES:

Roadway Impact Fees:	Not Applicable (Ordinance No. 2013-11-108)
Utility Impact Fees:	Not Applicable (Ordinance No. 2013-11-109 and Ordinance No. 2013-12-118)
Median Landscape Fees:	Not applicable
Park Land Dedication Fees:	Not applicable
Pro-Rata:	As determined by the City Engineer

OPPOSITION TO OR SUPPORT OF REQUEST: Staff has received no comments in support of or in opposition to this request.

ATTACHMENTS:

- Standard Conditions for Site Plan Approval Checklist
- Location Map and Aerial Exhibit
- Letter of Intent
- Proposed Site Plan
- Proposed Landscape Plan
- PowerPoint Presentation

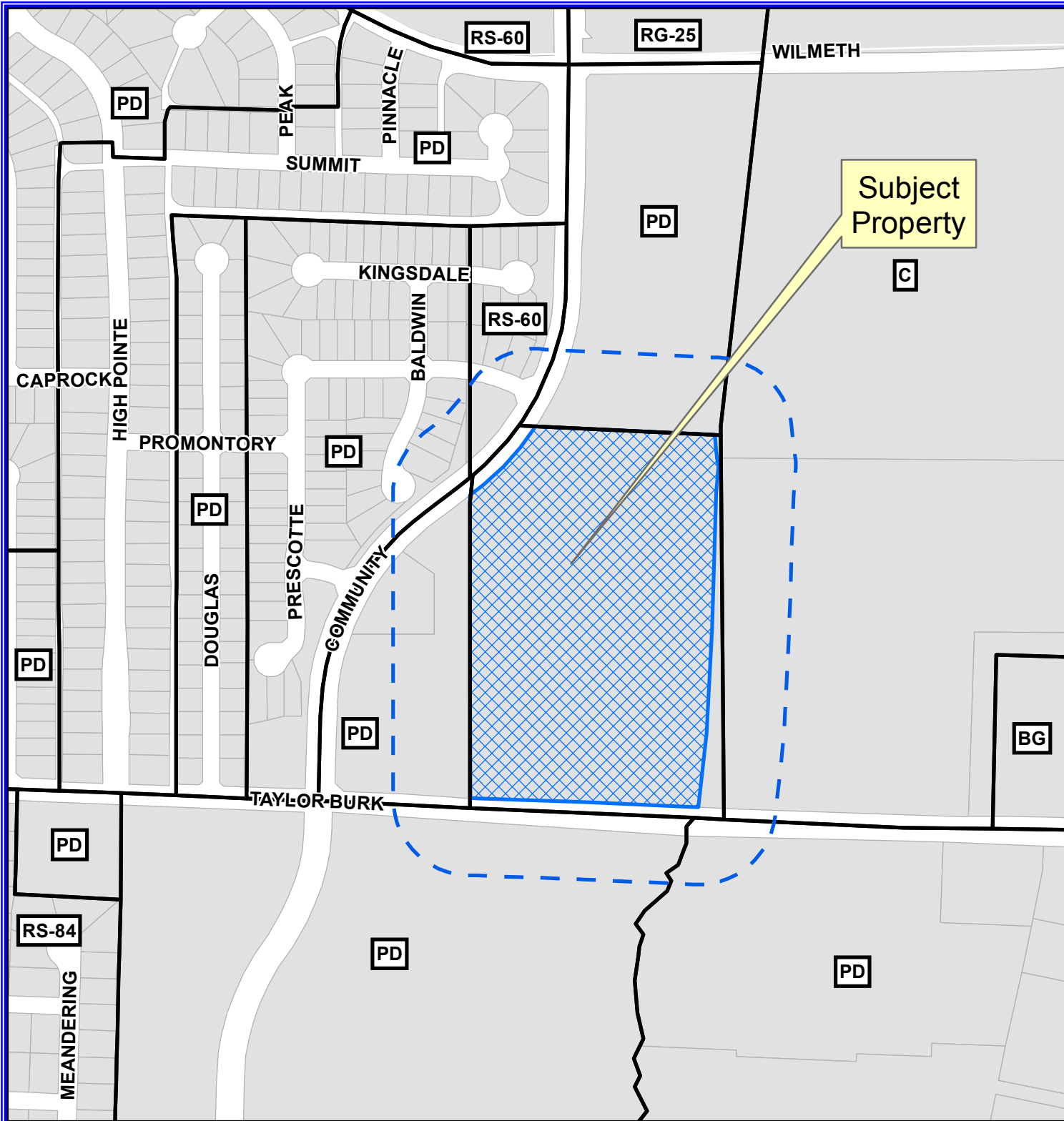
Standard Conditions for Site Plan Approval Checklist

The conditions listed below marked with a "☒" need to be satisfied by the applicant, prior to issuance of a building permit.

- ☒ Approval of building permit plans by the Chief Building Official.
- ☒ Approval of architectural building elevations, in accordance with Section 146-139 of the Zoning Ordinance.
- ☒ Approval of grading and drainage plans by the City Engineer.
- ☒ Approval of public improvement construction plans by the City Engineer.
- ☒ Approval of utility construction plans by the City Engineer.
- ☐ Approval of an associated record plat or minor plat if the property is currently unplatted.
- ☒ Final location of fire hydrants be subject to review and approval by the Fire Marshal.
- ☒ The applicant comply with the requirements of the Tree Preservation Ordinance and obtain any necessary tree permits within the time frames specified within the Ordinance, subject to review and approval by the City Arborist.
- ☐ Payment of impact fees in accordance with Ordinances 2013-11-109 and 2013-11-118 (utilities) and 2013-11-108 (roadway), or as specified within an approved facilities agreement or development agreement.
- ☐ The applicant satisfy park land dedication obligations, in accordance with Article VI of the Subdivision Ordinance, subject to review and approval by the Director of Parks and Recreation.
- ☒ All signage is to comply with the current Sign Ordinance of the City of McKinney, and as amended. Final location of all signage, as well as the dimension and construction specifications, be subject to review and approval by the Chief Building Official, under separate permit.

Prior to the issuance of a Certificate of Occupancy (C.O.):

- ☒ The applicant provide any additional easements as determined necessary by the City Engineer.
- ☒ The associated plat for the subject property be filed for record with the County Clerk.



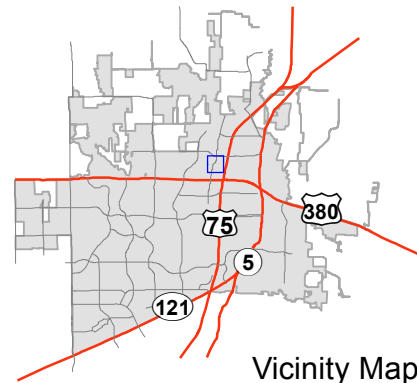
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Feet

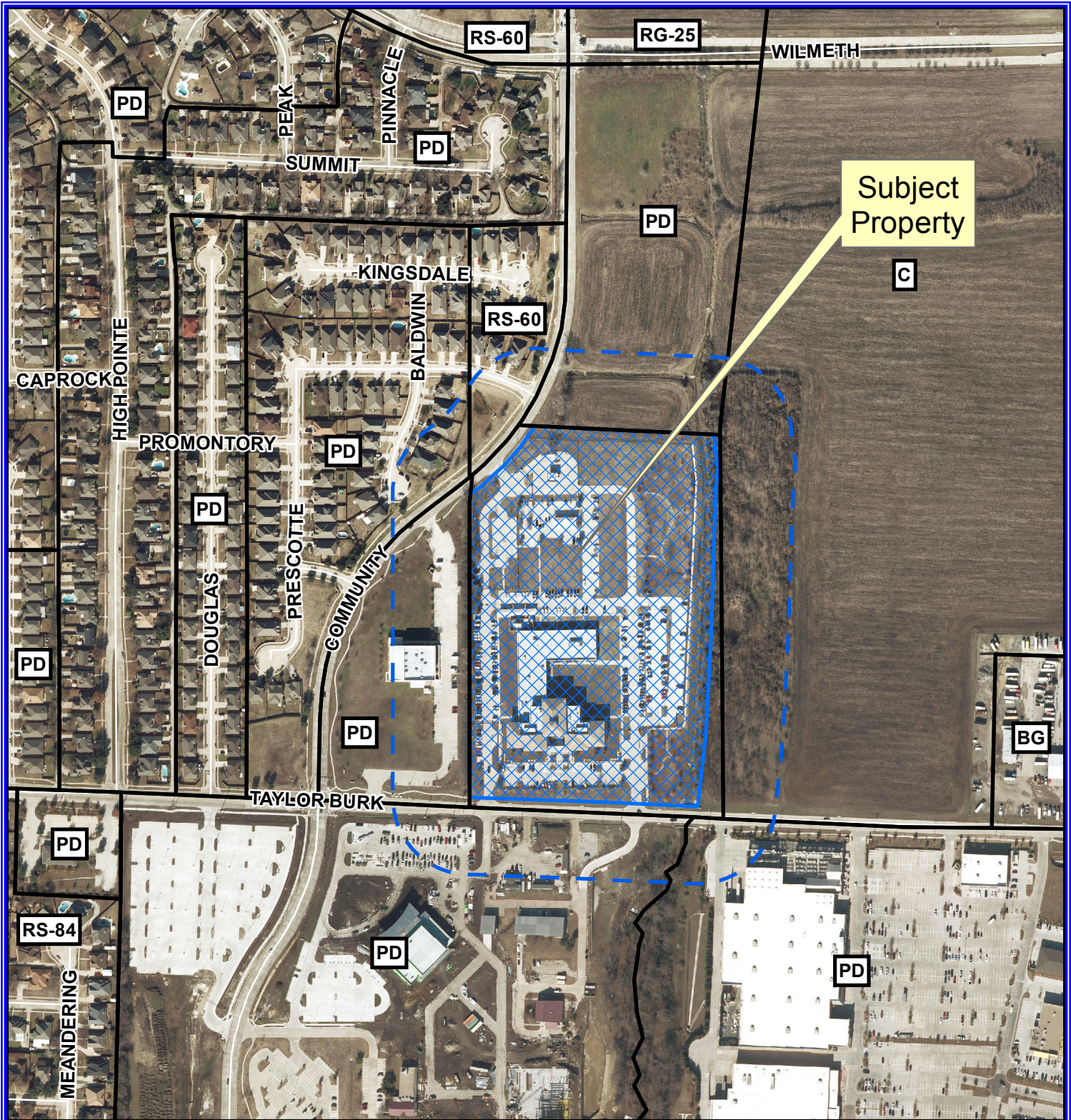


Notification Map

Case: 16-216SP

--- 200' Buffer





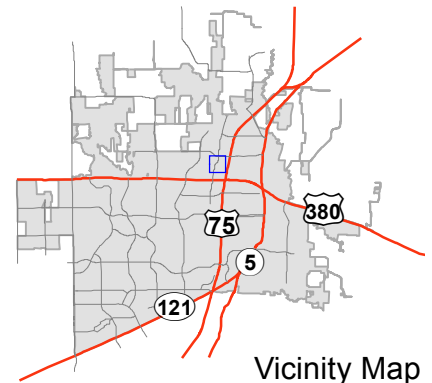
0 240 480
Feet



Notification Map

Case: 16-216SP

--- 200' Buffer



City of McKinney Site Plan Submittal Letter of Intent

This project is intended to provide additional storage and warehousing space to both McKinney Police and Fire Departments, as well as provide additional functional space for Police evidence activities. The project will be built on site of the current McKinney Public Safety Building on an area previously set aside for this purpose.

- Acreage of full existing Public Safety Building is 16.6 acres. Of this, only 1.41 acres is impacted by the proposed project.
- The building is located on Lot 1, Block A of the City of McKinney Public Safety Building Addition. Located at 2200 Taylor-Burke Dr., McKinney, TX 75071. Approximately 1,700 ft. West of the intersection of Taylor-Burke Dr. and North Central Expressway.
- The project will serve as office and warehouse space for the City of McKinney Police and Fire Departments.
- Proposed facility will be 27,512 sf.
- There is no phasing anticipated in the development of this project.
- City of McKinney will be the Owner for the entire facility.
- No need anticipated for Planning & Zoning consideration.
- No special considerations anticipated with the regard to Site Plan submittal.
- The current site is zoned as a PD per Ordinance 2004-08-082.



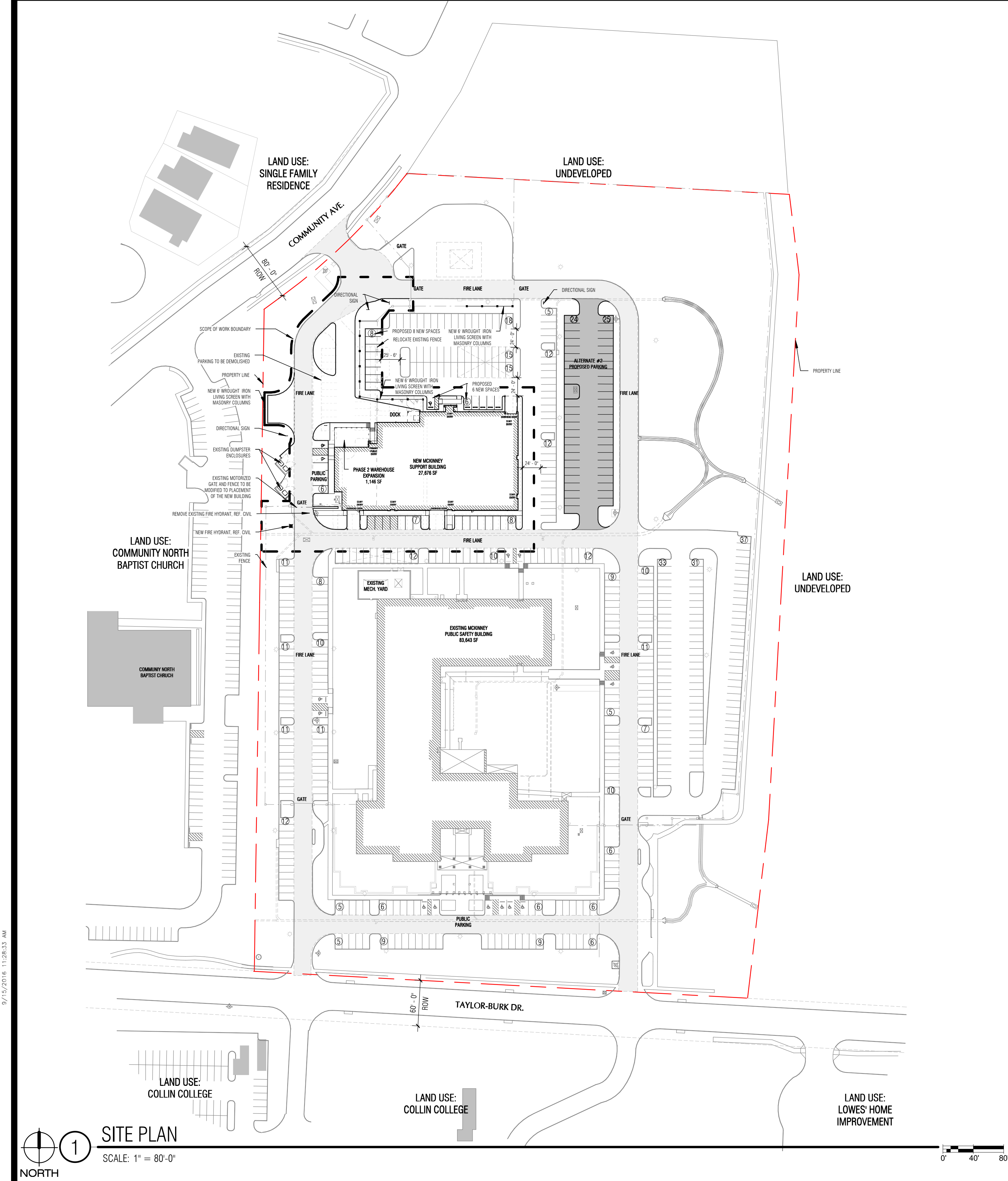
7/8/2016

Applicant:

Qiana Oden
Brinkley Sargent Wiginton Architects
5000 Quorum Drive, Suite 600
Dallas, TX 75254
972.960.9970
goden@bsw-architects.com

On Behalf of Owner:

Patricia Jackson, PE, RAS
City of McKinney
222 N. Tennessee Street
McKinney, TX 75069
972.547.7439
pjackson@mckinneytexas.org



1 SITE PLAN
SCALE: 1" = 80'-0"

PARKING TABLE

EXISTING MCKINNEY PUBLIC SAFETY BUILDING PARKING: OFFICE (BUSINESS PROFESSIONAL/RESEARCH) 1,400 SF; 83,643 SF/400=209 SPACES	
REQUIRED:	209 SPACES (7 HC REQUIRED, 1 VAN)
PROVIDED:	72 PUBLIC SPACES (6 HC, 4 VAN) 329 STAFF SPACES (7 HC, 4 VAN) 401 SPACES (13 HC, 8 VAN)
PROPOSED MCKINNEY SUPPORT BUILDING PARKING: OFFICE 1,400 SF; 11,076 SF/400=28 SPACES WAREHOUSE 1,400 SF; 16,600 SF/400=4 SPACES	
REQUIRED:	32 SPACES (2 HC REQUIRED, 1 VAN)
PROVIDED:	6 PUBLIC SPACES (2 HC, 1 VAN) 29 STAFF SPACES (1 HC, VAN) 35 SPACES (3 HC, 2 VAN)
TOTAL PROVIDED:	436 SPACES (15 HC, 10 VAN)
ALTERNATE #2: PROPOSED MCKINNEY SUPPORT BUILDING PARKING:	
PROVIDED:	6 PUBLIC SPACES (2 HC, 1 VAN) 78 STAFF SPACES (1 HC, VAN) 84 SPACES (3 HC, 2 VAN)
TOTAL PROVIDED:	90 SPACES (9 HC REQUIRED, 2 VAN)
PHASE 2 FUTURE WAREHOUSE EXPANSION: WAREHOUSE: 1,400 SF; 1,146 SF/400=1 SPACE REQUIRED: 1 SPACE (0 HC, VAN)	
REF. SHEET A021 FOR PARKING CALCULATIONS	

SITE COVERAGE TABLE

GROSS SITE AREA:	16.595 GROSS ACRES, (722,878 SF/149.36 AC.)
PROPOSED NET/DISTURBED SITE AREA:	16.378 NET ACRES, (697,045.8 SF)
IMPERVIOUS COVERAGE RATIOS:	
EXISTING MCKINNEY BUILDING:	697,045.8 NET SF
83,643 BUILDING SF	
268,540 PAVING SF	
344,862 SF PERVIOUS	
EXISTING MCKINNEY BUILDING	49% PERVIOUS (344,862/697,045.8)
PROPOSED SUPPORT BUILDING:	
697,045.8 NET SF	
-27,676 BUILDING SF	
-268,540 PAVING SF	
400,829 SF PERVIOUS	
883,288 SF PERVIOUS-(ALTERNATE #2)	
PROPOSED SUPPORT BUILDING	57% PERVIOUS (400,829/697,045.8)
TOTAL BUILDING LOT COVERAGE:	
697,045.8 NET SF	
83,643 EXISTING BLDG SF	
-27,676 PROPOSED SUPPORT BLDG SF	
-268,540 PAVING SF	
317,186.8 SF PERVIOUS	
299,616 SF PERVIOUS-(ALTERNATE #2)	
TOTAL BUILDING LOT COVERAGE-PHASE 2:	
317,186.8 SF PERVIOUS	
-1,146 SF	
316,040 SF PERVIOUS	
TOTAL BUILDING LOT COVERAGE:	
45% PERVIOUS (317,186.8 SF/697,045.8)	
43% PERVIOUS (299,616 SF/697,045.8)-(ALTERNATE #2)	
EXISTING MCKINNEY SUPPORT BUILDING COVERAGE:	
83,643 SF / 697,045.8 X 100%=12%	
PROPOSED SUPPORT BUILDING COVERAGE:	
27,676 SF / 697,045.8 X 100%=4%	
TOTAL EXISTING & PROPOSED BUILDING COVERAGE:	
83,643 SF + 27,676 / 697,045.8 X 100%=16%	
TOTAL LOT COVERAGE PERCENTAGE:	
379,684 SF / 697,045.8 SF X 100%=55%	
PHASE 2	
TOTAL LOT COVERAGE PERCENTAGE:	
380,830 SF / 697,045.8 X 100%=55%	

SITE TABLE

PHYSICAL ADDRESS:	LOT 1, BLOCK 1A 2200 TAYLOR-BURK DR MCKINNEY, TX 75071
ZONING CURRENT USE:	PD (BY ORDINANCE 2004-08-082)
PROPOSED USE:	OFFICE/WAREHOUSE BUILDING
BUILDING HEIGHTS DATA:	
EXISTING MCKINNEY PUBLIC SAFETY BUILDING:	
ROOF RIDGE HEIGHT:	52'-0" AFF
CUPOLA HEIGHT:	64'-0" AFF = 14'-0" MAST
PROPOSED MCKINNEY SUPPORT BUILDING:	
TOP OF PARAPET PEAK HEIGHT:	19'-4" AFF
TOP OF PARAPET LOWER HEIGHT:	17'-4" AFF
BUILDING AREAS DATA:	
EXISTING MCKINNEY PUBLIC SAFETY BUILDING:	
EXISTING LEVEL 1:	56,807 SF
EXISTING LEVEL 2:	26,836 SF
TOTAL EXISTING BUILDING	86,643 SF
PROPOSED MCKINNEY SUPPORT BUILDING:	
OFFICE USE:	11,076 SF
WAREHOUSE USE:	16,600 SF
TOTAL BUILDING AREA:	27,676 SF (1 STORY)
PHASE 2-FUTURE EVIDENCE EXPANSION	
WAREHOUSE USE:	1,146 SF

SITE LINE TYPE

--- --	SCOPE OF WORK
---	SITE PROPERTY LINE
----	PARKING DEMOLITION
----	FENCE-(EXISTING)
----	FENCE-(NEW)

GENERAL NOTES:

- REF. CIVIL DRAWINGS FOR:**
- TREE PROTECTION
 - PLANTING & IRRIGATION
 - FURTHER INFORMATION INCLUDING GRADING & DRAINAGE AT NOTED AREAS
 - FLATWORK FINISHES
 - PAVEMENT SLEEVES
- REF. CIVIL DRAWINGS FOR:**
- EROSION CONTROL
 - HORIZONTAL CONTROL
 - PAVING SECTIONS & SUBGRADE PREPARATION
 - GRADING & DRAINAGE
 - UTILITIES & OFF-SITE SCOPE OF WORK

STANDARD NOTATIONS: SECTION 146-45(3)(A)(18)

1. SANITATION CONTAINER SCREENING WALLS WILL BE BRICK MASONRY, STONE MASONRY, OR OTHER ARCHITECTURAL MASONRY FINISH INCLUDING METAL GATE, PRIMED AND PAINTED, AND THE SANITATION CONTAINER SCREENING WALLS, GATE, AND PAD SITE, SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE CITY DESIGN SPECIFICATIONS.

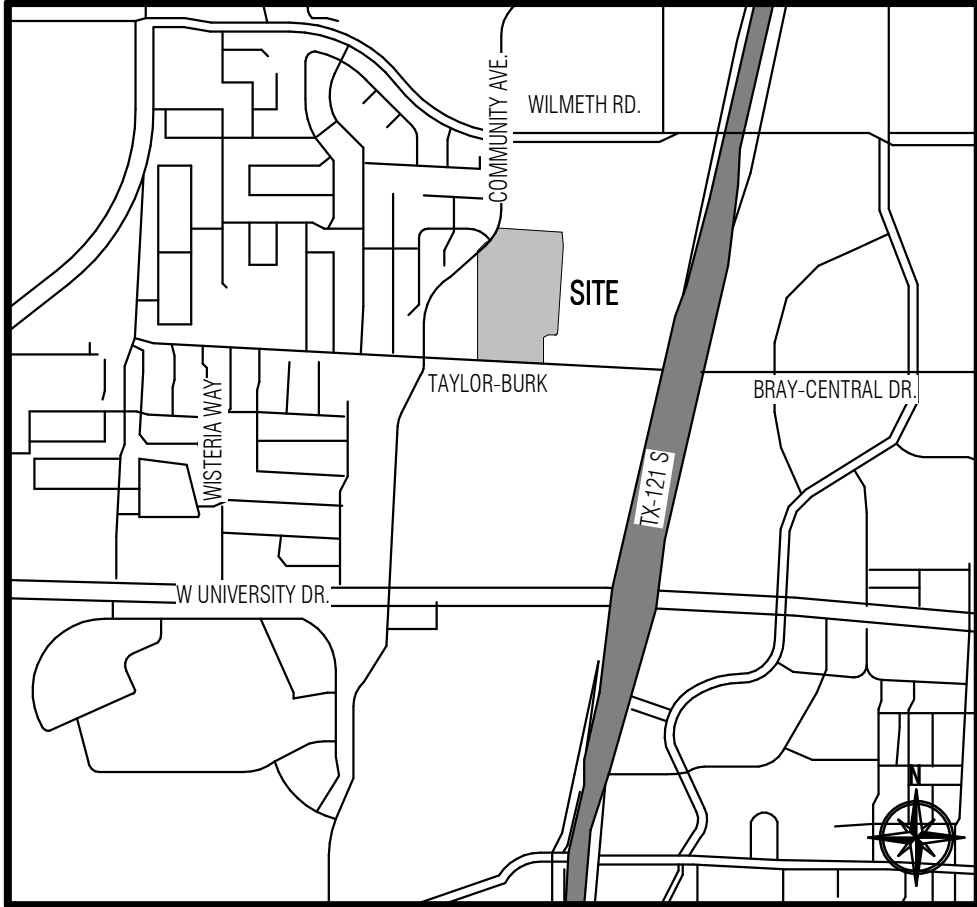
2. MECHANICAL AND HEATING AND AIR CONDITIONING EQUIPMENT IN NON-RESIDENTIAL USES SHALL BE SCREENED FROM VIEW FROM THE PUBLIC RIGHT-OF-WAY AND FROM ADJACENT RESIDENTIAL PROPERTIES.

3. THE LIGHTING FOR THE SUBJECT PROPERTY WILL BE CONSTRUCTED AND OPERATED IN CONFORMANCE WITH CHAPTER 58 OF THE CITY OF MCKINNEY CODE OF ORDINANCES.

OWNER:
CITY OF MCKINNEY
PATRICIA JACKSON
FACILITIES CONSTRUCTION MANAGER
222 N. TENNESSEE STREET
MCKINNEY, TX 75069
972-547-7439

APPLICANT:
BRINKLEY SARGENT WIGINTON ARCHITECTS
5000 QUORUM DRIVE, SUITE 600
DALLAS, TX 75254
972-960-9970

SURVEYOR:
PACHECO KOCH
CONSULTING ENGINEERS
7557 RAMBLER ROAD, SUITE 1400
DALLAS, TX 75231
972-235-3031



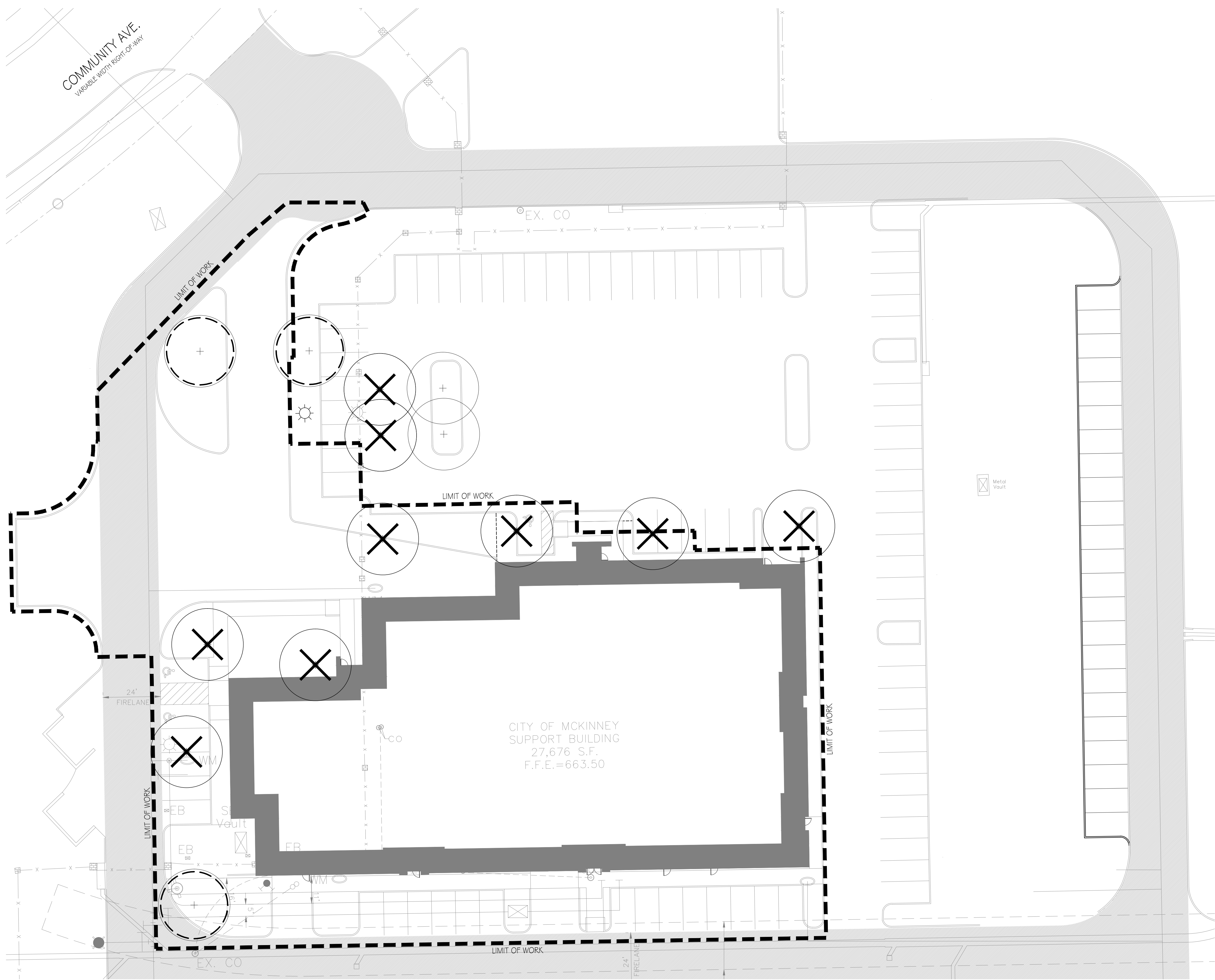
VICINITY MAP

Architect: Brinkley Sargent Wiginton Architects (972) 960-9970
Civil/Landscape: Pacheco Koch (972) 235-3031
Structural: L.A. Fues Partners, Inc. (214) 871-7010
MEP: MD Engineers (469) 467-0200
Technology: M-E Engineers (303) 421-6655

MCKINNEY SUPPORT BUILDING

XXXX COMMUNITY AVE., MCKINNEY, TEXAS 75071

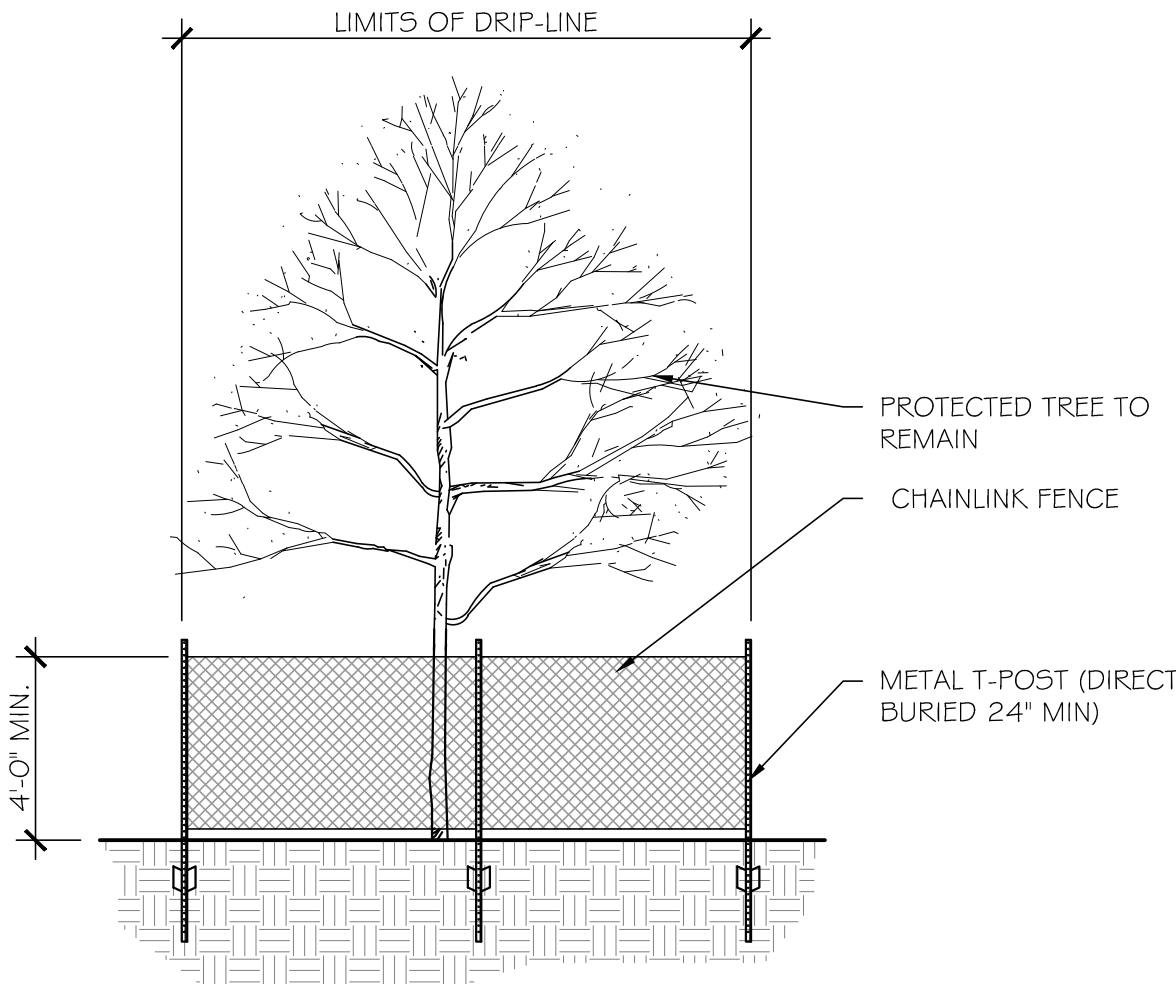
HISTORY		
#	DATE	DESCRIPTION
09/15/2016		
SITE PLAN		
21527.00		
09/15/2016		
A1.1		



EXISTING TREE SIZE/SPECIES INFORMATION UNKNOWN. TREE MITIGATION SUMMARY TBD UPON FIELD SURVEY BY OTHERS.

TREE MITIGATION LEGEND

- EXISTING TREE TO BE PROTECTED (REQUIRES PROTECTIVE FENCING, SEE DETAIL BELOW)
- EXISTING TREE TO BE REMOVED (NOT SURVEYED)
- TREE PROTECTION FENCING



TREE PROTECTION FENCING
3/4" = 1'-0"

ISSUED FOR PRELIMINARY PRICING PURPOSES ONLY
(SUBJECT TO REVISION PRIOR TO CONSTRUCTION)

THESE DOCUMENTS HAVE BEEN PREPARED BY THE ENGINEER WITH THE INTENT OF COMPLYING WITH ALL CITY STANDARD REQUIREMENTS. THESE DOCUMENTS HAVE **NOT** BEEN APPROVED AND RELEASED FOR CONSTRUCTION BY THE CITY AS OF THIS DATE AND, THEREFORE, REVISIONS MAY BE REQUIRED PRIOR TO CONSTRUCTION. BY ANY USE OF THESE DOCUMENTS, THE USER AFFIRMS THEIR UNDERSTANDING OF THE PRELIMINARY STATUS OF THE PLANS AND THE POTENTIAL FOR REVISION PRIOR TO ANY CONSTRUCTION.

NO. DATE REVISION

Pacheco Koch 7557 RAMBLER ROAD, SUITE 1400
DALLAS, TX 75231 972.235.3031
TX REG. ENGINEERING FIRM F-14439
TX REG. SURVEYING FIRM LS-10193805

TREE MITIGATION PLAN
McKINNEY SUPPORT BUILDING

McKINNEY PUBLIC SAFETY COMPLEX

Lot 1, Block A, Safety Bldg Add.

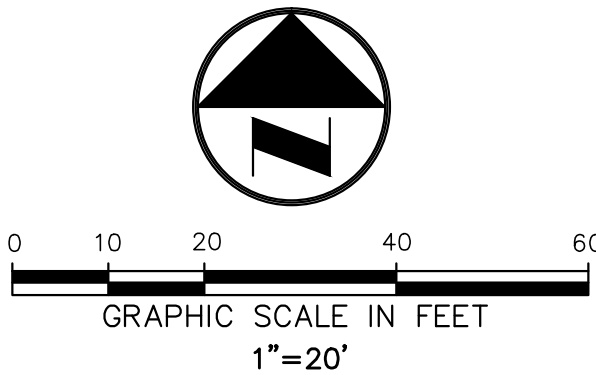
CITY OF McKinNEY, COLLIN COUNTY, TEXAS

DESIGN	DRAWN	DATE	SCALE	NOTES	FILE	NO.
MED	KJH	SEPT 2016	1"=20'			L1.0

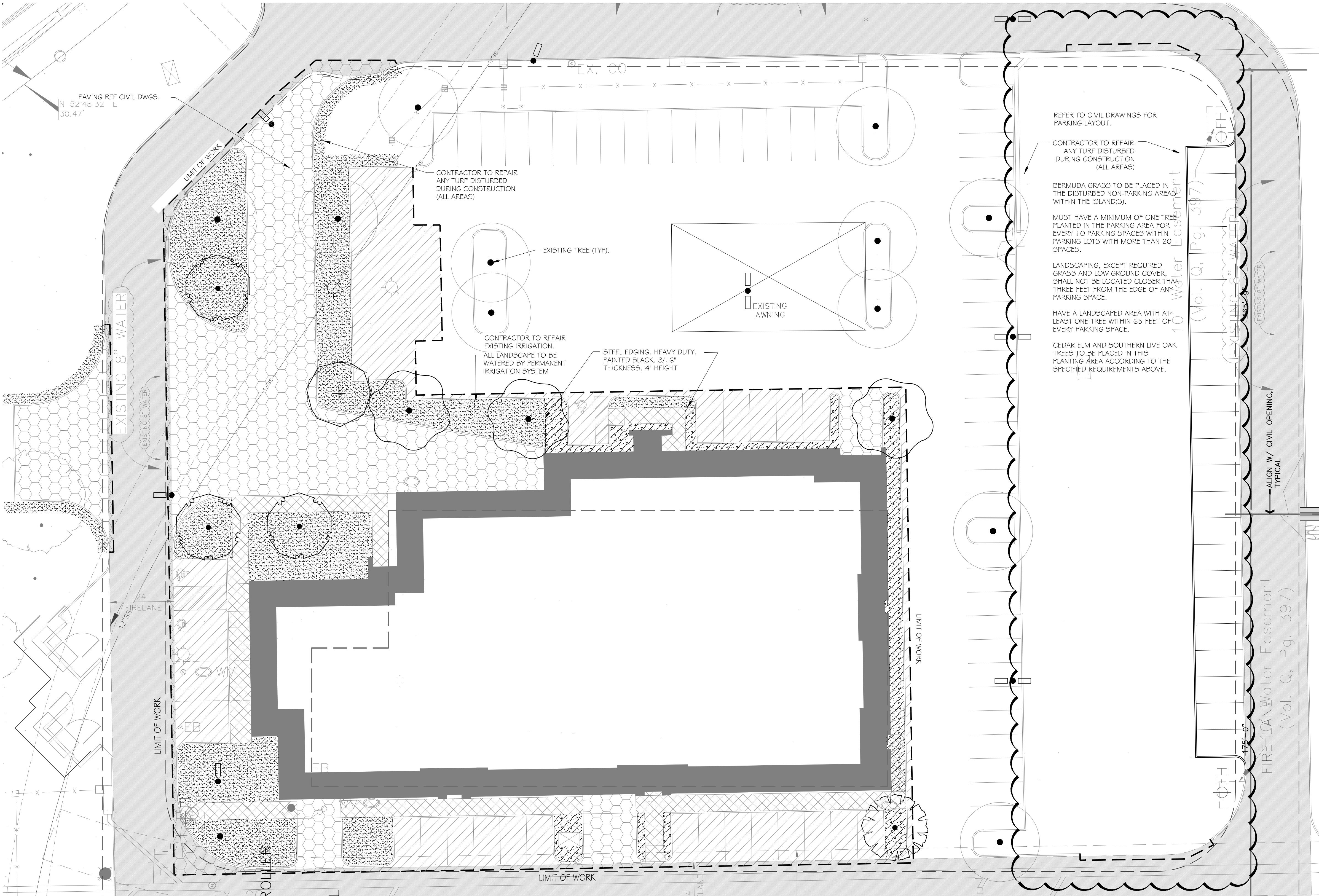
INTERIM REVIEW

THESE DOCUMENTS ARE INTENDED FOR INTERIM REVIEW ONLY AND NOT FOR REGULATORY APPROVAL, PERMITTING, OR CONSTRUCTION.

REGISTERED LANDSCAPE ARCHITECT
MARK EDWIN DODDINS
TEXAS REGISTRATION NUMBER 2983



MCKINNEY CITY LANDSCAPE REQUIREMENTS		
SITE REQUIREMENTS	REQUIRED	FULFILLED
Have a landscaped area with at least one tree within 65 feet of every parking space.	Y	Y
Have a minimum of one tree planted in the parking area for every 10 parking spaces within parking lots with more than 20 spaces.	Y	Y
Landscaping, except required grass and low ground cover, shall not be located closer than three feet from the edge of any parking space.	Y	Y



PLANTING GENERAL NOTES

- ALL PLANTS SHALL BE SET OUT FOR APPROVAL BY THE OWNER'S REPRESENTATIVE PRIOR TO INSTALLATION.
- FINE GRADING SHALL BE PERFORMED IN ALL AREAS TO BE LANDSCAPED. FINE GRADING SHALL INCLUDE THE REMOVAL OF DEBRIS, ROCKS, ETC. FROM THE SITE AND ENSURE POSITIVE DRAINAGE IN ALL AREAS.
- THE CONTRACTOR SHALL LOCATE ALL UTILITIES AND EASEMENTS IN THE FIELD PRIOR TO COMMENCEMENT OF WORK. CONTRACTOR IS RESPONSIBLE FOR ANY DAMAGE TO UTILITIES DURING THE COURSE OF CONSTRUCTION.
- WRITTEN DIMENSIONS SHALL GOVERN OVER SCALED DIMENSIONS.
- IT IS PREFERABLE THAT NO TREE BE STAKED. HOWEVER, CONDITIONS AND PLANT MATERIAL SIZE MAY NECESSITATE STAKING. THE OWNER'S REP SHALL DETERMINE IF SUPPORT IS NEEDED AND SHALL DIRECT THE CONTRACTOR ACCORDINGLY.
- THE CONTRACTOR SHALL REFER TO THE SPECIFICATIONS FOR ADDITIONAL INFORMATION AND REQUIREMENTS ASSOCIATED WITH THE LANDSCAPE AND ACCESSORIES.
- ALL PLANT MATERIALS SHALL MEET ANSI Z60.1 STANDARDS FOR CALIPER, HEIGHT AND ROOT BALL SIZE. ANY MATERIALS THAT DO NOT MEET OR EXCEED SUCH STANDARDS SHALL BE REJECTED AND REPLACED AT THE CONTRACTOR'S EXPENSE.
- BALLED AND BURLAPPED TREES SHALL HAVE THE TOP HALF OF THE WIRE BASKET REMOVED. THE BURLAP SHALL BE REMOVED TO THE GREATEST EXTENT POSSIBLE, USING A KNIFE TO CUT AND REMOVE THE BOTTOM HALF UNDER THE WIRE BASKET THAT REMAINS.
- QUANTITIES ARE SHOWN FOR CONVENIENCE ONLY. CONTRACTOR IS RESPONSIBLE FOR VERIFYING ALL QUANTITIES.
- THE CONTRACTOR SHALL VERIFY WATER RESTRICTIONS WITHIN THE CITY OF MCKINNEY AT TIME OF PLANTING. SHOULD WATER RESTRICTIONS NOT ALLOW HYDRO-MULCH, HYDRO-SEEDING, OR SPRIGGING (STAGE 3 AND STAGE 4 WATER RESTRICTIONS), AN APPROVED ALTERNATIVE FOR GRASSING SHALL BE INSTALLED.

PLANT LEGEND

TREES	COMMON NAME
	NOT SURVEYED EXISTING TREE
	BURR OAK <i>Quercus macrocarpa</i>
	SHUMARD RED OAK <i>Quercus shumardii</i>
	SOUTHERN LIVE OAK <i>Quercus virginiana</i>
	CEDAR ELM <i>Ulmus crassifolia</i>
GROUND COVERS	COMMON NAME
	ASIAN JASMINE <i>Trachelospermum asiaticum</i>
SOD/SEED	COMMON NAME
	BERMUDA GRASS <i>Cynodon dactylon</i>
	STEEL EDGING

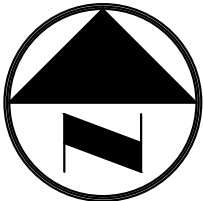
ISSUED FOR PRELIMINARY PRICING PURPOSES ONLY
(SUBJECT TO REVISION PRIOR TO CONSTRUCTION)

THESE DOCUMENTS HAVE BEEN PREPARED BY THE ENGINEER WITH THE INTENT OF COMPLYING WITH ALL CITY STANDARD REQUIREMENTS. THESE DOCUMENTS HAVE NOT BEEN APPROVED AND RELEASED FOR CONSTRUCTION BY THE CITY AS OF THIS DATE AND, THEREFORE, REVISIONS MAY BE REQUIRED PRIOR TO CONSTRUCTION. BY ANY USE OF THESE DOCUMENTS, THE USER AFFIRMS THEIR UNDERSTANDING OF THE PRELIMINARY STATUS OF THE PLANS AND THE POTENTIAL FOR REVISION PRIOR TO ANY CONSTRUCTION.

NO.	DATE	REVISION
7557 RAMBLER ROAD, SUITE 1400 DALLAS, TX 75231 972.235.3031 TX REG. ENGINEERING FIRM F-14439 TX REG. SURVEYING FIRM LS-10193805		

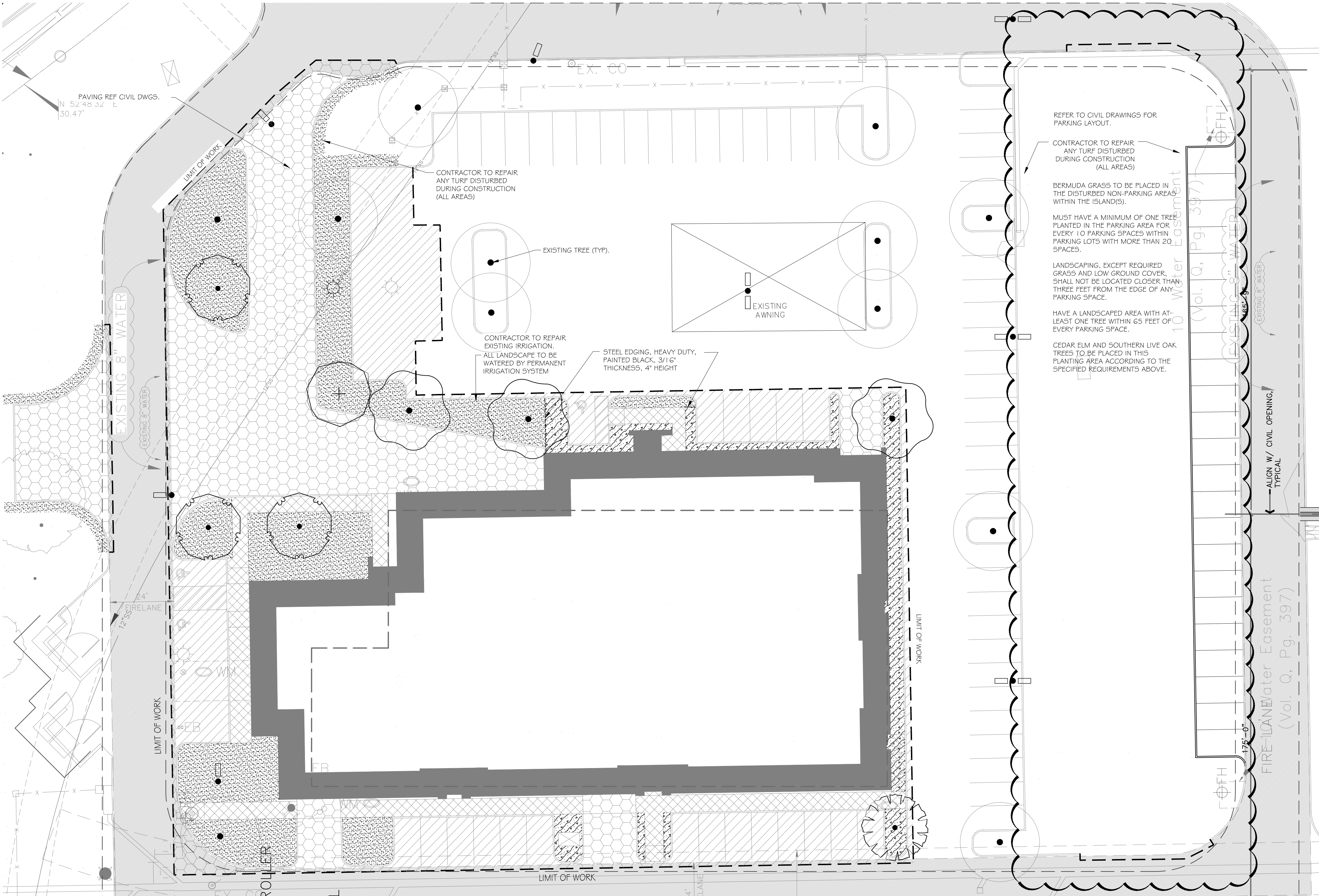
PLANTING PLAN	
McKINNEY SUPPORT BUILDING	
McKINNEY PUBLIC SAFETY COMPLEX	
Lot 1, Block A, Safety Bldg Add.	
CITY OF MCKINNEY, COLLIN COUNTY, TEXAS	

DESIGN	DRAWN	DATE	SCALE	NOTES	FILE	NO.
MED	GBH	SEPT 2016	1"=20'			L1.1



INTERIM REVIEW
THESE DOCUMENTS ARE INTENDED FOR INTERIM REVIEW ONLY AND NOT FOR REGULATORY APPROVAL, PERMITTING, OR CONSTRUCTION.
REGISTERED LANDSCAPE ARCHITECT
MARK EDWIN DENNIS
TEXAS REGISTRATION NUMBER 2963

MCKINNEY CITY LANDSCAPE REQUIREMENTS		
SITE REQUIREMENTS	REQUIRED	FULFILLED
Have a landscaped area with at least one tree within 65 feet of every parking space.	Y	Y
Have a minimum of one tree planted in the parking area for every 10 parking spaces within parking lots with more than 20 spaces.	Y	Y
Landscaping, except required grass and low ground cover, shall not be located closer than three feet from the edge of any parking space.	Y	Y



PLANTING GENERAL NOTES

- ALL PLANTS SHALL BE SET OUT FOR APPROVAL BY THE OWNER'S REPRESENTATIVE PRIOR TO INSTALLATION.
- FINE GRADING SHALL BE PERFORMED IN ALL AREAS TO BE LANDSCAPED. FINE GRADING SHALL INCLUDE THE REMOVAL OF DEBRIS, ROCKS, ETC. FROM THE SITE AND ENSURE POSITIVE DRAINAGE IN ALL AREAS.
- THE CONTRACTOR SHALL LOCATE ALL UTILITIES AND EASEMENTS IN THE FIELD PRIOR TO COMMENCEMENT OF WORK. CONTRACTOR IS RESPONSIBLE FOR ANY DAMAGE TO UTILITIES DURING THE COURSE OF CONSTRUCTION.
- WRITTEN DIMENSIONS SHALL GOVERN OVER SCALED DIMENSIONS.
- IT IS PREFERABLE THAT NO TREE BE STAKED. HOWEVER, CONDITIONS AND PLANT MATERIAL SIZE MAY NECESSITATE STAKING. THE OWNER'S REP SHALL DETERMINE IF SUPPORT IS NEEDED AND SHALL DIRECT THE CONTRACTOR ACCORDINGLY.
- THE CONTRACTOR SHALL REFER TO THE SPECIFICATIONS FOR ADDITIONAL INFORMATION AND REQUIREMENTS ASSOCIATED WITH THE LANDSCAPE AND ACCESSORIES.
- ALL PLANT MATERIALS SHALL MEET ANSI Z60.1 STANDARDS FOR CALIPER, HEIGHT AND ROOT BALL SIZE. ANY MATERIALS THAT DO NOT MEET OR EXCEED SUCH STANDARDS SHALL BE REJECTED AND REPLACED AT THE CONTRACTOR'S EXPENSE.
- BALLED AND BURLAPPED TREES SHALL HAVE THE TOP HALF OF THE WIRE BASKET REMOVED. THE BURLAP SHALL BE REMOVED TO THE GREATEST EXTENT POSSIBLE, USING A KNIFE TO CUT AND REMOVE THE BOTTOM HALF UNDER THE WIRE BASKET THAT REMAINS.
- QUANTITIES ARE SHOWN FOR CONVENIENCE ONLY. CONTRACTOR IS RESPONSIBLE FOR VERIFYING ALL QUANTITIES.
- THE CONTRACTOR SHALL VERIFY WATER RESTRICTIONS WITHIN THE CITY OF MCKINNEY AT TIME OF PLANTING. SHOULD WATER RESTRICTIONS NOT ALLOW HYDRO-MULCH, HYDRO-SEEDING, OR SPRIGGING (STAGE 3 AND STAGE 4 WATER RESTRICTIONS), AN APPROVED ALTERNATIVE FOR GRASSING SHALL BE INSTALLED.

PLANT LEGEND

TREES	COMMON NAME
	NOT SURVEYED EXISTING TREE
	BURR OAK <i>Quercus macrocarpa</i>
	SHUMARD RED OAK <i>Quercus shumardii</i>
	SOUTHERN LIVE OAK <i>Quercus virginiana</i>
	CEDAR ELM <i>Ulmus crassifolia</i>
GROUND COVERS	COMMON NAME
	ASIAN JASMINE <i>Trachelospermum asiaticum</i>
SOD/SEED	COMMON NAME
	BERMUDA GRASS <i>Cynodon dactylon</i>
	STEEL EDGING

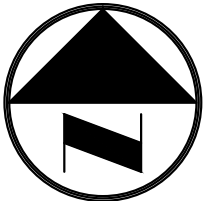
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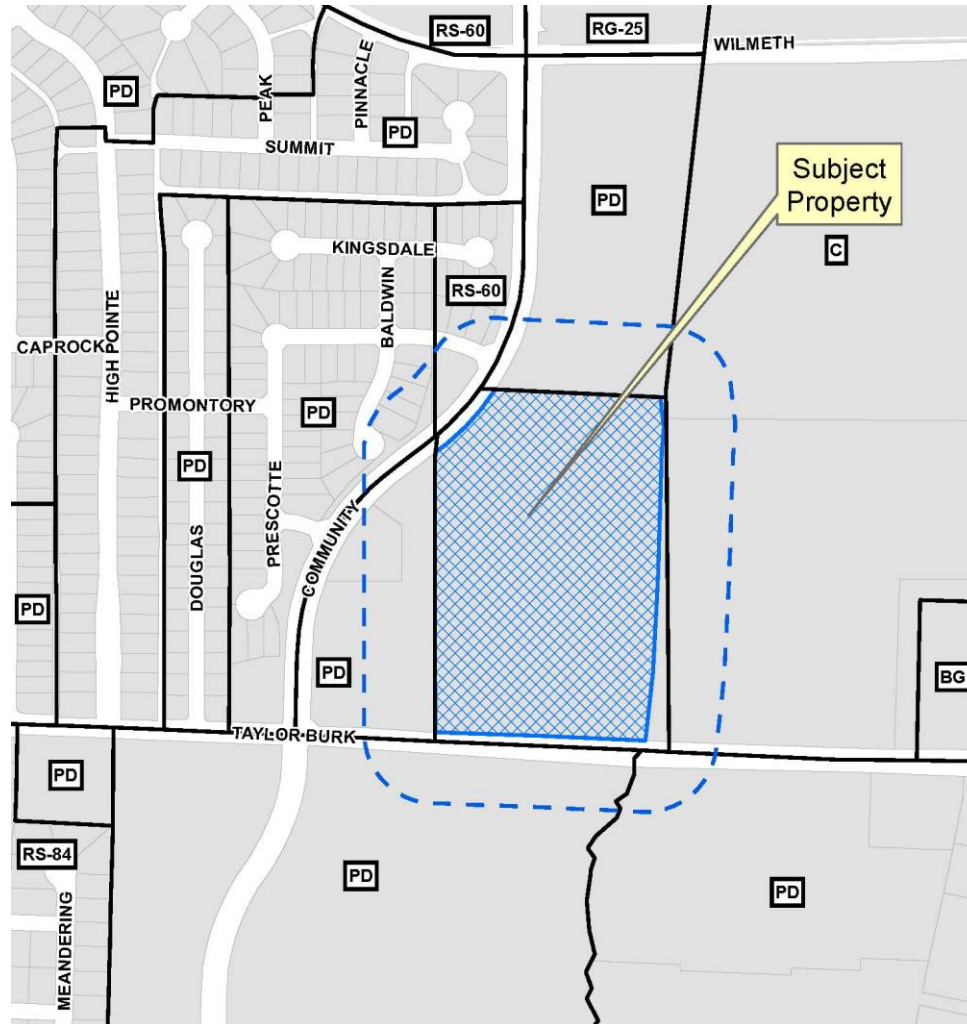
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REGISTERED LANDSCAPE ARCHITECT
MARK EDWIN DENNIS
TEXAS REGISTRATION NUMBER 2963

Public Safety Building
Site Plan
16-216SP

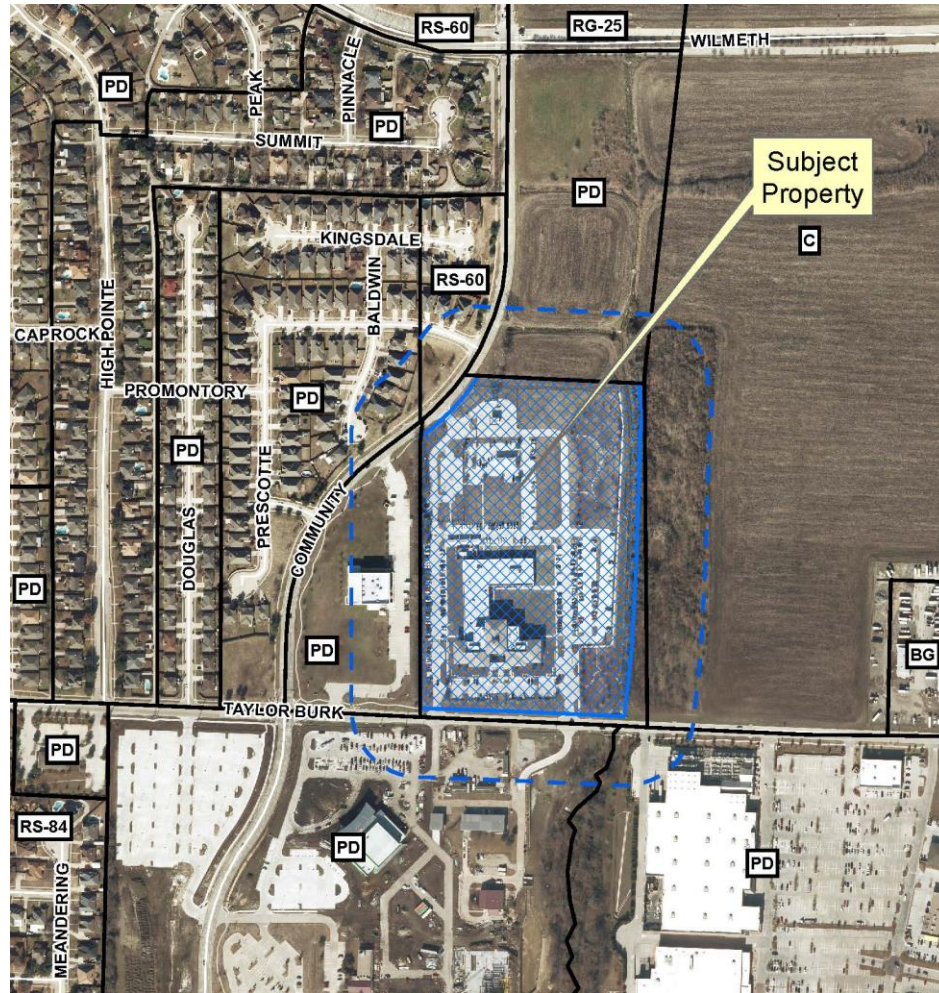


- MONEY MAGAZINE 2014 -

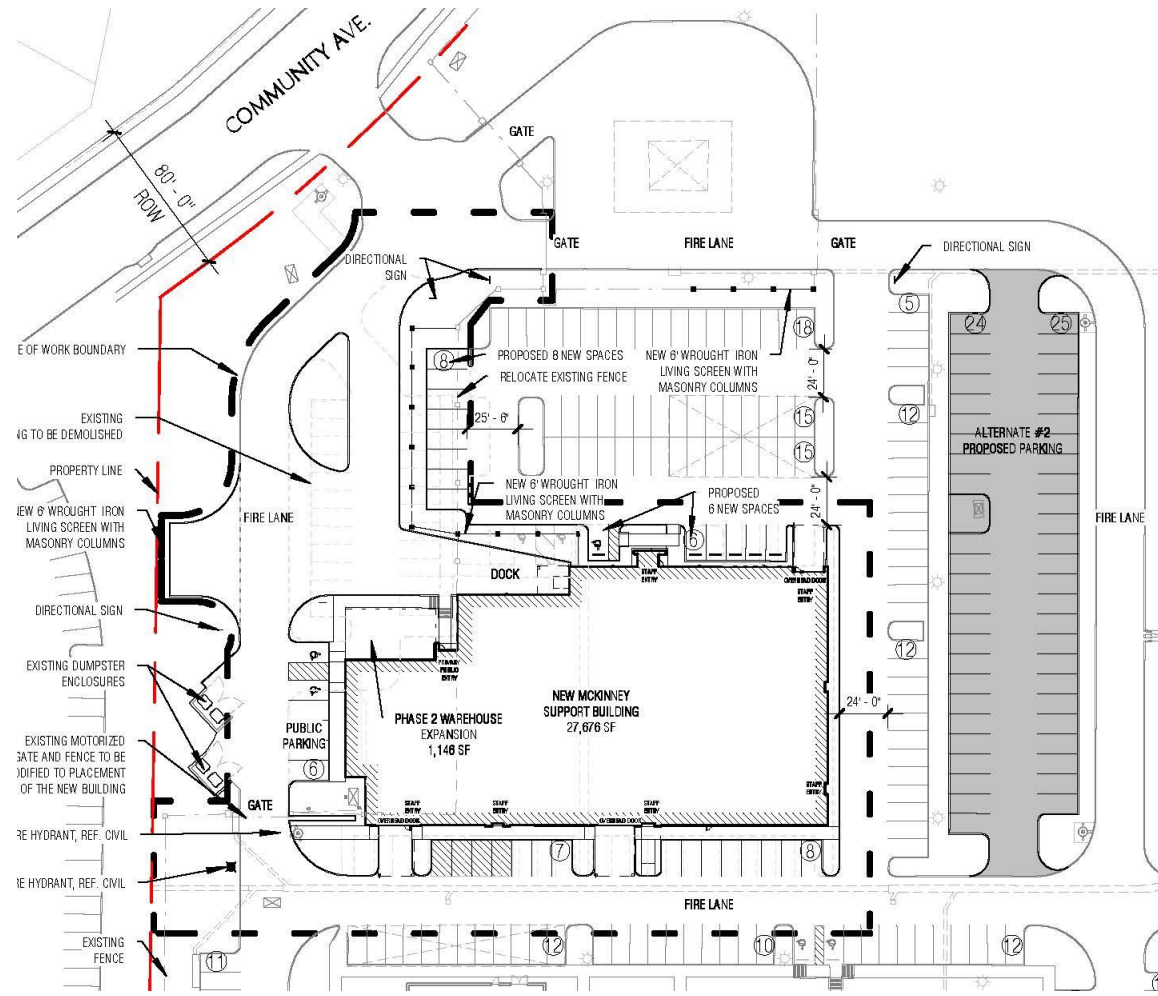
Location Map



Aerial Exhibit



Proposed Site Plan



PAVING REF CIVIL DWGS:
SHEET NO. 01
DATE: 08/17

UNIT OF WORK

CONTRACTOR TO REPAIR ANY TURF DISTURBED DURING CONSTRUCTION (ALL AREAS)

EXISTING TREE (TYP.)

CONTRACTOR TO REPAIR EXISTING IRRIGATION ALL LANDSCAPE TO BE WATERED BY PERMANENT IRRIGATION SYSTEM

STEEL EDGING, HEAVY DUTY, PAINTED BLACK, 3/16" THICKNESS, 4" HEIGHT

EXISTING LAWN

REFER TO CIVIL DRAWINGS FOR PARKING LAYOUT.

CONTRACTOR TO REPAIR ANY TURF DISTURBED DURING CONSTRUCTION (ALL AREAS)

BONOLUA GRASS TO BE PLACED IN THE DISTURBED NON-PARKING AREAS WITHIN THE ISLANDS.

MUST HAVE A MINIMUM OF ONE TREE PLANTED IN THE PARKING AREA FOR EVERY 10 PARKING SPACES WITHIN PARKING LOTS WITH MORE THAN 20 SPACES.

LANDSCAPING, EXCEPT REQUIRED GRASS AND LOW GROUND COVERS SHALL NOT BE LOCATED CLOSER THAN THREE FEET FROM THE EDGE OF ANY PARKING SPACE.

HAVE A LANDSCAPED AREA WITH AT LEAST ONE TREE WITHIN 60 FEET OF EVERY PARKING SPACE.

CEDAR ELM AND SOUTHERN LIVE OAK TREES TO BE PLACED IN THIS PLANTING AREA ACCORDING TO THE SPECIFIED REQUIREMENTS ABOVE.

FIRE-LANE/Other Easement (Vol. 9, Pg. 397)

ALONG W/ CIVIL OPENING TYPICAL

SHOW AS LIMIT

LIMIT OF WORK



16-257M2

TITLE: Conduct a Public Hearing to Consider/Discuss/Act on a Request by the City of McKinney to Amend Chapter 146, Appendix F-4 (Schedule of Uses) and Appendix G (MTC - McKinney Town Center Zoning District) of the Zoning Regulations, and Accompanying Ordinance

COUNCIL GOAL: Direction for Strategic and Economic Growth

MEETING DATE: September 20, 2016

DEPARTMENT: Planning

CONTACT: Brian Lockley, AICP, Director of Planning
Matt Robinson, AICP, Planning Manager

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the proposed amendments to the Zoning Ordinance.

ITEM SUMMARY:

- Staff is proposing to amend Section 146, Appendix F-4 (Schedule of Uses) to modify the use table to require a Specific Use Permit (SUP) for Utility Substation or Regulating Stations in all zoning districts.
- In addition, Appendix G (Section G-2.6 McKinney Town Center Zoning District - Schedule of Permitted Uses) is being modified to add a use category for Utility Substation or Regulation Station and to require a SUP in all character districts.

BACKGROUND INFORMATION:

- Recently, the City was approached by Brazos Electric Power Cooperative (BEPC) about the possibility of having another power substation along State Hwy 121, one of McKinney's prime commercial development corridors. Given that utility substations are currently permitted in every zoning district within the City, if BEPC moves forward with their plans, the City would not have much say in the site selection process. Having another substation along a prime commercial corridor creates several issues for the City as it creates unsightly development that impacts the potential for future development around the site

and reduces the amount of available land for non-residential development. By requiring an SUP in all areas of the City, the City Council will be given the opportunity to weigh in on any site selections before they are concluded.

- Staff surveyed several neighboring cities (Plano, Frisco, Allen, The Colony) to provide a comparison on how these cities handle utility substations. Below is a brief summary for each city:
 - Plano:
 - An Electrical Substation requires an SUP in all zoning districts, except their Agricultural District where it is permitted by right.
 - Frisco:
 - Electrical substations are classified as a Private Utility and are a permitted use in all districts.
 - Allen:
 - Electrical substations are classified as a Public Service Facility, which encompasses a variety of public service structures. An SUP is required in their office and corridor commercial districts and is permitted by right in their remaining industrial, office and retail/commercial districts. Public Service Facilities are not a permitted use in any residential districts.
 - The Colony:
 - Electrical Substations are a permitted use in all commercial and industrial districts. An SUP is required in all other zoning districts.

BOARD OR COMMISSION RECOMMENDATION:

- At the September 13, 2016 meeting, the Planning and Zoning Commission voted unanimously to recommend approval of the proposed ordinance amendment.

SUPPORTING MATERIALS:

[09.13.16 PZ Minutes](#)

[Proposed Ordinance](#)

[Proposed Exhibit B](#)

[Proposed Exhibit C](#)

[Redline Appendix F-4 Changes](#)

[Redline Appendix G-2.6 Changes](#)

Draft - Planning and Zoning Commission Meeting Minutes of September 13, 2016:

16-257M Conduct a Public Hearing to Consider/Discuss/Act on a Request by the City of McKinney to Amend Chapter 146, Appendix F-4 (Schedule of Uses) and Appendix G (MTC - McKinney Town Center Zoning District) of the Zoning Regulations

Mr. Matt Robinson, Planning Manager for the City of McKinney, discussed the proposed amendments to Section 146, Appendix F-4 (Schedule of Uses) and Appendix G (MTC – McKinney Town Center Zoning District) of the Zoning Regulations pertaining to adding a use category for utility substation or regulation station and to require a SUP in all zoning and character districts. He stated that recently the City was approached by a utility substation provider about the possibility of having a power substation along one of McKinney's prime commercial development corridors. Mr. Robinson stated that since the utility substations were currently permitted in every zoning district within the City, the City had little say in the site selection process. He stated that the proposed changes would allow the City to give some feedback on future substation locations. Mr. Robinson offered to answer questions. There were none.

Chairman Cox opened the public hearing and called for comments. There being none, on a motion by Vice-Chairman Zepp, seconded by Commission Member McCall, the Commission voted unanimously to close the public hearing and recommend approval of the proposed amendments to Section 146, Appendix F-4 (Schedule of Uses) and Appendix G (MTC – McKinney Town Center Zoning District) of the Zoning Regulations pertaining to adding a use category for utility substation or regulation station and to require a SUP in all character districts, with a vote of 7-0-0.

Chairman Cox stated that the recommendation of the Planning and Zoning Commission will be forwarded to the City Council meeting on September 20, 2016.

ORDINANCE NO. 2016-09-XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, AMENDING SECTION 146, APPENDIX F-4 (SCHEDULE OF USES) AND APPENDIX G (MTC – MCKINNEY TOWN CENTER ZONING DISTRICT) OF THE ZONING REGULATIONS ESTABLISHING PRESUMPTIONS; PROVIDING FOR THE PUBLICATION OF THE CAPTION OF THIS ORDINANCE; REPEALING ALL CONFLICTING ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

WHEREAS, the City of McKinney adopted the Code of Ordinances for the protection of the public health and general welfare of the people of the City of McKinney; and

WHEREAS, the City Council and the Planning and Zoning Commission have recognized that certain provisions of the Code of Ordinances should be reviewed and updated; and

WHEREAS, amendments to these provisions have been proposed and the City Council and the Planning and Zoning Commission of the City of McKinney are of the opinion that these chapters should be amended.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

- Section 1. The Code of Ordinances, City of McKinney, Texas, Appendix F, Section F-4 of the Zoning Ordinance, is hereby amended and shall read as indicated in Exhibit “B”, attached hereto.
- Section 2. The Code of Ordinances, City of McKinney, Texas, Appendix G, Section G-2.6 (MTC - Schedule of Permitted Uses) of the Code of Ordinances, is hereby amended and shall read as indicated in Exhibit “C”, attached hereto.
- Section 3. If any section, subsection, paragraph, sentence, phrase or clause of this Ordinance shall be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this Ordinance, which shall remain in full force and effect, and to this end, the provisions of this Ordinance are declared to be severable.
- Section 4. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of said ordinances except in those instances where provisions of those ordinances are in direct conflict with the provisions of this Ordinance and such ordinances shall remain intact and are hereby ratified, verified and affirmed.

Section 5. This Ordinance shall become effective from and after the date of its final passage and publication as provided by law, and it is accordingly so ordained.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THIS 20TH DAY OF SEPTEMBER, 2016.

CITY OF MCKINNEY, TEXAS

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

DATE: _____

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

SCHEDULE OF USES

Type of Use	Residential Uses																																																			
	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI										
Bed and breakfast (See Ch. 138, Art. IV)	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S		S	S	S		S								N-1	S	S	S	S	S	S	S																
Boardinghouse or rooming house (17)											P		P	P	P			P	P	P			P					N-1											S	S	S											
Dormitories					P	P	P	P	P	P	P	P	P	P	P			P	P	P			P					N-1											P	P	P	P										
Independent living facility (retirement community) (56)											P	P	P	P	P				S	S	S	S					N-1							S	S	S	S	S	S	S	S											
Mobile home dwelling (68)																P								P	P			N-1																								
Mobile home park (See Ch. 138, Art. III) (69)																P												N-1																								
Multiple family dwelling (apartment) (71)											P	P	P	P	P			P	P	P								N-1																								
Multiple family dwelling, senior (senior apartment) (72)											P	P	P	P	P			P	P	P								N-1																								
Single family dwelling (attached) (104)										P	P	P	P	P	P			P	S	P								N-1							P																	
Single family dwelling (detached) (105)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P								N-1	P	P	P	P	P	P	P																	
Two family dwelling (duplex) (119)									P	P	P	P	P	P	P		P	P	P	P								N-1						P																		
Watchman or caretaker quarters	P	P	P																				P	P	P			N-1									S		S	S	P	P										
Educational and Institutional Uses																																																				
Assisted living facility, nursing home, or rest home (10)												P	P	P	P		P	P	P	P	S	S						N-1							S	S	S	S	P	P	P											
Cemetery	S																											N-1																								
Church, rectory, or other places of worship including church-operated day-care facilities and pre-schools (25)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P									
Clinic (28)																	P	P	P	P	P	P	P					N-1									P	P	P	P	P											
College or university	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P			P	P	P			P					N-1									P		P	P	P	P										

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI	
Day-care (34)											P	P				P		P	P	P				P				N-1	S	S	S	S	S	S	S	S	S	S	S	P	P		
Fraternal organization, lodge, civic club (47)												P	P	P	P			P	P	P			P	P	P			N-1										S	P	P	P	P	
Halfway house									S	S	S	P	P	P	P			P	P	P			P					N-1											S	S	S	S	
Hospital (53)												P	P	P	P			P	P	P			P					N-1								S	S	S	P	P	P	P	
Museum, library, art gallery (public) (73)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P			P	P	P		P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	S	S	
School, business or trade (99)																			P	P		P	P	P	P	P		N-1									P	S	P	P	P	P	
School, public, private or parochial (100)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	S				P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	S	S	
Accessory, Utility and Incidental Uses																																											
Accessory building or use (1)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	
Electrical generating plant																								P	P			N-1												P	P		
Home occupation (See Sec. 146-133) (52)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P					N-1	P	P	P	P	P	P	P								
Local utility line or utility distribution lines; Telephone exchange (no garage or shop)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P		
Public building (shop or yard) (90)	S																						P	P	P			N-1											S	P	P		
Servant's quarters (102)	P	P	P			P																						N-1															
Sewage treatment plant																								P			N-1															P	
Utility business office																				P	P		P	P	P	P			N-1								P		P	P	P	P	
Utility shop or yard	S																						P	P	P			N-1												P	P		
Utility substation or regulating station	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S	N-1	S	S	S	S	S	S	S	S	S	S	S	S	S	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Water storage tank	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Water treatment plant	S																							P	P			N-1														P	P	
Recreational and Entertainment Uses																																												
Amusement, commercial (indoor) (4)																			P	P		P	P	P	P			N-1										S	P	P	P	P		
Amusement, commercial (outdoor) (5)																								P	P			N-1											S	S	P	P		
Carnival or circus (temporary)	T																		T	T		T	T	T	T	T	T	N-1									T		T	T	T	T		
Country club (31)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P			P	P	P		P	P	P	P			N-1	P	P	P	P	P	P	P	S	S	S	S	S	S	S	S	S
Fitness club, gymnasium, exercise area or similar use																		P	P	P			P	P	P			N-1								S	S	P	P	P	P	P		
Golf course (public)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	S	S	S	S	S	S	P	P	
Golf course (private)	S								S	S	S	S	S	S	S				P				P	P	P			N-1	P	P	P	P	P	P	P	S	S	S	S	S	S	S	S	
Park or playground (public) (81)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Playfield or stadium (public) (88)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Private club (See Ch. 138, Art. II; Sec. 146-41) (89)																			S	S			S					N-1									S	S	S	S	S	S	S	
Recreation area (private) (91)	P					S			S	S	S	P	P	P	P	P	P	P	P	P	S	P	P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Recreation center (public) (92)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Sexually oriented business (See Ch. 138, Art. V)																									P			N-1															P	
Swim or tennis club (112)	P								S	S	S	P	P	P	P	P		P	P	P		P	P	P	P			N-1								S	S	P	P	P	P	P	P	
Swimming pool (public)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Swimming pool (private) (113)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Theater (indoor)																			P	P		P	P	P	P			N-1							S	P		P	P	P	P	P		
Theater (outdoor)																							P	P	P			N-1												P	P	P	P	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Transportation, Automobile, and Related Uses																																												
Airport or landing field, and aircraft hangar																										P		N-1																
Auto painting or body shop																			P					P	P	P			N-1											S	P	P		
Auto parts sales (indoor)																		P	P	P				P	P	P			N-1										S	S	S	P	P	
Automobile, trailer, light truck, tool rental																			P	P				P	P	P			N-1											S	P	P		
Automobile, motorcycle, boat (sales, repair, or storage)																			P	P				P	P	P			N-1											S	P	P		
Bus station																			P	P				P	P	P			N-1								S		S	S	P	P		
Car Wash (See Sec 146-41(11a)) (23)																		S	P	P				P	P	P			N-1									S	S	S	P	P		
Garage, auto repair (50)																			P	P				P	P	P			N-1										S	S	P	P		
Garage or lot, parking (private)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Garage or lot, parking (commercial)																			P	P		P	P	P	P	P	P	N-1								S	P	S	P	P	P	P		
Heliport or helistop	T																		T	T		T	T	T	T	P	T	N-1								P			P	P	P			
Motor freight terminal																							P	P	P			N-1													P	P		
Parking, incidental to main use	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Parking lot (truck) (83)																								P	P	P			N-1												P	P		
Private street development (See Ch. 142, Art. VII)		S	S	S	S	S	S	S	S	S	S	S																N-1	S	S	S	S	S	S	S									
Railroad freight station																							P	P	P			N-1														P	P	
Railroad team truck																							P	P	P			N-1														P	P	
Railroad track or right-of-way	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Recreational vehicle sales																			P	P				P	P	P			N-1											P	P	P		
Service station or motor vehicle fuel sales (subject to section 146-84 (103))																		P	P	P				P	P	P			N-1								S		S	S	P	P		
Taxi or shuttle service																							P	P	P			N-1												S	P	P		
Tire recapping																							P		P			N-1														P	P	
Truck Fueling Station (117)																								S	S																	S	S	
Truck sales, storage, or repair																							P	P	P			N-1														P	P	
Truck Stop (118)																																												
Commercial Type, Retail, and Service Uses																																												
Bait shop	P																		P	P				P	P	P			N-1											P	P	P	P	
Bakery or confectionery (retail)																		P	P	P				P	P	P			N-1									P	P	P	P	P		
Bakeries (wholesale)																			P					P	P	P			N-1											P	P	P	P	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI			
Banks and financial institutions																	P	P	P	P	P	P	P	P	P			N-1								P	P	S	P	P	P	P	P		
Barber or beauty shops																	P	P	P	P		P	P	P	P			N-1									P	P	P	P	P	P	P		
Building materials sales or monument sales																			P	P			P	P	P			N-1											S	P	P	P	P		
Carpentry or sign shop																							P	P	P			N-1													P	P	P	P	
Cleaning plant (laundry)																			P	P			P	P	P			N-1												P	P	P	P		
Cleaning shop and pressing (small shop and pickup) (27)																	P	P	P	P			P	P	P			N-1									S	S	P	P	P	P	P		
Department or discount store																			P	P			P	P	P			N-1										S	P	P	P	P	P		
Drug-store or pharmacy																		P	P	P			P	P	P			N-1										S	P	P	P	P	P		
Exterminator																			P	P			P	P	P			N-1												P	P	P	P	P	
Farmers market (40)	P																		P	P			P	P	P			N-1								S	S	S	P	P	P	P			
Florist or garden shop																		P	P	P			P	P	P			N-1											P	P	P	P			
Field office (43) or real estate sales office	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	N-1	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	
Food stores, groceries																		P	P	P			P	P	P			N-1											S	P	P	P	P	P	
Frozen food lockers																				P	P			P	P	P			N-1											S	P	P	P	P	
Funeral homes and mortuaries												S	S	S	S				P	P			P	P	P			N-1											S	P	P	P	P		
Furniture sales																			P	P			P	P	P			N-1											P	P	P	P	P		
Greenhouse or plant nursery																			P	P			P	P	P			N-1												P	P	P	P	P	
Hardware store (paint, plumbing, and related sales)																		P	P	P			P	P	P			N-1											S	P	P	P	P	P	
Heavy machinery sales and storage																							P	P	P			N-1														P	P	P	P
Hotel or motel (54)																			P	P			P					N-1									S	S		S	P	P	P	P	
Household appliance sales (55)																		P	P	P			P	P	P		P	N-1												P	P	P	P	P	
Laboratories (medical, dental, science)																			P	P		P	P	P	P			N-1								S	P		P	P	P	P	P		
Mimeograph or letter shop																			P	P		P	P	P	P			N-1													P	P	P	P	
Mobile home display and sales																				P			P	P	P			N-1													P	P	P	P	
Office building												S					P	P	P	P	P	P	P	P	P	P	P	N-1								P	P	P	P	P	P	P	P		
Offices with showrooms																							P	P	P			N-1											P	P	P	P	P		
Office use	P											P				P	P	P	P	P	P	P	P	P	P	P	P	N-1								P	P	P	P	P	P	P	P		
Office supplies																	P		P	P		P	P	P	P	P	N-1												P	P	P	P	P		
Paint and related sales																		P	P	P			P	P	P			N-1												P	P	P	P	P	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Pawnshops																			P	P			P	P	P			N-1												S	P	P		
Personal service (86)																	P	P	P	P		P	P	P	P			N-1								S	P	P	P	P	P	P	P	
Pet store, kennel, animal boarding (no outside runs)																		P	P	P			P	P	P			N-1										P	P	P	P	P		
Pet store, kennel, animal boarding (outside runs)	P																						P	P	P			N-1											S	P	P	P	P	
Psychic/paranormal readings																		P	P	P			P	P	P			N-1												S	P	P	P	
Radio or TV broadcast studio																			P	P		P	P	P	P			N-1								S	P	S	P	P	P	P		
Retail store (indoor)																	P	P	P	P			P	P	P			N-1										P	P	P	P	P		
Restaurant or cafeteria (carry-out only) (95)																	P	P	P	P			P	P	P			N-1										S	P	P	P	P	P	
Restaurant or cafeteria (indoor service) (96)																	P	P	P	P		S	P	P	P			N-1								S	P	P	P	P	P	P		
Restaurant or cafeteria (including drive-through window) (97a)																		S	P	P			P	P	P			N-1									S	S	P	P	P	P		
Restaurant or cafeteria (drive-in service) (97b)																			P	S			P	P	P			N-1											S	P	P	P		
Studios, photo, music, art, health, etc.																		P	P	P		P	P	P	P			N-1								S	P	P	P	P	P	P		
Tattoo Parlor																								P	P			N-1													P	P		
Travel agent																	P	P	P	P	P	P	P	P	P			N-1								P	P	P	P	P	P	P		
Upholstery shop																			P	P			P	P	P			N-1											S	P	P	P		
Veterinarian (no outside runs)																			P	P			P	P	P			N-1										P	P	P	P	P		
Veterinarian (with outside runs)	P																						P	P	P			N-1											S	P	P	P		
Wholesale establishments																							P	P	P			N-1												P	P	P		
Industrial and Manufacturing Uses																																												
Concrete or asphalt batch plant																								P			N-1																P	
Contractor's yard																							P	P	P			N-1													P	P		
Dirt or topsoil extraction; sand and gravel mining or storage	S																							S	S			N-1													S	S		
Fat rendering, animal reduction																								P			N-1																P	
Food processing																								P	P			N-1													P	P		
Forestry, mining and oil/gas drilling uses	P																							P	P			N-1													P	P		
Forge plant																								P			N-1																P	
Indoor Gun Range (57)																								S	S																	S	S	
Industrial and manufacturing plants (apparel, drugs and pharmaceuticals, electronic, plastic, or similar products manufacture)																								P	P			N-1															P	P

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Industrial and manufacturing plants (acid, cement, chemicals, fertilizer, gypsum, lime, paper or pulp, or similar products manufacture)																									P			N-1															P	
Junk or salvage yard (58)																									P			N-1															P	
Machine shop or welding																							P		P			N-1													P	P		
Metal fabrication																							P	P	P			N-1													P	P		
Mini-warehouse (See Sec. 146-41)																			S	S			P	P	P			N-1										S	S	P	P			
Open storage (79)																								P	P			N-1													P	P		
Paper or pulp manufacture																									P		N-1																P	
Printing plant																								P	P			N-1													P	P		
Refining or storage (petroleum products, gas, butane, propane)																									P		N-1																P	
Sanitary landfill																								P	P			N-1													S	P		
Smelting of ores or metals																									P		N-1																P	
Soft drink bottling plant																								P	P			N-1													P	P		
Warehousing																							P	P	P			N-1												S	P	P		
Agricultural and Related Uses																																												
Agricultural and ranching uses	P	P	P	P	P	P		P	P	P	P	P				P		P	P	P		P		P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Community Garden (29)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Creamery (dairy products)																			P	P			P	P	P			N-1												S	P	P		
Fairgrounds or rodeo	S																							P	P	P	P	N-1														P	P	
Farm implement sales and service																			P	P			P	P	P			N-1													P	P		
Farm, orchard or truck garden (40)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Hatchery (poultry), egg farm, feed lot	P																							P	P			N-1													S	P		
Livestock auction (62)	P																							P	P			N-1												S	P	P		
Stable, commercial (106)	P																							P	P			N-1												S	P	P		

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI
Stable, private	P	P	P																									N-1														
Stockyards or slaughterhouse																									P			N-1														P

- Footnotes for the McKinney Town Center District (“MTC”):
N-1 → Refer to Appendix G, Section G-2 for the Schedule of Uses specifically applicable to only the MTC – McKinney Town Center District.

- The following is the legend for interpreting schedule of uses (Sec. 146-66):

P	Use is permitted by right.
	Use is prohibited.
S	Use is permitted with a Specific Use Permit under Sec. 146-41.
T	Use is permitted with a Temporary Use Permit.

- The following is a legend for interpreting the applicability of the various zoning districts:

These zoning districts were created on March 4, 2014. Properties zoned/rezoned after March 4, 2014 may be zoned to these districts.
These zoning districts were established prior to March 4, 2014. Properties zoned/rezoned after March 4, 2014 may be zoned to these districts.
These zoning districts were established prior to March 4, 2014. No properties may be zoned/rezoned to these districts after July 1, 2014.

- The numbers following a prescribed use (for example: Accessory building or use **(1)**) refer to a corresponding definition found in Section 146-46 of the Code of Ordinances.
- For a listing of uses allowed in a specific “PD” – Planned Development District, please contact the City of McKinney’s Planning Department.

6. SCHEDULE OF PERMITTED USES

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
<i>Residential Uses</i>							
Bed and breakfast (See Ch. 138, Art. IV)		S	S		S		
Boardinghouse or rooming house (13)		*	*		*	*	*
Dormitories		*	*	*	*	*	*
Independent living facility (retirement community) (45)	*	*	*	*	*	*	*
Live-work dwelling	*	*	*	*	*	*	*
Mobile home park (See Ch. 138, Art. III) (56)							
Multiple family dwelling (apartment) (58)	*/C	*/C	*	*/C	*	*	*
Single family dwelling (attached) (88)		*	*	*	*	*	*
Single family dwelling (detached) (89)		*	*		*	*	*
Two family dwelling (duplex) (100)		*	*		*	*	*
Watchman, caretaker, or servant's quarters						*	*
<i>Educational and Institutional Uses</i>							
Assisted living facility, nursing home, or rest home (6)		*		*	*	*	*
Cemetery							
College or university	*	*		*	*	*	*
Day care (25)	*	*	*	*	*	*	*
Fraternal organization, lodge, civic club (38)	*	*	*	*	*	*	*
Hospital (43)		*		*	*	*	*
Museum, library, art gallery (public) (59)	*	*	*	*	*	*	*
Museum, library, art gallery (private) (60)	*	*	*	*	*	*	*
Place of worship (74)	*	*	*	*	*	*	*
School, business or trade (86)		*	*	*	*	*	*
School, public, private or parochial (87)	*	*	*	*	*	*	*
<i>Utility Uses</i>							
Local utility line or utility distribution lines; Telephone exchange (no garage or shop)					*	*	*
Private utilities (77)					*	*	*
Public building, shop, or yard (78)	*	*	*	*	*	*	*
Public utilities (79)					*	*	*
Utility substation or regulating station	S	S	S	S	S	S	S
<i>Recreational and Entertainment Uses</i>							
Amusement, commercial (indoor) (4)	S	S		*	*	*	*

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Amusement, commercial (outdoor) (5)				S	S	S	S
Carnival or circus		T		T	T	T	T
Fitness club, gymnasium, gymnastics, or similar use	*	*		*	*	*	*
Private club (See Ch. 138, Art. II; Sec. 146-41) (76)	S	S	S	S	S	S	S
Recreation area (private) (80)	*	*	*	*	*	*	*
Recreation area (public) (81)	*	*	*	*	*	*	*
Sexually oriented business (See Ch. 138, Art. V)							
Transportation, Automobile, and Related Uses							
Airport or landing field, and aircraft hangar							
Automobile, trailer, light truck, tool rental							
Automobile, all terrain vehicle, motorcycle (sales, service, repair, paint, or storage)					*/C	*/C	
Bus station		*		*		*	
Car Wash (See Sec 146-41(11a)) (18)							
Fueling station or gasoline station (subject to section 146-84) (40)				*/C	*/C	*/C	
Helistop or heliport (42)							
Motor and railroad freight terminal and team truck							
Parking garage or lot (69)	*	*	*	*	*	*	*
Parking lot (truck) (70)							
Private street development (See Ch. 142, Art. VII)							
Railroad track or right-of-way	*	*	*	*	*	*	*
Taxi or shuttle service							
Tire recapping							
Truck fueling station (98)							
Truck, recreational vehicle, and boat (sales, storage, paint, repair or service)							
Truck stop (99)							
Commercial Type, Retail, and Service Uses							
Banks and financial institutions (with no drive-through service facility)	*	*	*	*	*	*	
Banks and financial institutions (with drive-through service facility)		*/C		*/C		*/C	
Building materials sales, lumber yard or monument sales							
Carpentry or sign fabrication (no outdoor storage)		*		*	*	*	
Cleaning plant (laundry) (22)							

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Cleaning and pressing shop (small shop and pickup) (no drive-through or drive-up service) (21)	*	*	*	*	*	*	*
Cleaning and pressing shop (small shop and pickup) (with drive-through or drive-up service) (21)		*/C		*/C	*/C	*/C	*/C
Exterminator					*	*	
Farmers market (32)	*	*	*	*	*	*	
Farm implement or machinery sales, service, repair or storage							
Field office (34) or real estate sales office	T	T	T	T	T	T	T
Funeral homes and mortuaries		*		*	*	*	
Greenhouse or plant nursery		*	*	*	*	*	
Hotel, full service	*	*		*	*	*	
Motel							
Mobile home display and sales							
Office and medical office use	*	*	*	*	*	*	*
Office/retail/warehouse flex space (64)				*	*	*	*
Pawnshop							
Personal service (73)	*	*	*	*	*	*	*
Pet store, kennel, animal boarding (no outside runs)		*		*	*	*	
Pet store, kennel, animal boarding (outside runs)							
Psychic/paranormal readings		*	*	*	*	*	
Radio or TV broadcast studio					*	*	
Retail store (no drive-through service)	*	*	*/C	*	*/C	*	*/C
Retail store (with drive-through service)		*/C		*/C	*/C	*/C	
Restaurant or cafeteria (carry-out only) (no drive-through window or drive-in service) (83)	*	*	*	*	*	*	*
Restaurant or cafeteria (indoor service) (no drive-through window or drive-in service) (84)	*	*	*/C	*	*/C	*	*/C
Restaurant or cafeteria (with drive-through window or drive-in service) (85)		*/C		*/C	*/C	*/C	
Studios, photo, music, art, dance, dojo, health, etc.	*	*	*	*	*	*	*
Tattoo Parlor							
Upholstery shop				*	*	*	
Veterinarian (no outside runs)		*		*	*	*	
Veterinarian (with outside runs)							

Industrial and Manufacturing Uses

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Brewery	*/C	*/C		*/C	*	*	
Concrete or asphalt batch plant							
Contractor's yard							
Cottage industrial	*/C	*/C		*/C	*/C	*/C	
Dirt or topsoil extraction; sand and gravel mining or storage							
Fat rendering, animal reduction							
Food processing							
Forestry, mining and oil/gas drilling uses							
Forge plant							
Indoor gun range (46)							
Industrial and manufacturing plants (apparel, drugs and pharmaceuticals, electronic, plastic, or similar products manufacture)							
Industrial and manufacturing plants (acid, cement, chemicals, fertilizer, gypsum, lime, paper or pulp, or similar products manufacture)							
Junk or salvage yard (47)							
Machine shop or welding				*/C	*/C	*/C	
Mini-warehouse/public storage (See Sec. 146-41)							
Open storage (67)							
Printing plant							
Recycling center							
Refining or storage (petroleum products, gas, butane, propane)							
Sanitary landfill							
Smelting of ores or metals							
Soft drink bottling plant							
Warehousing				*/C	*/C	*/C	
Winery	*/C	*/C		*/C	*	*	
<i>Agricultural and Related Uses</i>							
Agricultural and ranching uses							
Creamery (dairy products)							
Farm, orchard or truck garden (31)							
Hatchery (poultry), egg farm, feed lot							
Livestock auction (50)							
Riding academy							
Rodeo							

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Stable, commercial (90)							
Stable, private							
Stockyards or slaughterhouse							

- The numbers following a prescribed use [for example: Accessory building or use (1)] refer to a corresponding definition found in Section 146-46 of the Zoning Regulations.
- The following is the legend for interpreting the schedule of uses for the “MTC” -- McKinney Town Center zoning district:

*	Use is permitted by right.
*/C	Use is permitted only if the design criteria in the following table are satisfied.
	Use is prohibited.
S	Use is permitted only with a Specific Use Permit under Section 146-41.
T	Use is permitted with a Temporary Use Permit.

Design Criteria Table

Use	Character Districts	Design Criteria
Any use with a drive-through or drive-up facility (including banks and financial institutions; cleaning and pressing shop; funeral homes and mortuaries; retail store; restaurant)	<ul style="list-style-type: none"> ▪ All 	<ul style="list-style-type: none"> ▪ Drive-through access (driveways) shall only be from Pedestrian Priority “B” Streets or from Service Streets. ▪ Drive-through lanes and/or canopies shall not have frontage along Pedestrian Priority “A” Streets.
Retail store, restaurant or cafeteria (indoor service) (no drive-through window or drive-in service)	<ul style="list-style-type: none"> ▪ Downtown Edge ▪ Transit Village Edge ▪ Cotton Mill Edge 	<ul style="list-style-type: none"> ▪ Shall be located in buildings less than 20,000 sq.ft.
Automobile, all-terrain vehicle, motorcycle (sales, service, repair, paint, or storage); fueling station or gasoline station	<ul style="list-style-type: none"> ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Service bays shall not be oriented towards Pedestrian Priority “A” Streets. ▪ Fuel pumps and canopies shall not be located with any frontage along Pedestrian Priority “A” Streets. ▪ Along Pedestrian Priority “B” Streets, service bays, fuel pumps and/or canopies shall not exceed 50% of the lot’s street frontage. ▪ No outdoor storage along any Pedestrian Priority “A” Streets. ▪ Outdoor storage along any Pedestrian Priority “B” or Service Streets shall be screened with a street screen as high as the items being stored.
Fueling station or gasoline station	<ul style="list-style-type: none"> ▪ Transit Village Core 	
Multiple family dwelling	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core ▪ Transit Village Core 	<ul style="list-style-type: none"> ▪ Along Pedestrian Priority “A” Streets, ground floors shall be built to Commercial Ready standards, including floor-to-floor height and at-grade to the sidewalk.
Brewery; winery	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet.

Use	Character Districts	Design Criteria
	<ul style="list-style-type: none"> ▪ Transit Village Core 	<ul style="list-style-type: none"> ▪ Shall be permitted only in conjunction with a retail or restaurant (indoor) use.
Cottage Industrial	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core ▪ Transit Village Core ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet.
Machine shop or welding;; warehousing	<ul style="list-style-type: none"> ▪ Transit Village Core ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet.

SCHEDULE OF USES																																													
Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI			
Residential Uses																																													
Bed and breakfast (See Ch. 138, Art. IV)	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S		S	S	S		S								N-1	S	S	S	S	S	S										
Boardinghouse or rooming house (17)											P		P	P	P			P	P	P			P					N-1											S	S	S				
Dormitories					P	P	P	P	P	P	P	P	P	P	P			P	P	P			P					N-1											P	P	P	P			
Independent living facility (retirement community) (56)											P	P	P	P	P				S	S	S	S					N-1						S	S	S	S	S	S	S						
Mobile home dwelling (68)																P								P	P			N-1																	
Mobile home park (See Ch. 138, Art. III) (69)																P												N-1																	
Multiple family dwelling (apartment) (71)											P	P	P	P	P			P	P	P								N-1																	
Multiple family dwelling, senior (senior apartment) (72)											P	P	P	P	P			P	P	P								N-1																	
Single family dwelling (attached) (104)										P	P	P	P	P	P			P	S	P								N-1							P										
Single family dwelling (detached) (105)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P								N-1	P	P	P	P	P	P	P										
Two family dwelling (duplex) (119)									P	P	P	P	P	P	P		P	P	P	P								N-1						P											
Watchman or caretaker quarters	P	P	P																				P	P	P			N-1									S		S	S	P	P			
Educational and Institutional Uses																																													
Assisted living facility, nursing home, or rest home (10)												P	P	P	P		P	P	P	P	S	S						N-1						S	S	S	S	P	P	P					
Cemetery	S																											N-1																	
Church, rectory, or other places of worship including church-operated day-care facilities and pre-schools (25)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Clinic (28)																	P	P	P	P	P	P	P					N-1								P	P	P	P	P					
College or university	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P			P	P	P			P					N-1									P		P	P	P	P			

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Day-care (34)											P	P				P		P	P	P				P				N-1	S	S	S	S	S	S	S	S	S	S	P	P				
Fraternal organization, lodge, civic club (47)												P	P	P	P			P	P	P				P	P	P			N-1									S	P	P	P	P		
Halfway house										S	S	S	P	P	P	P			P	P	P				P				N-1										S	S	S	S		
Hospital (53)												P	P	P	P			P	P	P				P				N-1								S	S	S	P	P	P	P		
Museum, library, art gallery (public) (73)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P				P	P	P		P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	S	S	
School, business or trade (99)																				P	P		P	P	P	P	P		N-1								P	S	P	P	P	P		
School, public, private or parochial (100)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	S				P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	S	S		
Accessory, Utility and Incidental Uses																																												
Accessory building or use (1)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Electrical generating plant																								P	P			N-1													P	P		
Home occupation (See Sec. 146-133) (52)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P					N-1	P	P	P	P	P	P	P									
Local utility line or utility distribution lines; Telephone exchange (no garage or shop)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Public building (shop or yard) (90)	S																							P	P	P			N-1											S	P	P		
Servant's quarters (102)	P	P	P			P																						N-1																
Sewage treatment plant																									P			N-1															P	
Utility business office																				P	P		P	P	P	P			N-1								P		P	P	P	P		
Utility shop or yard	S																						P	P	P			N-1													P	P		
Utility substation or regulating station	<u>PS</u>	S	S	S	<u>PS</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>S</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>	<u>SP</u>

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Water storage tank	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Water treatment plant	S																							P	P			N-1														P	P	
Recreational and Entertainment Uses																																												
Amusement, commercial (indoor) (4)																			P	P		P	P	P	P			N-1										S	P	P	P	P		
Amusement, commercial (outdoor) (5)																								P	P			N-1											S	S	P	P		
Carnival or circus (temporary)	T																		T	T		T	T	T	T	T	T	N-1									T		T	T	T	T		
Country club (31)	S	S	S	S	P	P	P	P	P	P	P	P	P	P	P			P	P	P		P	P	P	P			N-1	P	P	P	P	P	P	P	S	S	S	S	S	S	S	S	
Fitness club, gymnasium, exercise area or similar use																		P	P	P			P	P	P			N-1								S	S	P	P	P	P	P		
Golf course (public)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	S	S	S	S	S	P	P	
Golf course (private)	S								S	S	S	S	S	S	S				P				P	P	P			N-1	P	P	P	P	P	P	P	S	S	S	S	S	S	S	S	
Park or playground (public) (81)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Playfield or stadium (public) (88)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Private club (See Ch. 138, Art. II; Sec. 146-41) (89)																			S	S			S				N-1									S	S	S	S	S	S	S		
Recreation area (private) (91)	P					S			S	S	S	P	P	P	P	P	P	P	P	P	S	P	P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Recreation center (public) (92)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Sexually oriented business (See Ch. 138, Art. V)																									P			N-1															P	
Swim or tennis club (112)	P								S	S	S	P	P	P	P	P		P	P	P		P	P	P	P			N-1								S	S	P	P	P	P	P	P	
Swimming pool (public)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Swimming pool (private) (113)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Theater (indoor)																			P	P		P	P	P	P			N-1							S	P		P	P	P	P	P		
Theater (outdoor)																								P	P	P			N-1											P	P	P	P	

Type of Use	Transportation, Automobile, and Related Uses																																												
	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI			
Airport or landing field, and aircraft hangar																										P		N-1																	
Auto painting or body shop																			P					P	P	P			N-1											S	P	P			
Auto parts sales (indoor)																		P	P	P				P	P	P			N-1										S	S	S	P	P		
Automobile, trailer, light truck, tool rental																			P	P				P	P	P			N-1											S	P	P			
Automobile, motorcycle, boat (sales, repair, or storage)																			P	P				P	P	P			N-1											S	P	P			
Bus station																			P	P				P	P	P			N-1								S		S	S	P	P			
Car Wash (See Sec 146-41(11a)) (23)																		S	P	P				P	P	P			N-1									S	S	S	P	P			
Garage, auto repair (50)																			P	P				P	P	P			N-1									S	S	P	P				
Garage or lot, parking (private)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Garage or lot, parking (commercial)																			P	P		P	P	P	P	P	P	N-1							S	P	S	P	P	P	P	P			
Heliport or helistop	T																		T	T		T	T	T	T	P	T	N-1								P			P	P	P				
Motor freight terminal																								P	P	P			N-1												P	P			
Parking, incidental to main use	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Parking lot (truck) (83)																								P	P	P			N-1												P	P			
Private street development (See Ch. 142, Art. VII)		S	S	S	S	S	S	S	S	S	S	S																N-1	S	S	S	S	S	S	S										
Railroad freight station																								P	P	P			N-1													P	P		
Railroad team truck																								P	P	P			N-1													P	P		
Railroad track or right-of-way	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P		
Recreational vehicle sales																			P	P				P	P	P			N-1												P	P	P		
Service station or motor vehicle fuel sales (subject to section 146-84 (103)																		P	P	P				P	P	P			N-1									S		S	S	P	P		
Taxi or shuttle service																								P	P	P			N-1												S	P	P		
Tire recapping																								P		P			N-1													P	P		
Truck Fueling Station (117)																									S	S															S	S			
Truck sales, storage, or repair																								P	P	P			N-1													P	P		
Truck Stop (118)																																													
Commercial Type, Retail, and Service Uses																																													
Bait shop	P																		P	P				P	P	P			N-1											P	P	P	P		
Bakery or confectionery (retail)																		P	P	P				P	P	P			N-1										P	P	P	P	P		
Bakeries (wholesale)																			P					P	P	P			N-1											P	P	P	P		

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Banks and financial institutions																	P	P	P	P	P	P	P	P	P			N-1								P	P	S	P	P	P	P	P	
Barber or beauty shops																	P	P	P	P		P	P	P	P			N-1									P	P	P	P	P	P	P	
Building materials sales or monument sales																			P	P			P	P	P			N-1												S	P	P	P	
Carpentry or sign shop																							P	P	P			N-1													P	P	P	
Cleaning plant (laundry)																			P	P			P	P	P			N-1												P	P	P		
Cleaning shop and pressing (small shop and pickup) (27)																	P	P	P	P			P	P	P			N-1									S	S	P	P	P	P		
Department or discount store																			P	P			P	P	P			N-1										S	P	P	P	P	P	
Drug-store or pharmacy																		P	P	P			P	P	P			N-1										S	P	P	P	P	P	
Exterminator																			P	P			P	P	P			N-1												P	P	P	P	
Farmers market (40)	P																		P	P			P	P	P			N-1								S	S	S	P	P	P	P		
Florist or garden shop																		P	P	P			P	P	P			N-1											P	P	P	P		
Field office (43) or real estate sales office	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	N-1	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T	T
Food stores, groceries																		P	P	P			P	P	P			N-1											S	P	P	P	P	P
Frozen food lockers																			P	P			P	P	P			N-1												S	P	P	P	
Funeral homes and mortuaries												S	S	S	S				P	P			P	P	P			N-1											S	P	P	P	P	
Furniture sales																			P	P			P	P	P			N-1												P	P	P	P	
Greenhouse or plant nursery																			P	P			P	P	P			N-1												P	P	P	P	
Hardware store (paint, plumbing, and related sales)																		P	P	P			P	P	P			N-1											S	P	P	P	P	
Heavy machinery sales and storage																							P	P	P			N-1														P	P	P
Hotel or motel (54)																			P	P			P					N-1									S	S		S	P	P	P	P
Household appliance sales (55)																		P	P	P			P	P	P		P	N-1												P	P	P	P	
Laboratories (medical, dental, science)																			P	P		P	P	P	P			N-1								S	P		P	P	P	P		
Mimeograph or letter shop																			P	P		P	P	P	P			N-1													P	P	P	
Mobile home display and sales																				P			P	P	P			N-1													P	P	P	
Office building												S					P	P	P	P	P	P	P	P	P	P	P	N-1								P	P	P	P	P	P	P	P	
Offices with showrooms																							P	P	P			N-1											P	P	P	P	P	
Office use	P											P				P	P	P	P	P	P	P	P	P	P	P	P	N-1								P	P	P	P	P	P	P	P	
Office supplies																	P		P	P		P	P	P	P	P	P	N-1											P	P	P	P	P	
Paint and related sales																		P	P	P			P	P	P			N-1												P	P	P	P	P

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Pawnshops																			P	P			P	P	P			N-1												S	P	P		
Personal service (86)																	P	P	P	P		P	P	P	P			N-1								S	P	P	P	P	P	P	P	
Pet store, kennel, animal boarding (no outside runs)																		P	P	P			P	P	P			N-1										P	P	P	P	P		
Pet store, kennel, animal boarding (outside runs)	P																						P	P	P			N-1											S	P	P	P	P	
Psychic/paranormal readings																		P	P	P			P	P	P			N-1											S	P	P	P	P	
Radio or TV broadcast studio																			P	P		P	P	P	P			N-1								S	P	S	P	P	P	P	P	
Retail store (indoor)																	P	P	P	P			P	P	P			N-1										P	P	P	P	P		
Restaurant or cafeteria (carry-out only) (95)																	P	P	P	P			P	P	P			N-1									S	P	P	P	P	P		
Restaurant or cafeteria (indoor service) (96)																	P	P	P	P		S	P	P	P			N-1								S	P	P	P	P	P	P		
Restaurant or cafeteria (including drive-through window) (97a)																		S	P	P			P	P	P			N-1									S	S	P	P	P	P	P	
Restaurant or cafeteria (drive-in service) (97b)																			P	S			P	P	P			N-1											S	P	P	P	P	
Studios, photo, music, art, health, etc.																		P	P	P		P	P	P	P			N-1								S	P	P	P	P	P	P	P	
Tattoo Parlor																								P	P			N-1													P	P	P	
Travel agent																	P	P	P	P	P	P	P	P	P			N-1								P	P	P	P	P	P	P	P	
Upholstery shop																			P	P			P	P	P			N-1											S	P	P	P	P	
Veterinarian (no outside runs)																			P	P			P	P	P			N-1										P	P	P	P	P		
Veterinarian (with outside runs)	P																						P	P	P			N-1											S	P	P	P	P	
Wholesale establishments																							P	P	P			N-1												P	P	P	P	
Industrial and Manufacturing Uses																																												
Concrete or asphalt batch plant																								P			N-1																P	
Contractor's yard																							P	P	P			N-1													P	P	P	
Dirt or topsoil extraction; sand and gravel mining or storage	S																							S	S			N-1													S	S	S	
Fat rendering, animal reduction																								P			N-1																P	
Food processing																								P	P			N-1													P	P	P	
Forestry, mining and oil/gas drilling uses	P																							P	P			N-1													P	P	P	
Forge plant																								P			N-1																P	
Indoor Gun Range (57)																								S	S																	S	S	S
Industrial and manufacturing plants (apparel, drugs and pharmaceuticals, electronic, plastic, or similar products manufacture)																								P	P			N-1														P	P	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI		
Industrial and manufacturing plants (acid, cement, chemicals, fertilizer, gypsum, lime, paper or pulp, or similar products manufacture)																									P			N-1															P	
Junk or salvage yard (58)																									P			N-1															P	
Machine shop or welding																							P		P			N-1													P	P		
Metal fabrication																							P	P	P			N-1													P	P		
Mini-warehouse (See Sec. 146-41)																			S	S			P	P	P			N-1										S	S	P	P			
Open storage (79)																								P	P			N-1													P	P		
Paper or pulp manufacture																									P			N-1															P	
Printing plant																								P	P			N-1													P	P		
Refining or storage (petroleum products, gas, butane, propane)																									P			N-1															P	
Sanitary landfill																								P	P			N-1													S	P		
Smelting of ores or metals																									P			N-1															P	
Soft drink bottling plant																								P	P			N-1													P	P		
Warehousing																							P	P	P			N-1												S	P	P		
Agricultural and Related Uses																																												
Agricultural and ranching uses	P	P	P	P	P	P		P	P	P	P	P				P		P	P	P		P		P	P	P	P	P	N-1	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Community Garden (29)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Creamery (dairy products)																			P	P			P	P	P			N-1												S	P	P		
Fairgrounds or rodeo	S																							P	P	P	P	N-1														P	P	
Farm implement sales and service																			P	P			P	P	P			N-1													P	P		
Farm, orchard or truck garden (40)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Hatchery (poultry), egg farm, feed lot	P																							P	P			N-1													S	P		
Livestock auction (62)	P																							P	P			N-1													S	P	P	
Stable, commercial (106)	P																							P	P			N-1													S	P	P	

Type of Use	AG	RED-1	RED-2	RS 120	RS 84	RS 72	RS 60	RS 45	RD 30	RG 27	RG 25	RG 15 [18]	MF-1	MF-2	MF-3	MP	NC	BN	BG	C	O-1	O	BC	ML	MH	AP	GC	MTC	SF 12	SF 10	SF 8	SF 7.2	SF 5	DR	TH	SO	RO	C1	C2	C3	LI	HI	
Stable, private	P	P	P																									N-1															
Stockyards or slaughterhouse																									P			N-1															P

- Footnotes for the McKinney Town Center District (“MTC”):
 N-1 → Refer to Appendix G, Section G-2 for the Schedule of Uses specifically applicable to only the MTC – McKinney Town Center District.

- The following is the legend for interpreting schedule of uses (Sec. 146-66):

P	Use is permitted by right.
	Use is prohibited.
S	Use is permitted with a Specific Use Permit under Sec. 146-41.
T	Use is permitted with a Temporary Use Permit.

- The following is a legend for interpreting the applicability of the various zoning districts:

These zoning districts were created on March 4, 2014. Properties zoned/rezoned after March 4, 2014 may be zoned to these districts.
These zoning districts were established prior to March 4, 2014. Properties zoned/rezoned after March 4, 2014 may be zoned to these districts.
These zoning districts were established prior to March 4, 2014. No properties may be zoned/rezoned to these districts after July 1, 2014.

- The numbers following a prescribed use (for example: Accessory building or use **(1)**) refer to a corresponding definition found in Section 146-46 of the Code of Ordinances.
- For a listing of uses allowed in a specific “PD” – Planned Development District, please contact the City of McKinney’s Planning Department.

6. SCHEDULE OF PERMITTED USES

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
<i>Residential Uses</i>							
Bed and breakfast (See Ch. 138, Art. IV)		S	S		S		
Boardinghouse or rooming house (13)		*	*		*	*	*
Dormitories		*	*	*	*	*	*
Independent living facility (retirement community) (45)	*	*	*	*	*	*	*
Live-work dwelling	*	*	*	*	*	*	*
Mobile home park (See Ch. 138, Art. III) (56)							
Multiple family dwelling (apartment) (58)	*/C	*/C	*	*/C	*	*	*
Single family dwelling (attached) (88)		*	*	*	*	*	*
Single family dwelling (detached) (89)		*	*		*	*	*
Two family dwelling (duplex) (100)		*	*		*	*	*
Watchman, caretaker, or servant's quarters						*	*
<i>Educational and Institutional Uses</i>							
Assisted living facility, nursing home, or rest home (6)		*		*	*	*	*
Cemetery							
College or university	*	*		*	*	*	*
Day care (25)	*	*	*	*	*	*	*
Fraternal organization, lodge, civic club (38)	*	*	*	*	*	*	*
Hospital (43)		*		*	*	*	*
Museum, library, art gallery (public) (59)	*	*	*	*	*	*	*
Museum, library, art gallery (private) (60)	*	*	*	*	*	*	*
Place of worship (74)	*	*	*	*	*	*	*
School, business or trade (86)		*	*	*	*	*	*
School, public, private or parochial (87)	*	*	*	*	*	*	*
<i>Utility Uses</i>							
Local utility line or utility distribution lines; Telephone exchange (no garage or shop)					*	*	*
Private utilities (77)					*	*	*
Public building, shop, or yard (78)	*	*	*	*	*	*	*
Public utilities (79)					*	*	*
<u>Utility substation or regulating station</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>	<u>S</u>
<i>Recreational and Entertainment Uses</i>							
Amusement, commercial (indoor) (4)	S	S		*	*	*	*
Amusement, commercial (outdoor) (5)				S	S	S	S
Carnival or circus		T		T	T	T	T

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Fitness club, gymnasium, gymnastics, or similar use	*	*		*	*	*	*
Private club (See Ch. 138, Art. II; Sec. 146-41) (76)	S	S	S	S	S	S	S
Recreation area (private) (80)	*	*	*	*	*	*	*
Recreation area (public) (81)	*	*	*	*	*	*	*
Sexually oriented business (See Ch. 138, Art. V)							
Transportation, Automobile, and Related Uses							
Airport or landing field, and aircraft hangar							
Automobile, trailer, light truck, tool rental							
Automobile, all terrain vehicle, motorcycle (sales, service, repair, paint, or storage)					*/C	*/C	
Bus station		*		*		*	
Car Wash (See Sec 146-41(11a)) (18)							
Fueling station or gasoline station (subject to section 146-84) (40)				*/C	*/C	*/C	
Helistop or heliport (42)							
Motor and railroad freight terminal and team truck							
Parking garage or lot (69)	*	*	*	*	*	*	*
Parking lot (truck) (70)							
Private street development (See Ch. 142, Art. VII)							
Railroad track or right-of-way	*	*	*	*	*	*	*
Taxi or shuttle service							
Tire recapping							
Truck fueling station (98)							
Truck, recreational vehicle, and boat (sales, storage, paint, repair or service)							
Truck stop (99)							
Commercial Type, Retail, and Service Uses							
Banks and financial institutions (with no drive-through service facility)	*	*	*	*	*	*	
Banks and financial institutions (with drive-through service facility)		*/C		*/C		*/C	
Building materials sales, lumber yard or monument sales							
Carpentry or sign fabrication (no outdoor storage)		*		*	*	*	
Cleaning plant (laundry) (22)							
Cleaning and pressing shop (small shop and pickup) (no drive-through or drive-up service) (21)	*	*	*	*	*	*	*

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Cleaning and pressing shop (small shop and pickup) (with drive-through or drive-up service) (21)		*/C		*/C	*/C	*/C	*/C
Exterminator					*	*	
Farmers market (32)	*	*	*	*	*	*	
Farm implement or machinery sales, service, repair or storage							
Field office (34) or real estate sales office	T	T	T	T	T	T	T
Funeral homes and mortuaries		*		*	*	*	
Greenhouse or plant nursery		*	*	*	*	*	
Hotel, full service	*	*		*	*	*	
Motel							
Mobile home display and sales							
Office and medical office use	*	*	*	*	*	*	*
Office/retail/warehouse flex space (64)				*	*	*	*
Pawnshop							
Personal service (73)	*	*	*	*	*	*	*
Pet store, kennel, animal boarding (no outside runs)		*		*	*	*	
Pet store, kennel, animal boarding (outside runs)							
Psychic/paranormal readings		*	*	*	*	*	
Radio or TV broadcast studio					*	*	
Retail store (no drive-through service)	*	*	*/C	*	*/C	*	*/C
Retail store (with drive-through service)		*/C		*/C	*/C	*/C	
Restaurant or cafeteria (carry-out only) (no drive-through window or drive-in service) (83)	*	*	*	*	*	*	*
Restaurant or cafeteria (indoor service) (no drive-through window or drive-in service) (84)	*	*	*/C	*	*/C	*	*/C
Restaurant or cafeteria (with drive-through window or drive-in service) (85)		*/C		*/C	*/C	*/C	
Studios, photo, music, art, dance, dojo, health, etc.	*	*	*	*	*	*	*
Tattoo Parlor							
Upholstery shop				*	*	*	
Veterinarian (no outside runs)		*		*	*	*	
Veterinarian (with outside runs)							
Industrial and Manufacturing Uses							
Brewery	*/C	*/C		*/C	*	*	
Concrete or asphalt batch plant							
Contractor's yard							

	Historic Core	Downtown Core	Downtown Edge	Transit Village Core	Transit Village Edge	Cotton Mill Core	Cotton Mill Edge
Cottage industrial	*/C	*/C		*/C	*/C	*/C	
Dirt or topsoil extraction; sand and gravel mining or storage							
Fat rendering, animal reduction							
Food processing							
Forestry, mining and oil/gas drilling uses							
Forge plant							
Indoor gun range (46)							
Industrial and manufacturing plants (apparel, drugs and pharmaceuticals, electronic, plastic, or similar products manufacture)							
Industrial and manufacturing plants (acid, cement, chemicals, fertilizer, gypsum, lime, paper or pulp, or similar products manufacture)							
Junk or salvage yard (47)							
Machine shop or welding				*/C	*/C	*/C	
Mini-warehouse/public storage (See Sec. 146-41)							
Open storage (67)							
Printing plant							
Recycling center							
Refining or storage (petroleum products, gas, butane, propane)							
Sanitary landfill							
Smelting of ores or metals							
Soft drink bottling plant							
Warehousing				*/C	*/C	*/C	
Winery	*/C	*/C		*/C	*	*	
<i>Agricultural and Related Uses</i>							
Agricultural and ranching uses							
Creamery (dairy products)							
Farm, orchard or truck garden (31)							
Hatchery (poultry), egg farm, feed lot							
Livestock auction (50)							
Riding academy							
Rodeo							
Stable, commercial (90)							
Stable, private							
Stockyards or slaughterhouse							

- The numbers following a prescribed use [for example: Accessory building or use (1)] refer to a corresponding definition found in Section 146-46 of the Zoning Regulations.
- The following is the legend for interpreting the schedule of uses for the “MTC” -- McKinney Town Center zoning district:

*	Use is permitted by right.
*/C	Use is permitted only if the design criteria in the following table are satisfied.
	Use is prohibited.
S	Use is permitted only with a Specific Use Permit under Section 146-41.
T	Use is permitted with a Temporary Use Permit.

Design Criteria Table

Use	Character Districts	Design Criteria
Any use with a drive-through or drive-up facility (including banks and financial institutions; cleaning and pressing shop; funeral homes and mortuaries; retail store; restaurant)	<ul style="list-style-type: none"> ▪ All 	<ul style="list-style-type: none"> ▪ Drive-through access (driveways) shall only be from Pedestrian Priority “B” Streets or from Service Streets. ▪ Drive-through lanes and/or canopies shall not have frontage along Pedestrian Priority “A” Streets.
Retail store, restaurant or cafeteria (indoor service) (no drive-through window or drive-in service)	<ul style="list-style-type: none"> ▪ Downtown Edge ▪ Transit Village Edge ▪ Cotton Mill Edge 	<ul style="list-style-type: none"> ▪ Shall be located in buildings less than 20,000 sq.ft.
Automobile, all-terrain vehicle, motorcycle (sales, service, repair, paint, or storage); fueling station or gasoline station	<ul style="list-style-type: none"> ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Service bays shall not be oriented towards Pedestrian Priority “A” Streets. ▪ Fuel pumps and canopies shall not be located with any frontage along Pedestrian Priority “A” Streets. ▪ Along Pedestrian Priority “B” Streets, service bays, fuel pumps and/or canopies shall not exceed 50% of the lot’s street frontage. ▪ No outdoor storage along any Pedestrian Priority “A” Streets. ▪ Outdoor storage along any Pedestrian Priority “B” or Service Streets shall be screened with a street screen as high as the items being stored.
Fueling station or gasoline station	<ul style="list-style-type: none"> ▪ Transit Village Core 	
Multiple family dwelling	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core ▪ Transit Village Core 	<ul style="list-style-type: none"> ▪ Along Pedestrian Priority “A” Streets, ground floors shall be built to Commercial Ready standards, including floor-to-floor height and at-grade to the sidewalk.
Brewery; winery	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core ▪ Transit Village Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet. ▪ Shall be permitted only in conjunction with a retail or restaurant (indoor) use.
Cottage Industrial	<ul style="list-style-type: none"> ▪ Historic Core ▪ Downtown Core ▪ Transit Village Core ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet.
Machine shop or welding;; warehousing	<ul style="list-style-type: none"> ▪ Transit Village Core ▪ Transit Village Edge ▪ Cotton Mill Core 	<ul style="list-style-type: none"> ▪ Shall be located only in buildings less than 20,000 square feet.



16-215PF

TITLE: Consider/Discuss/Act on a Preliminary-Final Plat for Lot 1, Block A, of the Nelson Addition, Located on the Southeast Corner of County Road 410 and County Road 411

COUNCIL GOAL: Direction for Strategic and Economic Growth

MEETING DATE: September 20, 2016

DEPARTMENT: Planning

CONTACT: Brian Lockley, AICP, Director of Planning
Samantha Pickett, Planning Manager
Eleana Galicia, Planner I

RECOMMENDED CITY COUNCIL ACTION: Staff recommends approval of the proposed preliminary-final plat and associated variances with the following conditions:

1. The applicant receive approval of the associated facilities agreement.
2. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance waiving the requirement to construct public streets including the associated street lighting and sidewalks adjacent to the property.
3. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance waiving the requirement to construct sanitary sewer and water lines to the subject property and extend them to the adjacent property upstream.
4. The applicant receive variance to Section 142-105 (Improvements) of the Subdivision Ordinance allowing the use of individual septic systems.
5. The applicant receive a variance to the Storm Water Management Ordinance waiving the requirement to collect drainage in an underground storm water system.

6. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance prohibiting lot to lot drainage.
7. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance requiring water systems to be of a sufficient size to furnish fire protection to all lots.

Prior to the issuance of a building permit:

1. The applicant satisfy the conditions as shown on the Standard Conditions for Preliminary-Final Plat Approval Checklist, attached.
2. The associated facilities agreement be filed with the county prior to filing the plat, subject to review and approval of the City Attorney.

ITEM SUMMARY:

- The applicant is proposing to subdivide approximately 6.99 acres of land, located on the southeast corner of County Road 410 and County Road 411 within the City of McKinney's Extraterritorial Jurisdiction (ETJ). Since the subject property is located within the City's ETJ, the regulations of the Zoning Ordinance do not apply to the subject property, however the regulations of the Subdivision Ordinance do apply.
- Under State Law, before a property can be subdivided in the City of McKinney ETJ, it must be platted and filed for record with the Collin County Clerk, in accordance with the City of McKinney's subdivision regulations. Typically, preliminary-final plats are considered by the Planning and Zoning Commission. This preliminary-final plat has bypassed the Planning and Zoning Commission and is being considered by the City Council because the applicant has requested several variances to the requirements of the Subdivision Ordinance. Per the Subdivision Ordinance, only the City Council can grant a variance.
- The applicant is requesting to subdivide the property into one lot to construct a single family residence. The applicant has indicated to Staff the desire to not construct or escrow for the typical required improvements, such as water, sanitary sewer, and roads, however the applicant has agreed to provide the easements for said infrastructure, and to enter into a facilities agreement with the City of McKinney.

BACKGROUND INFORMATION:

- Please see attached Staff Report.

FINANCIAL SUMMARY:

- Please see attached Staff Report.

BOARD OR COMMISSION RECOMMENDATION:

- This preliminary-final plat has bypassed the Planning and Zoning Commission and is being considered by the City Council instead because the applicant has requested variances to the requirements of the Subdivision Ordinance. Per the Subdivision Ordinance, only the City Council can grant a variance.

SUPPORTING MATERIALS:

[Staff Report](#)

[Standard Conditions Checklist](#)

[Location Map and Aerial Exhibit](#)

[Letter of Intent](#)

[Proposed Preliminary-Final Plat](#)

[PowerPoint Presentation](#)

AGENDA ITEM

TO: City Council

THROUGH: Brian Lockley, AICP, Director of Planning
Samantha Pickett, Planning Manager

FROM: Eleana Galicia, Planner I

SUBJECT: Consider/Discuss/Act on a Preliminary-Final Plat for Lot 1, Block A, of the Nelson Addition, Located on the Southeast Corner of County Road 410 and County Road 411

APPROVAL PROCESS: The City Council is the final approval authority for the proposed preliminary-final plat.

STAFF RECOMMENDATION: Staff recommends approval of the proposed preliminary-final plat and associated variances with the following conditions:

1. The applicant receive approval of the associated facilities agreement.
2. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance waiving the requirement to construct public streets including the associated street lighting and sidewalks adjacent to the property.
3. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance waiving the requirement to construct sanitary sewer and water lines to the subject property and extend them to the adjacent property upstream.
4. The applicant receive variance to Section 142-105 (Improvements) of the Subdivision Ordinance allowing the use of individual septic systems.
5. The applicant receive a variance to the Storm Water Management Ordinance waiving the requirement to collect drainage in an underground storm water system.
6. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance prohibiting lot to lot drainage.

7. The applicant receive a variance to Section 142-105 (Improvements) of the Subdivision Ordinance requiring water systems to be of a sufficient size to furnish fire protection to all lots.

Prior to the issuance of a building permit:

1. The applicant satisfy the conditions as shown on the Standard Conditions for Preliminary-Final Plat Approval Checklist, attached.
2. The associated facilities agreement be filed with the county prior to filing the plat, subject to review and approval of the City Attorney.

APPLICATION SUBMITTAL DATE: July 11, 2016 (Original Application)
July 26, 2016 (Revised Submittal)
August 3, 2016 (Revised Submittal)

ITEM SUMMARY: The applicant is proposing to subdivide approximately 6.99 acres of land, located on the southeast corner of County Road 410 and County Road 411 within the City of McKinney's Extraterritorial Jurisdiction (ETJ). Since the subject property is located within the City's ETJ, the regulations of the Zoning Ordinance do not apply to the subject property, however the regulations of the Subdivision Ordinance do apply.

Under State Law, before a property can be subdivided in the City of McKinney ETJ, it must be platted and filed for record with the Collin County Clerk, in accordance with the City of McKinney's subdivision regulations. Typically, preliminary-final plats are considered by the Planning and Zoning Commission. This preliminary-final plat has bypassed the Planning and Zoning Commission and is being considered by the City Council because the applicant has requested several variances to the requirements of the Subdivision Ordinance. Per the Subdivision Ordinance, only the City Council can grant a variance.

The applicant is requesting to subdivide the property into one lot to construct a single family residence. The applicant has indicated to Staff the desire to not construct or escrow for the typical required improvements, such as water, sanitary sewer, and roads, however the applicant has agreed to provide the easements for said infrastructure, and to enter into a facilities agreement with the City of McKinney.

PLATTING STATUS: The subject property is currently unplatted. Subsequent to the approval of the preliminary-final plat with the associated variance requests and conditions, a record plat, subject to review and approval by the Director of Planning, must be filed for recordation with the Collin County Clerk, prior to issuance of a building permit.

ZONING:

Location	Zoning District (Permitted Land Uses)	Existing Land Use
Subject Property	City of McKinney Extraterritorial Jurisdiction	Undeveloped Land
North	City of McKinney Extraterritorial Jurisdiction	Single Family Residence
South	City of McKinney Extraterritorial Jurisdiction	Single Family Residence
East	City of McKinney Extraterritorial Jurisdiction	Single Family Residence
West	City of McKinney Extraterritorial Jurisdiction	Single Family Residence

ACCESS/CIRCULATION:

Adjacent Streets: County Road 410, 60' Right-of-Way, Collector Street

County Road 411, 60' Right-of-Way, Collector Street

TREE PRESERVATION ORDINANCE: The applicant will be responsible for complying with the Tree Preservation Ordinance.

PUBLIC IMPROVEMENTS:

Sidewalks: Required along C.R. 410 & C.R. 411

Hike and Bike Trails: Not Required

Road Improvements: All road improvements necessary for this development, and as determined by the City Engineer

Utilities: All utilities necessary for this development, and as determined by the City Engineer

Discussion: Under the requirements of the Subdivision Ordinance, the applicant will be required to construct all necessary public improvements prior to filing the associated plat, unless a variance is granted by the City Council to waive the required public improvements. Required public improvements include the following:

Road Improvements: The site is currently served by CR 410 and CR 411 which are 20-foot wide asphalt roadways with roadside ditches. The applicant would be required to reconstruct CR 410 and CR 411 adjacent to the site with minimum 24-foot wide concrete curb and gutter pavement, 4-foot sidewalks, and underground drainage systems. The applicant has proposed to dedicate right-of-way for CR 410 and CR 411.

Water Improvements: The site is currently served by 4-inch water lines owned by North Collin Water Supply Corporation. The applicant would be required to construct City of McKinney water lines including a master planned 12-inch water line along CR 410 and offsite water lines capable of supplying adequate fire flow to the site. Site is located approximately 4 miles from the nearest City of McKinney water line. The applicant has proposed to dedicate an onsite easement for the water lines.

Sewer Improvements: The site is adequately sized to be served by a septic system. The applicant would be required to construct City of McKinney sewer lines including a master planned 8-inch sewer line along the south boundary of the site and offsite sewer lines capable of serving the site. Site is located approximately 1 ½ miles from the nearest City of McKinney sewer line. The applicant has proposed to dedicate an onsite easement for the sewer improvements.

Drainage Improvements: The site includes a creek which drains a small pond and agricultural land upstream from the site. The applicant would be required to study the creek and provide adequate capacity for fully-developed flow in the creek along the south boundary line of the site. The applicant has proposed to dedicate an onsite easement for the drainage improvements.

DRAINAGE: The applicant will be responsible for all drainage associated with the subject property, and for compliance with the Storm Water Ordinance, which may require on-site detention, unless the requested variances are approved.

FEES:

Roadway Impact Fees: Not Applicable

Utility Impact Fees: Applicable (Ordinance No. 2013-11-109 and Ordinance No. 2013-12-118) unless City Council grants the requested variances.

Median Landscape Fees: Not Applicable

Park Land Dedication Fees: Not Applicable

Pro-Rata:

Not Applicable

CONFORMANCE TO THE MASTER THOROUGHFARE PLAN (MTP): The proposed request does not conflict with the Master Thoroughfare Plan.

OPPOSITION TO OR SUPPORT OF REQUEST: Staff has received no comments in support of or opposition to this request.

ATTACHMENTS:

- Standard Conditions for Preliminary-Final Plat Approval Checklist
- Location Map and Aerial Exhibit
- Letter of Intent
- Proposed Preliminary-Final Plat
- PowerPoint Presentation

Standard Conditions for Preliminary-Final Plat/Replat Approval Checklist

The conditions listed below marked with a "☒" need to be satisfied by the applicant, prior to issuance of a permit:

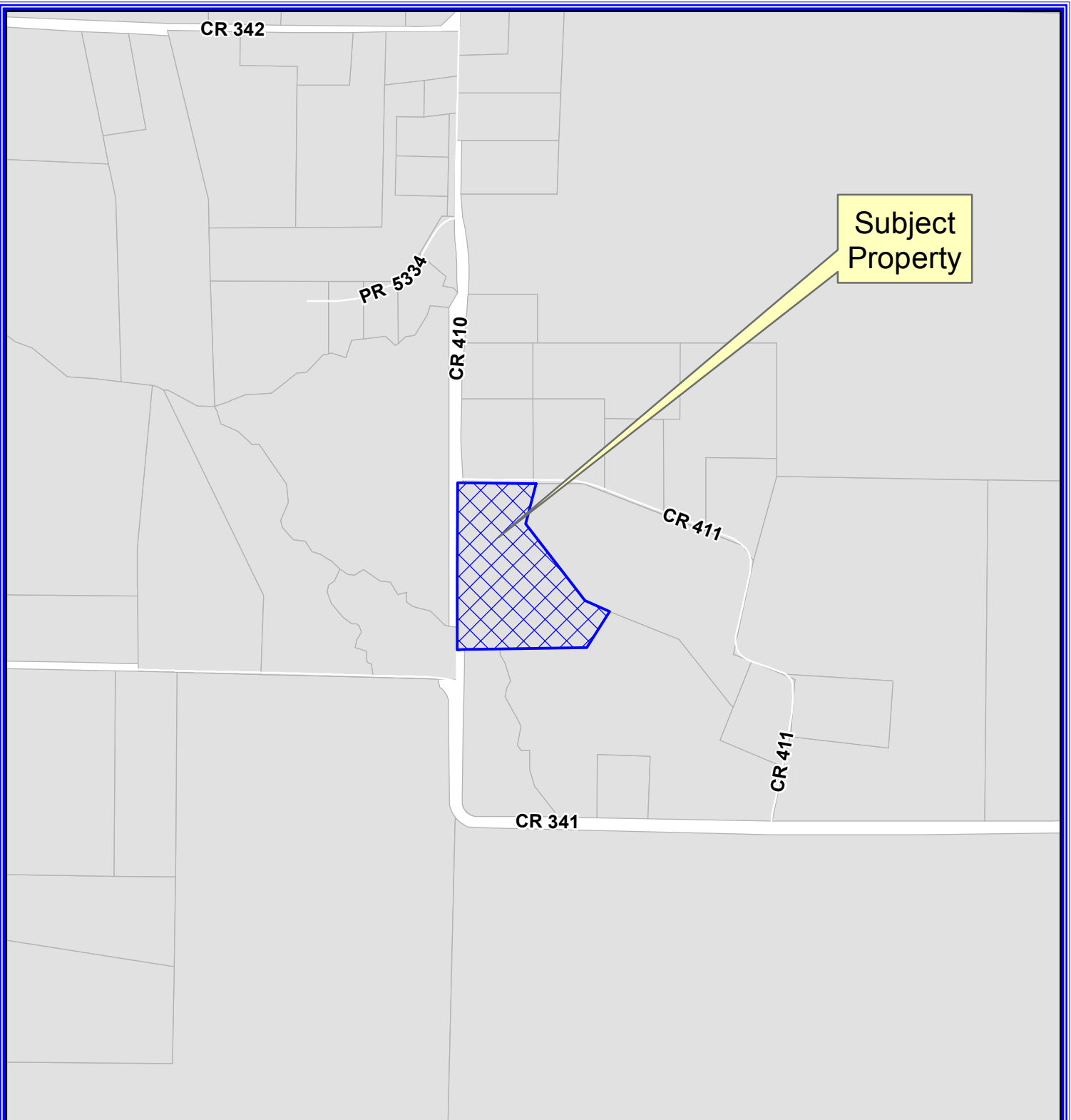
- ☒ Submit a record plat or plats conforming to the approved preliminary-final plat, subject to review and approval by Staff. For residential uses, the record plat(s) must be filed before a building permit is issued, and for non-residential uses, the record plat(s) must be approved before a permit is issued.
- ☐ Approval of screening and buffering plans, including irrigation, in accordance with Section 142-106 of the Subdivision Ordinance, and as amended, by the Director of Planning, and approval of final screening and buffering plans, including irrigation, by the Director of Planning, by prior to installation of materials.
- ☐ Approval of public improvement construction plans, including location of any required sidewalks, Hike and Bike Trails, and fire hydrants, by the City Engineer.
- ☐ Approval of utility construction plans by the City Engineer.
- ☐ Approval of grading and drainage plans by the City Engineer.
- ☐ Approval of the proposed street names within this development by the City Engineer.
- ☐ The applicant comply with the requirements of the Tree Preservation Ordinance and obtain any necessary tree permits within the time frames specified within the Ordinance, subject to review and approval by the City Arborist.

The conditions listed below marked with a "☒" need to be satisfied by the applicant, prior to filing a record plat for record:

- ☐ Acceptance of all required public improvements by the City Engineer, unless otherwise specified within an approved facilities agreement.
- ☐ The applicant provide any additional easements as determined necessary by the City Engineer.
- ☐ Approval of annexation documentation, and filing thereof, incorporating the proposed development into the homeowners' association for the proposed development, including the dedication of common areas, and its maintenance responsibilities, and be subject to review and approval by the City Attorney, and filed for record. *(In accordance with [Sec. 142-107 Common Areas & Homeowners Associations](#) of the City's Subdivision Regulations.)*
- ☐ The applicant satisfy park land dedication obligations, in accordance with Article VI of the Subdivision Ordinance, subject to review and approval by the Director of Parks and Recreation.
- ☐ Payment of median landscaping fees for medians within divided roadways, in lieu of the applicant landscaping and irrigating the medians, in the amount of \$25.50 per linear foot for the distance parallel to the subject property.

Prior to issuance of a building permit:

- ☐ Payment of impact fees in accordance with Ordinances 2013-11-109 and 2013-12-118 (utilities) and 2013-11-108 (roadway), or as specified within an approved facilities agreement or development agreement.

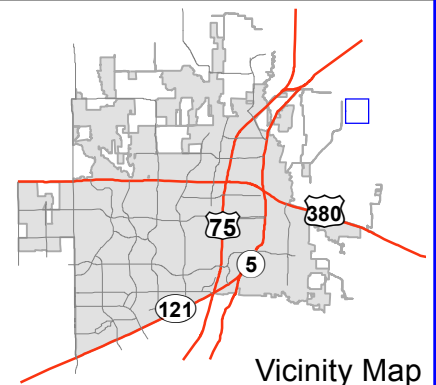


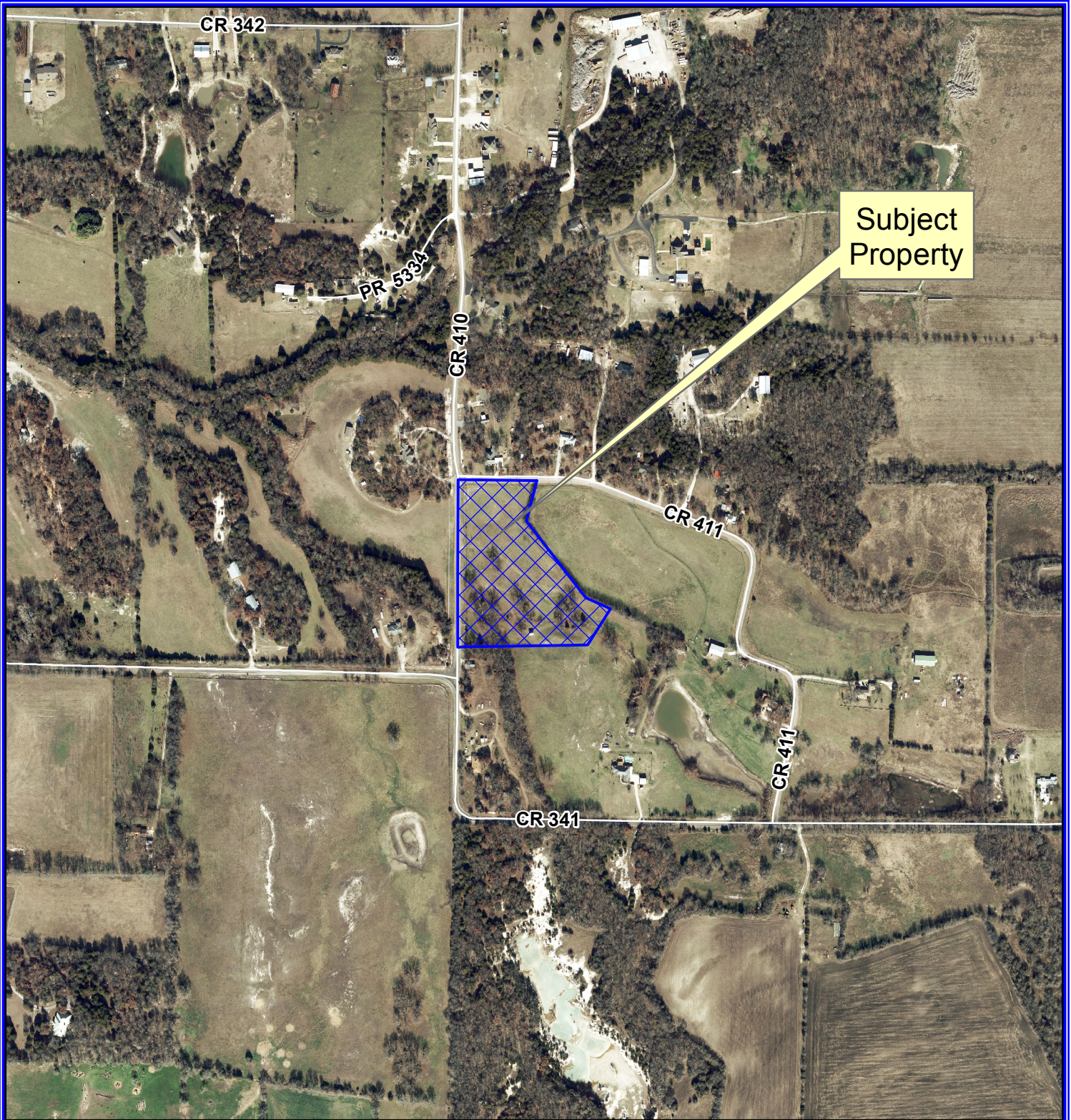
0 340 680 Feet



Location Map

Case: 16-215PF



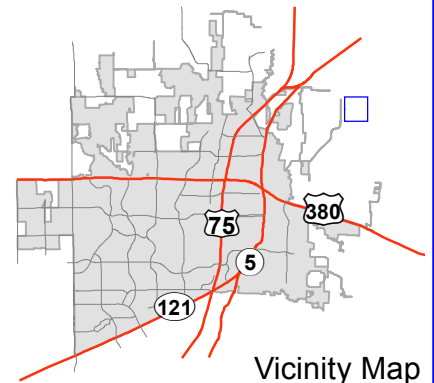


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Feet



Location Map

Case: 16-215PF



Vicinity Map

LETTER OF INTENT

July 25, 2016

Laurie D. Nelson
7050 County Road 410
McKinney, TX 75071

City of McKinney: Development Services
221 N. Tennessee St.
McKinney, TX 75069

Dear City of McKinney: Development Services:

Please accept this letter of intent for a preliminary-final plat for a 7 acre tract of land located at 7050 County Road 410 McKinney, TX 75071. This subject property is located within the city of McKinney ETJ and it is my intention to plat the subject property to construct a single family home. Property specifications:

I am requesting the following variances listed below:

- Requesting to not construct public streets
- Requesting to not construct city water or sewer lines;
 - Requesting variance from all escrow payments in lieu of easement dedications
- Requesting to allow the use of an individual septic system for residence
- Requesting to not construct storm drainage improvements
- Requesting to allow for lot-to-lot drainage between residential lots
- Requesting approval of a variance to the 2012 Edition of the International Fire Code, including local amendments, waiving the requirements that fire hydrants and minimum fire flows be provided.

Sincerely,



Laurie D. Nelson
214-733-1767
972-265-1234

PRELIMINARY-FINAL PLAT - FOR REVIEW PURPOSES ONLY

ABBREVIATIONS LEGEND

I.R.F. = Iron Rod Found
(C.M.) = Controlling Monument
C.I.R.F. = Capped Iron Rod Found
C.I.R.S. = 1/2" Iron Rod With Yellow Plastic Cap Stamped "RPLS 5686" Set
M.R.C.C.T. = Map Records, Collin County, Texas
D.R.C.C.T. = Deed Records, Collin County, Texas
O.P.R.C.C.T. = Official Public Records, Collin County, Texas

OWNER'S DEDICATION:

STATE OF TEXAS §
COUNTY OF COLLIN §

WHEREAS, Laurie D. Nelson is the owner of a tract of land, situated in the T. A. Rhodes Survey, Abstract No. 741, in the City of McKinney, Collin County, Texas, and being all of that called 7.00 acre tract of land, described by deed to Laurie D. Nelson, as recorded under Document No. 20140701000678980, of the Official Public Records, Collin County, Texas (O.P.R.C.C.T.), said tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found for the northwesterly corner of said 7.00 acre tract, same being generally near the intersection of County Road No. 410 and County Road No. 411;

THENCE North 89°25'55" East, along said County Road No. 411, same being the northerly line of said 7.00 acre tract, a distance of 327.37' to a 1/2" iron rod found for the northeasterly corner of said 7.00 acre tract, same being the northwesterly corner of a tract of land described by deed to David Chumbley and Mary Catherine Chumbley, as recorded under Document No. 20150107000017200, O.P.R.C.C.T.;

THENCE along the common line between said 7.00 acre tract and Chumbley tract, the following courses and distances:

South 13°21'20" West, a distance of 202.57' to a 1/2" iron rod found for an angle point;

South 39°22'37" East, a distance of 391.11' to a 1/2" iron rod with a yellow plastic cap stamped "RPLS 5686" set (herein after referred to as a capped iron rod set);

South 65°54'00" East, a distance of 113.50' to a capped iron rod set, said corner being the most easterly corner of said 7.00 acre tract;

THENCE South 33°11'31" West, along the southeasterly line of said 7.00 acre tract, a distance of 182.12' to a capped iron rod set for an angle point;

THENCE South 88°53'32" West, along the southerly line of said 7.00 acre tract, a distance of 542.60' to a 1/2" iron rod found with a plastic cap in the aforementioned County Road No. 410;

THENCE North 00°47'49" East, along the westerly line of said 7.00 acre tract, a distance of 711.97' to the POINT OF BEGINNING and containing 6.995 acres of land, more or less.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT, Laurie D. Nelson, is the sole owner of the above described property and does hereby adopt this Plat designating the hereinabove described property as NELSON ADDITION - LOT 1, BLOCK A, and does hereby dedicate to the public use forever, the streets, alleys and public use areas shown hereon; the easements, as shown, for mutual use and accommodation of the City of McKinney and all public utilities desiring to use or using same. All and any public utility and the City of McKinney shall have the right to remove and keep removed all or parts of any building, fences, shrubs, trees or other improvements or growths which in any way, endanger or interfere with the construction, maintenance or efficiency of it's respective systems on said easements; and the City of McKinney and all public utilities shall have the right to construct, reconstruct, inspect, patrol, maintain and add to or remove all or parts of it's respective systems without the necessity of, at anytime, procuring the permission of anyone. This plat is approved subject to all platting ordinances, rules, regulations and resolutions of the City of McKinney.

WITNESS MY HAND at McKinney, Texas, this the _____ day of _____, 2016.

Laurie D. Nelson

STATE OF TEXAS §
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Laurie D. Nelson, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same is his act and deed in the capacity therein stated and for the purposes therein expressed.

WITNESS MY HAND AND SEAL OF OFFICE on this, the _____ day of _____, 2016.

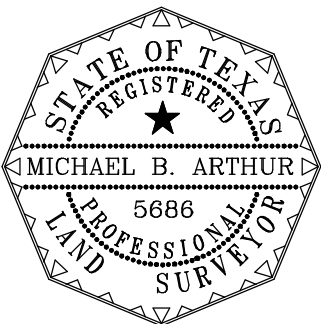
NOTARY PUBLIC in and for the State of Texas.

SURVEYOR'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

THAT I, MICHAEL B. ARTHUR, do hereby certify that I prepared this plat from an actual on-the-ground survey of the above described property, and that the corner monuments shown hereon were found or were properly placed under my personal supervision in accordance with the Platting Rules and Regulations of the City of McKinney, Collin County, Texas.

Michael B. Arthur
Registered Professional Land Surveyor
Texas Registration No. 5686



Date: _____

STATE OF TEXAS §
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared MICHAEL B. ARTHUR, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

WITNESS MY HAND AND SEAL OF OFFICE on this, the _____ day of _____, 2016.

NOTARY PUBLIC in and for the State of Texas

CERTIFICATE OF APPROVAL

"Approved and Accepted"

Mayor
City of McKinney, Texas

Date

Owner:

Laurie D. Nelson
1413 Columbus Drive
Rowlett, Texas 75089
(972) 265-1234

Surveyor:

North Texas Surveying, LLC
1010 West University
McKinney, Texas 75069
(469) 424-2074
www.northtexassurveying.com
Firm Registration No. 10074200
Contact: Chad Holcomb

PRELIMINARY-FINAL PLAT
NELSON ADDITION
LOT 1, BLOCK A

304,703 Sq. Ft. / 6.995 Acres

in the

T. A. Rhodes Survey ~ Abstract No. 741

City of McKinney, Collin County, Texas

Date: July, 2016

Scale: 1" = 50'

RECEIVED

By Planning Department at 1:25 pm, Aug 03, 2016

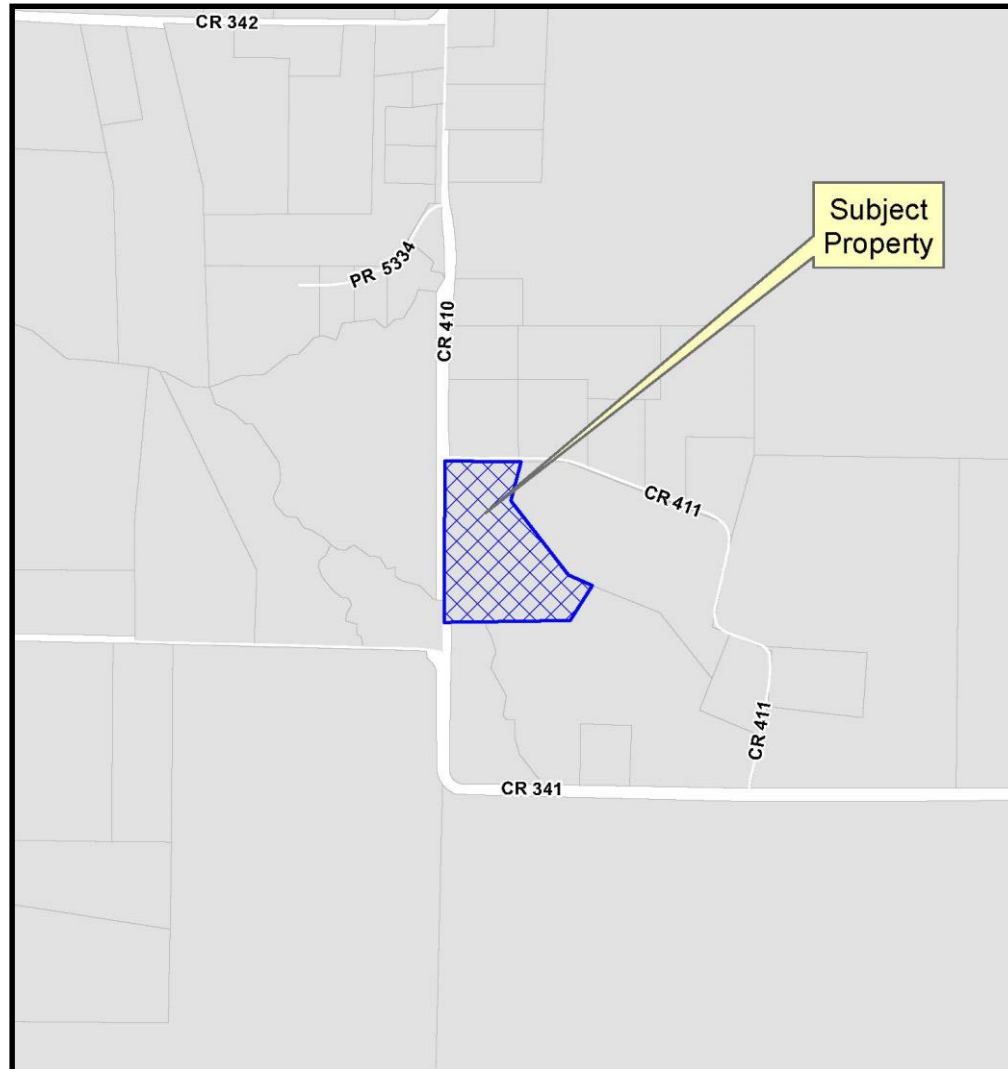
DATE: 06/28/2016 SCALE: 1" = 50' DRAWN BY: C.S.H. CHK'D. BY: M.B.A. JOB NO.: 2016-0076

Nelson Addition
Preliminary-Final Plat
16-215PF



- MONEY MAGAZINE 2014 -

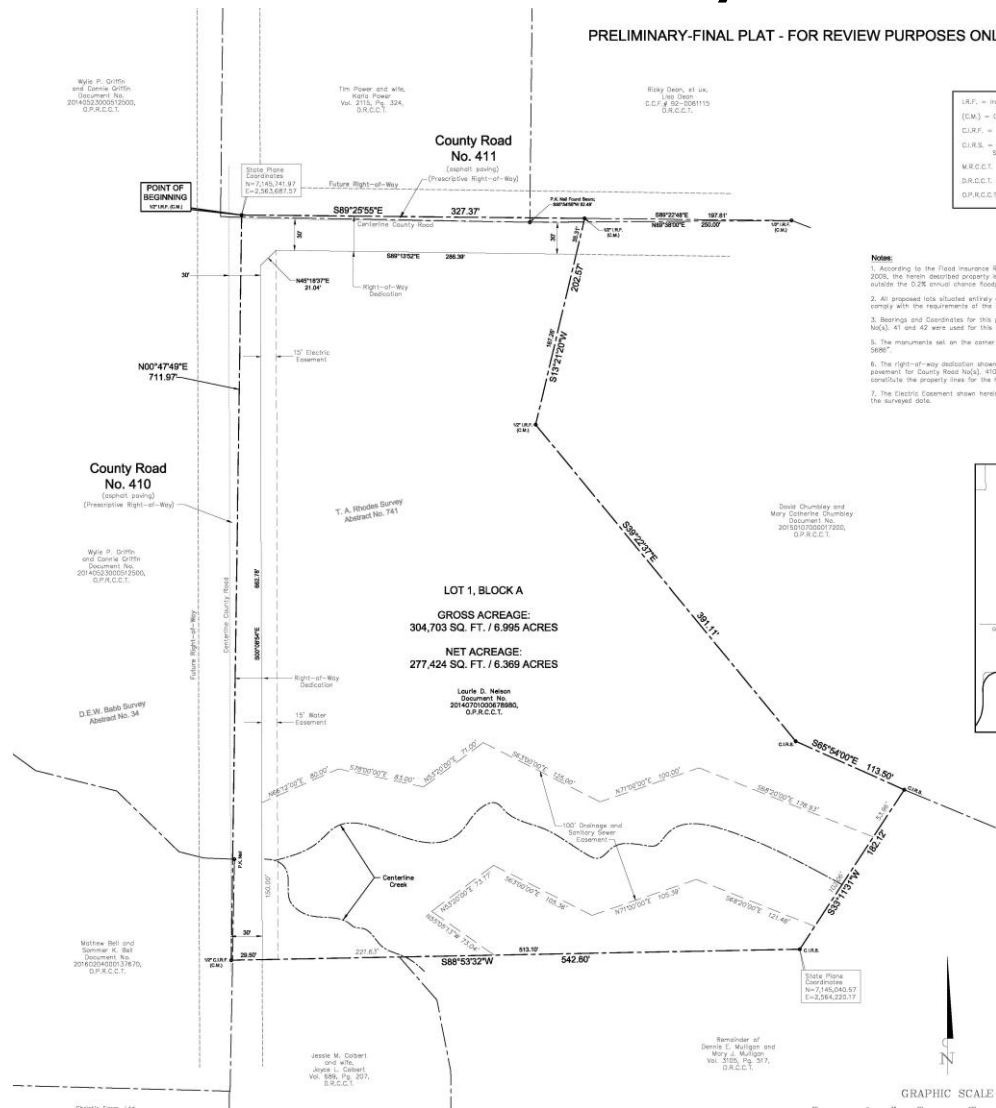
Location Map



Aerial Exhibit



PRELIMINARY-FINAL PLAT - FOR REVIEW PURPOSES ONLY





16-958

TITLE: Consider/Discuss/Act on a Facilities Agreement for Lot 1, Block A, of the Nelson Addition, Located on the Southeast Corner of County Road 410 and County Road 411

COUNCIL GOAL: Direction for Strategic & Economic Growth

MEETING DATE: September 20, 2016

DEPARTMENT: Planning

CONTACT: Brian Lockley, AICP, Director of Planning
Samantha Pickett, Planning Manager
Eleana Galicia, Planner I

RECOMMENDED CITY COUNCIL ACTION:

- Approval of the proposed facilities agreement.

ITEM SUMMARY:

- The applicant is proposing to plat approximately 6.99 acres of land, located on the southeast corner of County Road 410 and County Road 411 within the City of McKinney's Extraterritorial Jurisdiction (ETJ) to construct a single family residence.
- Under State Law, before a property can be subdivided in the City of McKinney ETJ, it must be platted and filed for record with the Collin County Clerk, in accordance with the City of McKinney's subdivision regulations.
- The applicant has indicated to Staff the desire to not construct or escrow for the typical required improvements, such as water, sanitary sewer, and roads, however the applicant has agreed to provide the easements for said infrastructure. As such, the applicant is requesting multiple variances from the City Council.
- The proposed facilities agreement limits the use on the property to one single

family detached home.

- Additionally, the agreement would relieve or defer the public improvements that exceed the amount that is roughly proportional to the proposed development on the subject property, including:
 - construction of public streets, sidewalks, and lighting;
 - construction of master-planned 8-inch sewer line and 1 ½ miles of offsite sewer lines to the subject property; and
 - construction of a master-planned 12-inch water line and 4 miles of offsite water lines to serve the subject property.
- If in the future the property is further subdivided or replatted, or the use changes or enlarges from the allowed uses listed in the agreement, the agreement shall be terminated.

BACKGROUND INFORMATION:

- Please see associated agenda item, 16-215PF.

FINANCIAL SUMMARY:

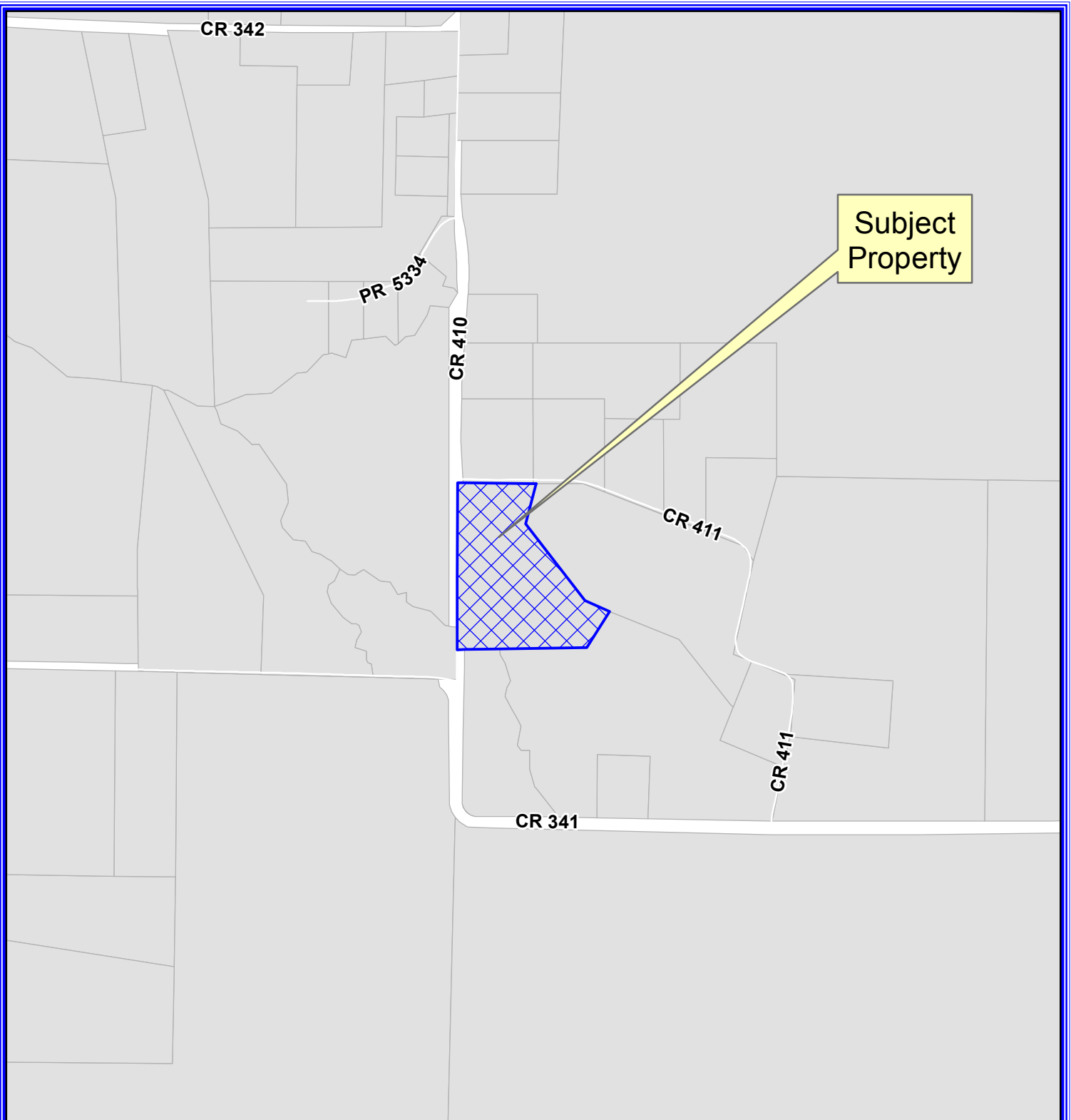
- N/A

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Location Map and Aerial Exhibit](#)
[Proposed Facilities Agreement](#)

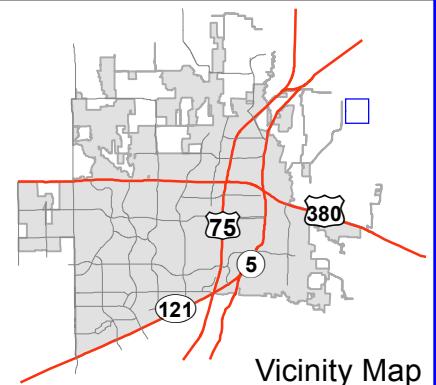


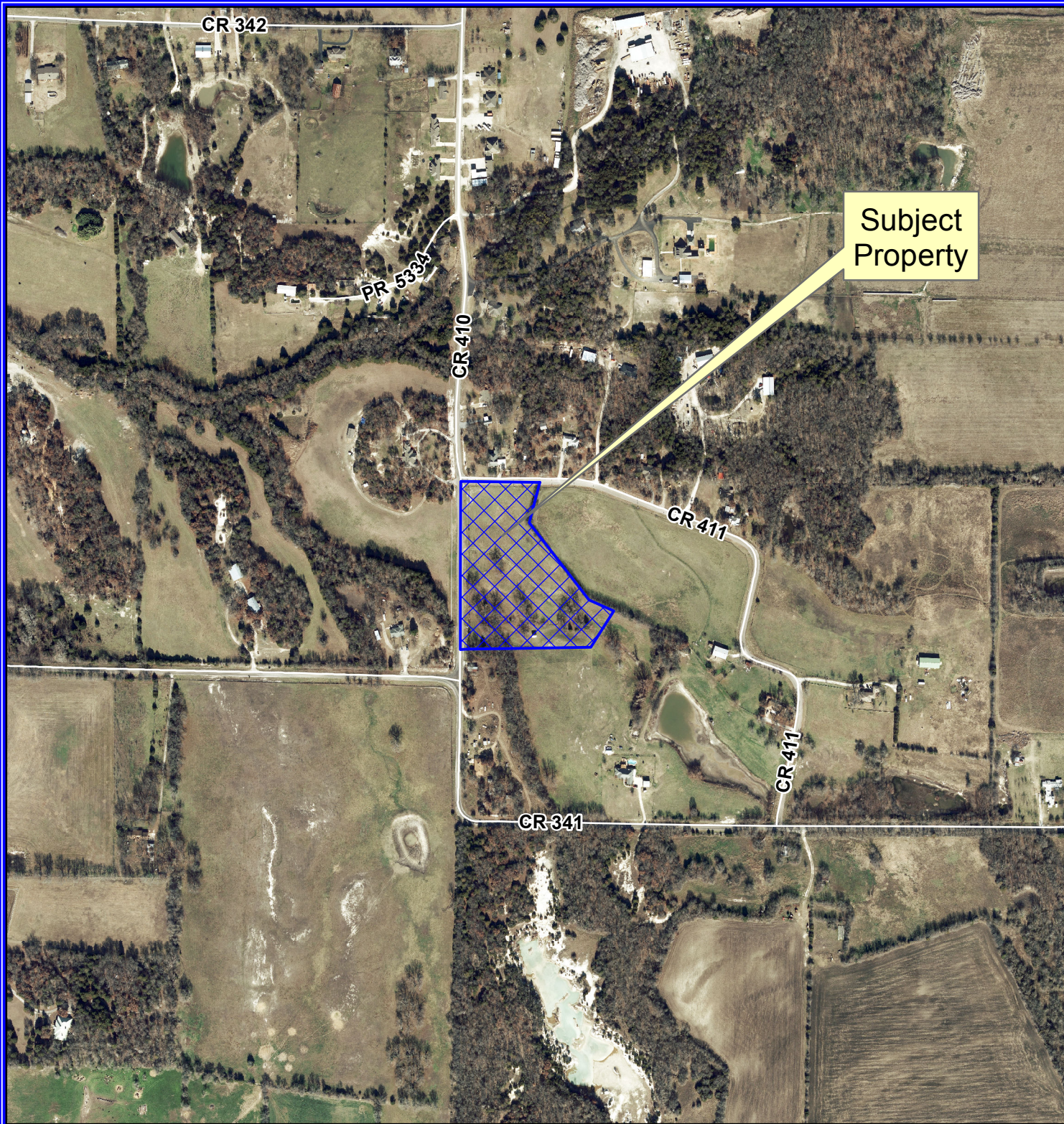
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Location Map

Case: 16-215PF



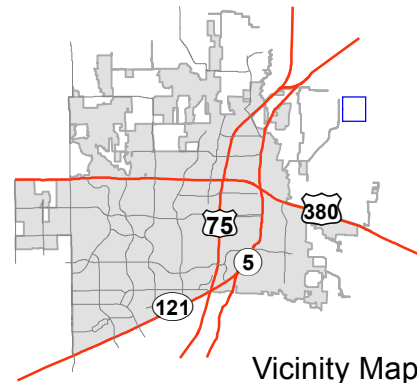


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Feet



Location Map

Case: 16-215PF



AFTER RECORDING, RETURN TO:

City Secretary
City of McKinney
P.O. Box 517
222 N. Tennessee Street
McKinney, Texas 75069

City of McKinney, Texas
FACILITIES AGREEMENT
(Rough Proportionality of Required Improvements)

Nelson Addition, Lot 1, Block A

THIS AGREEMENT, entered into effective the ____ day of September, 2016, by and between **CITY OF MCKINNEY**, a Texas municipal corporation and home-rule city ("CITY"), and **DAVID G. NELSON and LAURIE D. NELSON**, a married couple, whose mailing address is 1413 Columbus Drive, Rowlett, Texas 75089, (collectively "LANDOWNER") witnesseth that:

WHEREAS, the Subdivision Regulations of the City of McKinney, Texas contained in Chapter 142 of the Code of the City of McKinney, Texas (the "Subdivision Regulations") establish procedures and standards for the development and subdivision of real estate and for the surveying and platting thereof, requiring the installation of adequate public facilities to serve the subject property and providing penalties for violations, among other things; and

WHEREAS, Section 142-4(b) of the Subdivision Regulations extends the application of the Subdivision Regulations to all of the area outside of the corporate limits of the CITY, but within the extra-territorial jurisdiction of the CITY ("ETJ"); and

WHEREAS, Section 142-76(b)(10) of the Subdivision Regulations requires the execution of a Facilities Agreement prior to the issuance of a Development Permit for the clearing, grading, filling, dredging, or construction of public streets, utilities, or drainage, or other improvements which may affect adjacent or surrounding properties in certain circumstances described in Section 142-37 of the Subdivision Regulations, as amended; and

WHEREAS, the development of the subdivision to be known as **Nelson Addition, Lot 1, Block A**, which subdivision is situated in the ETJ, involves certain pro rata payments, city participation in cost, escrow deposits or other future considerations, and/or other nonstandard development regulations, that trigger the requirement for a Facilities Agreement by and between the CITY and the LANDOWNER in accordance with Section 142-37 of the Subdivision Regulations, as amended; and

WHEREAS, the Subdivision Regulations also prohibit recording the Record Plat of a subdivision within the incorporated area of the City until the LANDOWNER has completed all of the public facilities required to serve the property being developed that must be dedicated to the City ("Public Improvements") or has entered into a Facilities Agreement and guaranteed to the satisfaction of the CITY such improvements will be installed; and

WHEREAS, LANDOWNER has appealed, or requested a waiver or variance, from the requirements that the Public Improvements identified in Paragraph D, below, (the "Appealed Improvements") must be designed and constructed before the recording of the Record Plat of the subdivision in the ETJ, to be known as **Nelson Addition, Lot 1, Block A**, (the "Plat") because the required design and construction of those Appealed Improvements is not roughly proportionate to the impact generated by the development proposed to be constructed on the "Property," defined below, as required by Texas Local Government Code § 212.904; and

WHEREAS, CITY concurs that the construction of a 1,900 square foot single-family detached home on the Property that is being platted as **Nelson Addition, Lot 1, Block A**, does not generate impacts roughly proportionate to require the design and construction of the Appealed Improvements but cannot unilaterally enforce the City's zoning ordinance in the ETJ to restrict the use of the Property to a 1,900 square foot single-family detached home; and

WHEREAS, CITY and LANDOWNER desire to enter into a Facilities Agreement through a Development Agreement authorized by Section 212.172 of the Texas Local Government Code that will allow for the conditional deferral of the design and construction of the Appealed Improvements, specify the uses that can be made of the Property, and require that the Appealed Improvements be designed and constructed prior to any change or modification in the use presently proposed for the Property all as provided hereinafter below.

NOW THEREFORE, in consideration of the intent and desire of the LANDOWNER, as set forth herein, and to gain approval of the CITY to record said Plat, the LANDOWNER and CITY agree as follows:

A. PROPERTY

This Agreement is for Property located in the ETJ of the City of McKinney, on the southeast corner of County Road No. 411 and County Road No. 410 containing approximately 6.995 acres of land, more or less, more fully described in Exhibit A attached hereto and fully incorporated herein by reference (the "Property").

B. USES ALLOWED ON PROPERTY

The use of the Property shall be limited to one single-family detached home on the Property comprised of one residential lot approximately 6.995 acres, more or less, in area. Subject to the foregoing restrictions and the specific limitations set forth herein, the use of the Property shall otherwise conform to the requirements of the RED-1 Residential Estates District as set out in Section 146-68 of the Code of Ordinances, City of McKinney, Texas, as codified through Ordinance No. 2016-04-034, enacted on April 19, 2016. However, due to the fact that the Public Improvements required to serve the full development potential of the Property are not being designed and constructed by LANDOWNER the following permitted or accessory uses or uses requiring a special use permit under the RED-1 Residential Estates District as identified in the Schedule of Uses are prohibited:

1. Bed and breakfast;
2. Church, rectory, or other places of worship including church-operated day-care facilities and pre-schools;
3. College or university;
4. Museum, library, art gallery (public);
5. School, public, private or parochial;
6. Country club;
7. Golf course (public);
8. Park or playground (public);
9. Playfield or stadium (public);
10. Recreation center (public);
11. Swimming pool (public);
12. Garage or lot, parking (private); and
13. Private street development.

C. DEDICATIONS FOR PUBLIC IMPROVEMENTS

LANDOWNER hereby agrees to dedicate the following easements and rights-of-way at no cost to CITY, in accordance with the CITY's Subdivision Ordinance and as approved by CITY Engineer.

1. THOROUGHFARES

LANDOWNER shall dedicate, at no cost to CITY, that amount of right-of-way along perimeter roadways adjacent to the Property (as reflected on the plat heretofore approved by the CITY) which dedication will yield one-half (½) of the ultimate right-of-way width that is not already dedicated by plat or legal instrument as road right-of-way at such time as the Property is platted. If platting of the Property is delayed and the perimeter roadway right-of-way described above has not previously been dedicated, LANDOWNER shall dedicate the right-of-way along perimeter roadways adjacent to the Property

as required herein above upon receipt of the written request of the CITY's Engineer. Such right-of-way dedication shall include:

- a. a thirty-foot (30') wide right-of-way dedication from the current center line of County Road No. 410, which road is currently a prescriptive right-of-way, along the length of the western property line of the Property;
- b. a thirty-foot (30') wide right-of-way dedication from the current center line of County Road No. 411, which road is currently a prescriptive right-of-way, along the length of the northern property line of the Property; and,
- c. a fifteen-foot by fifteen-foot (15' x 15') corner clip extending into the Property from the intersection of County Road Nos. 410 and 411.

2. UTILITIES

LANDOWNER shall dedicate all easements, at no cost to CITY, specifically including, but not limited to, easements for water, sanitary sewer and storm water drainage to provide service to the Property in accordance with CITY standards, at such time as at such time as the Property is platted. If platting of the Property is delayed and the easements described herein have not previously been dedicated, LANDOWNER shall dedicate the easements as required herein upon receipt of the written request of the CITY's Engineer. Such easement dedication shall include:

- a. a fifteen-foot (15') wide water line easement along the length of the western property line of the Property adjacent to the east side of the above-described right-of-way dedication for County Road No. 410; and
- b. a one hundred-foot (100') wide combined sanitary sewer easement and storm water drainage easement that is centered on and runs the full length of the creek specifically including both forks or branches of the creek that run upon, over and across the Property.

D. CONDITIONAL DEFERRAL OF CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS UNTIL FURTHER DEVELOPMENT OCCURS

- 1. LANDOWNER has appealed, or requested a waiver or variance, from the requirements of Section 142-105 of the Subdivision Ordinance that the LANDOWNER shall design and construct certain Public Improvements because the LANDOWNER's portion of the costs required for such Public Improvements exceed the amount that is roughly proportionate to the proposed development to be constructed on the Property as set forth in Paragraph B, above, and that such exactions exceed the limits allowed by Texas Local Government Code § 212.904.

2. CITY agrees that the required exactions exceed the impacts of an approximately 1,900 square foot single-family detached home and hereby determines that LANDOWNER is hereby conditionally relieved of the obligation to design and construct the following Public Improvements, at no cost to CITY, as required by Section 142-105 of the Subdivision Ordinance:
 - a. The requirement to construct public streets including the associated street lighting and sidewalks adjacent to the Property in accordance with the Street Design Manual, which provisions mandate that the current asphalt roads and bar ditches along C.R. 410 (approximately 711 feet in length) and C.R. 411 (approximately 326 feet length) be removed and replaced by LANDOWNER with minimum 24-foot wide concrete curb and gutter pavement, 4-foot sidewalks, and underground drainage systems; and
 - b. The requirement to construct a master planned 8-inch diameter sewer line along the south boundary of the Property together with approximately one and one-half (1½) miles of offsite sewer lines capable of serving the Property; and
 - c. The requirement to construct a master planned 12-inch diameter water line along County Road No. 410 together with approximately four (4) miles of offsite water lines capable of supplying adequate fire flow to the Property from the nearest City of McKinney water line.
3. Notwithstanding the foregoing, at such time as the Property is further subdivided or replatted or the use of the Property is altered, changed, increased, expanded or enlarged from the uses identified in Paragraph B above, ("Change in Conditions") the conditional relief or deferral afforded to the LANDOWNER from the requirements of Section 142-105 of the Subdivision Ordinance as enunciated in Paragraph No. 2 of this Paragraph D shall terminate and the LANDOWNER shall be required to promptly, and no later than sixty (60) days after such Change in Conditions occurs to, conform to all CITY development ordinances then applicable to the Property. However, the Property could be replatted to incorporate additional adjacent raw undeveloped land into the Property without terminating the conditional relief or deferral afforded to the LANDOWNER by and through Paragraph No. 2 of this Paragraph D provided that there is no other Change in Condition associated with the Property or the additional adjacent raw undeveloped land incorporated into the Property by such replat. In addition, LANDOWNER reserves the right to seek a modification of, or an amendment to, this Agreement in advance of any Change in Conditions proposed by LANDOWNER to avoid the termination of the conditional relief or deferral afforded to the LANDOWNER by and through this Agreement.
4. At such time as the Property or any part or portion of the Property is connected to the City's potable water system and/or sanitary sewer system, LANDOWNER shall pay all then applicable tap fees, connection fees, meter fees, impact fees,

pro rata fees and/or service fees as may be required by CITY regardless of the name by which such fees and charges may be called subject to the requirements of state law.

E. CONDITIONAL VARIANCES ALLOWED UNTIL FURTHER DEVELOPMENT OCCURS

1. For so long a period of time as the conditional deferral of designing and constructing the Public Improvements identified in Paragraph D is in effect and allowed, the following conditional variances to the then currently adopted editions of the *International Building Code*, *International Residential Code* and/or *International Fire Code*, and the Subdivision Ordinance are permitted **provided that the LANDOWNER indemnifies and holds the CITY harmless from and against any and all claims arising out of or in any way related to the following conditional variances requested by LANDOWNER:**
 - a. The LANDOWNER will not be required to escrow the funds necessary to design and construct the Public Improvements identified in Paragraph D that are being conditionally deferred.
 - b. The LANDOWNER will be permitted to use a properly permitted on-site septic system that conforms to all requirements of the Texas Commission on Environmental Quality and the CITY.
 - c. The LANDOWNER will not be required to collect drainage in an underground storm water system.
 - d. The LANDOWNER will not be required to prohibit lot to lot drainage.
 - e. The LANDOWNER will not be required to install a water system that is capable of furnishing the fire flow and pressures required by the City of McKinney Fire Department (1000 gallons per minute and 20 pounds per square inch residual pressure) intended to provide sufficient fire protection for the safe, efficient and orderly development of the City to all or any part of the Property.
2. Notwithstanding the foregoing, at such time as the Property is further subdivided or replatted or the use of the Property is altered, changed, increased, expanded or enlarged from the uses identified in Paragraph B above, the conditional variances afforded to the LANDOWNER as enunciated in Paragraph No. 1 of this Paragraph E shall terminate and the LANDOWNER shall be required to promptly, and no later than sixty (60) days after such Change in Conditions occurs to, conform to all CITY development ordinances then applicable to the Property. However, the Property could be replatted to incorporate additional adjacent raw undeveloped land into the Property without terminating the conditional relief or deferral afforded to the LANDOWNER by and through

Paragraph No. 2 of Paragraph D of this Agreement provided that there is no other Change in Condition associated with the Property or the additional adjacent raw undeveloped land incorporated into the Property by such replat. In addition, LANDOWNER reserves the right to seek a modification of, or an amendment to, this Agreement in advance of any Change in Conditions proposed by LANDOWNER to avoid the termination of the conditional relief or deferral afforded to the LANDOWNER by and through this Agreement.

F. CITY DEVELOPMENT ORDINANCES

If LANDOWNER decides to develop the Property, LANDOWNER shall develop the Property in accordance with the standards as set forth in the City of McKinney zoning, subdivision and land development ordinances that are applicable in the ETJ or pursuant to this Agreement, including but not limited to provisions as to drainage, erosion control, pro rata payments, storm water, tree preservation, impact fees, Street Design Standards, Public Improvements Policy and construction standards except as herein specifically agreed to the contrary.

G. NO WAIVER

LANDOWNER expressly acknowledges that by entering into this Agreement, LANDOWNER, its successors, assigns, vendors, grantees, and/or trustees, shall not construe any language contained herein or in any Exhibits as waiving any of the requirements of the Subdivision Ordinance or any other ordinance of the CITY except as herein specifically agreed.

H. VARIANCES

It is expressly acknowledged that only those variances to the Subdivision Ordinance or other applicable CITY ordinances specifically stipulated in this Agreement are granted by CITY for this subdivision and/or development.

I. INDEMNITY AND HOLD HARMLESS AGREEMENT

LANDOWNER, its successors, assigns, vendors, grantees, and/or trustees do hereby agree to fully indemnify, protect and hold CITY harmless from all third-party claims, suits, judgments, and demands, including its reasonable attorney's fees, arising out of the sole or concurrent negligence of LANDOWNER, and only to the extent or percentage attributable to LANDOWNER, in the subdividing, development, or construction of public improvements, including the negligent maintenance thereof. LANDOWNER shall not be responsible for or be required to indemnify CITY from CITY'S own negligence. LANDOWNER, its successors, assigns, vendors, grantees, and/or trustees do hereby further agree to fully indemnify, protect and hold CITY harmless from and against any and all claims arising out of or in any way related to the CITY's approval and granting and/or termination of the

conditional deferrals and conditional variances requested by LANDOWNER and set out in Paragraphs D and E, above. The indemnity contained in this Paragraph shall expire five (5) years from the date of termination of this Agreement.

J. WITHOLDING APPROVALS AND PERMITS

In the event LANDOWNER fails to comply with any of the provisions of this Agreement, CITY shall be authorized to withhold any plat approvals and/or requests for permits associated with any development on the Property that conflicts with the provisions of Paragraph B of this Agreement or which requires compliance to Paragraphs D.3, D.4, or E.2 of this Agreement.

K. ROUGH PROPORTIONALITY AND WAIVER OF CLAIMS.

LANDOWNER has been represented by legal counsel in the negotiation of this Agreement and been advised, or has had the opportunity to have legal counsel review this Agreement and advise LANDOWNER, regarding LANDOWNER's rights under Texas and federal law. LANDOWNER hereby waives any requirement that the CITY retain a professional engineer, licensed pursuant to Chapter 1001 of the Texas Occupations Code, to review and determine that the exactions required by the CITY as a condition of approval for the development of this Property are roughly proportional or roughly proportionate to the proposed development's anticipated impact. (These exactions may include but are not limited to the making of dedications or reservations of land, the payment of fees, the construction of facilities, and the payment of construction costs for public facilities.) LANDOWNER specifically reserves its right to appeal the apportionment of municipal infrastructure costs in accordance with Tex. Loc. Gov't Code § 212.904. However, notwithstanding the foregoing, LANDOWNER hereby releases the City from any and all liability under Tex. Loc. Gov't Code § 212.904 regarding or related to the cost of those municipal infrastructure improvements required for the development of the Property.

It is the intent of this Agreement that the provision for roadway and utility improvements made herein constitutes a proportional allocation of LANDOWNER's responsibility for roadway and utility improvements for the Property. LANDOWNER hereby waives any federal constitutional claims and any statutory or state constitutional takings claims under the Texas Constitution and Chapter 395 of the Tex. Loc. Gov't. Code. LANDOWNER further releases CITY from any and all claims based on excessive or illegal exactions; it being agreed that OWNERS' infrastructure contribution(s) (after receiving all contractual offsets, credits and reimbursements as well as the conditional deferrals and conditional variances granted herein) is roughly proportional or roughly proportionate to the demand that is placed on the roadway and utility systems by LANDOWNER's Property. LANDOWNER further acknowledges that the benefits of platting have been accepted with full knowledge of potential claims and causes of action which may be

raised now and in the future, and LANDOWNER acknowledges the receipt of good and valuable consideration for the release and waiver of such claims. **LANDOWNER shall indemnify and hold harmless CITY from any claims and suits of third parties, including but not limited to LANDOWNER's successors, assigns, grantees, vendors, trustees or representatives, brought pursuant to this Agreement or the claims or types of claims described in this paragraph.**

L. CONTINUITY

This Agreement shall be a covenant running with the land, and be binding upon LANDOWNER, its successors, heirs, assigns, grantees, vendors, trustees, representatives, and all others holding any interest now or in the future.

M. ASSIGNABILITY

This Agreement shall not be assignable by LANDOWNER without the prior written consent of the CITY, and such consent shall not be unreasonably withheld, conditioned or delayed by CITY.

N. TERM

Pursuant to Section 212.172 of the Texas Local Government Code this Agreement may be valid for a term of up to forty-five (45) years unless earlier terminated by breach or pursuant to the specific provisions of Paragraphs D or E of this Agreement.

O. GENERAL PROVISIONS

1. LANDOWNER agrees that construction shall not begin on any proposed building improvements prior to City Council approval of this Agreement.
2. LANDOWNER agrees that all coordination required with public and/or private utility agencies to eliminate conflicts with proposed street grades or underground improvements shall be the responsibility of LANDOWNER. Likewise, coordination with agencies requiring special conditions (i.e., railroads and the Texas Department of Transportation) shall be the responsibility of LANDOWNER.
3. CITY agrees to record said Plat at such time as the Plat complies with the requirements set forth by the Subdivision Ordinance of CITY, and has been approved in the manner described therein.

CITY OF MCKINNEY

By: _____

PAUL G. GRIMES
City Manager

Date Signed: _____

ATTEST:

SANDY HART, TRMC, MMC,
City Secretary
DENISE VICE, TRMC
Assistant City Secretary

**DAVID G. NELSON and LAURIE D.
NELSON**, a married couple

By: _____

DAVID G. NELSON

Date Signed: _____

By: _____

LAURIE D. NELSON

Date Signed: _____

THE STATE OF TEXAS,
COUNTY OF COLLIN

BEFORE ME, the undersigned authority, in and for said County, Texas, on this day personally appeared PAUL G. GRIMES, City Manager of the **CITY OF MCKINNEY**, a Texas Municipal Corporation, known to me to be the person who's name is subscribed to

the foregoing instrument, and acknowledged to me that he has executed the same on the City's behalf.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE ____ DAY OF SEPTEMBER, 2016.

Notary Public _____ County, Texas
My commission expires _____

THE STATE OF TEXAS,
COUNTY OF _____

This instrument was acknowledged before me on the ____ day of _____, 20____, by DAVID G. NELSON in his capacity as the Landowner of the Property situated on the southeast corner of County Road No. 411 and County Road No. 410 in the extra-territorial jurisdiction of the City of McKinney, Texas containing approximately 6.995 acres of land, more or less, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes set forth therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE ____ DAY OF SEPTEMBER, 2016.

Notary Public _____ County, Texas
My commission expires ____

THE STATE OF TEXAS,
COUNTY OF _____

This instrument was acknowledged before me on the ____ day of _____, 20____, by LAURIE D. NELSON in her capacity as the Landowner of the Property situated on the southeast corner of County Road No. 411 and County Road No. 410 in the extra-territorial jurisdiction of the City of McKinney, Texas containing approximately 6.995 acres of land, more or less, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes set forth therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE ____ DAY OF SEPTEMBER, 2016.

Notary Public _____ County, Texas
My commission expires ____

PREPARED IN THE OFFICES OF:

BROWN & HOFMEISTER, L.L.P.
740 East Campbell Road, Suite 800
Richardson, Texas 75081
214/747-6100
214/747-6111 Fax

EXHIBIT A

DESCRIPTION OF PROPERTY



16-941

TITLE: Consider/Discuss/Act on Filling the Vacant Position on the McKinney Arts Commission

COUNCIL GOAL: Operational Excellence

MEETING DATE: September 20, 2016

DEPARTMENT: City Council
City Secretary

CONTACT: Mayor Brian Loughmiller
Council member Rainey Rogers
Sandy Hart, TRMC, MMC

RECOMMENDED CITY COUNCIL ACTION:

- Discuss and act on filling the full term for a member of the McKinney Arts Commission.
- The new appointment would be effective October 1, 2016 through September 30, 2018.

ITEM SUMMARY:

- On August 22, 2016, the City Council reappointed Jeff Hackett to the McKinney Arts Commission.
- On August 26, 2016, Jeff Hackett resigned as a member of the McKinney Arts Commission effective at the end of his existing term. (Term expires September 30, 2016).
- A list of eligible applicants is attached.

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

Arts Commission Applicants

McKINNEY ARTS COMMISSION APPLICANTS

Michele Andriola
Tyree Byndom
Travis Thon
Deidre Woodard