

#7

Memorandum

October 8, 2021

From: Jim Krueger, Chief Financial Officer

To: City Council

Subject: Financial and Purchasing Policies for discussion on October 14, 2021

Attached are the following policies for discussion at the work session to be held on October 14, 2021:

- a) **Resolution No. 2017-15 – Financial Policies**
- b) **Purchasing Policies**
- c) **City of Pocatello – Purchase Card Policy**
- d) **City of Pocatello – City Card Program Policy Acknowledgement Form**
- e) **Memorandum to all Department Heads – Administrative Matter Policy**
- f) **City of Pocatello Capital Improvement Planning Manual**
- g) **City of Pocatello Summary Budget Presentation**
- h) **Email regarding PCARD revenue sharing benefit of 1.00%**



7(a)

RESOLUTION NO. 2017-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POCATELLO, A MUNICIPAL CORPORATION OF IDAHO, ESTABLISHING FINANCIAL POLICIES TO ESTABLISH A FINANCIAL FRAMEWORK FOR THE OVERALL FISCAL PLANNING AND MANAGEMENT OF THE CITY OF POCATELLO.

WHEREAS, the City Council and Mayor have determined that it is fiscally responsible to establish Financial Management Policies that will provide a financial framework to carefully account for public funds, manage City finances wisely, and to plan for the adequate funding of services desired by the public;

WHEREAS, to adopt an entirely new Resolution incorporating the attached *Financial Management Policies* for the City which reflects these nine policy sections; Accounting Auditing, and Financial Reporting, Budget and Long Range Financial Planning, Revenues, Expenditures, Fund Balance and Reserves, Capital Expenditures and Improvements, Debt, Cash Management and Investments, and Grants and Intergovernmental Revenues.

NOW, THEREFORE BE IT RESOLVED BY THE Mayor and Council of the City of Pocatello hereby adopts the Financial Management Policies as follows:

1. That the City of Pocatello's *Financial Management Policies*, dated September, 2017, attached hereto, is hereby adopted.
2. This Resolution shall be effective as of the date of its adoption.

RESOLVED this 21<sup>st</sup> day of September, 2017.

CITY OF POCATELLO, a municipal corporation of Idaho

  
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BRIAN C. BLAD, Mayor

ATTEST:

  
RUTH E. WHITWORTH, City Clerk



## Financial Management Policies

### Purpose

The City of Pocatello has an important responsibility to its citizens to carefully account for public funds, to manage City finances wisely, and to plan for the adequate funding of services desired by the public. The City's financial policies establish the framework for overall fiscal planning and management. These financial management policies set forth guidelines for both current activities and long range planning.

### Objectives

- A. To promote sound financial management by providing accurate and timely information on the City's financial condition.
- B. Design and manage an effective and efficient revenue system that assures adequate funding for services and service levels.
- C. Establish and define appropriate service levels and administer the expenditure of available resources to assure fiscal stability.
- D. To maintain sufficient reserves so as to maintain service levels during periods of economic downturn.
- E. Annually review and monitor the condition of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives and availability of resources
- F. To protect the City's credit rating and provide for adequate resources to meet the provisions of the City's debt obligations on all municipal debt.
- G. Establish guidelines to invest the City's operating cash to ensure its safety, provide necessary liquidity and maximize yield.
- H. To investigate, pursue and effectively administer federal, state and other grants, which address the City's current priorities and policy objectives.

**I.**  
**Accounting, Auditing and Financial Reporting**

- A. *Accounting Practices and Principles*  
The City's accounting practices and financial reporting shall conform to Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), the authoritative standard setting body for units of local government. The City shall submit the Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) for the purpose of earning the Certificate of Achievement for Excellence in Financial Reporting.
- B. *Financial and Management Reporting*  
Monthly reports will be provided to Department Heads, Fund Managers and City Council that compare expenditures and revenues to original or amended budgets for the fiscal year-to-date. Explanatory notes will be included, as needed.
- C. *Annual Audit*  
The City shall have its records and accounts audited annually. The audit shall be performed by a certified public accounting (CPA) firm, licensed to practice in the State of Idaho.
- D. *Compliance and Review*  
The Financial Management Policy Statements will be reviewed annually and updated, revised or refined as deemed necessary. Policy statements adopted by City Council are guidelines, and occasionally exceptions may be appropriate and required. Exceptions will be identified, documented, and explained to City Council.

**II.**  
**Budget and Long-Range Financial Planning**

- A. *Balanced Budget*  
The budget shall be balanced for each and every budgeted fund. Total anticipated revenues plus that portion of the fund balance in excess of authorized reserve, which is designated as a budgeted funding source, shall equal total estimated expenditures for each fund.
- B. *Level of Budget Adoption*  
All budgets shall be adopted at the legal level of budgetary control, which is the fund/department level. All budgets shall be adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).
- C. *Current Funding Basis (Recurring Revenues)*  
The City shall budget and operate on a current funding basis. Recurring expenditures shall be budgeted and controlled so as not to exceed current revenues. Recurring expenses will be funded exclusively with recurring revenue sources to facilitate operations on a current funding basis.



D. *Use of Non-Recurring Revenues*

Non-recurring revenue sources, such as one-time revenue remittance of fund balance in excess of policy can only be budgeted/used to fund non-recurring expenditures, such as capital purchases or capital improvement projects. This will ensure that recurring expenditures are not funded by non-recurring sources.

E. *Revenue Estimates for Budgeting*

1. In order to maintain a stable level of services, the City shall use a fiscally responsible objectives and analytical approach when preparing revenue estimates. This process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. This approach is intended to reduce the likelihood of actual revenues falling short of budget estimates and should avoid mid-year service reductions.
2. The City whenever possible, will seek outside sources of revenue, such as federal, state, and local grants, in order to leverage local dollars.
3. Estimates from grant sources will be projected only in the amount that has been awarded to the City.
4. For services that benefit specific users, the City shall establish and collect fees to recover the costs of those services. User fees shall be reviewed every year and compared to the current fee structure and adjustments should be recommended where necessary.
5. Utility rates and enterprise fund user fees shall be set at levels sufficient to cover operating expenditures (both direct and indirect costs), meet debt obligations, and provide adequate levels of working capital to address the financial issues in the Revenue Bond Act. The rates and user fees will be determined by the Rate Study, which is completed for the City every five years. These amounts can be amended when necessary, and an updated study should be included with amendments.

F. *Budget Preparation*

1. Department Heads have primary responsibility for formulating budget proposals. New or expanded services should support City Council goals and should be discussed with City Council as appropriate.
2. All competing requests for City resources will be weighted within the formal annual budget process.
3. Annually, the City will seek to obtain the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. The Budget will be presented in a way that not only meets the criteria of the award, but also clearly communicates the budget to the public.

G. *Budget Management*

The City Council shall delegate authority to the Chief Financial Officer (CFO) and Mayor (CEO) in managing the budget after it is formally adopted by the City Council, including the transfer of funds within departments, between divisions, and between departments. The CFO and CEO may further delegate levels of authority for the daily operations of the budget. Expenditures are legally adopted by the fund level. Expenditures should not exceed the adopted budget, plus subsequent changes approved by the City Council.



#### H. *Amended Budget*

- A. A department should process a Budget Adjustment Entry Request form when budget authority should be transferred between account lines. Budget adjustments between account lines require CFO and Mayor approval.
- B. A department should process a Budget Amendment Request form when increased budget authority is needed. The Council may amend the budget and grant additional authority when the following occur:
  - a. Revenues are received or are to be received from sources not anticipated in the budget for that year
  - b. Revenues are received or are to be received from anticipated sources but in excess of the budget estimates; or
  - c. Fund balances on hand are available to be used, in accordance with the Reserve Policy.
  - d. Additional revenues may not be required in the case of an unanticipated retirement or a catastrophic event.

#### I. *Performance Management*

Performance measures will be utilized and reported in department budgets. The City will maintain a measurement system that reports trends and comparisons to targets and previous year as a management tool to monitor and improve service delivery.

#### J. *Long-Range Financial Plans*

1. The City shall develop and maintain a five-year Financial Forecast for each major operating fund, in conjunction with the annual budget process.
2. The forecast should enable current services and current service levels provided to be sustained over the forecast period. Operating impacts from completed capital improvement projects in the City's five-year CIP shall be included in the forecast. Commitments/obligations already made that require future financial resources shall also be included.
3. The forecasts should identify impact to property taxes and utility rates.
4. Major financial decisions should be made in the context of the Long-Range Plan.

The forecast assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve the City's goals. The forecast will provide an understanding of available funding; evaluate financial risk; assess the likelihood that services can be sustained; assess the level at which capital investment can be made; identify future commitments and resource demands; and identify the key variables that may cause change in the level of revenue.

### III. Revenues

Design, maintain and administer a revenue system that will assure reliable, equitable, diversified and sufficient revenue stream to support desired City services.

A. *Balance and Diversification in Revenue Sources*

The City shall strive to maintain a balanced and diversified revenue system to protect the City from fluctuations in any one source due to changes in local economic conditions, which may adversely impact that source.

B. *User Fees – Tax Funds*

1. For services that benefit specific users, the City shall establish and collect fees to recover the costs of those services. Where services provide a general public benefit, the City shall recover the costs of those services through property and sales taxes.
2. At a minimum, the City will strive to cover direct costs.
3. User fees should be reviewed every year and adjusted to avoid sharp changes.
4. Factors in setting fees shall include, but are not limited to: market and competitive pricing, effect of demand for services, and impact on users, which may result in recovering something less than direct, indirect and overhead costs.
5. The City may set a different fee for residents versus non-residents.
6. User fees should be adopted by the Annual Fee Resolution.

C. *User Fees – Enterprise Funds*

1. Utility rates and other Enterprise Fund user fees shall be set at levels sufficient to cover operating expenses (direct and indirect), meet debt obligation and debt service coverage, provide pay-as-you-go funding for capital improvements, and provide adequate levels of working capital.
2. The City may set a different fee for residents versus non-residents.
3. The Five-Year Financial Plan (rate study) and proposed operating budget shall serve as the basis for rate change considerations.
4. User fees should be adopted by the Annual Fee Resolution.

D. *One-Time/Unpredictable Revenue Sources*

1. One-time, unpredictable revenue sources should not be used for ongoing expenses/expenditures.
2. One-time, unpredictable revenue sources may be used for one-time purchases such as increase in fund balance requirements, capital equipment purchases, capital improvements, or per Council decision.

E. *Revenue Collection*

The City shall maintain high collection rates for all revenues by monitoring monthly receivables. The City shall follow an aggressive, consistent, yet reasonable approach to collecting revenues to the fullest extent allowed by law for all delinquent taxpayers and others overdue in payments to the City.

Revenues actually received will be compared to budgeted revenues by the CFO and any variances considered to be material will be investigated. This process will be summarized in the monthly Budget Execution Report. (See Financial and Management Reporting.)



F. *Write-Off of Uncollectible Receivables*

*(excludes property taxes, court fines and warrants)*

1. Utility Billing past due accounts will be sent three letters before they are sent to a collection agency.
  - a. After all collection attempts have been exhausted, uncollectible amounts remaining can be written-off.
  - b. The write-off of uncollected accounts is a bookkeeping entry only and does not release the debtor from any debt owed to the City.
2. Accounts Receivable past due accounts will be sent a letter before they are sent to a collection agency.
  - a. After all collection attempts have been exhausted, uncollectible amounts remaining can be written-off.
  - b. The write-off of uncollected accounts is a bookkeeping entry only and does not release the debtor from any debt owed to the City.

**IV.  
Expenditures**

Identify services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of those services.

A. *Maintenance of Capital Assets*

Within the resources available each fiscal year, the City shall maintain capital assets and infrastructure at sufficient levels to protect the City's investment, to minimize future replacement and maintenance costs, and to maintain service levels.

B. *Periodic Program/Services Reviews*

The CFO and Department Heads shall undertake periodic reviews of City programs and services for both efficiency and effectiveness. Programs or services determined to be inefficient and/or ineffective shall be recommended through the annual budget process to be reduced in scope or eliminated.

C. *Purchasing*

All City purchases of goods and services shall be made in accordance with the City's current Purchasing Policy.

**V.  
Fund Balance and Reserves**

Maintain the fund balance and working capital of the various operating funds at levels sufficient to protect the City's credit worthiness as well as its financial position during emergencies or economic fluctuations.

A. *Fund Balance/Working Capital*

The City shall maintain fund balance and working capital amounts as set forth in the Reserve Policy adopted by Council.

B. *Use of Fund Balance/Working Capital*

Fund balance/working capital shall only be used for emergencies, non-recurring expenditures/expenses or major capital purchases that cannot be accommodated through current year savings. Should such use reduce balances below the level established as the objective for that fund, restoration recommendations will accompany the request/decision to utilize said balances.

C. *Fund Balance Classification*

The governmental fund financial statements will present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor certain constraints on the use of the financial resources within the governmental funds. The classifications used will be as follows:

- **Nonspendable:** Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples include inventories, prepaid items, and long-term receivables.
- **Restricted:** Amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balances include but may not be limited to: Debt Service Reserves, Special Court Funds created by State Statute, Debt Service Funds, State and Federal Forfeitures/Seizures, and City-Wide Donation revenues.
- **Committed:** Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking some type of action that was employed when the funds were initially committed.
- **Assigned:** Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. In governmental funds other than the general fund, assigned fund balances represent the amount that is not restricted or committed. This indicates that those resources are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned:** Is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

**Commitment of Fund Balance:**

- The City Council is the City's highest level of decision making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance approved by the City Council at a regular City Council meeting. The ordinance must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in a subsequent period

Order of Expenditure of Funds:



- When multiple categories of fund balance are available for expenditure, the City will typically use Restricted fund balances first, followed by Committed, and the Assigned, but reserves the right to selectively spend from any of the categories, including Unassigned based upon the individual circumstances.

## VI.

### Capital Expenditures and Improvements

Annually review and monitor the state of the City's capital equipment and infrastructure, setting priorities for its replacement and renovation based on needs, funding alternatives, and availability of resources.

#### A. Capitalization Threshold for Tangible Capital Assets

1. Tangible capital items should be capitalized only if the asset's initial, individual cost is more than \$25,000 and has an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.
2. Donated capital assets are recorded at estimated fair market value at the date of donation.
3. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.
4. Accurate inventories of all tangible items will be maintained to ensure proper stewardship of public property.

#### B. Five-Year Capital Improvement Plan (CIP)

1. The City shall annually prepare a five-year capital improvement plan based on the needs for capital improvements and equipment, the status of the City infrastructure, replacement and renovation needs, and potential new projects. Capital projects are improvements or additions to the City's physical plant/facilities/infrastructure and become a part of the City's asset inventory. Capital projects can be further categorized into land, buildings, improvements other than buildings, and infrastructure, which includes roads, sidewalks, bridges, utility lines, physical plants, etc. Capital costs typically consist of preliminary design, final design, and construction, and may involve the acquisition of land or easements. For purposes of the CIP Plan, a Capital Improvement Project should generally exceed a cost of \$100,000.
2. For every project identified in the CIP, a project scope and project justification will be provided. Also, project costs shall be estimated, funding sources identified and annual operation and maintenance costs computed.
3. The CFO is charged with recommending a Capital Improvement Plan to City Council. The CIP shall be filed and adopted in conjunction with the annual budget.
4. Annually, through the budget process and at year-end, projects are to be reviewed. For those identified as complete, any remaining funds will close to the capital improvement fund. For those projects with identified savings, the project budget will be reduced and the subsequent savings will flow to the capital improvement fund. These funds can then be re-appropriated during the next fiscal year capital budget. Funds remaining from bond proceeds will only be used in accordance with the legal use of those funds.



5. Appropriations for capital projects are for the fiscal year only, therefore re-appropriation of capital funding is needed annually.

a. Any remaining budget authority in the capital account lines will be transferred into the capital improvement fund for future capital needs.

6. *Infrastructure Evaluation and Replacement/Rehabilitation*

Water, wastewater, drainage, street lighting, streets and sidewalks, municipal facilities and other infrastructure are fundamental and essential functions for public health and safety, environmental protections and the economic well-being of the City. As a result, the City's CIP should be focused on ensuring that infrastructure is replaced as necessary to protect the City's investment, to minimized future replacement and maintenance costs, and to maintain existing levels of service.

- a. High priority should be given to replacing/rehabilitating capital improvements prior to the time that they have deteriorated to the point where they are hazardous, incur high maintenance costs, negatively affect property values, or no longer serve their intended purpose.
- b. The decision on whether to repair, replace or to rehabilitate an existing capital asset will be based on which alternative method is most cost-effective, which would include life-cycle costing, and provides the best value to the City.

7. *Replacement of Capital Assets on a Regular Schedule (Fleet, Fire Trucks, and High-Tech)*

The City shall annually prepare a schedule for the replacement of its fleet, fire trucks, and high technology capital assets. Funding for the replacement of these assets will be accomplished through the annual budget process, within the resources available each fiscal year. A variety of funding options will be explored, including but not limited to cash on hand and lease/purchase, based upon a determination of what would be in the best interest of the City.

8. *Capital Expenditure Financing*

The City recognizes that there are three basic methods of financing its capital requirements: Funding from current revenues; funding from fund balance; or funding through the issuance of debt. Types of debt and guidelines for issuing debt are set forth in the Debt Policy Statements.

9. *Pay-As-You-Go Capital Improvements*

- a. The City will pay cash for capital improvements within the financial affordability of each fund versus issuing debt when funding capital improvements and capital purchases. This will reduce/minimize the property tax and utility rate impacts on Pocatello citizens.
- b. The City will seek out and use intergovernmental funding sources for capital improvements in order to leverage City funding and to minimize property and utility rate impacts.

#### 10. *Capital Improvements/Project Reporting*

A summary/status report on the City's various capital projects will be prepared monthly and available to the CFO and to the City Council. Income statements on the City's CIP funds will be prepared monthly and include budget-to-actual for each project as well as a list of major contracts, expense to date, and % contract completion.

### VII. Debt

Establish guidelines for debt financing that will provide needed facilities, land, capital equipment and infrastructure improvements while minimizing the impact of debt payments on current and future revenues.

#### A. *Use of Debt Financing*

Debt financing, to include general obligation bonds, revenue bonds, lease/purchase agreements, and other obligations permitted to be issued or incurred under Idaho law, shall only be used to purchase capital assets that cannot be prudently acquired from either current revenues or fund balances and to fund infrastructure improvements and additions. Debt will not be used to fund current operating expenditures.

The City will pay cash for capital improvements within the financial affordability of each fund versus issuing debt when funding capital expenditures and capital improvements, which shall include, but not be limited to, sales tax, utility system revenues, developer fees, and state and federal grants.

#### B. *Affordability*

The City shall use an objective analytical approach to determine whether it can afford to issue general-purpose debt, General Obligation, water/sewer debt, and any other financing permitted by State law. The process shall include an internal feasibility analysis for each long-term financing which analyzes the impact on current and future budgets, which would include the tax and utility rates. The process shall also include the benefits of the proposed projects. The decision on whether or not to issue new debt shall be based on the benefits of the project, current conditions of the municipal bond market, and the City's ability to "afford" new debt.

In no case will the City issue general obligation debt that will exceed the maximum amount allowed per State law.

#### C. *Types of Long-Term Debt*

##### 1. General Obligation Bonds (GO)

General Obligation bonds require voter approval and are secured by a promise to levy taxes in an amount necessary to pay annual debt service.

- a. General Obligation bonds must be issued for projects that are in accordance with the wording in the bond proposition.

2. Revenue Bonds

Revenue bonds are generally payable from a designated source of revenue. They do not require voter approval.

For the City to issue new revenue bonds, revenues, as defined in the ordinance authorizing the revenue bonds in question, shall meet the bond coverage ratio as defined in the ordinance. Annual adjustments to the City's rate structures for Enterprise Funds will be made as necessary to maintain the coverage factor.

D. *Debt Structures*

The City shall normally issue bonds with a life not to exceed 30 years for both general obligation and revenue bonds, but in no case longer than the useful life of the asset. The City shall seek level or declining debt repayment schedules. There shall be no "balloon" bond repayment schedules, which consists of low annual payments and one large payment of the balance due at the end of the term. There shall always be at least interest paid in the first fiscal year after the bond sale and principal payments starting generally no later than the second fiscal year after the bond issue.

The City will follow the State code concerning legal debt margins. The City shall seek to begin making attempts to structure future debt issuances, where affordable, to a declining structure.

E. *Debt Refunding*

The City's CFO shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debt. As a general rule, the net present value savings of a particular refunding should exceed 3.0% of the refunded maturities unless: (1) a debt restructuring is necessary; or (2) bond covenant revisions are necessary to facilitate the ability to provide services or to issue additional debt or; (3) the refunding is combined with a new debt issuance.

F. *Sale Process*

The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated sale.

G. *Bond Ratings*

Full disclosure of operations and open lines of communications shall be maintained with the rating agencies. Credit ratings will be sought from one or more of the nationally recognized municipal bond rating agencies, as recommended by the CFO.

The City will continually strive to maintain or increase the City's current bond ratings by prudently managing its funds and by reviewing and monitoring financial policies, budgets, forecasts and the financial health of the City.

H. *Covenant Compliance*

The City will comply with all covenants stated in the bond ordinance, including providing for annual disclosure information and providing for material event notices.



I. *Arbitrage Rebate Monitoring and Reporting*

Arbitrage is the interest earned on the investment of bond proceeds above the interest paid on the debt. The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS regulation. The recordkeeping shall include tracking project expenditures, interest earned on the bonds, calculating rebate payments, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt. Arbitrage rebate calculations will be performed as required by state law on all debt issues and the liability recorded for any positive arbitrage. Due to the specialized nature of the calculations, this function will typically be outsourced.

J. *Lease/Purchase Agreements*

The City will use lease/purchase agreements for the acquisition of equipment when it is cost-effective and provides for attractive terms. All lease purchase agreements will be approved by the City Council no matter the dollar amount.

## VIII.

### Cash Management and Investments

To maintain the City's cash in such a manner so as to ensure the absolute safety of principal, to meet the liquidity needs of the City, and to achieve the highest possible yield.

A. *Investment Management*

1. All aspects of cash/investment management shall be designed to ensure safety and integrity of the City's financial assets.
2. Cash/investment management activities shall be conducted in full compliance with prevailing local, state, and federal regulations. (See City's Investment Policy)
3. The City will utilize competitive quotes from approved broker/dealers, affording no special advantage to any individual or corporate member of the financial or investment community.
4. The City will only do business with City authorized broker/dealers and/or financial institutions as approved by Council and who have executed a written certification of their review of the City's Investment Policy.
5. The City shall design and establish policies relating to a variety of cash/investment management issues, such as eligibility and selection of various broker/dealers, safekeeping requirements, collateral requirements, delivery versus payment requirements, weighted average maturity requirements, and other such aspects of the program, which necessitate standard setting in pursuit of appropriate prudence and enhanced protection of assets. (See City's Investment Policy)
6. Investments of the City shall be made with the exercise of judgement and care which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment.

B. *Investment Strategy*

The City of Pocatello maintains a consolidated portfolio in which it pools its funds for investment purposes. The City's investment program seeks to achieve safety of principal, adequate liquidity to meet cash needs, and reasonable yields commensurate with the preservation of principal and liquidity. (See City's Investment Strategy)

C. *Arbitrage Investments*

Investment on bond proceeds will be made with safety of principal and liquidity in mind, but with a competitive rate of return. If there is positive arbitrage, the rebatable earnings will be sent to the IRS, as necessary.

D. *Depository*

The City will select its official bank through a formal bidding process, as per Idaho State code, in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available. The City will strive to bid depository services every five years, but no longer than every 7 years. The City will review the financial health of the City's depository annually to include but not be limited to earnings, assets, capital, and liquidity.

## IX.

### Grants and Intergovernmental Revenues

The City will seek, apply for, and effectively administer federal, state and local grants, which support the City's current priorities and policy objectives. The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants.

A. *Grant Guidelines*

1. The City shall apply and facilitate the application for only those grants that are consistent with the objectives and high priorities identified by the Council and management.
2. Grant funding will be considered to leverage City funds. **Inconsistent and/or fluctuating grants** should not be used to fund ongoing programs and services.
3. The potential for incurring ongoing costs, to include assumptions of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

B. *Grant Review Process*

1. A uniform grants pre-application process will be utilized to assure the City has all the information necessary to make a decision regarding a potential grant. Information to be provided should include, but not be limited to:
  - a. The grant being pursued and the use to which it would be placed
  - b. The objectives or goals of the City which will be achieved through the use of the grant
  - c. The local match required, if any, plus the source of the local match
  - d. The increased cost to be locally funded upon termination of the grant

2. All grant agreements will be reviewed by the appropriate City staff, including Finance and the sponsoring department, to ensure compliance with State, Federal, and City regulations.

C. *Budgeting for Grant Expenditures*

Annually, via the budget process, departments will submit for possible funding, known grant opportunities. These grant opportunities will be prioritized and ranked along with all other supplemental requests. If approved, the expenditure and associated revenue will be appropriated in the requesting fund. If there are grant opportunities that arise during the year and are received by the City, the budget can be amended via the projections, if the City can fund the local match required.

D. *Grant Termination and/or Reduced Grant Funding*

1. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process, unless the City is obligated through the terms of the grant to maintain the positions, services, or equipment.
2. The City shall terminate grant-funded programs and associated positions when grant funds are no longer available, and it is determined that the program no longer supports City goals and/or is no longer in the best interest of the City, unless the City has obligated itself through the terms of the grant to maintain the positions, services, or equipment.



## Purchasing

### Contents:

1. General Guidance
2. Purchasing goods and services
3. Public works construction
4. Payment processing
5. Purchase cards
6. Demand checks
7. Capital and other large expenses

### 1. General Guidance.

- Purchasing is accomplished by city employees. Other people such as advisory board members, ad hoc committees, etc. are not authorized to obligate city money. When they need things, they will coordinate the purchase thru a city employee.
- The purchase of goods and services should be efficient and cost-effective.
- The purchasing process shall be publicly accountable and respect the shared goals of economy and quality.
- The city shall endeavor to purchase goods and services from vendors with a significant Idaho economic presence, and in particular, a significant city economic presence, where possible.
- Purchasing shall be accordance with applicable laws and regulations, including Idaho Code Title 67, Chapter 28 (Purchasing by Political Subdivisions).

### 2. Procuring goods and services.

a. **Goods and services less than \$10,000:** Departments will procure from the vendor that they believe offers the best value for the city. Departments will utilize good business sense. No formal documentation of competitive quotes is required.

b. **Goods and services between \$10,000 and \$25,000:** Departments will attempt to obtain at least three informal quotes (either by written or telephonic means). The Mayor or Chief Financial Officer may approve an exception, when presented with just cause. Departments will attach evidence of their quote process to the invoice which is to be paid. Evidence can either be the rejected quotes (handwritten note on the invoice to be paid "obtained 3 quotes. This was the lowest, rejected 2 quotes attached) or a memo describing a telephonic process if written quotes were not obtained. If an exception was obtained, the department shall write on the invoice "exception to 3 quotes obtained, per Mayor/CFO on month/day/year" and attach a memo explaining the rationale for the exception.

c. **Goods and services over \$25,000 but less than \$50,000.** Departments will attempt to obtain at least three *formal* quotes, in accordance with I.C. 67-2806. Formal quotes involve written description of the product or service desired and written responses from vendors. These can be emailed, faxed or mailed, but hand-written notes, such as recounting telephonic solicitations, are not acceptable. Quote documentation or documentation of efforts to obtain quotes shall be attached to the invoice to be paid. The Mayor/CFO may not approve an exception to this process.

e. **Goods and services over \$50,000.** The purchase shall be subject to an open competitive sealed bid process described in I.C. 67-2806 (2). Departments will attach summary documentation of the results of their bid process to the invoice to be paid.

f. **Professional services and insurance.** Procurement of personal or professional services to be performed by an independent contractor for the city, as well as procurement of insurance, are not required to be bid, nor does the city require at least 3 quotes. But each contract will be approved by the City Council as a separate agenda item and purchasing departments are required to justify their choice before the Council in a public meeting.

g. **Real Estate.** Coordinated by the legal department on behalf the Council.

h. **Sole Source and Emergencies.** The City Council may determine that there is only one vendor reasonably available for goods or services (compatibility with existing equipment, copyrighted material such as books and movies, public utility services, etc). The city will publish notice of intent to proceed with sole source procurement in the official newspaper, pursuant to I.C. 67-2808 (if less than \$50,000, the department will simply document it's inability to obtain three quotes, attach that to the invoice to be paid and the procurement will proceed without public notice). The City Council may also declare an emergency and any sum required in the emergency may be expended without compliance with formal bidding procedures per I.C. 67-2808.

3. **Public Works Contracts.** City policy is to procure in accordance with I.C. 67-2805, summarized below:

a. **Exception to requirement to use licensed public works contractor.** For construction projects less than an estimated cost of \$50,000 and where the city believes there may be a lack of available licensed contractors, the city may publish a notice of intent to procure in the official newspaper and concurrently send notice to the public works contractors licensing board, in an attempt to solicit interest from one or more licensed contractors. If no licensed public works contractor submits a statement of interest, the city may purchase public works construction from other than a licensed public works contractor.

b. **For public works projects less than \$25,000:** the city may procure the construction work from a licensed public works contractor judged by the procuring department head as demonstrating good business sense and being in the best interest of the city. If the contractor is not a licensed public works contractor, the city will apply the exception process noted above.



**c. For public works projects greater than \$25,000 but less than \$100,000:**

- Solicit bids from no fewer than three licensed public works contractors.
- The Director of Public Works will approve the lowest responsive bid proposing the lowest procurement price or reject all bids and start over.
- Documentation describing the city's solicitation effort and selection shall be attached to the invoice that the city will pay (this enables the city to readily access the documentation)
- If it is impractical to obtain 3 bids, the city will document its attempts to obtain bids and may procure the work from a licensed public works contractor quoting the lowest price. The city shall comply with state requirements to maintain documentation of our efforts to obtain 3 bids for at least 6 months after the procurement is made. This is done by attaching relevant documentation to the invoice that the city will pay.
- The city will use a licensed public works contractor unless the project is less than \$50,000 *and* the city has complied with the exception process outlined in paragraph a.

**d. For public works projects greater than \$100,000:**

- Purchase pursuant to a competitive sealed bid process with the purchase made from the qualified public works contractor submitting the lowest price, complying with the bidding procedures and meeting the pre-qualifications (if any) established by the bid documents.
- The city may elect not to pre-qualify bidders. The city shall proceed with "category A" procurement, per IC 67-2805 (3) (a).
- The city may elect to pre-qualify bidders. The city shall proceed with "category B" procurement, per IC 67-2805 (3) (b).
- In either case, the procuring department will attach evidence of the bid process to the invoice which is to be paid. The same summary of the bids received, prices quoted and the selection that is provided to the Council in their agenda packets will normally be sufficient.

**4. Processing for payment.** The city processes claims as follows:

- Invoices for goods & services are received by the department or fund manager.
- Invoices are coded against the proper line item by the department finance administrative assistant and initialed by the department head as approved for payment.
- The department-coded and department-approved invoices are grouped in batches and submitted to the Chief Financial Officer for his/her initials and review for proper accounting.
- The double-approved invoices are entered for payment in the city's accounting system in a group.

- The group report and related invoices are submitted to city finance staff for verification.
- The groups are processed in a check run. Finance staff prepares reports for Council and presents for approval at a regular Council meeting. If approved, then checks are available the next day for either mail-out or distribution to the departments if they had indicated that they wanted the check routed to them.
- Finance establishes cut-off days for each month. Groups that miss the cut-off will be processed in the next cycle.

## 5. Purchase Card System.

- Purchase cards utilizing a major credit card (Visa/MasterCard) are the preferred method of payment for small purchases (less than \$500 for a single transaction) and may be used for any amount that a vendor will accept.
- Purchase cards are issued by the Finance department upon approval of the Department Head or Fund Manager and concurrence of the CFO.
- Transaction limits and credit limits are established by the CFO upon coordination with the Department Head or Fund Manager.
- Purchase card users will retain receipts for each transaction. They will code the purchase according to the city chart of financial accounts on the card vendor website and enter a description.
- Cardholders will participate in a monthly statement reconciliation in which they code and describe their final purchases for the period, print their statement, attach receipts and forward the packet to their designated approver. After review, the file will then be sent to Finance for final review.
- All personnel in Finance are designated as purchase card program administrators and can re-set passwords, resolve declines, change credit limits etc. but will keep the CFO informed of their actions.
- The city's purchase card policy contains additional detail.

## 6. Demand Checks.

- Standard policy is to pay all claims in a single run once per month.
- Out of cycle checks are sometimes required. We call these "demand checks".
- Demand checks are approved by the CFO for out of cycle processing. Requesting departments should note on the invoice when it is that they need the check. Finance will normally group the demand checks and do a run for the week, etc. unless they are informed otherwise. Because we have adopted electronic security measures, issuing a check involves some processing with the bank. Thus, "I need it today" is discouraged, although Finance can do it if the situation demands. The Treasurer or Deputy Treasurer may also approve demand processing if the CFO is unavailable.
- Requesting departments should consider the reasons for the out of cycle payment and the time until the next cycle occurs. Good reasons for demand processing include: large payments for which the cash flow implications for the vendor are material; lower fees for early training registration; special opportunity such as rehab property

acquisition at auction; travel advances to avoid hardship on employees and missed payments or anything where delay would put the city in a bad light.

#### 7. *Capital Expenses or other large dollar purchases.*

- Our general policy is to delay large dollar purchases during the budget year until February 1 or later if that is consistent with department needs and common sense.
- The reason we prefer delay is because the city is generally cash-poor by December. We want to delay large expenses until after we receive our semi-annual property tax money in late January (several million dollars). Money we spend October – January detracts from our ability to earn interest on longer term investments and could force the city to sell some investments at a poor time, just to raise the cash necessary to cover large purchases.
- The CFO approves exceptions, if that saves the city money or is necessary for operations.

#### 8. **Miscellaneous Guidance**

- **Purchase from employees or immediate family members discouraged.** The city will not normally buy goods or services from employees or family members because it may create a perception of favoritism or difficulty in proving adequate value. The CFO will approve all exceptions and will normally do so only after receiving an opinion from the legal department that the proposed purchase is defensible.
- **Petty cash used for payments less than \$10.** If the department has a petty cash fund established, it is the preferred method to pay expenses less than \$10.
- **Costco membership card.** The City has a membership card for Costco in which all the yearly rebates benefit the Wellness Program. All Costco purchases for The City of Pocatello should be made with the City's membership card with the exception of fuel. The card can be signed out through the Finance Department.



## Article I. Purpose

Section 1.01 To establish a Citywide policy for the use of City issued procurement cards (City Cards) and establish guidelines for administration of the procurement card program. The procurement card program is targeted at increasing efficiencies in obtaining low dollar goods and services.

## Article II. Policy

Section 2.01 The Chief Financial Officer will administer the City's procurement card program.

Section 2.02 Procurement cards will be issued to employees designated by department directors for purchasing goods and services necessary to conduct their daily work activities.

Section 2.03 Procurement cards will be primarily utilized for expenditures less than \$1,000 and readily available for immediate purchase and/or shipment.

Section 2.04 All purchases must be conducted in compliance with applicable State Laws governing procurement and City policies.

Section 2.05 The Chief Financial Officer shall have the authority to increase the card/transaction limit upon examination of the buying patterns and expenditure budgets of the cardholder's department.

Section 2.06 In no case will the City Card be used for cash advances unless it is an emergency situation. The Chief Financial Officer must obtain written authorization from the Mayor to declare an emergency.

Section 2.07 All parties involved in the use of a procurement card will be required to comply with the procurement card program procedures and manuals as established by the Chief Financial Officer to ensure that expenditures are reviewed and managed in accordance with sound financial practices.

## CITY OF POCATELLO - PURCHASE CARD POLICY

### Article III. Program Levels

#### Section 3.01 Program Administrator(s)

- (a) The Chief Financial Officer of the City will be the primary program administrator, in his/her absence or at his/her direction the following personnel may act in the capacity of administrator; the City Treasurer, The Deputy Treasurer, or the IT Director.
- (b) The Program Administrator(s) will function as the primary contact(s) with the City's Department Directors, Division Managers, Approvers and Cardholders.
- (c) Among the Program Administrator(s)' responsibilities will be to issue and deactivate procurement cards, monitor program transactions, create and maintain administrative recordkeeping in accordance with approved record retention schedules, reconcile monthly billings from the card provider to financial records, perform fact-finding inquires, conduct compliance reviews, and function as the program training instructor(s).
- (d) The Program Administrator(s) will be required to comply with the procurement card program policy, procedures, and manuals.

#### Section 3.02 Department Directors and Division Managers

- (a) Department directors and/or division managers will designate the employees who require a City Card.
- (b) Department directors will authorize all requests for activation/deactivation of program accounts, assignment of credit limits and single transaction limits, and issuance of City Cards.
- (c) Among department director(s)' and division managers' responsibilities will be the review, monitoring, and approval of procurement card transactions made on behalf of the City by department/division employees.
- (d) Department directors must perform the approval of their department procurement card transactions however, in their absence, designate an Approver(s) to perform this role. An Approver(s) may be designated to review and monitor card transactions.

## CITY OF POCATELLO - PURCHASE CARD POLICY

- (e) When an Approver(s) is designated, the department director will provide the Approver(s) with the necessary information for initiation of procurement card accounts for the department.
- (f) The department directors and division managers will be required to comply with the procurement card program policy, procedures, and manuals.

### Section 3.03 Approver

- (a) Department director(s) may perform the role of Approver or can designate an Approver(s) for department-wide administration of procurement cards.
- (b) Among the Approver(s) responsibilities will be the review and monitoring of the department personnel's procurement card transactions, reconciliation of department procurement card transactions to transaction documentation, and maintenance of department program records in accordance with approved city policy. Approver(s) will only have approver authority in the absence of the department director and at the department directors' direction.
- (c) The Approver(s) will be responsible for enforcing the procurement card program's policies and procedures as they apply to the Approver(s) functions.

## Article IV. Definitions

Section 4.01 **City** – The City of Pocatello, a municipality, is referred to as the City.

Section 4.02 **Card Provider** – A card provider is a financial institution that issues procurement cards (City Cards) used by the City's employees.

Section 4.03 **Procurement Card** – A procurement card is a commercial credit card with restricted dollar amount limitations and assignment of restricted categories of goods and services. A procurement card is referred to as the City Card for the City procurement card program.

Section 4.04 **Program Administrator(s)** – The Chief Financial Officer has the responsibility and authority to oversee and regulate the City Card program as the Program Administrator. He or she can designate additional program administrators to facilitate the oversight of the program.

## CITY OF POCATELLO - PURCHASE CARD POLICY

Section 4.05 **Approver** – The approver is a departmental employee(s), who is the department director or an employee(s) designated by the department director to monitor, review and reconcile department personnel's City Card transactions. In addition, the approver is responsible for the submission of required documentation to the department director for approval and then to the Program Administrator(s) and maintenance of departmental records.

Section 4.06 **Cardholder** – A cardholder is a city employee who has been authorized and approved to utilize the City Card for City purchases of goods and services necessary to perform work activities. No city employee may be a cardholder unless said employee has access to online edit functions for card transactions.

Section 4.07 **Transaction** – A purchase made by means of the City Card.

Section 4.08 **Transaction Document** – Transaction documents consists of, but not limited to, a sales or charge ticket/slip, sales invoice, credit memo/slip, cash register receipt, order form, etc. Cardholders are required to provide documentation for all transactions made with the City Card.

Section 4.09 **Departmental Records** – Department records will consist of records as specified in the program's procedures and operations manuals. Examples of such records are approver agreement, cardholder agreement, employee profile, account maintenance form, transaction documentation, cardholder activity statements, approver's validation of cardholder activity statements, department transaction summary report, reconciliations, procurement card policy, approver's program manual, cardholder's program manual, etc.



7(d)

**CITY OF POCATELLO, IDAHO  
CITY CARD PROGRAM POLICY  
Acknowledgement Form**

I have received a copy of the City of Pocatello's City Card Program Policy, and I understand that compliance with this Policy is a condition of being a participant of this program.

I have carefully heard and/or read this Policy and understand its content. I have been given an opportunity to ask questions about this policy and have received satisfactory explanations concerning my questions.

As a participant of the City's procurement program, I understand that I must comply with all policies, procedures, and manuals established for this program. I also understand that all purchases that I make with the City Card must be in compliance with Idaho State law governing procurement and City Policies. I understand I am the only authorized person to use my assigned purchase card.

I agree to comply with this Policy. I understand that failure to do so or if I am found to have misused the City Card in any manner will result in my being in violation of this Policy. Violation of this policy will subject me to any or all of the following:

1. Revocation of the privilege of card usage
2. Disciplinary action
3. Termination of employment
4. Criminal charges being filed against me

\_\_\_\_\_  
Employee's Name (print)

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Department Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Program Administrator's Signature

\_\_\_\_\_  
Date



7(e)



OFFICE OF THE MAYOR  
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BRIAN C. BLAD  
Mayor

Pocatello City Council:  
HEIDI ADAMSON  
ROGER BRAY  
STEVE BROWN  
RICK CHEATUM  
W. JAMES JOHNSTON  
LINDA LEEUWRIK

January 5, 2018

MEMORANDUM

TO: All Department Heads  
FROM: Mayor Brian Blad *BB*  
SUBJECT: Administrative Matter Policy

There are regularly questions about what I can sign as an administrative matter and what you should take to the City Council for approval. While we've discussed this previously, nothing has been set out in a policy. Since May 3, 2016, we have utilized the Administrative Matters Policy. I am updating the policy due to changes in the law regarding bid thresholds. Therefore, below is the City's Administrative Matter Policy updated, which will be in effect beginning January 5, 2018.

Administrative Matters

- Does not meet the informal bidding thresholds, it is \$49,999 or less. Projects or purchases cannot be split in order to keep them below the dollar amount for bid requirements.
- Already authorized and in a department's budget. Must have line detail for the expenditure.
- Recurring and has previously been approved by the City Council.

Council Approval

City Council should approve purchases/contracts/agreements/etc, is:

- New and has never been considered before.
- \$50,000 or more regardless of whether or not it is authorized and included in a department's budget for services, equipment, and public works construction projects (beginning of bid thresholds).
- Not budgeted, even if the department's overall budget will not be exceeded.
- Beyond what is authorized in department's budget.
- All grant applications/agreements.
- All resolutions and ordinances.

Administrative Matter Policy  
January 5, 2018  
Page Two

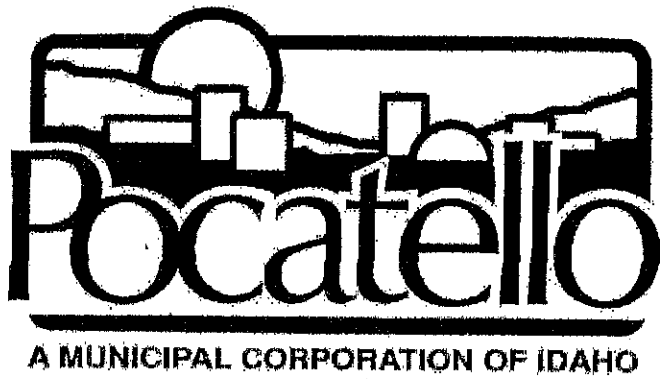
There will be unique circumstances I'm sure. These circumstances will be reviewed on a case-by-case basis and routed appropriately.

Regardless of whether it's an administrative matter or for Council approval, all documents must be sent to the Legal Department for review. Please include the account line number which provides the budget authorization for the expense. I will not sign any document that has not been approved for signature.

/js



7(F)



# Capital Improvement Planning Manual

FORMS AND INSTRUCTIONS

PREPARED BY:

City of Pocatello Finance Department

## Introduction

The Finance department has produced this manual to provide City departments with information, instructions, and forms that can be used for the annual capital improvement program (CIP).

### I. Preparation of the Capital Improvement Plan (CIP):

- A. The purpose of the capital improvement plan (CIP) is to forecast and match projected revenues and major capital needs over a five-year period. Long-range capital planning is an important management tool, which strengthens the linkages between community infrastructure needs and the financial capacity of the City.
- B. All proposals for capital investment shall go through the capital planning process.
- C. Definition of appropriate capital items for inclusion on the CIP:
  1. Definition of a CIP capital expenditure – Expenditure of major value that recurs irregularly, results in the acquisition of a fixed asset, and that has a useful life greater than one year.
  2. As a rule of thumb, items to be included in the CIP include those which:
    - (a) Involve the acquisition, renovation, and/or construction of a single fixed asset greater than \$100,000
    - (b) Involve any land purchases not associated with or included in another CIP project
    - (c) Involve capital road maintenance or construction greater than \$100,000 – **excluding** recurring or routine maintenance projects
- D. The difference between departmental capital outlay items (in operating budget) and capital project outlay items (in CIP):
  1. Departmental capital items shall not be submitted as part of the CIP. **Departmental capital items include:**
    - (a) Equipment/tools, furniture, office equipment such as computers and fax machines, minor remodeling or other construction projects below \$100,000 (such items should be outlined in the “Capital Outlay” section of the operating budget request)
    - (b) All vehicles/machinery below \$100,000
- E. Inclusion of expenditures for maintenance and/or staffing in the CIP:
  1. All operating, maintenance, and personnel budget expenditures associated with the purchase of a CIP item shall be included and noted in the annual operating budget. However, for reporting and future expenditure forecasting purposes, the estimated additional expenditures on operating, maintenance, and personnel shall be included on all CIP requests.

### II. Organizational Issues:

- A. Departments are responsible for identifying, documenting, and justifying CIP requests. Departments are also responsible for obtaining project cost estimates and identifying



appropriate revenue sources for the project (the Finance department shall assist in identifying costs and appropriate revenue sources).

B. The CFO, in conjunction with Budget staff, shall be responsible for coordinating the CIP process and submission of the CIP to the Mayor and City Council.

C. Council review, recommendation, and adoption of CIP:

1. *The CFO's recommended CIP shall be submitted to the Mayor and City Council for their review and recommendation during the department presentation portion of the annual budget process. NOTE: Governing Body recommendation of the CIP does not authorize money for any of the projects in the plan, but recommendation by the Governing Body shall provide the CFO direction to proceed with formulating the annual CIP and inclusion of first year CIP items in the recommended budget.*
2. A Capital Projects Ordinance will be adopted by the City Council with the City's Annual Budget.

### III. Evaluation of Project Merit:

- A. Proposed CIP items will be evaluated and ranked according to merit.
- B. Projects should generally be foreseen ahead of the time (preferable 5+ years) of need to allow time for planning long-term financing strategies or financing methods.

### IV. Funding Sources:

A. The following types or combination of financing may be considered under the following circumstances:

1. *Debt methods:*
  - (a) *General Obligation Bonds (G.O. Bonds)* – The capital item is used for a public facility or equipment that is a public good and that has no revenue-producing capability (e.g. streets and municipal buildings or structures). Generally, G.O. Bonds are only used for major Tax fund projects.
  - (b) *Revenue Bonds* – The capital item is used for a non-public good in which a revenue stream is associated with the capital item (e.g. sanitation, water, and wastewater).
2. *Non-Debt methods (Also referred to as Pay-as-you-go)*
  - (a) *Current revenues* – The capital item can be acquired through existing revenues.
  - (b) *Capital reserves* – The capital item can be funded from City Council designated taxes or revenue streams that are set aside in a separate fund.
  - (c) *Reserve balance* – The capital item can be funded with available fund reserve balance.
  - (d) *Grants* – Funding of the capital item may be secured upon application of a grant.
  - (e) *Gifts* – The capital item may be purchased or acquired with restricted or non-restricted donations by citizens or corporations.

B. Debt Limits

1. The City will follow the State code concerning legal debt margins.

C. *Course of action in the event that the costs of a capital project are under or overestimated*

1. Underestimated –

- (a) Review project scope and performance of contractor.
- (b) Analyze need for more funding – i.e. cost overruns, unforeseen circumstances, new legal requirements.
- (c) Develop and present options with recommended action to the Governing Body.

2. Overestimated –

- (a) Analyze reasons for overestimation.
- (b) Savings are transferred into the capital improvement fund for future capital needs.

## CIP Request Form Instructions

When completing the CIP submission forms, please do your best to fully complete each section because more detail makes the review process easier. Feel free to attach any helpful *supplementary information*. *If possible, complete the forms electronically.*

**Date submitted:** Record the date this project was first submitted.

**Project Title:** Give the project a sufficiently descriptive title.

**Department:** Department originating the request and responsible for the project.

**Contact:** Name and contact information of the person overseeing the project.

**Department/Priority:** Check the appropriate checkbox based on the definitions below:

**Urgent/Legally Required** – Completing this project will address an imminent risk to the safety of the public or municipal personnel, and/or it will prevent the imminent destruction or collapse of public infrastructure and loss of assets. Alternatively, this project is required to bring the community into compliance with federal or state safety, environmental, accessibility, or other regulations and legal requirements.

**Maintain Service** – Completing the project is necessary to ensure level of service for the upcoming fiscal year. This priority type may include projects that replace old or worn-out equipment, dramatically rehabilitate aging facilities, or facilitate a department's ability to meet increased service demands.

**Enhancement** – Completing this project will provide a benefit to the community over and above the existing service level, or it will result in cost savings or other efficiencies.

### **New, Recurring, and Multiyear Projects:**

*New* – This is a first-time submission.

*Recurring* – This is a routine project that must be completed annually or periodically, such as upgrading a pumping station's infrastructure or rehabilitating athletic fields. Update the submission text and financing information with any relevant changes for the upcoming year.



*Multiyear* – This project will span a number of phases over multiple fiscal years before being completed. Indicate the project phase for the forthcoming year and the total number of project phases. Multiyear projects are distinct from Recurring ones in that they have end dates. If this is the first submission of a Multiyear project, also select *New*.

*Resubmission* – This project was submitted in a previous year but not approved. For this submission, make any necessary updates to the description and cost estimates.

**Description:** Provide a basic description of the proposed project or equipment purchase, including:

- Location (if a building)
- Type of building
- Intended use(s)
- Whether land acquisition will be necessary (if a building)
- Project timeline, including expected date for breaking ground
- Discussion of primary cost drivers
- Stakeholders involved
- Expected useful life

**Benefits of the Project and Impact if not Completed:** Provide your justification for the project in this box. Highlight the specific benefits that will directly result from completing the project. These details may depend on the chosen priority level. For instance, if the priority level is “Enhancement,” you should fully describe any and all new benefits the project offers, including any cost savings or efficiencies. Just as importantly, state how the project will benefit the community and administrative stakeholders. You should also explain what will happen if the project is not approved by fully describing the potential consequences to the community. This information is particularly important for projects classified as “Urgent/Legally Required” and “Maintain Service.”

**Discuss Operating Budget Impact:** Explain the project’s temporary and/or long-term impact on the operating budget. Oftentimes, capital projects (especially construction ones) can result in increased operating costs. Some may only be necessary for the project’s duration (e.g., increased use of one building while another is demolished and reconstructed). Others may be longer lasting, such as a new building resulting in increased utility costs or the hiring of additional maintenance personnel. In addition to a narrative description of the project’s operating budget impact, put the dollar estimates into the appropriate boxes in the *Operating Budget Impact* table in the **Recommended Financing** section at the bottom of the form [the choices are: During Project, Post-Project Annual, and Post-Project One-Time].

**Funding Category:** Input figures for cost estimates into the appropriate detail line item box(s) only. The sheet will automatically calculate the totals of each category.

*Study/Design* – feasibility studies, engineering, or design work required for the project

*Land Acquisition* – purchase of land or property necessary for the project

*Construction* – new building construction or capital improvement to existing infrastructure

*Equipment/Furnishings* – heavy equipment, vehicles, or major building fixtures

*Construction Contingency* – This information is necessary to ensure adequacy of funds if project costs fluctuate from submission to project start. This should come from an informed, defensible analysis of potential future cost increases.

*Other* – another funding category not listed above. The project description should adequately explain why this category was chosen.

**Funding Source(s):** For the given project, put a checkmark next to all applicable sources:

*Tax Levy* – funded with cash from standard tax fund revenues, including property taxes.

*Debt* – financed through the issuance of standard, general obligation bonds or revenue bonds (enterprise funds).

*Grant(s)* – Check this box if you anticipate that the project will be eligible for partial or full grant funding.

*Donation(s)* – funded through restricted or non-restricted donations by citizens or corporations.

*Capital Contingency* – funded by an appropriation from the Capital Savings fund.

*Reserves* – funded through appropriation of available fund reserve balance.

*Fees* – funded through use of fee income, or increase in fees.

After your projects are submitted, they will be evaluated based on the criteria below:

*Public Safety and Health:* What is the project's impact on existing public health and safety conditions? Does it address an existing concern, or is there an increased risk for unforeseen consequences?

*Legal Requirements:* Is the project necessary to bring the community into compliance with a legal requirement or regulation mandated by the state or federal government?

*Infrastructure:* How does the request address the community's needs within the context of existing infrastructure problems, and how well does it integrate with that infrastructure?

*Impact on Service and/or Personnel:* Is the project necessary to support a new or expanded service the City is offering? An example might be the purchase of equipment needed to support and maintain a new park or recreational area. Or, if a department has recently increased staff, is the request necessary for equipment for the new staff to perform their work?

**Note:** This page should provide, in plain language, an overview of the criteria decision markers the Governing Body will use to evaluate and prioritize capital requests when building that year's capital budget. Including this information in the manual will help the department heads to write complete and informative requests.



City of Pocateello Summary Budget Presentation  
Presented by Mayor Blad on July 8, 2021

Fund Name	Recommended for Tentative Approval		REVENUES MORE THAN (LESS THAN) EXPENDITURES	Notes for Tentative Approval on 7-8-2021	(See Fund Balance Note 3) Revis/Estimated Beginning Fund Balance (as of Oct 1 2021)	Approve Budget "as is" ?	Estimated Fund Balance (as of September 30 2022)	Reserve Requirement	Estimated Fund Balance In Excess of Reserve
	Revenue	Expenditures							
1* GENERAL FUND	37,490,863	(37,894,629)	(403,766)	1	14,553,953	-493,766	10,000,187	-8,643,657	4,956,130
50* INFO TECHNOLOGY FUND	1,405,852	(1,409,665)	(3,813)	2	(2,813)	-2,813	637,456	-352,416	285,040
78* CAPITAL IMPROVEMENT	35,000	(372,000)	(336,000)	2	4,125,480	-336,000	3,789,480	-4,789,480	0
2* LIABILITY INSURANCE FUND	1,433,759	(1,330,911)	102,848	2	913,653	202,848	1,116,501	-1,116,501	0
3* STREET FUND	7,566,243	(6,930,459)	736,104	2	3,014,482	736,104	3,750,891	-1,732,540	2,018,051
4* RECREATION FUND	2,889,185	(2,952,874)	(63,311)	2	595,457	36,311	631,778	-63,778	0
5* CEMETERY FUND	547,683	(537,227)	10,456	2	252,296	10,456	282,752	-134,307	128,445
5* AIRPORT FUND	1,977,968	(1,990,091)	(12,123)	2	1,712,877	-12,123	1,700,754	-1,700,754	0
72* AIRPORT CONSTRUCTION	5,638,764	(5,695,000)	(56,236)	2	249,810	-56,236	193,574	-193,574	0
7* LIBRARY FUND	1,890,705	(1,924,354)	(33,649)	2	774,975	-33,649	801,327	-481,089	210,239
59* DEPT SERVICE FUND	227,894	(227,894)	0	2	62,879	0	62,879	-62,879	0
35* AMBULANCE FUND	3,896,419	(3,896,419)	0	2	44,733	0	44,733	-44,733	0
76* BUILDING RENOVATION	35,880	0	35,880	2	204,248	35,880	240,128	-240,128	0
13* BUSINESS IMPROV. FUND	100,000	(100,000)	0	2	820	0	820	-820	0
95* COR LOAN TRUST	35,035	(80,409)	(45,374)	2	92,513	-45,374	47,139	-47,139	0
81* COS-COSM ENTITLEMENT FUND	1,522,460	(1,749,857)	(227,417)	2	227,417	-227,417	0	0	0
14* CHIEF THEATER FUND	73,000	(117,500)	(40,500)	2	61,060	-10,638	50,422	-50,422	0
57* EDUCATION BENEFITS	300,000	(300,000)	0	2	134,835	-44,500	90,335	-29,375	60,960
95* EDC RENOV. LOAN TRUST	100,000	(100,000)	0	2	99,119	0	99,119	-99,119	0
16* EMERGENCY REPAIR FUND	94,454	(128,154)	(38,154)	2	280,692	-98,154	182,538	-182,538	0
53* EMPLOYER WELLNESS FUND	42,303	(52,447)	(10,144)	2	157,631	-42,007	209,638	-13,112	196,526
95* FACADE LOAN	322,792	(322,792)	0	2	71,493	-30,379	41,114	-41,114	0
70* FEDERAL AID	0	0	0	2	0	0	0	0	0
75* FIRE APPARATUS CAPITAL	1,884,552	(1,884,256)	296	2	249,271	-33	249,238	-249,238	0
51* FIRE INTERNAL SERVICE	1,119,281	(1,115,190)	4,091	2	272,586	296	272,882	-272,882	0
55* FIRE INTERNAL SERVICE	54,986	(54,438)	548	2	124,095	4,091	128,186	-128,186	0
99* FULL-YU SETTLEMENT TRUST	255,000	(255,000)	0	2	73,418	548	73,966	-73,966	0
95* POLICE RETIREMENT TRUST	115,000	(115,833)	(833)	2	4,326,884	-514,433	3,812,551	-192,358	3,620,193
96* PROPERTY ABATEMENT FUND	308,782	(296,902)	11,880	2	146,943	-833	146,110	-28,958	117,152
54* PUBLIC WORKS DIRECTOR	213,145	(568,720)	(355,575)	2	157,792	11,890	169,582	-74,226	95,356
95* RETIREMENT PAYOUT FUND	9,468,781	(9,708,476)	(239,695)	2	827,397	-345,594	481,813	-135,682	347,131
30* SANITATION FUND	391,804	(393,172)	(1,368)	2	7,378,186	-239,695	7,138,491	-2,421,119	4,717,372
17* SCIENCE AND ENVIRONMENT FUND	1,480,554	(1,333,546)	147,018	2	365,487	-1,368	364,119	-364,119	0
77* STREET EQUIPMENT CAPITAL	3,086,592	(3,136,866)	(50,274)	2	227,402	0	227,402	-227,402	0
8* TRANSIT URBAN FUND	1,573,482	(1,549,524)	23,958	2	756,154	147,018	903,172	-333,387	569,785
9* TRANSIT URBAN FUND	556,098	(608,451)	(52,353)	2	-109,834	-90,274	-200,108	0	-260,108
63* UTILITY BILLING FUND	540,872	(640,872)	(100,000)	2	153,031	23,958	176,989	-176,989	0
95* WATER ACQUISITION TRUST	12,558,971	(13,639,176)	(1,080,205)	2	387,464	0	387,464	-387,464	0
37* WATER CAPITAL PROJECTS	880,453	(1,241,278)	(360,825)	2	2,808,267	-72,395	2,735,914	-2,735,914	0
73* WATER DEBT SERVICE FUND	540,872	(640,872)	(100,000)	2	2,651,036	-2,651,036	0	0	0
61* WATER FUND	14,718,366	(14,718,366)	0	2	14,601,456	-9,883,090	4,718,366	-4,718,366	-47,330
32* WATER POLLUTION CONTROL	880,453	(1,241,278)	(360,825)	2	7,012,291	-1,480,205	5,532,086	-3,459,794	2,072,292
50* WORKER'S INSURANCE FUND	880,453	(1,241,278)	(360,825)	2	1,116,930	-360,825	756,095	-310,320	455,775



Fund Name	Recommended for Tentative Approval		REVENUES MORE THAN (LESS THAN) EXPENDITURES	Notes for Tentative Approval on 7-28-2021	(See Fund Balance Note 3 below) Estimated Beginning Fund Balance (\$ of Oct 1 2021)	Approve Budget "as is"?	Estimated Fund Balance (as of September 30 2022)	Reserve Requirement	Estimated Fund Balance in Excess of Reserve
	Revenue	Expenditures							
384 WPC CAPACITY FEE	288,617	0	288,617		3,504,270	268,617	3,772,887	-3,772,887	0
724 WPC CAPITAL	1,300,000	0	1,300,000		2,708,265	1,300,000	4,008,265	-4,008,265	0
807 WPC DEBT SERVICE FUND	3,096,563	-3,096,563	0		0	0	0	0	0
957 ZOD IMPROVEMENT FUND	3,500	-20,892	(17,392)		159,951	-17,392	142,559	-142,559	0
GRAND TOTAL	5,288,180	(3,096,563)	2,191,617		78,330,919	(14,188,145)	64,142,774	(14,669,398)	13,473,376
Estimated 30 Property Tax Levy Increase	13,137,377	0	13,137,377		0	0	0	0	0
GRAND TOTAL	17,425,557	(3,096,563)	14,328,994		78,330,919	(14,188,145)	64,142,774	(14,669,398)	13,473,376
Notes:	<p>1 General Fund Options: a) Absorb within the fund balance; b) consolidate IT fund with General Fund and absorb remaining balance within fund balance; c) make cuts in expenditures</p> <p>2 For all other funds options include a) absorbing within the fund balance; or b) reduce or increase expenditures</p> <p>3 - Beginning Fund Balance estimates (the amounts as of October 1, 2021) do not include reductions for expenditures that may be approved by City Council (from the 5 Year Allocation Plan) and extended before October 1, 2021. Any items from the 5 Year Allocation Plan that are expensed on or before September 30, 2021 will reduce the estimated beginning fund balance.</p>								
<b>PROPERTY TAXES BREAKDOWN</b>									
General Fund	Property Tax Levy Amount	% of Levy	Property Tax % of Total Levy						
Police Department	11,279,736	36.63%	36.63%						
Fire Department	5,435,805	18.95%	18.95%						
Parks Department	1,615,737	5.25%	5.25%						
Parks Administration	170,291	0.55%	0.55%						
Non Departmental (Adjustments for Fire General Employees, Other)	1,321,098	2.61%	4.20%						
Includes transfer to Transit \$506K	1,655	1.65%							
Engineering	771,410	2.51%	2.51%						
Animal Control	741,179	2.41%	2.41%						
Community Development	551,537	1.79%	1.79%						
Legal Department	130,487	0.42%	0.42%						
Economic Development	79,357	0.26%	0.26%						
Mayor and Council	55,210	0.18%	0.18%						
Graphic Information Systems	12,013	0.10%	0.10%						
Human Resources	25,360	0.09%	0.09%						
Finance	18,648	0.06%	0.06%						
General Fund Total	22,627,931	73.49%	73.49%						
Liability Fund	577,722	1.89%	1.89%						
Street Fund	2,890,146	9.39%	9.39%						
Recreation Fund	1,472,326	4.78%	4.78%						
Airport Fund	981,028	3.19%	3.19%						
Cemetery Fund	1,609,993	5.25%	5.25%						
Library Fund	1,893,397	6.07%	6.07%						
Bond Retirement Fund (Animal Shelter Capital Financing)	227,894	0.74%	0.74%						
Capital Improvement Fund (50 allocated in FY 2022)	30,791,347	100.00%	100.00%						
Proposed Property Tax Levy									

**Krueger, James**

**From:** Stearns, Donna  
**Sent:** Friday, October 8, 2021 10:06 AM  
**To:** Krueger, James  
**Subject:** FW: 2020 Commercial Card Revenue Share Payment | City Of Pocatello

*Here is this year's kickback info*

**From:** Brian.P.Berning@wellsfargo.com <Brian.P.Berning@wellsfargo.com>  
**Sent:** Thursday, January 21, 2021 1:51 PM  
**To:** Stearns, Donna <dstearns@pocatello.us>  
**Cc:** Guy.Kim@wellsfargo.com; Brian.P.Berning@wellsfargo.com  
**Subject:** 2020 Commercial Card Revenue Share Payment | City Of Pocatello

Hello Donna,

Wells Fargo greatly values its relationship with City Of Pocatello and is pleased to provide you with revenue sharing based upon your 2020 Commercial Card program results.

In the next week or two, an electronic deposit in the amount of \$33,585.33 will be made to your account ending in 3232. This represents the revenue share earned for your eligible 2020 Commercial Card purchase volume, which was \$3,358,533.21.

Here is a breakdown of the volume:

Volume Type	Volume	Basis Points	Revenue Share
Standard	\$2,953,008.90	100	\$29,530.09
Tier 1*	\$405,524.31	100	\$4,055.24
Tier 2**	\$32,715.98	NA	\$0

\* Tier 1 Custom Interchange – this incorporates all transactions previously identified as Qualified Large Ticket, Visa partner program, or MasterCard partner program.

7(h)



RESOLUTION NO. 2016-7

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POCATELLO, A MUNICIPAL CORPORATION OF IDAHO, ESTABLISHING A POLICY FOR RESERVES WITHIN THE CITY'S FUNDS IN ORDER TO PROVIDE FINANCIAL STRENGTH, FLEXIBILITY AND CASH FLOW MANAGEMENT WITHIN THE CITY OF POCATELLO.

WHEREAS, the City Council and Mayor have determined that it is prudent to establish a Reserve Policy that will enhance the City's financial strength, flexibility, and cash flow management for budgetary consistency and regulation; and

WHEREAS, the institution of a reserve policy will:

1. provide the ability to insulate general fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in State or Federal legislation, adverse litigation or any similar unforeseen action; and
2. temporarily insulate general fund programs and current service levels from slower revenue growth that typically occurs during an economic recession; and
3. provide for the Enterprise Funds to build reserves in accordance with the City adopted Rate Study;

NOW, THEREFORE BE IT RESOLVED BY THE Mayor and Council of the City of Pocatello hereby adopts a Reserve Policy as follows:

1. The adoption of a Reserve Policy is a prudent practice that will enhance the City of Pocatello's financial strength, flexibility, and cash flow management.
2. The purpose of this Policy is to establish consistent standards and guidelines for the management of reserves.
3. This policy shall:
  - A. maintain and improve the City of Pocatello's working capital requirements; and

- B. provide for future operating and capital requirements; and
- C. provide for offsetting of unanticipated fluctuations in operation and capital activities which may be caused by unanticipated one-time expenditures, a revenue reduction due to a change in State or Federal legislation, adverse litigation or any similar unforeseen action; and
- D. temporarily insulate general fund programs and current service levels from slower revenue growth that typically occurs during an economic recession; and
- E. provide for the Enterprise Funds to build reserves in accordance with the City's adopted Rate Study.

4. All tax supported funds shall accumulate reserves equal to 25% of the ensuing fiscal year's expenditures. At the end of each fiscal year and after completion of the annual audit, any amount remaining above the required 25% reserve balance shall be available for use in the next fiscal year budget process for one-time capital needs or other improvements as approved by the Mayor and City Council. (See Idaho Code §50-1005).

5. The Sanitation, Water, and Water Pollution Control department funds shall accumulate reserves in accordance with their respective Financial Planning Study's rates, adopted by the City Council, in order to provide for planned operational and capital expenditures.

6. Capital Project, Debt Service and Grant Funds are not required to maintain reserves due to the expenditures being fulfilled with transfers and current grant monies unless the funds are required to do so to comply with a bonding requirement.

7. The Retirement Payout, Capital Acquisition, Building Renovation, Fire Apparatus and Street Capital funds shall build reserves for future needs as their budgetary balance allows.

8. The Workman's Compensation Fund Reserve Fund shall accumulate and maintain a balance of \$1,500,000.00 for the payment of potential worker's compensation claims covered by the City's partially self-insured program.

9. All reserve accounts shall be represented in a report and presented to the Council annually by the City's Chief Financial Officer and/or his/her designee.

10. Use of reserves must be approved by the City Council and the Mayor through the annual budget process and/or semi-annual budget amendment process.

11. All reserve balances shall be reviewed by the Chief Financial Officer at the end of each fiscal year and again at the completion of the annual audit to determine if the reserve balance is in excess of 25% of the ensuing fiscal year's expenditures. If an excess is identified, the excess amount shall, through an appropriate review and approval process by the City Council and Mayor, be either returned to surplus for said fund, be used for one time expenditures, or adjusted through the budget process. (See Idaho Code §50-1033).

12. Any borrowing of reserves from one fund to another fund shall be effectuated by a Resolution, adopted by the City Council, setting forth the amount to be borrowed and a date-specific repayment schedule between funds. Said Resolution shall be adopted prior to the transfer/borrowing of any monies.


13. The Mayor, City Council and Chief Financial Officer are responsible for developing accounting procedures for reserve transactions, in accordance with applicable state laws and current municipal policies and generally accepted accounting principles, and shall provide guidance to Departments in complying with the intent of this Policy.



14. This Resolution shall be effective as of the date of its adoption.

RESOLVED this 16<sup>th</sup> day of June, 2016.

CITY OF POCA TELLO, a municipal  
corporation of Idaho

  
\_\_\_\_\_  
BRIAN C. BLAD, Mayor

ATTEST:

  
\_\_\_\_\_  
RUTH E. WHITWORTH, City Clerk