

1.9.2020 DRAFT

NON-PROFIT ORGANIZATION AUDIT AND FACILITY USE REPORT AND POLICY RECOMMENDATIONS

A REVIEW OF NON-PROFIT ORGS AND A POLICY GUIDE FOR FUTURE

COUNCIL ACTION FOR THE CITY OF GARLAND, TEXAS

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Contents

Plain English Summary	4
Introduction and Scope of Consideration	5
NPO Audit Questions and Answers	7
Existing Organizations That Use City Property	9
NPO Selection and Competition.....	10
Taxpayer Value	10
Community Values	10
Private Sector Competition	11
Rights, Size, Appropriateness, and City Support	11
Competition.....	13
Internal Governance	13
Event Sponsorship	13
NPO Evaluation and Analysis.....	14
Sports Field Use Agreement Recommendations.....	31
Organizational Tiers.....	31
Concession Stands	32
Fee Reductions and Waivers	32
Fee Structure	33
Appendix A - Sports League Contracts Audit.....	34
Appendix B - City Property Usage Audit Report	52
Appendix C - New Contracts.....	98
Long-term Lease	98
License Agreement	111
Facility Use Agreement.....	123
Appendix D – Garland Women’s Activities Building Council Use Agreement Audit Report	133

The Administrative Services and Audit Committees, the Staff, and the Garland City Council would like to extend their sincere gratitude to all non-profit organizations that faithfully serve the citizens of Garland.

Plain English Summary

After various audits we realized that the city needed to get a handle on its contracts with outside groups. Non-profits had a lot of handshake deals and thirty-year-old contracts that didn't pass legal muster anymore. We cleaned that up and drafted some standard contract language. Council and staff also didn't have any rules on which non-profits could use city property. We gave that a shot here too, even though it's tough to write policy around. In this document, we split the list of current orgs up into athletic field use and non-athletic field use because those are very different. We figured out what parts were missing in the contracts, and we put together ideas on how to fix everything. Some of us are members in these non-profit orgs, but we've tried to avoid conflicts of interest where possible and made sure everyone plays by the same rules. This new set of policy and contract docs should generally be fair to all non-profits and give council some guidance over the years on how to appropriately judge non-profit use applications.

Abbreviations Used

NPO Non-Profit Organization
COG City of Garland
ASC Administrative Services Committee
CSO Council's Strategic Objectives
PRCAD Parks, Recreation, and Cultural Arts Department

Introduction and Scope of Consideration

Starting in 2016, a series of audits were performed on nearly all non-profit organizations in the city that operated within city-owned facilities. The purpose was to create a standardized set of contracts, formalize handshake agreements from the previous decades, and more efficiently program taxpayer-owned property. Upon completion of the audits, policy and contract questions were referred to the City Council's Administrative Services Committee (ASC).

The ASC grouped the organizations by property use type and worked with the legal department to address contractual deficiencies. Based on the results of the Audit (Appendix A) and concerns noted from council members during other public meetings, we established the following list as deliverables for council consideration:

Questions Raised by the NPO Usage Audit

- Will we charge Intracity or Public Institution utility rates?
- What is the Garland resident benefit?
- What are the selection criteria?
- Who owns the improvements on the land?
- Do we have a right to enter, audit and inspect?
- What are the rules regarding a city liaison assignment?
- What about Leasing, Sub-leasing, and Sub-Sub-Leasing?
- Do we consider parity amongst organizations?
- What about use of CDBG grant funding or other funding avenues?
- Finances and ability to pay – Do we provide NPO financial aid in-kind or in cash?
- What level of knowledge do we need of an NPO's governance process?
- Can we standardize contract terms?
- Who signs the contracts?
- What is the NPO's reporting period?
- Do we grant first rights to Garland Citizens?
- What are the criteria for agreement acceptance?
- What should the audit frequency be?
- What are appropriate contract lengths?
- What type of insurance is needed for an NPO to operate?
- Who should the contract be signed by?

Concerns Raised by the Sports League Contract Audit

- Consider adjusting the model from league-maintained fields and no fees to city-maintained fields with fees
- Contracts must be enforceable
- Contracts need to be consistently signed by the president of the orgs
- Consider transfer of ownership and maintenance of concession stands
- What is the approval process for league agreements?
- How are we verifying insurance?

We also listed the following elements as being necessary for each contract type:

Contract Elements

- Org Tax Status – 501c only, or other?
- What is the stated mission of the organization?
- Board and Membership Structure
- Services Provided
- In general, what are the org’s funding sources
- NPO Contractual Obligations
- COG Obligations
- Contract Modification Approval – Who Approves Changes?
- Indemnification Clauses
- Audit Clause
- Non-Discrimination Clause
- Establish a Reporting Frequency to COG
- Termination Rules
- Dissolution Policy
- Dissolution Process – COG process

We considered the question of guiding the council’s decision-making on whether to enter into non-profit agreements. We provided guidance for the following concepts:

Policy Questions

- Taxpayer Value
- Community Values
- Private Sector Competition
- Rental
- Products and Sales
- Rights, Size, Appropriateness, and City Support
- Rights
- Sizing
- Appropriateness
- City Support
- Competition
- Internal Governance

Finally, city management asked us to briefly examine policy around direct city sponsorship of events via ‘table purchasing’ and other special events subsidies.

As a part of a subjective analysis of existing non-profit users, the ASC has provided additional guidance to the council on the value of those existing relationships but has not staked a position on contract renewals.

This policy document is extremely broad in scope, and tackles three major issues which are tightly tied together: NPOs, NPOs involved in sports, and Guidance for Agreement Acceptance.

NPO Audit Questions and Answers

Power Cost and Rate Type:

Since Garland owns and operates its own power company, there are two different rates available to facilities that house NPOs. The first is called the 'Public Institution' (PI) rate, which costs roughly 4% more than the 'Intra-City' (IC) rate, which is the rate GP&L charges for City of Garland operations.

The question posed is whether to bill the NPOs at the PI rate or the IC rate.

Philosophically, NPOs supplement the mission and resources of the city. Other governmental entities on GP&L that pay the PI rate do not necessarily do the same. It is the committee's opinion that NPOs that enter into agreements with the city, occupy city facilities, and further the city's mission should be charged the lower (IC) rate if they will be charged at all.

It is appropriate and expected that NPOs which further the mission of the city and use city facilities receive their utilities from the city at no charge to the NPO. The council should decide on a per agreement basis what the appropriate billing methodology is, if any.

However, NPOs that are carrying out a mission of County, State, Federal, ISD, or any other level of government should pay the PI rate.

Rate recommendations per NPO are listed in the NPO Analysis and Recommendations section.

Right to Audit, Enter, and Inspect

As the property owner, and since NPO operations are an extension of the city's mission, the city shall have the right to periodic Auditing, right of entry to the property, and the right to inspect. Audits, entry, and inspections will be scheduled in advance with the head of each NPO. Audits should generally be performed after the first initial year of operation, and then periodically thereafter. It is possible that the City Auditor may opt not to audit short term and seasonal organizations but may choose to audit departments that oversee such contracts. Audit methodology and appropriateness are generally outside the scope of this document.

City Liaison

To ensure contract enforcement and clear communication, each NPO will have a member of city staff assigned as their liaison. Where possible, city management will work to ensure that the liaison is educated about the service that the NPO engages in. In case of a liaison change, the COG will notify the NPO in writing.

Sub-Leasing

Unless an agreement specifically allows for sub-leasing or lending out use of a facility, NPOs will not sub-lease or lend city property. This applies to sports organizations as well. The City Council and COG staff have a responsibility to ensure proper use of taxpayer-owned facilities. This responsibility may not be assumed by a group that has no accountability to the taxpayers without prior approval.

Organizational Parity

In general, organizations of the same type will receive similar contract terms. However, the city's need for NPO work is not unlimited. The city or the council may limit the size or number of organizations that they execute agreements with. An NPO does not possess an inherent right to an agreement by virtue of its existence.

Funding Mechanisms

To further its own mission, the city may decide to fund NPO operations in order to improve or extend the NPO. This policy cannot anticipate future needs and does not seek to in any way bind funding decisions of future council. This policy allows any funding that the City Council deems appropriate and legally directs to be paid to NPOs.

Ownership of Improvements

Unless otherwise specified in a contract, the COG owns all improvements.

NPO Financial Aid

Direct financial aid to an NPO may be appropriate, especially if the city requests certain unfunded actions by the NPO. Council and staff should discuss and approve aid on a case by case basis.

Internal Governance

Historically, certain agreements with NPOs allow for a higher level of scrutiny of internal operating procedures. Usually, the more resources that the COG commits, the greater the oversight required.

Organizational donor lists are traditionally outside of the scope of legitimate city interest.

At a minimum, audits may confirm an active 501c3 status with the IRS.

Contract Lengths

Contract / Org Type	Expected Duration	Responsible Party
Sports-Field Using Organization	1 Season	PRCAD Director
License Agreement	1-5 years	City Manager or Designee
Long Term Lease	5+ years	Mayor
Facility Use Agreement	Less than 30 days	Managing Directors, Asst CMs, or City Manager

Insurance Requirements

Insurance needs should be determined on a case by case basis and should follow all applicable local, state, and federal laws.

First Rights to Garland Citizens

Facility use and sports field use, both informal and by formal agreement should be given to Garland citizens and organizations first. For example, if two pickle ball leagues exist and are both vying for courts, but one of those leagues is registered in Garland and one is from Houston, the Garland organization would take precedence. This does not apply to tournaments scheduled by PRCAD staff.

License Agreements and Long-Term Leases should be granted to the organization that is best able to provide services to Garland's taxpayers.

Existing Organizations That Use City Property

Organization	Facility Used	Purpose
BSA Troop 100	116 S 6 th St	Scouting
Child Care Group	3709 W Walnut St	Head Start Program
Dallas Off-Road Bicycle Association	Rowlett Creek Preserve	Off-Road Biking
Freemonters Neighborhood Association	215 Southwood	Neighborhood Assoc
Garland Amateur Radio Club	1027 Austin St	Communications
Garland Emergency Corp	401 Rescue St	GPD Support
Garland Women's Group	702 Austin St	Civic Engagement
Head Start Child Care Center	625 E Avenue B	Head Start Program
Hopes Door / New Beginnings	120 Kingsley Rd	Resale Shop
Landmark Society	393 N 6 th St	Archival and Museum
Loving Garland Green	W of 3930 Naaman School Rd	Community Gardening
Preservation Society for Spring Creek Forest	1770 Holford Rd	Forest Preservation
Strata Rock Crushing	Castle Landfill	Rock Crushing

NPO Selection and Competition

The most difficult part of NPO policy is deciding which NPO may avail itself of city resources. The following thoughts attempt to address that problem.

Taxpayer Value

“What is the value to the taxpayer?” This can mean a great many things.

NPOs can fill a niche that is a want in the community, such as mountain bike trails from DOBRA or the pet adoption center.

NPOs can work toward a common societal goal. Water conservation and local produce are a product of Loving Garland Green.

They can augment city resources in a way that fits the city’s mission. Garland ARC / Garland RACES acts as an additional communications arm for events and emergencies.

NPOs can act as archivists and historians for the city, which is a mission that has intrinsic value without an easily derived monetary value.

There are very few limits on the new and creative ways that people will find to serve their community.

However, policy makers must decide if the value provided by the organization matches the taxpayer contribution as well. Unfortunately, there is no easy formula that can be used to make such a decision. As wants and needs fluctuate over time, the answer to that question may also change.

In the same respect, the taxpayers and the representatives of those taxpayers have the right to reject services either because the taxpayer contribution is too high, the NPO isn’t serving the citizens of the city, the city staff’s involvement is too extensive timewise, or if the taxpayers simply have no interest in the service. Decision makers must remember that where city resources are used outside of the core mission of governance, we are essentially giving taxpayer resources to a group whom the taxpayers do not have representation with. Because of that fact, the threshold for approving NPO use of taxpayer resources should be even higher than decisions made about city services.

The gift of taxpayer dollars should be given a higher consideration than the gift of NPO labor.

Community Values

Our citizens’ value systems are in a constant state of long-term flux. Whereas one hundred years ago we would have used city property only to serve the upper echelons of the city, we now believe in public property as a shared resource. When the city was first formed, city history was unimportant, women’s advocacy groups were largely unheard of, and we were focused heavily on agribusiness. Today we spend time and energy working on race and gender inclusion, ensuring equal opportunity, jumpstarting innovation and business, and assisting the economically disadvantaged. Our non-profit priorities and goals have steadily changed over the past century and will continue to do so for the remainder of the life of the city. As such, our use of city property to supplement NPO missions should continue to reflect those values and priorities. The judgment as to what those values are should be left to the

community and to their duly elected representatives. It is not the intent of this policy to select which NPOs are worthy and which are not, except to say that all taxpayers should be the ultimate beneficiary of sponsored NPO activities.

Private Sector Competition

Rental

In some cases, the city may collect recurring rent from entities to offset city costs. This may place the city and NPO in direct competition with the marketplace. The following steps should be taken to ensure that rental is an appropriate avenue:

- 1) Would any NPO performing this task become insolvent if forced to pay market rates? Does a market even exist for this service?
- 2) Does the value to the community offset the opportunity cost of losing full market rate rental of the space?
- 3) If the space may be rented at market rate, should the city own it at all? Should the facility instead be sold back to the private sector for commercial use, or does the city still need partial use of the building for core functions of government?
- 4) Does the organization's presence add enough taxpayer value to the facility that it makes sense to accept partial rent?

Products and Sales

Since the purpose of using city resources is to provide a benefit to the taxpayer, for NPO organizations that create a sellable product, additional questions must be asked.

- 1) Is the city in effect subsidizing an organization for that organization to be able to undercut private sector competition in the creation of their product?
- 2) Are other orgs of the same type reliant on public sector participation? (e.g., Scouts selling cookies and popcorn are on a level playing field because most scout troops meet in public buildings).

If the city is to provide economic development incentives to an organization, it should be framed as such and brought before the council in a public meeting. The city should at no time subsidize a commercial interest under the guise of an NPO use agreement.

Rights, Size, Appropriateness, and City Support

Rights

The city operates several facilities where NPO rental and free use is permitted. When the city allows use under this program, there is an expectation of non-discrimination and equal, fair treatment for members, applicants, clients, and beneficiaries. For instance, our central library allows use of our meeting room to NPO orgs that are registered to an address within the city. The room has been used in the same week by different political groups that are in conflict, but without preferential treatment by the city. It is expected that as part of the city's commitment to a safe community, vibrant neighborhoods, and future-focused governance, that we will continue to provide low cost or free general use spaces for the taxpayers to enjoy. The intent of this policy however is more geared toward "one-off" agreements where there is a specific need that the city has which is being filled by the NPO organization. Specifically, it is focused on those agreements where the city is gaining a measurable benefit from devoting a custom set of resources to an outside organization.

Sizing

Organizations and events should not use more city resources than are strictly necessary to carry out their mission. Certain events require atrium sizing, and others may only require a tent. It is appropriate and lawful to allocate resources in a way that fit the needs of the event, as opposed to assuming all similar events automatically belong in the same-sized venue. While the city will not discriminate between groups, the city does have a responsibility to use its facilities and staff in the most efficient and reasonable manner possible.

Appropriateness

Organizations that either lack a mission entirely or work counter to the interest of the city's mission and to the strategic goals set by council are not entitled to **sponsored** use of city resources just by virtue of their existence. NPO use of city facilities is a bi-directional gift- where the NPO is providing the taxpayers with something, and the taxpayers are allowing use of their building, staff, or amenities. For an absurd example, a Garland-based organization devoted to teaching people how to yell 'fire' in crowded theaters would likely be denied an agreement. They could still hold meetings on city property by reserving a room at the library just like any other NPO (as long as they practice yelling very quietly), but the city would be well within its power not to execute a standing agreement with them for free, continual, or exclusive use of a facility, since the NPO would not be 'furthering the city's mission' and would provide no clear benefit to the taxpayers. To repeat- if there is no taxpayer value in a long term NPO/City contract, then it should not be signed. While this stance does leave the city open to potential litigation, it is the committee's opinion that taxpayers should not be forced to fund things that directly harm them.

City Support

The most difficult value to analyze is the amount of time, effort, and money that the city puts into maintaining the relationship. Does supporting the organization cost more than it would to simply bring the task in-house? As an example of a positive trade-off, the DOBRA organization maintains biking trails in a flood plain / park land area and adds value to the park. They require near zero funding from the city, little to no supervision, and are a net value add for our economy. While the city would have to pay a single person full-time wages, benefits, and retirement to maintain a similar amenity at \$50,000 - 60,000 / year, we can definitively state that the taxpayers come out ahead.

Similarly, the city relies on organizations like GARC to provide focused and/or city-wide communications for both planned and emergency callouts without requiring use of city emergency funding, and with a large cost savings to the special events budget. They provide their own liaison to the police department and do not require special attention from staff.

If there were a group that was dedicated to pot hole repair, but required city staff, materials, and transportation to fill the holes, that would not be a good use, as we would just be adding layers of people on top of a function that the city already performs.

In 2017-2018, the council chose to only consider Community Development Block Grant recipients that needed funds in excess of \$5,000. The reason is that the overhead for monitoring and ensuring compliance with HUD grants simply was a waste of money for amounts less than that. NPOs that seek to provide minimal value with a large amount of city oversight would be denied use for the same reasons.

Another more difficult question is for how we handle those functions that the city might not choose to fund on its own but are willing to support at some smaller level. For instance, Scout Troop 100 provides a pipeline for future first responders. It might not make sense for the city to run a year-round youth program of this type, but it does make sense on some level for the city to provide a place for this type of program to be run.

Competition

Not all NPOs are created equal. As with any organization, they may compete for agreements based on what they can deliver to the city. As the council looks to renew agreements, a needs assessment should be performed on the deliverables of the NPO and the effectiveness of that delivery. Taking our example of the Scout Troop; If both Troops are requesting the same physical meeting time and location, Troop A has 20 members, Troop B has 200 members, and both feed their members into our first responder pipeline, then city management should look to giving Troop B preference over Troop A. The best-case scenario might be a shared use agreement between both bodies. However, the city must continually evaluate taxpayer value when considering contracts. For taxpayer built and funded installations, past agreements and personal relationships matter much less when it comes to delivering current and future value.

Internal Governance

An NPO's percentage of charitable contribution versus overhead is often the subject of debate. It is partially outside the scope of consideration, as the city is not in the position to dictate internal governance practices to the NPO. That is between the NPO and the IRS. However, more efficient organizations can deliver a better product to the city. Poor overhead management works its way into the overall competition equation and leaves an NPO vulnerable to being replaced by a better NPO. As a city, we should continue to encourage efficient operations that maximize taxpayer value. NPOs that request significant financial assistance should be means-tested to ensure that taxpayer dollars are not being wasted.

Event Sponsorship

Many times, city departments are asked to sponsor events through either direct financial assistance or in-kind contributions. City departments may have a legitimate interest in sponsoring events that further the department's mission. This policy does not seek to second guess department-level objectives, but instead asks for a reasonable level of oversight of department contributions.

We propose the following guidelines for sponsorships that are not pre-approved in the annual budget:

- Any sponsorship over \$5,000 total in value from one or more departments for a single event must receive council approval
- Unbudgeted sponsorships from a single department exceeding \$15,000 per FY will trigger a review of all sponsorships from that department for the FY by the council.

Street closures, parade assistance, concerts, and other events that require significant city resources and are not city-initiated events require the same level of oversight as longer-term NPO use agreements. For-profit enterprises should not expect the same level of financial support as non-profit, Garland-based, civic groups. Non-profit orgs that request assistance should be evaluated based on the city's need for that service, and in-line with the council's established strategic goals.

NPO Evaluation and Analysis

Evaluation Questions

- A. What is the taxpayer benefit? Is there a metric that should be used to determine success? Is this a meaningful activity that contributes to the city's mission?
- B. Is their use of the building appropriate, or is there a higher and better use for it?
- C. Does their work today help or hinder any part of the council's 10 strategic objectives?



- D. Is the group effective in their mission?
- E. Are there contract changes that need to be made?
- F. Should this NPO shrink its mission, expand it, or should we end the relationship?
- G. Do the long-term goals align with the city's direction?
- H. Is the segment of the population served by the org under/over served? What demographic is served?
- I. Is the market for this type of NPO saturated? Are we allowing unfair competition with the private sector by providing space/services?
- J. General Thoughts
- K. Final recommendations

1.9.2020 DRAFT

Boy Scouts of America Troop 100 (BSA)

Taxpayer Benefit	Leadership training. Scouts are historically a source for community service projects. First-responder-backed group may help us develop interest and talent in that area.
Highest/Best Use	Due to the proximity to the downtown square, this is not the highest/best use of the building or land.
Council Objectives:	
Econ Base	Use of prime commercial space is a negative
Downtown	Use of prime commercial space is a negative
Infrastructure	-
Quality of Life	Scouting generally is a net positive for participants, but not necessarily the community at large.
Safe Community	Training in civics and service can help with community building
Residential/Comm	Use of prime commercial space is a negative
Utilities	-
City Services	Active training and recruiting of future public sector employees
Finances	Negligible Impact
Future-Focused Org	Recruiting pipeline for first responders.
Mission Effectiveness	Not calculable, but presumed net positive
Contractual Changes	No contract available
Shrink/Expand	Consider moving. Sizing is appropriate for the current facility.
Long-term goals	More civic-aware population is a net positive.
Demographics Served	Youth, ages 10-18
Private Sector Comp	Private groups of this type are also usually allowed use of city and school district facilities.
General Comments	<p>Can we move this NPO to the old Fire Station 1 once the new FS1 is built?</p> <p>Since this is a first-responder oriented org, how many of the boys go onto serve professionally in that role? Are we developing a talent pool appropriately?</p> <p>Only half of the scouts are Garland residents. Why is that? Has GISD been invited to utilize this group as part of its career tech first responder program?</p>
Committee Recommendations	<p>Consider the current Fire Station 1 as a future home in order to repurpose the current facility and provide the scouts with a more updated and relevant facility.</p> <p>Renew GFFA sponsorship and look for partnerships to help boost first responder recruiting</p>
Contract Suggestions	Standard Facility Lease Agreement

Child Care Group (CCG)

Taxpayer Benefit	Head Start programs are shown to assist in breaking generational cycles of poverty. While this could be considered more of a benefit to the School District, having an educated workforce is a core function of economic development. This group also works with adults to improve self-sufficiency.
Highest/Best Use	Due to frontage usage on Hwy 66 this might not be the best land use. However, the negative impact is minor. Commercial/retail use may or may not be the best use for that specific parcel either. There are future considerations for nearby land use that are bound by executive session rules and are not listed here that the council may consider.
Council Objectives:	
Econ Base	Use of prime commercial space is a minor negative. Economic boost from educated workforce would be a long-term benefit. There is immediate benefit in teaching adults new skills that ween them off of NPO services.
Downtown	Use of prime commercial space on the East Main St entry would be a minor negative
Infrastructure	-
Quality of Life	-
Safe Community	Education as a deterrent to crime
Residential/Comm	Education centers and related events boost neighborhoods
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	Calculated by national and university sources.
Contractual Changes	Fill in missing elements per auditor suggestions. Non-discrimination clauses may need to meet federal standards instead of just state/local.
Shrink/Expand	Sizing is appropriate for the current facility. Wait list is < 10% of total enrollment. There may be funding considerations
Long-term goals	-
Demographics Served	Multi-generation poor and at-risk students that are eligible for pre-school intervention programs via Federal guidelines
Private Sector Comp	Federal program – beyond our scope
General Comments	Ensure (if possible) that Garland residents are given first shot and are not on the waiting list. Enable facility to be eligible for future capital improvements that might be applied to other businesses along Hwy 66 – façade improvements, etc.
Committee Recommendations	Look for opportunities for kids to interact with nearby city installations in the future.
Contract Suggestions	Renew ground lease as appropriate.

1.9.2020 DRAFT

Dallas Off-Road Bicycle Association (DORBA)

Taxpayer Benefit	Free park maintenance and trail system
Highest/Best Use	This is a proper use of park land
Council Objectives:	
Econ Base	Standard econ contribution from parks. Creates an attraction for non-residents to bring them to the city.
Downtown	-
Infrastructure	Contributes to maintenance of city property
Quality of Life	Provides an amenity to the citizens
Safe Community	Additional activity in wooded areas discourages crime
Residential/Comm	Adds to park and lifestyle vibrancy
Utilities	-
City Services	-
Finances	-
Future-Focused Org	Trails and multi-modal transportation are key county and federal objectives
Mission Effectiveness	Effective
Contractual Changes	Fill in the missing contract elements. There should be no expectation of 'removing' trails upon dissolution. Contract should be formally renewed by appropriate managerial staff.
Shrink/Expand	-
Long-term goals	-
Demographics Served	Amenity acts as a regional draw that is not specific to a particular demographic group other than people riding bikes.
Private Sector Comp	-
General Comments	DORBA has been a success story. We should probably work to include them in our marketing and promotional activity and emphasize our partnership.
Committee Recommendations	None
Contract Suggestions	Use standard new contract, signed by appropriate personnel

1.9.2020 DRAFT

Freemonteers Neighborhood Association (FNA)

Taxpayer Benefit	Acts as a neighborhood meeting place
Highest/Best Use	Questionable. Surrounding homes have a city AV value of about \$800/yr
Council Objectives:	
Econ Base	A city-maintained home improves the image of the street
Downtown	-
Infrastructure	-
Quality of Life	-
Safe Community	The facility was used to promote strong neighborhoods via block captains and meetings
Residential/Comm	The facility was used to promote strong neighborhoods
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	Unable to calculate
Contractual Changes	No contract in place
Shrink/Expand	Appropriately sized org, but no depth
Long-term goals	-
Demographics Served	Surrounding neighborhood is a 9.21-17.64% poverty area
Private Sector Comp	-
General Comments	The NPO program has made the substation somewhat unnecessary. Based on the proximity of the church next door, the church should be approached about providing meeting space for the neighborhood group. Fields rec center is also just down the street and can be used for similar purposes.
Committee Recommendations	Turn the home back to the private sector. At a ~\$120k sale price, use the money for a neighborhood vitality project, a permanent room attached to the local church, or a room attached to Gale Fields rec center.
Contract Suggestions	Wind down existing setup without executing a new contract.

Garland Amateur Radio Club (GARC)

Taxpayer Benefit	Volunteer wage times the number of volunteers for communications at events
Highest/Best Use	Fire station 1 is scheduled to be relocated. Since it is used as a communications hub in a similar fashion to how first responders would use it, this may continue to be the highest and best use of the room
Council Objectives:	
Econ Base	-
Downtown	While located in downtown, there's no appreciable positive or negative impact
Infrastructure	Provides backup infrastructure for communications
Quality of Life	-
Safe Community	Assists emergency operations and law enforcement in routine and emergency activities
Residential/Comm	-
Utilities	-
City Services	Assists the city in an auxiliary customer service role (communications). GARC provides free testing and programming of emergency management radios for use with amateur frequencies.
Finances	-
Future-Focused Org	While direct radio is not as popular as a hobby anymore, the tech proved useful during the 2015 tornado, and may continue to be helpful when cell services are overwhelmed.
Mission Effectiveness	Generally positive results stated in the audit
Contractual Changes	Establish a generic contract
Shrink/Expand	Facility and use is appropriately sized
Long-term goals	Membership increases
Demographics Served	All occupants of the city
Private Sector Comp	-
General Comments	<p>GARC, and by extension Garland RACES have served the community in a communications capacity for community events and disasters. Their work is generally regarded favorably, and the office of emergency management stated in the audit report that they are vital contributors. Their small footprint and attachment to a first responder station is appropriate. Full turnover of the EM staff increases GARC's value due to institutional knowledge.</p> <p>If we moved the BSA troop into the FS1 main location, some synergies could exist between the orgs.</p>
Committee Recommendations	<p>Since utilities are a shared use, continue to not bill the org for the miniscule amount of power used.</p> <p>If appropriate and generally desired by all parties including GARC, consider adding a radio room to the new FS1 and moving the org. Otherwise leave in place.</p>

1.9.2020 DRAFT

Contract Suggestions	Establish a long-term agreement, no utilities billing, with standard provisions.
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Garland Emergency Corps (GEC)

Taxpayer Benefit	Acts as both an emergency response team and an auxiliary provider for the PD. Provides additional communications services for public events. Provides direct assistance to citizens impacted by disasters.
Highest/Best Use	The land would likely be used for parking in an area that has no need for it. The current use is very reasonable.
Council Objectives:	
Econ Base	-
Downtown	-
Infrastructure	-
Quality of Life	-
Safe Community	Emergency response tasks, and provides tools to LEOs
Residential/Comm	-
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	Evolving mission for both emergency response and GPD support org
Contractual Changes	Several contracts are missing, presumed lost. Write a new one that encompasses current use and generally agreed upon duration.
Shrink/Expand	-
Long-term goals	-
Demographics Served	-
Private Sector Comp	-
General Comments	<p>The building itself isn't a concern, as it is out of the way and there is no opportunity cost in leaving it alone. We're already paying for the limited water usage, and it's in the GP&L service area. Several of the members are also trained to respond to mass casualty incidents. There might be a connection we can make with County for them.</p> <p>Charity bingo funding is typical of this type of group and is not a concern.</p> <p>In the past they have built a breaching tool for SWAT, provided various pieces of gear, and most recently funded body armor for the canine units. They provided manpower for the Oct 2019 tornado cleanup and direct financial assistance to homeowners.</p>
Committee Recommendations	None
Contract Suggestions	Original contract was signed in the 1950's with a 99-year duration and documentation is minimal. Renew under current language with the same provisions that are assumed to be in place today with the same termination date. Significant changes for the org will be the periodic audit, and a right to enter/inspect.

Garland DFW Heliport (Sky Helicopters)

Taxpayer Benefit	Commercial Heliport
Highest/Best Use	Yes- and as more airborne delivery services mature this has the potential to become a logistics hub.
Council Objectives:	
Econ Base	Strong potential
Downtown	-
Infrastructure	Multi-modal transit hub
Quality of Life	-
Safe Community	-
Residential/Comm	-
Utilities	-
City Services	-
Finances	Slight profit for the city
Future-Focused Org	Strong potential
Mission Effectiveness	Effective.
Contractual Changes	-
Shrink/Expand	-
Long-term goals	Explore opportunities with Uber air and Amazon drone delivery services. We already have a ground distribution center here in Garland. This seems like a natural extension of the Heliport's mission.
Demographics Served	All
Private Sector Comp	Municipally owned air facilities are common.
General Comments	This is a somewhat of a sleeper facility. We are interested to see what comes of airborne logistics for last mile delivery
Committee Recommendations	None
Contract Suggestions	Update to common contract language on the next renewal.

Garland Women's Activities Building Council, Inc (WABC)

Taxpayer Benefit	Acts as a meeting place for civic groups and private clubs
Highest/Best Use	A civic center in the downtown area is appropriate.
Council Objectives:	
Econ Base	-
Downtown	Contributes to the overall amenity list for a downtown area
Infrastructure	-
Quality of Life	Provides other NPOs meeting and activity space to promote quality of life
Safe Community	-
Residential/Comm	Used to support groups that contribute to stronger neighborhoods
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	The mission itself is still effective, but questions have been raised in recent years about the sustainability of the group due to declining membership.
Contractual Changes	Work the terms of the old contract into the new format and make slight modifications based on the suggestions below.
Shrink/Expand	The footprint of the org is appropriate.
Long-term goals	Either grow the membership of the group in order to sustain the operation or be prepared for the city to operate the space as a civic/neighborhood vitality center if the group dissolves or becomes inactive.
Demographics Served	Full city
Private Sector Comp	Private banquet halls do exist, but general do not compete for low cost, NPO meeting space. This type of facility is appropriate for the city to supplement.
General Comments	The WABC was responsible for funding the original building. The city largely handles maintenance at this point. Membership is in decline.
Committee Recommendations	<p>Council heard this issue earlier in 2019. Recommendations listed here are based on that meeting:</p> <ul style="list-style-type: none"> • Retrofit the building with an access and surveillance system. • Require original contract clauses regarding periodic approval of bylaws/internal rules to be enforced.
Contract Suggestions	<ul style="list-style-type: none"> • Remove function supervision requirement from the contract. • Adopt the new contract template as a parent contract to cover right to enter, inspect, audit.

Head Start Child Care Center

Taxpayer Benefit	Head Start programs are shown to assist in breaking generational cycles of poverty. While this could be considered more of a benefit to the School District, having an educated workforce is a core function of economic development. Unlike the previous org, this group has a narrower mission which is solely focused on head start programming.
Highest/Best Use	Commercial/retail use may be the best use for that specific parcel, however it is appropriately close to neighborhoods that would qualify for its services
Council Objectives:	
Econ Base	Use of commercial space is a negative. Economic boost from educated workforce would be a long-term benefit
Downtown	-
Infrastructure	-
Quality of Life	-
Safe Community	Education as a deterrent to crime
Residential/Comm	Education centers and related events boost neighborhoods. However, this does not appear to function as an event or training center, and the heavy traffic on this arterial does pose challenges to neighborhood access
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	Calculated by national and university sources
Contractual Changes	Fill in missing elements per auditor suggestions. Non-discrimination clauses may need to meet federal standards instead of just state/local
Shrink/Expand	Sizing is possibly inappropriate for the current facility. Wait list is ~75% of total enrollment. There may be funding considerations
Long-term goals	-
Demographics Served	Multi-generation poor and at-risk students that are eligible for pre-school intervention programs via Federal guidelines
Private Sector Comp	Federal program – beyond our scope
General Comments	<p>Ensure (if possible) that Garland residents are given first shot and are not on the waiting list. There is a very low percentage (~40%) of Garland residents being helped for the building to be owned and maintained by our property taxpayers.</p> <p>Our AR needs to bill appropriately for rent and utilities per the terms of the contract at the PI rate.</p>
Committee Recommendations	Enforce the terms of the contract. Find a way to require more Garland residents to participate. Recommended min of 51% Garland residents for new classes.
Contract Suggestions	During the next renewal, adopt the new contract structure, with same terms.

1.9.2020 DRAFT

Hopes Door / New Beginnings Resale Shop (HDNB)

Taxpayer Benefit	-
Highest/Best Use	-
Council Objectives:	
Econ Base	-
Downtown	-
Infrastructure	-
Quality of Life	-
Safe Community	-
Residential/Comm	-
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	-
Contractual Changes	-
Shrink/Expand	-
Long-term goals	-
Demographics Served	-
Private Sector Comp	-
General Comments	Organization closed its doors in Garland around the same time that the audit was announced
Committee Recommendations	-
Contract Suggestions	-

Landmark Society (LMS)

Taxpayer Benefit	Provides a heritage district amenity
Highest/Best Use	Museum setting is appropriate for this group to operate in
Council Objectives:	
Econ Base	Contributes to overall tourism
Downtown	Acts as a minor amenity for downtown
Infrastructure	-
Quality of Life	-
Safe Community	-
Residential/Comm	-
Utilities	-
City Services	-
Finances	-
Future-Focused Org	This group specifically focuses on the digitizing the past for future access
Mission Effectiveness	Difficult to determine, and impossible to measure. There is a combined mission that is currently in conflict with itself in certain ways. See full write-up later in this document
Contractual Changes	Contracts with NPO orgs should be approved by council
Shrink/Expand	See extended comments
Long-term goals	Continual accessioning of all historical items
Demographics Served	All
Private Sector Comp	Not Applicable. Most museums are non-profit.
General Comments	This is one of the few groups that also has a city employee on staff, triggering council inquiries over the past three years
Committee Recommendations	
Contract Suggestions	Adopt standard agreement with specific provisions detailing how objects are donated to the city and how we accept them.

Landmark Society – Supplemental

This supplemental opinion was authored by Robert J Smith, Council District 8 and may not represent the opinion of the full committee.

The Landmark Society (LMS) and the City's Heritage museum are tightly intertwined. The museum, along with LMS has three main purposes:

- 1) Collection of historical data (Acquisition)
- 2) Museum and Traveling Exhibits (Operations)
- 3) Accessioning and Recall of Data (Archival)

Earlier in the NPO guidelines under City Support, we state:

"If there were a group that was dedicated to pot hole repair, but required city staff, materials, and transportation to fill the holes, that would not be a good use, as we would just be adding layers of people on top of a function that the city already performs."

The city currently provides one full-time employee (FTE) and one part time employee (PTE) at the facility. The question then becomes: "Are we adding layers of people on top of a function that the city already performs?". The answer to that is "no".

Less than a decade ago, around the time of the remodel of city hall, the city began using the LMS as a document repository. We sent close to 4,000 documents to the group in the span of a year, which greatly added to their existing backlog of historical items. By doing that, and because of our ongoing process of sending documents to them, we set them up more as archivists than museum operators. However, the group did not lessen its other responsibilities. The city placed a large enough burden on the organization that we were forced to assist it in completing the mission that we gave it.

As we began expecting more from the facility and the organization, we added staff to assist in management, operations, and storage of artifacts. As LMS members age and leave the organization, and museum visitation drop off nationwide, we see (and likely will continue to see) the continued de-emphasis of the museum role. At some point in the future, we will likely see the city fully take over the archival role as a core function of city government, within the domain of either the Library or City Secretary departments. The City Secretary is designated as our official archivist, which would make sense, as would Libraries since the museum is both a reference building and an attraction.

There is a strong benefit in the LMS continuing to be a city partner, because they still fulfill the mission within the parameters that they agreed to from the start. And while the city's needs have grown, there are no competing NPOs that are positioned to fill that need. What the LMS brings to the city costs us little to nothing.

One point of contention is that our museum hours are limited to four hours per week on Saturdays, or by appointment in advance. This is the amount of time that the LMS has dedicated to providing volunteers to act as museum guides. It is my opinion that if the council wishes to open the museum for additional hours, we will need to work with the LMS to train city staff on that function. This may involve adding staff or using our current staff in different ways.

One conflicting mission I've noted is the struggle between archival and museum functions. To generate interest and raise funds, museums seek out the most 'interesting' artifacts and photos and save them for displays, fundraisers, and traveling exhibits. Where archival and referencing is based on providing access for all, museums dole out access

to items in a strategic fashion. These exhibits and fundraisers raise the money needed to continue to acquire artifacts. The art of running a museum is the balance in bringing in enough items to generate interest, but not giving everything away up front.

One thing that the LMS and city staff do well is balance those differing roles. While our staff is focused primarily on the reference and interest generation, the LMS continues to operate the museum acquisitions and display content in a strategic fashion. While there is a necessary blend or overlap in those roles, the LMS has not lost its original mission and focus.

Based on all these factors, it is my opinion that as membership naturally declines, the LMS should continue its operations until it is unable to field enough members to continue. Meanwhile, the city council should decide what resources to devote to archival and tourism as a core function of governance. The use of either two FTEs or an FTE and two PTEs may give us full forty-plus hours per week museum availability, but it should be noted that increasing public hours may or may not increase the number of visitors proportionally.

By comparison, the Dallas archives are open by appointment only, Monday – Thursday from 9a-4p. However, the archives do not also contain a museum feature.

Another issue is the separation between the LMS archives and publicly available city archives. Upon eventual dissolution of the LMS, the current contract calls for artifacts and records to be transferred to the city. What the contract does not specify is how we're supposed to do that.

The city and LMS jointly use a system called 'Past Perfect' to store accessioned items. We need a pathway for the LMS to 'move' or 'donate' documents back to a publicly available online archive on the city's website. It is perhaps more trouble than it is worth to access an item in one system and then have to manually move it to another, so we should look to either upgrade the software in place or find a system that allows for routine import/export of Past Perfect records from one platform to another. This will allow the LMS to strategically control what artifacts are released back to the city out of 'museum control' and into the public domain. If at any time the LMS dissolves, these electronic records could be moved en masse into the city's online archives. Since we are donating taxpayer dollars to the mission, some taxpayer benefit should be recognized in the form of searchable reference records, even in the short term.

In conclusion, at this facility we are just past the equilibrium point of non-profit contribution and taxpayer burden. As we continue to tip over into a heavier archival role, we need to be able to adapt and work to demonstrate taxpayer value. I recommend a renewal of the existing contract, no additional utility burden, and a focus on bringing the more mundane artifacts and documents fully into the public domain. I also recommend that if the council wishes to extend public hours during the week, that the council consider an additional PTE for FY 2020 whose time is split between accessioning of historical items and acting as a museum guide.

Loving Garland Green (LGG)

Taxpayer Benefit	Community garden space
Highest/Best Use	As unused park land in a busy corridor, this is a good use.
Council Objectives:	
Econ Base	-
Downtown	-
Infrastructure	-
Quality of Life	Fresh produce and neighborhood gardening, environmental education and water conservation techniques
Safe Community	More eyes on the creek is helpful as crime deterrence
Residential/Comm	Adds vibrancy to the Coomer Creek neighborhood
Utilities	-
City Services	-
Finances	-
Future-Focused Org	Water conservation education is useful in the DFW area
Mission Effectiveness	Garden produced measurable amounts of produce for donation to a secondary NPO
Contractual Changes	Fill in the gaps. Evaluate effectiveness of insurance vs claim waivers before requiring. Change indefinite contract to a fixed term with renewal
Shrink/Expand	Footprint should remain as-is pending construction documents for the Naaman School Road rebuild. Given enough interest, other small pockets of park land that will not be used for general park ops and are not useful for the public to play in could be considered for this type of development
Long-term goals	Citizen education is useful and should be encouraged. Small, ¼ - ½ acre community gardens in other parts of our park system would be useful. If the support for them disappears, they are easy to remove and do not pose a long-term labor liability for the city
Demographics Served	Primarily retirees and youth
Private Sector Comp	Grocery stores. Private sector impact is likely valued at < \$1,000/yr
General Comments	<p>Urban gardening and its related education are beneficial in promoting healthy eating and water conservation. There's value to the citizens in that, especially since we have no other real use for the land at this time.</p> <p>Renegotiate contract to a fixed length with periodic renewal.</p> <p>LGG has mowed the full park, outside of their strictly required area to act as good partners.</p> <p>The org understands that the Naaman School Rd rebuild may disrupt or force them to cease operations on the current plot of land.</p>
Committee Recommendations	Keep communications open as Naaman School Rd project progresses. Involve as stakeholders in the project and trail plan.
Contract Suggestions	Use new contracts during the next renewal period.

Preservation Society for Spring Creek Forest

Taxpayer Benefit	Stewarding the city's nature preserve
Highest/Best Use	Yes. Land is already set aside as a preserve. This group is acting as stewards
Council Objectives:	
Econ Base	The preserve is an economic asset both in branding but in a marketable higher quality of life. Their stewardship of this land is an amplification of that benefit
Downtown	-
Infrastructure	-
Quality of Life	Education and environmental preservation contribute to a higher quality of life
Safe Community	Additional eyes in forested areas acts as a crime deterrent
Residential/Comm	-
Utilities	-
City Services	-
Finances	-
Future-Focused Org	-
Mission Effectiveness	Monthly speakers and regular promotion make for a more effective org. General interest is low as with most NPOs, but since there is no associated cost to the city, any participation is a bonus
Contractual Changes	Adjust insurance requirements
Shrink/Expand	-
Long-term goals	-
Demographics Served	All
Private Sector Comp	-
General Comments	For groups like this that do not utilize city property and amplify the intended use of the property, it's hard to find anything to criticize
Committee Recommendations	Adjust / eliminate bonding requirement.
Contract Suggestions	Adopt new contract language during the next renewal.

Sports Field Use Agreement Recommendations

Today leagues have sole, exclusive use of sports fields. This prevents the city from easily hosting tournaments and sharing fields between organizations. There is a mix of various agreements, terms, lengths, and level of care for the facilities in our inventory.

Concerns Raised by the Sports League Contract Audit

- Consider adjusting the model from league-maintained fields and no fees to city-maintained fields with fees
- Contracts need to be consistently signed by the president of the orgs
- Consider transfer of ownership and maintenance of concession stands
- What is the approval process for league agreements?

The committee recommends that we begin adopting the following changes to our current model one sport at a time, beginning in the summer of 2020:

- 1) **COG will take responsibility for construction, maintenance, and scheduling of fields and sporting facilities.**
- 2) **COG will take responsibility for construction, maintenance, and operations of concessions facilities.**
- 3) **NPOs will not sub-lease or otherwise ‘sell’ their time slot to other organizations.**

These responsibilities may be delegated back to leagues as a part of their signed agreement.

There are a number of organizations that have a strong history with the city, and the committee has no wish to either diminish or otherwise understate their contributions. We proposed the following levels of partnership:

Organizational Tiers

- A) **Partner**
- B) **Primary Provider**
- C) **Tournament Provider**
- D) **Rental Customer**

As with the rest of the NPO analysis, we look at the amount of taxpayer subsidy vs benefit. The tiers are generally structured to where the ‘Partner’ organizations pay the least and receive the highest taxpayer subsidy, because they have a proven track record of serving the needs of the citizens.

Partner

For organizations similar to the South Garland Little League, Garland Soccer Association, and others, which have a long history with the city and have spent organizational money to improve the facility they use, offer concessions, and keep the grounds, we have created the ‘partner’ level. Partners may be trusted to accept additional responsibilities such as maintaining their own infields, mowing, maintaining scoreboards, etc. Partners typically have enough events that they may have ‘home’ fields that are generally assigned to them via normal scheduling.

Primary Provider

The 2nd tier of organizations may be newly formed, have a large contingent of participants from outside the city, or may be good candidates for heavy shared use of facilities due to a lower volume of activities. It is generally assumed

that these providers will do very little in the way of maintenance. Several years of success within the city structure and a demonstrated ability and willingness to perform maintenance activities may give these groups a path towards becoming partners. Other government agencies fall under this category as well.

Tournament Provider

The 3rd tier focuses on organizations that specialize in hosting tournaments. These organizations may be from inside or outside of the city. It is expected that these groups will perform no maintenance but will be eligible to rent out a group of fields for a special event. Revenue will be generated from these providers either through rental fees or tournament revenue share.

Rental Customers

Rentals will be available to the public on a first-come, first serve basis. Today we have four rental baseball fields that are generally available. The committee recommends that rental fields of all types continue to be separate from game fields whenever possible.

Concession Stands

Due to the lack of money and skilled construction labor readily available to maintain park concession stands, the committee recommends that the city own and maintain them. Money for maintenance and improvement will be raised by charging a fee to the organization. This may be either a flat fee or a percentage of sales, depending on the agreement.

Fee Reductions and Waivers

The council may choose to incentivize certain types of activity via fee waivers or financial aid. These waivers should be reviewed annually as part of the PRCAD operating budget. Reductions might include senior citizen leagues, veteran's leagues, or any disadvantaged group that the council wishes to consider.

Fee reductions may be earned through maintenance responsibilities that are clearly stated in seasonal agreements. The management of PRCAD is charged with ensuring that the maintenance activity is taking place to the city's standards prior to renewing a fee reduction with an entity.

Fee Structure

In the 2019 Budget, we approved a fee study for the city which will include recreation fees. While we have listed basic fees here, they are a general idea only and should be considered non-binding until a formal recommendation is made from the fee study authors. Again, these fees are listed for illustrative purposes only and have no basis in operational costs or league ability to pay. We've also listed an 'In City' rate, and an 'Out' rate. 'In City' rates require 51% of the membership of an organization to have a Garland mailing address. It is expected that the PRCAD will create a detailed fee structure that generally follows the ideas expressed here and will present it to council in the future for approval.

Tier	Per Team In/Out	Per Game *In/Out	Concession Stand Operations	Concession Stand Fees	Eligible for Fee Reduction / Waivers	Host Tournaments
Partner	\$20/\$30	\$25/\$40	Self or Contracted	10% or \$25	Yes	Yes
Primary Provider	\$30/\$45	\$35/\$50	Self or Contracted	15% or \$50	Per Agreement	Per Agreement
Tournament Provider	\$100	\$75	Contracted	20% or \$200	No	-
Rental Customer	n/a	\$50/\$75	n/a	n/a	No	No
Public Institution	\$30	\$40	Self or Contracted	10% or \$25	Per Agreement	Per Agreement

** 1 game is defined for Partners and Primary Providers as 1 practice and 1 game.*

Appendix A - Sports League Contracts Audit



Sports League Contracts

December 12, 2017

Report 201802

City Auditor:

Jed Johnson, CIA, CGAP

Major Contributor:

Jonna Murphy, CGAP

Contents

Overall Conclusion..... 1

Authorization..... 1

Objective(s)..... 1

Scope and Methodology 1

Background 3

Management Accomplishments* 5

Opportunities for Improvement 6

Exhibit A – Sampling Methodology 15

Exhibit B – Fields in Use by Sports Association 16



Overall Conclusion

The City of Garland is providing gyms and fields for use by sports associations and maintaining the fields and facilities free of charge. Internal Audit recommends the City consider charging a fee to offset the maintenance costs. Contracts for field use should be signed by appropriate parties and need some improvements to make them enforceable. Additionally, the City should assume ownership of concession stands built on City property, and establish clear contracts with the sports associations if the City wishes the associations to maintain the buildings. Finally, a straightforward and transparent process should be established for approval for sports associations to operate in the City of Garland.

Management was also provided with additional opportunities for improvement regarding tracking of spending and training on insurance verification. This was not considered significant to the objectives of the audit, but warrant the attention of management. Consequently, they do not appear in this report.

Authorization

We have conducted an audit of the Sports League Contracts. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

Objective A: Determine if the City is recovering expenses associated with the services provided.

Objective B: Verify the effectiveness of the City's contract monitoring.

Objective C: Determine if City resources are utilized equitably.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit is from October 1, 2016 to September 30, 2017, with the exception of GISD payment information, which was pulled to November 7, 2017.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA performed the following:

- Assess the reliability of benchmark fees charged, services provided, and number of fields by Garland to neighboring municipalities (Obj. A);
- Verify valid insurance policies are on hand with the City listed (Obj. A);
- Contact various sports associations that are active in Garland to ask several questions regarding their contract and interaction with the City (Obj. B);
- Compare contracts to field use, actual maintenance performed, subleasing, and ticket and concession sales (Obj. B);
- Run General Ledger reports to obtain totals spent on gym and field rental (Obj. B);
- Perform site visits to view concession stands, field usage, and lighting (Obj. B);
- Attempt to locate sports associations operating in Garland that do not currently contract with the City by performing online searches, inquiring with Parks staff, the Parks Board, Garland sports associations, and other municipalities (Obj. C).

To ensure data reliability of qualitative data, Field Use Agreements, insurance documents, and inspection reports, several individuals employed by the City (past and present) were interviewed, as were presidents of several sports associations, insurance companies, and individuals at other municipalities. Paper documents were obtained from various departments and compared with electronic data, and the City Attorney's office was consulted regarding enforceability of contracts. As a result of this testing, IA determined that testimonial evidence and contract records were sufficiently reliable for the purposes of this report.

A scope limitation was noted regarding work order tracking. The Parks Department has been tracking materials used as a department, but not by location or work order. Therefore IA could not isolate materials costs for sports fields as distinct from playgrounds, pools, pavilions, etc. Additionally, some materials such as infield conditioner are purchased by the sports association but applied by the Parks Department and would not be included in such an analysis.

The Parks Department is tracking work order hours in a database stored on their drive to which IA was not able to obtain read only access. The data was exported by Parks staff and sent to IA. IA tested the paper data against the data exported and the records appear reliable; however IA was unable to test for completeness. Additionally, some location codes relate specifically to the ballfield, while others refer to the entire park, and therefore include additional facilities (such as a pool). Therefore the work hours obtained by IA can be used for comparative purposes, but specific numbers do not appear in this report.

The Parks Department has recently begun tracking materials in their existing database with plans to evaluate this tracking in a few months. Additionally, a contractor is assisting Parks with obtaining work order management software. Therefore IA did not issue any recommendations regarding work order tracking. Finally, since this data is used for

comparative and background purposes only, IA considers it sufficiently reliable for the purpose for which it was used.

Based on the audit work performed, any deficiencies in internal control that are significant within the context of the audit objectives are stated in the Opportunities for Improvement section on page 6.

Background

The City of Garland Parks, Recreation, and Cultural Arts Department (Parks) maintains 69 ballfields¹: 31 soccer fields, 21 baseball fields, 8 softball fields, 3 football fields, 1 cricket field, and 5 rental fields. The rental fields can be rented by the hour by anyone on a first-come first-served basis.

The remaining 64 fields are used by 14 nonprofit sports associations who retain exclusive rights to the fields they use². Refer to Exhibit B for a listing of fields used by each sports association. The City mows, irrigates, and ensures the outfields, fields, and facilities are safe and secure². Parks performs the services they would for any City property: litter pickup, tree and flower bed maintenance, fence repair, etc. They also apply materials provided by the associations, such as infield conditioner.

The sports associations are responsible for providing clay, conditioner, bases, mounds, baselines, public address systems, flags, playing equipment, ensuring litter is placed in receptacles, marking the fields, etc². Baseball fields have a grass infield, and the sports associations are responsible for maintaining the infield. Softball fields have a clay infield which is maintained by Parks. Football and soccer fields are completely maintained by Parks. The sports associations are completely responsible for recruiting players, organizing teams, collecting dues, and scheduling games and practices. For sports like soccer where "resting" fields is important for field upkeep, the association is responsible for doing so.

The sports associations have had use of the City's fields for decades³. Some associations are unsure of how long they have been operating in Garland, and one association is celebrating its 60th anniversary this year. During this time, the City developed partnerships with the associations to share ownership and responsibility for the fields^{3,4}. The associations have built structures, some have built concession stands, and all have invested time and money in maintaining the fields. Overall, the sports associations generally do not change the fields they are using, but continue to use the same fields year after year. Any improvements must be approved by the Parks Department.

Lighting for the fields is controlled by either Parks or the association. For some fields, lights have been retrofitted with a system that allows the lights to be controlled by an online application. Anyone with internet access and a password is able to control the lights. One association interviewed by IA stated³ that access to the app was restricted to the President, Vice President, and Field Supervisor, and they did not have access to any fields besides their

own. Lights that have not been retrofitted for this system are controlled with key access³; keys have been provided to the associations for control of the lighting systems.

Each year in January, a meeting is held with the sports association representatives, who are placed on the Field Use Agreement (FUA) along with what fields will be used, the dates of field use, concession stand usage, facility improvements, general background check requirements, and establishes the sports associations as independent contractors². Parks also obtains copies of the sports association's insurance at this time. This agreement has grown and been amended over time as issues have arisen, but grew out of a gentleman's agreement that was originally in place with a few associations⁴. Overall, the City wishes to remain out of the day to day issues of operating a sports association, but does want this service available to the citizens of the City.

Sources:

1. Casey Allison, Parks Maintenance Manager
2. Field Use Agreement
3. Interviews with sports association presidents
4. Steve Finigan, Athletic Program Coordinator 1982 – 2009

Management Accomplishments*

The Sports Program Coordinator position acts as the main point of contact and provides support and oversight of fourteen different sports associations in Garland. This position also provides assistance to associations for sports tournament management which includes providing information for tournament bidding process, and liaison with Convention and Visitors Bureau for securing hotel room blocks.

Sports tournaments in Garland in 2017 included:

- 10 local adult softball tournaments
- 2 state wide adult softball tournaments
- 1 local youth softball charity tournament
- 4 local youth baseball tournaments

Park Maintenance operations included minor renovations to sports fields at the follow locations:

- Rick Oden Park field #4
- Bradfield Park field #3 (provided wheelchair friendly base paths for Buddy League)
- Norman Groves Park field #1 and #2
- Carter Softball Complex 5 fields
- Winters Softball Complex 3 fields

*Please note that "Management Accomplishments" are written by the audited entity and that Internal Audit did not audit or verify its accuracy.

Opportunities for Improvement

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

FINDING # 1 – CHARGE FEES (Obj. A)							
CONDITION (THE WAY IT IS)	<p>Garland is not currently charging any types of fees to any sports associations operating in the City. Parks currently provides field maintenance to varying degrees depending on field type, as well as use of lighting, gym and stadium rental, litter pickup, and maintenance of facilities (fence, restrooms, locks, lights, etc.). IA was unable to calculate specific Parks upkeep costs by location due to a scope limitation described on p. 2.</p> <p>The Parks Department pays GUSD for facility use for basketball, volleyball, and some fields and stadiums for football. GUSD offers a discounted rate for the City which includes lighting, a supervisor or monitor, and custodian fees for weekends. The City is not charged a building rental fee.</p> <p>Fees paid to GUSD</p> <table> <tr> <td>FY2016</td><td>\$57,680.45</td></tr> <tr> <td>FY2017</td><td>\$43,074.28</td></tr> <tr> <td>FY2018 to date (10/1/17 to 11/7/17)</td><td>\$12,762.84</td></tr> </table> <p>Source: City's Finance System</p> <p>IA contacted seven cities in the surrounding area (Refer to Exhibit A for Sampling Methodology), and all charge fees to sports associations.</p> <ul style="list-style-type: none"> • Three cities have different fees depending on residency of team; • Four cities charge additional fees for field lighting; • One city surveyed had more than Garland's 69 fields; two were close with 51 and 42 fields respectively; three had fewer than Garland with 24, 23, and 13; and number of fields was not obtained for one city. 	FY2016	\$57,680.45	FY2017	\$43,074.28	FY2018 to date (10/1/17 to 11/7/17)	\$12,762.84
FY2016	\$57,680.45						
FY2017	\$43,074.28						
FY2018 to date (10/1/17 to 11/7/17)	\$12,762.84						

<p>CRITERIA (THE WAY IT SHOULD BE)</p>	<p>The Government Finance Officers Association states: "State and local governments use charges and fees to help fund services. When certain services provided especially benefit a particular group, then governments should consider charges and fees on the direct recipients of those that receive benefits from such services." They go on to state that additional considerations include direct and indirect costs, subsidies, efficiency, affordability, periodic updates, comparing fees to comparable or neighboring jurisdictions, and opportunities for citizen feedback.</p> <p>http://www.gfoa.org/establishing-government-charges-and-fees</p>
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<p>According to Parks staff, these programs were established to bring organized sports to Garland, while minimizing oversight and manpower required to run the associations at a City level. Over time, the maintenance required for aging fields and facilities has increased. In some cases, according to Parks staff, the services provided by sports associations to their own fields have decreased.</p> <p>Parks has recently begun tracking materials by location; before this Parks was not tracking materials provided by sports associations or materials used at a particular site. Refer to information on scope limitations (p. 2) for more information.</p> <p>Gym and field rental from GISD occur because the Parks Department does not have enough space to accommodate all of the games and practices at the City's recreation centers.</p>
<p>EFFECT (SO WHAT?)</p>	<p>Charging fees to the sports associations will offset some of the costs covered by the City for field maintenance and facility rental. This will allow further improvements to existing programs and the possibility of bringing new programs to Garland.</p> <p>Tracking materials use by location will provide some accountability to the sports associations utilizing a particular field, and enable Parks to make better programmatic decisions.</p>

RECOMMENDATION	<p>The Parks Department should work with Parks Board and City Council to determine what type of fee structure would be appropriate for the City and the sports associations that operate here. The fee structure should address procedures for requesting reduced or waived fees.</p> <p>Management may also wish to consider incorporating higher fees for associations that serve non-Garland residents, additional fees for excessive light use, and financial penalties for failure to meet maintenance requirements in the Field Use Agreement (FUA).</p> <p>Parks should track direct and indirect costs spent on sports associations, including renting GISD facilities, and materials used in the maintenance of fields and amenities.</p>
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>The Parks Department will collect fee structures from surrounding cities to present to City Council to determine if a fee structure for athletic leagues is appropriate for the City of Garland.</p> <p>The Parks Department is currently modifying their current work management system to capture labor and material costs to assist determining fees to assist with an accurate cost recovery model.</p>
IMPLEMENTATION DATE	The Parks Department would like to provide suggestions to Park Board and City Council by the end of 2018, once the area study is complete and accurate labor and material costs are determined.

FINDING #2 – CONCESSION STANDS (Obj. B)	
CONDITION (THE WAY IT IS)	<p>The ownership of the concession stands and upkeep requirements are not clear and consistent across facilities.</p> <p>The FUAs list 15 concession stands (though during testing IA found at least one had been torn down), with 6 owned by the City and 9 owned by sports associations.</p> <p>Two of the sports associations contacted by IA stated they did not believe the concession stand was owned by their association, even if this is stated on the FUA. Parks was unable to locate any documentation regarding the original ownership of the stands other than the FUAs.</p> <p>An independent contractor is currently evaluating the status of the structural integrity of concession stands.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>The City Attorney's office confirmed that if a permanently affixed structure is located on top of City owned park property, the structure belongs to the City, regardless of who built it or how it was paid for, and what their intent might have been when it was constructed.</p> <p>If the City wishes to rent out usage or shift upkeep and maintenance obligations, a clear contract is necessary to allow for enforcement of accountability (Standards for Internal Control in the Federal Government).</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>According to the Athletic Program Coordinator who established the FUAs, the City viewed the concession stands as an opportunity to fundraise for the sports associations and the City did not wish to impede this. Some associations built concession stands themselves, or had nonprofit groups build them on their behalf, and therefore they were responsible for upkeep. Over time, the original ownership history has been lost.</p>
EFFECT (SO WHAT?)	<p>Confusion over ownership and responsibilities have led to the deterioration of several structures on City property. This is the first year Parks, Facilities, and Building Inspection have been involved in the concession stands. Previously, they were being inspected by Health which did not address structural concerns. Health inspection results were communicated directly with the sports associations.</p>

RECOMMENDATION	<p>The City should assume responsibility and ownership of all concession stands for which a contract confirming sports association responsibility cannot be located.</p> <p>City management and the Parks Department should continue to work with the independent contractor and sports associations on the current project regarding the future of the buildings (repaired, demolished, etc.).</p> <p>Licenses should be issued to the associations for use of the concession stands periodically as deemed appropriate by Management (i.e. seasonally or annually). Any maintenance or upkeep required, including ownership and responsibility for appliances, should be clearly detailed in a licensing agreement separate from the FUA. The Parks Department should work with the City Attorney's office to create such an agreement.</p>
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>The Parks Department is currently working with an independent contractor, Health Department, Building Inspection and Facilities Management to perform current condition assessments on facilities.</p> <p>The Parks Department will work with the City Attorney to assume responsibility and ownership of all concession stands for which a contract confirming sports association responsibility cannot be located.</p> <p>License agreements will be issued to athletic leagues to obtain use of concession stands and athletic fields on a seasonal basis.</p>
IMPLEMENTATION DATE	Fall 2018

FINDING #3 - CONTRACTS (Obj. B)	
CONDITION (THE WAY IT IS)	<p>Valid FUAs were not found for 3 of 14 (21%) sports associations.</p> <p>According to the City Attorney's office, there are several issues with the wording of the current FUA boilerplate that will make the agreements difficult to enforce. Some examples include:</p> <ul style="list-style-type: none"> • The person listed on the contract does not have a title, and contracts are not updated when that individual leaves office during the year; • The contract lists the department instead of the City of Garland; • Use of the word "assignee," and lack of consideration for the City make the contract difficult to enforce; • Responsibilities listed in the contract are not clear. For example the City provides electricity, but the sports associations provide the scoreboards. It is not clear who would be liable if someone were injured working on a scoreboard; • References to concession stands include concessions that have been torn down and typographical errors. <p>Sports associations make upgrades to their playing facilities with approval from the Parks Department. However this can be problematic when fields are transferred. For example, one sports association reported to IA that when they lost a field due to declining enrollment, they had to leave their scoreboards behind for the other association to use. The other association confirmed this. This situation is not addressed in the FUA.</p>
CRITERIA (THE WAY IT SHOULD BE)	A clear and enforceable contract should be in place to protect the City's interests and prevent disagreements and conflicts.
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	The current contracts were developed by a former Athletic Program Director at the Parks department, with provisions added to the contract as issues arose.
EFFECT (SO WHAT?)	If a conflict arises between the City and a sports association, it would be difficult to resolve without clear contract terms and conditions.

	Unclear responsibilities may lead to negligence of field maintenance.
RECOMMENDATION	<p>Parks Management should work with the City Attorney's office to develop enforceable and clear FUAs:</p> <ul style="list-style-type: none"> • These should incorporate clear expectations for both parties, and clear consequences for non-compliance. • Signed contracts should be kept on file for all sports associations. • Contracts should be updated if the authorized signatory for the sports association changes. • Contracts should address improvements made by the sports associations. • If a fee schedule is put into place that results in payments of over \$1,000 in a year, the signed contract must be filed with the City Secretary's office (City Secretary Directive 5).
MANAGEMENT RESPONSE	Concur
ACTION PLAN	<p>Facility Use Agreements will be stored on OnBase upon execution and original documentation will be filed in the administration office to meet document retention regulations.</p> <p>The Parks Department will meet with the City Attorney's office to revise the current FUA to ensure ease of enforcement.</p>
IMPLEMENTATION DATE	May 2018

FINDING #4 – SPORTS ASSOCIATION APPROVAL (Obj. C)	
CONDITION (THE WAY IT IS)	<p>There is not a clear process for new sports associations to begin operating in Garland.</p> <ul style="list-style-type: none"> • Parks staff state sports associations must obtain approval from the Parks Board; • Parks Board members interviewed by IA are unaware of this process and do not recall any associations being declined (Refer to Exhibit A); • IA was unable to locate request for approval from a new league in Garland in Parks Board minutes online (dating back to 2011); • IA was unable to locate any information on this process which would be available to sports associations who wish to operate in Garland. <p>Two sports associations interviewed by IA reported knowledge of unauthorized sports associations operating in Garland; IA has been unable to validate these statements.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>It is government's responsibility to serve all members of the community equally. Services are equivalent for all eligible parties, with distinctions based on objective measures. An objective appeals process must be in place in case services are denied. (Institute of Internal Auditors Certified Government Auditing Professional Guide)</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>When this process was put into place, Parks' current and former staff state that there weren't many associations that wished to operate here. However, over the course of the ensuing decades, many more associations, sports, and levels of competition have developed.</p>
EFFECT (SO WHAT?)	<p>With no clear procedure in place, it would be difficult for the City to remove associations that are disruptive or do not reflect Garland values, and to open up facilities to new associations that wish to begin operating here.</p> <p>The lack of a clear, publicized procedure may prevent organizations from offering services to the citizens of Garland. It also creates the appearance of favoritism for the associations currently operating in the City.</p>
RECOMMENDATION	<p>Parks Department Management should develop a process that would allow sports associations to apply to operate in</p>

	Garland and use Garland facilities. This process should be clearly posted on the City's website, and should include an appeals process.
MANAGEMENT RESPONSE	Concur
ACTION PLAN	The Parks Department will work with the Parks Board to develop criteria and policy for new and current sports associations to utilize sports facilities in Garland. Once the criteria and policies are approved it will be posted on the Parks and Recreation website.
IMPLEMENTATION DATE	September 2018

Exhibit A – Sampling Methodology

Benchmarking Sports Association Fees

Seven cities were judgmentally selected to compare to Garland based on location, size, and age of facilities: Mesquite, Richardson, McKinney, Plano, Rockwall, Rowlett, and Irving. The results of this sample can be projected to the entire population.

Parks Board Members

Two Parks Board members (of 9; 22%) were selected for interviewing on the process of approving new sports associations. Results can be applied to the entire population.

Exhibit B – Fields in Use by Sports Association

Sports Association	Fields	Count of Fields
Rental Fields	Bill Cody - Softball, Baseball, Football, Youth Soccer Lou Huff - Softball, Baseball, Football, Youth Soccer Collum - Youth Softball, Soccer, and Football Crossman 1 & 2 - Youth Softball, Soccer, and Football	5
Buddy League	Bradfield Complex #3	1
South Garland Little League	Central Baseball Complex Fields 1 - 5	5
Garland Softball Association	Carter Softball Complex Fields 1 - 5	5
Garland Boys Basketball Association	Various GISD Gyms and City Rec Centers	0
Garland Baseball Inc.	Rick Oden 1-4, 6	5
Garland Cricket Association	Troth Ablon Park	1
Garland Cheer and Dance Team Association	Bradfield, Central, Holford Football Fields, City of Garland Rec Centers, GISD Gyms/Fields (Cheer for Pee Wee Football)	0
Garland Girls Basketball Association	Various GISD Gyms and City Rec Centers	0
Garland Girls Softball Association	Winters Softball Complex Fields 1 - 3	3
Garner Little League	Bradfield Park Baseball Complex 1 - 2, 4	3
Garland Pee Wee Football Association	Bradfield, Central, and Holford Football Fields	3
Garland Soccer Association	Winters and Audubon Soccer Complexes	31
Garland Girls Volleyball Association	Granger & Holford Recreation Centers and Various GISD Gyms	0
North Garland Sports Association	Holford Baseball Complex 1-2 * & 3 - 4, Norman Groves 1 - 3	7
Total		69

**The FUA does not reflect Holford fields 1 & 2, but Parks states these are in use by North Garland Sports Association.*

Source: FUAs and Parks Maintenance Manager

Appendix B - City Property Usage Audit Report



City Property Usage Audit

April 29, 2019

Report 201902

City Auditor:

Jed Johnson, CIA, CGAP

Major Contributor:

Lynae McClean, CPA

Contents

Executive Summary.....	1
Authorization	1
Objective(s)	1
Scope and Methodology.....	1
Report Format for Each Organization.....	3
Boy Scouts of America (BSA) - Troop 100.....	4
ChildCareGroup (CCG).....	7
Dallas Off-Road Bicycle Association (DORBA)	10
Freemonters Neighborhood Association (FNA)	13
Garland Amateur Radio Club (GARC).....	15
Garland DFW Heliport.....	18
Garland Emergency Corps (GEC)	22
Head Start Child Care Center	25
Hope's Door New Beginning (HDNB) - Resale Shop*	28
Landmark Society.....	30
Loving Garden Green	35
Preservation Society for Spring Creek Forest.....	38
Opportunities for Improvements.....	41
Recommendations	41
Exhibit A – Map of City Properties Utilized by Third-Parties.....	43

Executive Summary

This audit identified 12 third-parties that are utilizing City properties. These organizations offer various services to the City, including:

- Educating and training youth
- Maintaining bike trails and preserving forests
- Promoting neighborhood and police alliance
- Providing radio communications and crowd control assistance during City events
- Providing heliport services
- Maintaining a community garden
- Preserving Garland history

Internal Audit's (IA) review of the City's handling of third-party usage of the City properties revealed that most of these agreements have not been re-evaluated in recent years. This audit also identified inconsistencies in how the contracts were executed and the lack of a contract monitoring and enforcement program. As a result, certain organizations are operating without written agreements or with expired agreements, various levels of City employees executed agreements on behalf of the City, the City is absorbing most of the utilities and maintenance costs, and some standard clauses are missing from the agreements.

IA recommends the City should re-evaluate the agreements to ensure that the purpose and associated terms and conditions of these agreements align with the City's vision and priorities, develop a City-wide policy regarding the execution of agreements with third-parties, and develop a centralized contract management function to monitor and enforce terms and conditions.

Authorization

This audit was conducted under the authority of Article IV, Section 8 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

- A. Identify third-party agreements with the City regarding utilization of City property.
- B. Verify usage, purpose, services provided and compliance with terms and conditions of the agreements.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for any findings and

conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The scope of this audit covered third-parties that are currently utilizing City properties. Please note this list may not be all inclusive. These were the ones IA identified or was made aware of during IA's background research. To analyze the costs absorbed by the City, IA utilized City financial records from October 1, 2013 to December 31, 2018.

The scope did not include agreements between the City and Strata Materials, Hawaiian Falls, Sports Leagues, and the Garland Women's Activity Building since these agreements were reviewed as part of previous audits.

To adequately address the audit objectives and to describe the scope of the work on internal controls, IA:

- Conducted inquiries with City Council, City Management, City Attorney's Office, City Secretary's Office and outside organizations, and reviewed the City's document repository system in order to identify third-party agreements. (Obj. A)
- Obtained and reviewed City Council meeting minutes and resolutions to verify authorization of agreements with third-parties, if any. (Obj. B)
- Conducted interviews with third-parties and reviewed supporting documentation such as financial records, organizations' websites, and by-laws to gain an understanding of the organization's mission and services provided. (Obj. B)
- Conducted interviews with various City departments and reviewed supporting documentation to evaluate the services provided by the City. (Obj. B)
- Conducted a walkthrough of the property to observe that the property is maintained in accordance with the contract. (Obj. B)
- Obtained and reviewed insurance policies from third-parties and the City to determine if coverage is adequate. (Obj. B)
- Obtained and reviewed supporting documentation to ensure compliance with contract terms and conditions for both the City and third-parties. (Obj. B)
- Corroborated with City departments and recipient donors to verify donations from third-parties. (Obj. B)

To assess the reliability of City reports originated from Customer Service, Parks, and Facilities Management, IA interviewed the respective departments and compared the reports to the applicable systems and financial records to verify accuracy. The intent of this assessment was to estimate the costs of City services provided to third-parties, not a detailed study of each system. As a result of the assessment, IA determined the data was reliable and sufficient for purposes of this report.

Report Format for Each Organization

Throughout the years, the following third-parties entered into agreements (verbal or written) with the City to provide certain services to benefit the citizens of Garland:

1. Boy Scouts of America Troop 100 (BSA)
2. ChildCareGroup (CCG)
3. Dallas-Off Road Bicycle Association (DORBA)
4. Freemonters Neighborhood Association (FNA)
5. Garland Amateur Radio Club (GARC)
6. Garland Emergency Corps (GEC)
7. Garland DFW Heliport (Sky Helicopters)
8. Head Start Child Care Center
9. Hope's Door New Beginning (HDNB) Resale Shop
10. Landmark Society
11. Loving Garden Green
12. Preservation Society for Spring Creek Forest

The locations of each City property that are utilized by third-parties can be found in Exhibit A.


Pertinent information related to these agreements are included under each organization, starting on page four. Each organization's presentation contains the following:

- Property and ownership.
- Contract and resolution dates, terms, authorization and organization status.
- Background information - mission, history, board and membership, services provided and funding source.
- Contract requirements - the organization's use and key obligations, the COG's obligations, consideration, insurance, reporting requirements, audit clause, and other standard contract clauses.
- Annual costs absorbed by the COG - utilities, maintenance, landscaping, Information Technology (IT), and salaries.
- Review summary.

Please note, for report purposes, the following terms are used interchangeably:

- *Agreement and contract*
- *City and COG (City of Garland)*
- *Third-party and organization*

Boy Scouts of America (BSA) - Troop 100
116 S. Sixth St.


<p>Year Built: 1940</p> <p>Building Size: 4,988 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> ▪ Land – City of Garland (COG) ▪ Building and Structures – COG <p><i>(Source: Dallas County Appraisal District)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
No contract	No contract	No contract	Sponsored by the Garland Fire Fighter Association (FFA)
Background			
Mission	<p>The mission of the BSA is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law.</p> <p><i>(Source: BSA Website)</i></p>		
History	<p>The Boy Scouts Troop 100 was formed in 1984 by five adult Scouters who wanted more for their sons. One of the goals of the troops was to have 100 scouts, and that is how the Troop number was selected.</p> <p>Troop 100 initially met in the centrally located Austin Street Church of Christ, and later moved to an automotive repair shop. As the Troop began to grow, a larger location was needed, and the Troop moved into the first floor of the current building on Sixth Street. Previously, the building was the main fire and police station. When the Troop moved in, the building was occupied by the Garland Optimist Club, and included a boxing ring for the Garland Police Association. After two years, the Optimist Club moved out and purchased their own building, and the boxing ring was removed. The Troop remained in the building and found vendors and supporters to donate resources to provide building repairs, furniture and fixtures. Upon completion of the repairs, the Troop held a building dedication on January 23, 2000.</p> <p><i>(Source: Former Troop Committee Chairman)</i></p>		
Board and Membership	<p>Troop 100 currently has 45 boy scouts (23 are Garland residents) and 26 adult volunteers.</p> <p><i>(Source: Troop Committee Chairman)</i></p>		

Services Provided	<ul style="list-style-type: none">• Conducts flag ceremonies at City functions, such as the 4th of July celebration and City Council meetings.• Volunteers at food drives, City clean-ups, hospitals, churches and various Eagle projects.• Provides various activities for Cub Scouts. <i>(Source: Troop Committee Chairman)</i>		
Organization's Funding Source	<ul style="list-style-type: none">• Membership Dues• Fundraisers• Donations <i>(Source: Troop Committee Chairman)</i>		
Contract Requirements			
Organization's Use & Key Obligations	No contract		
COG's Obligations	No contract		
Consideration (Profit Sharing or Rent Paid to the COG)	No contract		
Insurance	No contract; however, the BSA maintains the following policies: <ul style="list-style-type: none">• General Liability <i>The Certificate Holder box on the policy is listed as the Fire Fighter Association building.</i>• Property• Accident	COG Approval Required for Modifications	No contract
Indemnification Clause	No contract	Audit Clause	No contract
Non-Discrimination Clause	No contract	Reporting Frequency to the COG	No contract
Termination	No contract		
Dissolution	No contract		
Annual Costs Absorbed by the COG			
COG's Costs	Utilities \$2,184 Avg.*/Year The address on the electric account is recorded as 102 S. Sixth St. <i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$2,276 in 2018. (Source: Customer Service)</i>	Maintenance \$0 Troop 100 maintains <i>(Source: Facilities Management)</i>	Landscaping \$0 Troop 100 maintains <i>(Source: Parks Management)</i>

Review Summary

1. The Boy Scouts Troop 100 serve the Garland community through flag ceremonies and volunteering at food drives, City clean-ups, hospitals, churches and various Eagle projects.
2. There is no evidence of a written agreement or City Council actions between the COG and the Boy Scouts Troop 100 regarding the use of the COG property located at 116 S. Sixth St.
3. The contact name and building address for the electric usage account in the Customer Service system has not been updated.
4. The current utility calculation (\$2,184 Avg. /Year) is based on an “intracity” rate; however this type of organization would fall under the “public institution” rate. Using this rate, the utility cost would have increased by an additional \$2,276 in 2018.
5. The COG is not listed as the Certificate Holder on the Boy Scouts insurance policy.

ChildCareGroup (CCG)
625 E. Avenue B.


<p>Year Built: 1959</p> <p>Building Size: 4,640 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> ▪ Land – City of Garland (COG) ▪ Buildings and Structures – CCG <p><i>(Source: Dallas County Appraisal District)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> • Current Contract - December 20, 2006 • Previous Contract – April 12, 1956 	<ul style="list-style-type: none"> • Current Contract – 25 Years • Previous Contract – 50 Years 	<ul style="list-style-type: none"> • Current Contract - William Dollar, City Manager • Previous Contract – W.H. Bradfield, City Mayor 	501c3
Background			
Mission	<p>To champion a strong two-generation system that teaches children and parents, trains early childhood professionals and assists families.</p> <p><i>(Source: ChildCareGroup Website)</i></p>		
History	<p>“The CCG works to end the cycle of intergenerational poverty in our community by utilizing the research-based Two-Generation Approach that links our high-quality early childhood education programs with other core programs and services that help families increase self-sufficiency. As ‘early adopters’ of the 2Gen model in Dallas County, we constantly work to refine our programs and services to best meet the needs of the children and families we serve. The CCG approaches its 120th anniversary with a rich history, filled with stories of uplifting families and making a positive impact on communities.”</p> <p><i>(Source: ChildCareGroup Website)</i></p> <p>The building was dedicated to Pearl C. Anderson on May 17, 1959 to honor her generosity and concerns to envision a better life for others.</p> <p><i>(Source: Plaque at the ChildCareGroup Anderson Center)</i></p>		
Board and Membership	<p>The CCG has 26 board members.</p>		

Services Provided	<ul style="list-style-type: none">• Provide early childhood education for children ages three to four years of age. Families qualify by meeting the Federal Poverty Guidelines, or if they meet one of the following criteria: foster child, disability, military families, homelessness. <i>(Source: ChildCareGroup Website)</i>• Current enrollment is at capacity of 120 students.• Seventy six percent are Garland residents (91 out of 120).• Sixteen applicants are on a waitlist. <i>(Source: Center Manager, ChildCareGroup)</i>		
Organization's Funding Source	<ul style="list-style-type: none">• Head Start and Early Head Start grants (Health and Human Services)• Texas Workforce Commission• Private contributions and grants• Fundraising events <i>(Source: ChildCareGroup Website)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The premises leased are to be used and occupied by the Lessee (CCG) as a non-profit child care enter operating under the name "Pearl C. Anderson Child Development Center" and for no other uses or purposes whatsoever. The Lessee shall not use or permit the use of the premises, or any part thereof, for any purpose other than as stipulated without the written consent of the Lessor (COG). <i>(Source: Agreement between the COG and ChildCareGroup)</i>		
COG's Obligations	Not specified in the contract		
Consideration (Profit Sharing or Rent Paid to the COG)	\$1.00 per year, in full and in advance.		
Insurance	Yes – The CCG maintains: <ul style="list-style-type: none">• General Liability• Property	COG Approval Required for Modifications	Not specified in the contract
Indemnification Clause	Yes	Audit Clause	Not specified in the contract
Non-Discrimination Clause	Not specified in the contract	Reporting Frequency to the COG	Not specified in the contract
Termination	This lease may be terminated by the Lessor, for cause, upon 30 day written notice to the Lessee. Cause shall be deemed to be any of the following failures to: maintain insurance coverage, maintenance of the premises, and comply with any material provision of the lease. <i>(Source: Agreement between the COG and ChildCareGroup)</i>		
Dissolution	Not specified in the contract		

Annual Absorbed Costs by the COG			
COG's Costs	Utilities	Maintenance	Landscaping
	\$0	\$0	\$0
	CCG pays	CCG maintains	CCG maintains
	<i>(Source: Customer Service)</i>	<i>(Source: Facilities Management)</i>	<i>(Source: Parks Management)</i>
Review Summary			
<ol style="list-style-type: none"> 1. The CCG provides early childhood education for children ages three to four years of age for families that qualify by meeting the Federal Poverty Guidelines, or if they meet certain criteria. 2. According to the Dallas County Appraisal District, the land is owned by the COG, and the building is owned by the CCG. 3. The current contract between the COG and the CCG does not include standard contract clauses, such as a non-discrimination and a right to audit clauses, as well as requirements for the CCG to periodically report to the COG and obtain approval for modifications. Also, the contract does not specify the ownership of property such as furniture and personal property or does not specify dissolution terms. 			

Dallas Off-Road Bicycle Association (DORBA)

Rowlett Creek Preserve and Rivercrest Branch Greenbelt


<p>Land Size: 360 Acres</p> <p>Ownership:</p> <ul style="list-style-type: none"> Land – Dallas County <p><i>(Source: COG Parks and Recreation Management)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> Contract – March 18, 1997 Parks Renewal Letter – January 18, 2008 	<ul style="list-style-type: none"> Contract - 9.5 Months Letter - Automatically renewed each year 	<ul style="list-style-type: none"> Contract - Jim Stone, Assistant Director Letter - Ann McGinnes, Senior Park Planner 	501c3
Background			
Mission	<p>The DORBA seeks to be at the forefront of promoting the sport of mountain biking, land access, and advocacy for the North Texas area, and serve as a model of leadership for other cycling organizations.</p> <p>The DORBA will seek to accomplish its Vision through:</p> <ul style="list-style-type: none"> Cycling education programs that advance a cyclists knowledge and skill level in a fun and encouraging atmosphere Non-competitive cycling events that foster a sense of fellowship and camaraderie that appeals to the diversity that is found within mountain biking community Competitive cycling events catering to cross-country (XC), endurance, and racers of all racing skill levels Adherence to International Mountain Bicycling Association (IMBA) guidelines for trail development and other insurance requirements Open, direct, and legal partnerships with land managers that can serve as models for new trails <p><i>(Source DORBA website)</i></p>		
History	<p>The DORBA was founded in 1988, and began "Blazing Trails" in 1989. The first trails completed were Northshore and Knob Hills, both on USACE land around Grapevine Lake in Flower Mound. These two trails started as motocross, hiking and wildlife trails that were expanded for mountain bike use. They were soon</p>		

	followed by the L.B. Houston Nature Trail, built as a completely new trail on Dallas Park and Recreation land. Many more have followed, with the DORBA gaining agreements to build and maintain trails on USACE, city, county, state park, nature preserve and private properties.		
	The Rowlett Creek Preserve (RCP) and Rivercrest Branch Greenbelt trails opened in June 1995. The trail is approximately 16.3 miles. Each trail has an unpaid volunteer “trail steward” designated by DORBA that is responsible for the trail maintenance. <i>(Source DORBA website and Trail Steward, RCP)</i>		
	In 1982, the COG and Dallas County entered into an Open Space Use Agreement to lease the RCP to the COG for a period of 99 years. <i>(Source: Open Space Use Agreement between the COG and Dallas County)</i>		
	In 1997, the COG Parks and Recreation Department (PARD) entered into a Facilities Utilization Agreement with DORBA. <i>(Source: Facility Use Agreement between the COG PARD and DORBA)</i>		
Board and Membership	<ul style="list-style-type: none">• The DORBA averaged 1,553 members in 2018.• The DORBA has seven officers and five directors. <i>(Source: RCP Trail Steward)</i>		
Services Provided	<ul style="list-style-type: none">• The DORBA sponsored one bike event in 2017, and coordinated two bike events in 2018 for other organizations at RCP.• The DORBA volunteers maintain the RCP trails. <i>(Source: RCP Trail Steward)</i>		
Organization’s Funding Source	<ul style="list-style-type: none">• Membership Dues• Special Events (Bike Races)• Merchandise• Grant provided by Recreational Equipment, Inc. (REI Stores) <i>(Source: RCP Trail Steward)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The agreement enables the Permittee (DORBA) to conduct the following recreation activities: <ul style="list-style-type: none">• Off-road bicycle (non-motorized) activities, such as the DORBA sponsored races and special events. The DORBA is required to provide the PARD with a schedule of all races and special events.• Construction and maintenance of the PARD approved trails. <i>(Source: Facility Use Agreement between the COG PARD and the DORBA)</i>		
COG’s Obligations	Not specified in the contract		
Consideration (Profit Sharing or Rent Paid to the COG)	Not specified in the contract		
Insurance	Yes, the DORBA maintains: <ul style="list-style-type: none">• General Liability	COG Approval Required for Modifications	Yes

	• Directors and Officers (D&O)		
Indemnification Clause	Yes	Audit Clause	Not specified in the contract
Non-Discrimination Clause	Yes	Reporting Frequency to the COG	Yes
Termination	Any violation of any of the provisions of this agreement and/or exhibits(s) shall be grounds for the termination of the agreement, subject to the approval of the Parks and Recreation Board. The Parks and Recreation Board may terminate this Agreement without cause or penalty by giving Permittee (DORBA) at least 30 days written notice. <i>(Source: Facility Use Agreement between the COG Parks and Recreation Dept. and DORBA)</i>		
Dissolution	Not specified in contract		
Annual Absorbed Costs by the COG			
COG's Costs	Utilities \$0 N/A	Maintenance \$0 N/A	Landscaping \$0 DORBA maintains the trails. <i>Parks department has an agreement with a third-party to cut the grass three times per year at the greenbelt at no cost to the COG. The third-party is able to use the grass for hay. (Source: Parks Management)</i>
Review Summary			
1. The DORBA RCP volunteers maintain 16.3 miles of biking trails. Also, the DORBA sponsored one bike event in 2017, and coordinated two bike events in 2018 for other organizations at RCP.			
2. The written agreement between the COG and the DORBA expired in December 1997. The current operation is based on an automatic annual renewal authorized by the Parks Senior Planner in 2008.			
3. The agreement requires officers to be bonded for transactions that exceed \$5K. The DORBA does not maintain bonding policies, but instead maintains a D&O policy. According to the COG Risk Management, this type of policy is sufficient.			
4. The contract format used to enter an agreement with the DORBA in 1997 is typically used by the COG to execute agreements with third-parties for the use of ballfields and park facilities, not for property usage.			
5. COG employees at various levels executed contracts on the COG's behalf.			

Freemonters Neighborhood Association (FNA)


Harmony House - 215 Southwood

Year Built: 1940 Building Size: 1,082 sq. ft. Ownership: <ul style="list-style-type: none"> Land – City of Garland (COG) Building and Structures – COG <p><i>(Source: Dallas County Appraisal District)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
No contract	No contract	No contract	Neighborhood Association
Background			
Mission	Promote harmony and provide accessibility to police for the neighborhood. <i>(Source: President, FNA)</i>		
History	<p>The Harmony House was established to be more accessible to the community and promote unity in the neighborhood. The home was previously located at Avenue D and 9th St. and then it was moved to the Freemonter's Neighborhood in 1995. Initially, it was a police sub-station, and the police moved out of the home around 2007. At this point, the administrative duties of the Harmony House was turned over to the FNA.</p> <p>The officers and board members of the FNA meets at the Harmony House several times per year and invites the assigned Neighborhood Police Officer (NPO) to the meetings.</p> <p>The FNA serves approximately 300 homes in the neighborhood. <i>(Source: President, FNA)</i></p>		
Board and Membership	The FNA has four Officers, five board members and ten designated street captains. <i>(Source: President, FNA)</i>		
Services Provided	The FNA holds neighborhood meetings about every three months with the Street Captains and NPO. <i>(Source: President, FNA)</i>		
Organization's Funding Source	<ul style="list-style-type: none"> The COG grants through Neighborhood Vitality for annual block parties (the last block party was in 2016) Membership dues from officers, board members and street captains Donation of food and door prizes for annual block parties from various sponsors <p><i>(Source: President, FNA)</i></p>		

Contract Requirements			
Organization's Use & Key Obligations	No contract		
COG's Obligations	No contract		
Consideration (Profit Sharing or Rent Paid to the COG)	No contract		
Insurance	No contract, and the FNA does not maintain insurance on the property.	COG Approval Required for Modifications	No contract
Indemnification Clause	No contract	Audit Clause	No contract
Non-Discrimination Clause	No contract	Reporting Frequency to the COG	No contract
Termination	No contract		
Dissolution	No contract		
Annual Absorbed Costs by the COG			
COG's Costs	Utilities \$823* Avg./Year	Maintenance \$698 Avg./Year	Landscaping \$660 Avg./Year
	<i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$535 in 2018. (Source: Customer Service)</i>	<i>(Source: Facilities Management)</i>	<i>(Source: Parks Management)</i>
Review Summary			
1. The FNA serves the neighborhood by providing access to the NPO.			
2. There is no evidence of a written agreement or City Council actions between the COG and the FNA regarding the use of the Harmony House.			
3. The current utility calculation (\$823 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$535 in 2018.			
4. According to the FNA President, there is no one to assume her roles and responsibilities once she retires. The FNA is willing to work with the COG to transfer the administration of the building back to the COG or another organization to continue the mission.			

Garland Amateur Radio Club (GARC)

1027 Austin St.


<p>Year Built: 1966</p> <p>Building Size: Approx. 800 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> Land – City of Garland (COG) Buildings and Structures – COG <p><i>(Source: Dallas County Appraisal District and COG Facilities Management)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
No contract	No contract	No contract	501c3
Background			
Mission	<p>Organized to provide disaster relief, maintain communications services for Civil Defense, Red Cross, and government agencies in times of emergencies, and provide amateur radio operator training to individuals.</p> <p><i>(Source: GARC Bylaws)</i></p>		
History	<p>The GARC formed in 1957 and offers programs of education and civic activities in Garland. In 1967 the GARC worked with the City Manager (Charles Duckworth) to secure a permanent facility suitable to set up radio communications primarily with Austin, TX. The facility needed to be accessible at all times and suitable for housing amateur radio type equipment including antennas and high power transmitters. It was agreed that the COG would provide the facility and the GARC would provide the equipment and staffing and maintain the inside of the facility. The COG would not provide funding of any type. The facility was called the Emergency Communications Center (ECC) and is located in downtown Garland within the Fire Station 1 complex. Several members of the GARC are also part of the Garland Radio Amateur Civilian Emergency Services (Garland RACES).</p> <p><i>(Source: Former President, GARC)</i></p> <p>The Garland RACES was formed in 1976 shortly after the COG learned that Dallas RACES was providing early warnings of severe weather that sometimes produced tornados. The RACES is a governmental program that is authorized by Part 97 of the Federal Communication Commission (FCC) rules. It is endorsed by the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA). Any local, county or state government may organize a RACES group. The RACES may be activated for emergencies</p>		

	<p>which can include natural, technological or manmade disasters such as fires, floods, earthquakes, chemical spills, nuclear power plant accidents and acts of war. During all times that amateur stations are operating under the RACES rules, they may only communicate with other RACES stations, and only for the purpose of conveying official civil-preparedness emergency communications. The RACES is not an organization but rather a set of FCC rules that define when and how Amateurs may provide communications services for state and local government.</p> <p>Currently, the Garland RACES is a vital part of the COG Office of Emergency Management (OEM).</p> <p><i>(Source: Director, OEM)</i></p>		
Board and Membership	<p>The GARC has 75 – 100 members, including nine officers. Thirty-eight of the GARC members are also members of Garland RACES.</p> <p><i>(Source: President and Former President, GARC)</i></p>		
Services Provided	<ul style="list-style-type: none">• Provides instruction and training of individuals to develop or improve skills as amateur radio operators.• Serves as a backup for the Garland RACES during times of emergencies.• Provides assistance at City events such as the 4th of July Celebration. <p><i>(Source: GARC Articles of Incorporation and President, GARC)</i></p>		
Organization’s Funding Source	<ul style="list-style-type: none">• Membership Dues• Private Donations• Serves as a broker for estate sales of radio equipment• Obtain payments through the COG Code Compliance Program by removing signs from Garland streets <p><i>(Source: President and Former President, GARC)</i></p>		
Contract Requirements			
Organization's Use & Key Obligations	No contract		
COG’s Obligations	No contract		
Consideration (Profit Sharing or Rent Paid to the COG)	No contract		
Insurance	No contract; however GARC maintains general liability	COG Approval Required for Modifications	No contract
Indemnification Clause	No contract	Audit Clause	No contract
Non-Discrimination Clause	No contract	Reporting Frequency to the COG	No contract

Termination	No contract		
Dissolution	No contract		
Annual Absorbed Costs by the COG			
COG's Costs	Utilities Unable to determine <i>(Source: Customer Service)</i>	Maintenance Unable to determine <i>(Source: Facilities Management)</i>	Landscaping Unable to determine <i>(Source: Parks Management)</i>
Review Summary			
1. The GARC provides training of individuals to develop or improve skills as amateur radio operators and serves as a backup to the Garland RACES.			
2. There is no evidence of a written agreement or City Council actions between the COG and the GARC.			
3. The costs associated with the facility for utilities and maintenance are included with the Fire Station 1 complex, and cannot currently be isolated to GARC's use.			

Garland DFW Heliport

2559 S. Jupiter Rd.

Year Built: 1988 Premises: <ul style="list-style-type: none"> 8 Acres including a 175K sq. ft. ramp Terminal - 6K sq. ft. Hangars/canopy - 25K sq. ft. Ownership: <ul style="list-style-type: none"> Land – City of Garland (COG) Building and Structures – COG Other such as fixtures or improvements – COG Moveable equipment and trade fixtures – Sky Helicopters <small>(Source: Dallas County Appraisal District and the Heliport Lease Operating Agreement between the COG and Sky Helicopters)</small>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> Resolution #5676 – August 20, 1985 Resolution #7123 – January 5, 1993 Contract – January 6, 1993 Resolution #8217 – July 20, 1999 Contract – August 1, 1999 Amended contract – April 18, 2011 	<ul style="list-style-type: none"> Five years with three year extension - contract dated January 6, 1993 40 years - contract dated August 1, 1999 12 year extension – contract dated April 18, 2011 	<ul style="list-style-type: none"> Resolution #5676 – Charles Matthew, City Mayor Resolution #7123 – Bob Smith, Mayor Resolution #8217 – James Spence, City Mayor Contract – Not specified Amended contract – William Dollar, City Manager 	For Profit
Background			
Mission	The Garland/DFW Heliport is Texas' largest public use heliport that provides a variety of services to businesses, tourists, and private rotorcraft operators. <small>(Source: COG Website)</small>		
History	<ul style="list-style-type: none"> Resolution #5676 authorized the City Manager to enter into a contract with a consulting firm, Cress and Associates for a Heliport Master Plan, in the amount not to exceed \$50,000, and authorized the City Manager to submit the planning grant application to the Federal Aviation Administration (FAA). 		

	<ul style="list-style-type: none"> Resolution #7123 authorized the City Manager to execute a Heliport Lease and Operating Agreement with Sky Helicopters for five years with a three year extension. Resolution #8217 authorized the City Manager to execute a Heliport Lease and Operating Agreement with Sky Helicopters, Inc. for 40 years. The Heliport Lease and Operating Agreement with Sky Helicopters was amended to extend the termination date of the lease for 12 additional years from August 1, 2039 to August 1, 2051, conditioned on Lessee's (Sky Helicopters) commencement of construction of a new hangar and new ramp area on the premises.
Board and Membership	N/A - Privately Owned
Services Provided	<ul style="list-style-type: none"> Helicopters for TV newsgathering (FOX4, NBC5, WFAA8, and CBS11) DFW helicopter tours Flight training Commercial flights Services Robinson Helicopters Sells Robinson Helicopters <i>(Source President, Sky Helicopters and Sky Helicopters website)</i>
Organization's Funding Source	<ul style="list-style-type: none"> In 1988, funded by the Federal Airport Improvement Program (AIP) grant (90%) and the COG (10%) TxDOT – Routine Airport Maintenance Program (RAMP) grant Sale of aviation and jet fuel, oil, and lubricants for aircraft Other revenue streams include, but not limited to flight training, helicopter sales, maintenance, and tours <i>(Source President, Sky Helicopters and Sky Helicopters website)</i>
Contract Requirements	
Organization's Use & Key Obligations	<p>The purpose of this agreement is to grant the Lessee the non-exclusive right and privilege to conduct business at the heliport. As part of its obligations the Lessee:</p> <ul style="list-style-type: none"> Offers to sell aviation and jet fuels, and to provide fuel dispensing equipment. Offers to sell oil, lubricants and related items for aircraft. Provides qualified line personnel for aircraft fueling and minor repairs. Provides ground power units and portable compressed air. Provides a waiting lounge, pilot briefing room and clean restrooms. Provides adequate VHF communication equipment. Provides training of helicopter pilots and maintenance personnel. Operates the heliport only under the name "Garland/DFW Heliport". Operates from 8:00 AM – 5:00 PM, Monday through Friday, 9:00 AM – 3:00 PM, Saturday and 12:00 PM – 3:00 PM on Sunday. <i>(Source: Heliport Lease and Operating Agreement between the COG and Sky Helicopters)</i>
COG's Obligations	Not specified in the contract


Consideration (Profit Sharing or Rent Paid to the COG)	The Lessee shall pay \$6,000 for the first year as an annual rent. Since then, the rent shall increase annually on the anniversary date of the effective date of the Lease by an amount equal to the lessor of the regional Consumer Price Index increase for the preceding year. <i>(Source: Heliport Lease and Operating Agreement between the COG and Sky Helicopters)</i>		
Insurance	Yes, Sky Helicopters maintains general liability	COG Approval Required for Modifications	Yes
Indemnification Clause	Yes	Audit Clause	Not specified in the contract
Non-Discrimination Clause	Not specified in the contract	Reporting Frequency to the COG	Not specified in the contract
Termination	<ul style="list-style-type: none">• The Lessee may terminate this Lease at any time that the Lessee is not in default in the payment of rent by giving the Lessor (COG) 90 days advance written notice and by surrender of the premises by any of the following events: (1) issuance of court of competent jurisdiction of an injunction in any way materially preventing or restraining the use of the heliport for at least 90 days, (2) default by the Lessor in the performance of any covenant or agreement required to be performed by Lessor under this Lease and the failure of Lessor to remedy such default for a period of 60 days after receipt from Lessee or written notice to remedy the same, and (3) the assumption by the US Government or any authorized agency to substantially restrict Lessee from full use of the premises of at least 90 days.• The Lessor may terminate this Lease upon or after the happening of any one or more of the following events: (1) failure to pay all installments of rent then due (with interest), (2) filing by or against the Lessee of a petition in bankruptcy. <i>(Source: Heliport and Operating Agreement between the COG and Sky Helicopters)</i>		
Dissolution	All buildings, additions, fixtures or improvements made by Lessee to the premises, except movable equipment and trade fixtures, shall become the property of Lessor and remain on the premises as part thereof, and shall be surrendered with the premises in good condition and in proper working order at the termination of this lease. <i>(Source: Heliport and Operating Agreement between the COG and Sky Helicopters)</i>		
Annual Costs Absorbed by the COG			
COG's Costs	Utilities \$0 Sky pays <i>(Source: Customer Service)</i>	Maintenance \$0 Sky maintains <i>(Source: Facilities Management)</i>	Landscaping \$0 Sky maintains <i>(Source: Parks Management)</i>

Review Summary

1. Sky Helicopters provides commercial flights, helicopter newsgathering for major networks, flight training, helicopter tours, as well as maintenance and sale of Robinson helicopters.
2. Sky Helicopter made the following annual rent payments plus interest for the scope of the audit: FY18 (\$7,257), FY17 (\$7,117), FY16 (\$7,032), and FY15 (\$7,018).
3. The current contract between the COG and Sky Helicopters does not include standard contract clauses, such as a right to audit and non-discrimination clauses, as well as reporting requirement to the COG.

Garland Emergency Corps (GEC)

401 Rescue Dr.


<p>Year Built: 1970</p> <p>Building Size: 1,250 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> ▪ Land - COG ▪ Building and Structures – GEC <p><i>(Source: Dallas County Appraisal District and GEC History Article)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Resolution 304 - February 19, 1957	Not specified in resolution	W. H. Bradfield, City Mayor	501c3
Background			
Mission	<p>The GEC was organized to assist the Fire and Police Departments of Garland, the Dallas County Sheriff's Department, the Dallas County Fire Marshall, and the citizens and visitors of Garland and Dallas County, and any surrounding localities deemed essential in any emergency such as, but not limited to fires, floods, storms, accidents, and natural disasters.</p> <p><i>(Source: Articles of Incorporation)</i></p>		
History	<p>The GEC was formed in May 1955 during a gathering to play games at the Garland Central Fire Station which was then located at 6th Street and Avenue A. The group heard on the radio monitor that McKinney Fire Department was enroute to a drowning accident at Lake Lavon. During that moment, the Garland Rescue Squad was formed, and a month later the name was changed to Garland Emergency Corps.</p> <p>During the first month, the meetings were conducted at the Central Fire Station, and then later the COG donated a two-car garage to the GEC (in accordance with Resolution #304) that was located behind the original Fire Station 2 (Forest Lane and Rescue Drive). The garage was bricked up and used as the headquarters from 1956 – 1970.</p> <p>In 1970, through donated materials and volunteer labor a new 1,250 square foot building was constructed just north of the building on Forest Lane.</p> <p><i>(Source: GEC History Article)</i></p> <p>Resolution #3606, dated January 8, 1980 authorized the COG to enter into a contract with the GEC to erect and maintain a radio antenna on an elevated water storage tank located on the COG property at 2343 Forest Ln.</p>		

Membership	The GEC has 17 active members including six officers. <i>(Source: Chief, GEC)</i>		
Services Provided	<ul style="list-style-type: none">• Provides crowd control services at certain COG events such as the 4th of July celebration and Christmas on the Square.• Provided financial support by donating:<ul style="list-style-type: none">• \$7,200 to the Garland Police Department (GPD) to purchase four bicycles and training for the bicycle instructor course. These donations occurred in 2017 and 2018.• \$9,320 to the Garland Police Officer Association to provide tactical training to Garland Special Weapons and Tactics (SWAT) in 2018.• Built a breaching tool for the Garland SWAT.• Provided financial support to other non-profits. <i>(Source: Chief, GEC)</i>		
Organization's Funding Source	In the past, the GEC received revenue sharing funds through the COG, including, but not limited to: <ul style="list-style-type: none">• \$3,300 - Resolution #2582, July 20, 1976• \$5,000 - Resolution #3685, March 4, 1980 Currently, the GEC receives the majority of their funding through bingo proceeds, in accordance with the Charitable Bingo Act. <i>(Source: Chief, GEC)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The organization's use of the facility is not specified in the resolution; however, the GEC is required to pay all utility bills and other expenses. <i>(Source: Resolution 304)</i>		
COG's Obligations	Not specified in the resolution		
Consideration (Profit Sharing or Rent Paid to the COG)	Not specified in the resolution		
Insurance	Not specified in the resolution; however, the GEC currently maintains: <ul style="list-style-type: none">• General Liability• Automobile• Life• Workers Comp.	COG Approval Required for Modifications	Not specified in the resolution
Indemnification Clause	Not specified in the resolution	Audit Clause	Not specified in the resolution
Non-Discrimination Clause	Not specified in the resolution	Reporting Frequency to the COG	Not specified in the resolution
Termination	Per Resolution 304, "upon 120 days' notice, the Garland Emergency Corps will at its own expense remove the said building from City property and will restore the site to its original condition."		

Dissolution	Not specified in the resolution		
Annual Costs Absorbed by the COG			
COG's Costs	Utilities \$1,021* Avg./Year <i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$1,316 in 2018.</i> <i>(Source: Customer Service)</i>	Maintenance \$0 – GEC maintains <i>(Source: Facilities Management)</i>	Landscaping \$0 – GEC maintains <i>(Source: Parks Management)</i>
Review Summary			
<ol style="list-style-type: none">1. The GEC mainly provides crowd control services and periodic financial support to the GPD operations.2. There is no evidence of a written agreement between the COG and the GEC regarding the use of the building outside of Resolution #304.3. Resolution #304 states that the GEC is responsible for payment of all utility bills and other expenses. However, the COG is currently covering the costs of utilities for the GEC building.4. The current utility calculation (\$1,021 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$1,316 in 2018.5. The contact name and building address for the electric usage account in the Customer Service system has not been updated.6. The COG has well established Fire, Police, Emergency Medical Services (EMS) and Emergency Management operations, and does not require third party assistance as much as in the past for emergency operations.			

Head Start Child Care Center


3709 W. Walnut

Year Built: 1974 Building Size: 7,946 sq. ft. Ownership: <ul style="list-style-type: none"> Land – City of Garland (COG) Building and structures – COG <p><i>(Source: Dallas County Appraisal District and the agreement between the COG and Head Start of Greater Dallas, Inc.)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Contract - March 1, 1998	10 years	Jim Slaughter, Managing Director	501c3
Background			
Mission	<p>The Head Start of Greater Dallas (Head Start), Inc. provides children with the foundation of skills and knowledge they need to be successful in school and life and fosters self-reliant families and communities.</p> <p><i>(Source Head Start of Greater Dallas website)</i></p>		
History	<p>“Begun in 1965 as a part of President Lyndon B. Johnson’s “War on Poverty,” the Head Start program was sponsored by the Dallas Independent School District (DISD) in 1967 as a summer program. When DISD chose not to reapply for the grant, the Dallas County Community Action Committee, Inc. (DCCAC) became the new benefactor and administered the program for the next 20 years.</p> <p>In 1988, the Head Start program separated from DCCAC and went under the interim sponsorship of Community Council of Greater Dallas for six months. The program then became incorporated as an independent nonprofit organization known as Dallas County Family Service, Inc.</p> <p>In February of 1992, the Board of Directors decided to change the agency’s name to the Head Start of Greater Dallas to better reflect the agency’s single purpose of providing Head Start services to the local community.”</p> <p><i>(Source: Head Start of Greater Dallas website)</i></p>		
Board and Membership	<p>The Head Start has seven Board of Directors.</p> <p><i>(Source: Head Start of Greater Dallas website)</i></p>		
Services Provided	<ul style="list-style-type: none"> Provides early childhood education for children ages three to five years of age. Families qualify by meeting the Federal Poverty Guidelines, or if they meet 		

	one of the following criteria: foster child, disability, military families, or homelessness. <i>(Source: Head Start Website and Director of Center Operations, Head Start)</i> <ul style="list-style-type: none">• Current enrollment is at capacity of 101 students.• Forty-two percent are Garland residents (42 out of 101)• Seventy-five applicants are on a waitlist. <i>(Source: Associate Director of Center Operations, Head Start)</i>		
Organization's Funding Source	<ul style="list-style-type: none">• Head Start Grant (Health and Human Services)• Private contributions• Fundraising events <i>(Source: Director of Center Operations, Head Start)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The premises leased are to be used and occupied by the Lessee (Head Start) as a "Head Start Center" facility and for no other uses or purposes whatsoever. The Head Start Center activities shall be as outlined in the Head Start Act of 1965 and its amendments. The Lessee shall not use or permit the use of the premises, or any part thereof, for and purpose other than stipulated without the written consent of the Lessor (COG). <i>(Source: Agreement between the COG and Head Start of Greater Dallas, Inc.)</i>		
COG's Obligations	Not specified in the contract		
Consideration (Profit Sharing or Rent Paid to the COG)	The Lessee shall pay a yearly rent and maintenance of \$39,730, payable in monthly payments of \$3,310. This amount shall increase by a prorated portion of any increase in funding received by Lessee from the US Department of Labor or other federal agency. <i>(Source: Agreement between the COG and Head Start of Greater Dallas, Inc.)</i>		
Insurance	Yes, the Head Start maintains general liability.	COG Approval Required for Modifications	Yes
Indemnification Clause	Yes	Audit Clause	Not specified in the contract
Non-Discrimination Clause	Not specified in the contract	Reporting Frequency to the COG	Not specified in the contract
Termination	<ul style="list-style-type: none">• This lease may be terminated by either party, without penalty or cause after 60 months, upon and after 90 day written notice of termination from the party demanding termination.• The Lessor may also terminate for the Lessee's failure to timely pay rent when due, but only after 15 days written notice of default in payment to the Lessee during which the Lessee has failed or refused to cure such default.• The Lessor additionally reserves the right to terminate this Lease, for cause, upon 60 days written notice to the Lessee, if during such period, the Lessee has failed or refused to cure such default. Cause shall be deemed to be any of the following failures to: maintain insurance coverage, maintenance of the premises, or any breach or default of any of Lessee's obligations under this Lease.		

(Source: Agreement between the COG and Head Start of Greater Dallas, Inc.)			
Dissolution	Not specified in the contract		
Annual Absorbed Costs by the COG			
COG's Costs	Utilities \$11,682* Avg./Year <i>The agreement requires the Lessee to pay for all the utilities; however, the COG is absorbing the cost for electric, water and sewer.</i>	Facilities \$ 3,021 Avg./Year <i>This does not include major repairs for HVAC replacement in 2018 (\$13,841), exterior re-paint in 2018 (\$12,526), and mold removal in 2015 (\$9,008).</i>	Landscaping \$ 0 The Head Start maintains (Source: Parks Management)
	<i>*Calculation is based on the "intracity" rate. According to Customer Service, this type of organization falls under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$6,039 in 2018.</i> (Source: Customer Service)	(Source: Facilities Management) <i>The agreement requires the Lessor to provide major building maintenance and repairs in excess of \$500. IA's review of the Facility Work Order Report revealed work orders that were less than \$500.</i>	
Review Summary			
<ol style="list-style-type: none">1. The Head Start provides early childhood education for children ages 3 to 5 years of age for families that qualify by meeting the Federal Poverty Guidelines, or if they meet certain criteria.2. The Head Start pays the COG for use of the facility \$3,397 per month (\$40,764 annually). Per the agreement, the amount shall increase by a prorated portion of any increase in funding received by Lessee from the US Department of Labor or other federal agency. Since inception, the amount has increased slightly by \$81. Based on review of 2016 and 2017 tax returns, the Head Start's contributions and grants have increased each year.3. The written agreement between the COG and the Head Start expired in 2008.4. The agreement requires the Lessee to pay for all the utilities each month; however, the COG is paying for electric, water and sewer. The current calculation (\$11,682 Avg. /Year) is based on an "intracity" rate; however, this type of organization would fall under the "public institution" rate. Using this rate, the utility cost would have increased by an additional \$6,039 in 2018.5. The agreement requires the COG to provide major building maintenance and repairs in excess of \$500. The COG spent an average of \$3,021 per year on maintenance, not including major repairs. Also, the COG is providing building repairs for items less than \$500.6. The current contract between the COG and the Head Start does not include standard contract clauses, such as a non-discrimination and right to audit clauses, as well as a requirement for Head Start to periodically report to the COG. Also, the contract does not specify the ownership of property such as furniture and personal property or does not specify dissolution terms.			


Hope's Door New Beginning (HDNB) - Resale Shop*
120 Kinglsey Rd.

<p>Year Built: 1960</p> <p>Building Size: 7,200 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> ▪ Land – City of Garland (COG) ▪ Buildings and Structures – COG <p><i>(Source: Dallas County Appraisal District)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
<ul style="list-style-type: none"> • Resolution #9986 April 5, 2011 • Contract – April 25, 2011 	5 Years	<ul style="list-style-type: none"> • Resolution – Ronald Jones, Mayor • Contract – William Dollar, City Manager 	501c3
Background			
Mission	<p>The mission of the Hope's Door New Beginning Center is to offer intervention and prevention services to individuals and families affected by intimate partner and family violence and to provide education programs that enhance the community's capacity to respond.</p> <p><i>(Source: HNDB Website)</i></p>		
History	<p>The Hope's Door, located in Plano, was established in 1985 as the result of a local needs assessment study commissioned by the Junior League of Plano. At that time, Collin County was the only densely populated area without a full-service shelter for victims of domestic violence.</p> <p>The New Beginning Center, located in Garland, was established in 1983 by the members of the Garland Service League and initially provided women's counseling services. The New Beginning Center emergency shelter opened in 1998, which also added a fully staffed 24-hour crisis hotline.</p> <p>Over time, both agencies were able to offer more extensive counseling services for adults, children, and adolescents, legal services, transitional housing, an education center, and a Battering Intervention and Prevention Program (BIPP). In 2016, the organizations merged to form Hope's Door New Beginning Center and continue to provide services in Dallas, Garland, Plano, and the surrounding cities in North Texas.</p> <p><i>(Source: HNDB Website)</i></p>		

	Resolution #9986 authorized a lease between the COG and the New Beginning Center to lease a space from the COG to operate a non-profit resale store for donated items from the community to assist victims of family violence.
Review Summary	
<ol style="list-style-type: none">1. During the audit, IA learned that the HDNB's management made the decision to close the store due to decrease in sales, and the organization could no longer support the Garland location. The HDNB's management requested to return the building back to the COG. Effective, March 29, 2019, the COG transitioned the building from the HDNB to the COG.2. According to the COG Facilities Management, the condition of the building is in need of major repairs such as HVAC system replacement, roof replacement, foundation repairs, and potential upgrades to meet the Americans with Disabilities Act compliance standards.	

**The contract requirements were intentionally removed from this section since they are no longer applicable because the building has been returned back to the COG.*

Landmark Society 393 Sixth Street

Year Built: 1901 Building Size: Approx. 2,160 sq. ft. Ownership: <ul style="list-style-type: none"> Land – City of Garland (COG) Buildings and Structures (premises) – COG Exhibit and Display Materials – Landmark Society (Society) Other such as equipment, fixtures and personal property associated with the premises – COG <p><i>(Source: Dallas County Appraisal District, the contract between COG and the Landmark Society, and COG Facilities Management)</i></p>			
Executed Contract and City Ordinance Date	Contract Term	Contract or Ordinance Signed by	Organization Status
<ul style="list-style-type: none"> Ordinance 2207 (Est. Society) – December 19, 1972 Most recent contract - December 1, 2018 	1 Year	<ul style="list-style-type: none"> Ordinance #2207 – Mayor Don Raines <p><u>Contracts:</u></p> <ul style="list-style-type: none"> Jermel Stevenson, Managing Director PRCAD (2018) Patty Granville, Cultural Arts Director (2012 – 2017) 	501c3
Background			
Mission	<p>“Established in 1972, the Landmark Society collects, preserves, exhibits and interprets historical elements of our community’s unique heritage. That mouthful of mission supports an educational effort to enlighten and entertain the public, so it’s natural that our volunteers operate in discovery mode. Garland is a special place to live and work, and it’s important to understand what made it that way.”</p> <p><i>(Source: The Garland Landmark Society web page)</i></p>		
History	<p>On December 19, 1972, Ordinance #2207 was passed to establish the Garland Landmark Society to identify, promote, preserve, and restore historical sites, areas, artifacts, paraphernalia, pictures, and such other objects and be representative of Garland.</p> <p><i>(Source: City Ordinance #2207 – Section 1)</i></p> <p>“Garland’s Landmark Museum is housed in the former Santa Fe depot. The museum displays some early settlers’ artifacts, old newspapers, farm tools and quilts. The museum was opened in 1974 when the old depot was declared a historic landmark.”</p> <p><i>(Source: The Garland Landmark Society web page)</i></p>		


Board and Membership	<ul style="list-style-type: none"> • There are currently 65 members including six officers and five directors. <i>(Source: President, Landmark Society)</i> • One of the directors is a City employee. <i>(Source: The Garland Landmark Society web page)</i> • Article 6, Section 6.2 of the Society's current bylaws states: "At least five, but no more than nine directors as well as an unlimited number of Directors <i>emeriti</i> shall be elected at large. Directors <i>emeriti</i> shall be Active or Lifetime members of The Society and may attend any board meeting <i>ex officio</i>, but may not vote (4-2011)."
Services Provided	<ul style="list-style-type: none"> • Maintains historical items such as photos and objects. According to the Society, the accessioned collection includes 2,725 items of various categories. Out of the total collection, 608 items (18%) originated from City sources. • In addition, approximately 2,800 – 3,400 items remain to be accessioned by the Society volunteers and Garland Heritage Crossing employees. Out of the total remaining to be accessioned, approximately 1,250 – 1,500 items (31%) originated from City sources. • Developed and implemented the Heritage Crossing Youth Program including curriculum, graphics and marketing materials. • The Society entertained two group visits in 2017 and seven in 2018. • Provide historical information for various COG departments such as the City Secretary's Office, the Engineering department, and the Office of Strategic Initiatives. • The Society provides assistance during events, such as The Garland Heritage Celebration and Christmas on the Square. <p><i>(Source: President, Landmark Society and Heritage Crossing Coordinator)</i></p>
Organization's Funding Source	<ul style="list-style-type: none"> • Membership Dues • Garland Cultural Arts Commission grants • Donations • Sale of the Society's historical publications <p><i>(Source: President, Landmark Society)</i></p>
Contract Requirements	
Organization's Use & Key Obligations	<ul style="list-style-type: none"> • Use the premises to stimulate the appreciation of Garland history, encourage recording, preservation and presentation of significant evidence of that history; and to develop, maintain and perpetuate the Garland Landmark Museum and the adjacent railroad car as educational facilities to support its programs. • Maintain an inventory of all historic items which have been donated. • Remain open to the public every Saturday excluding holidays. • Provide assistance to COG with special events as requested by the COG, such as the Heritage Celebration and Christmas on the Square. • Pay to the COG 20% of all rental fees obtained from renting the premises to the public. • Maintain liability insurance for all rental activities of the premises. <p><i>(Source: Contract between COG and the Landmark Society)</i></p>
COG's Obligations	<ul style="list-style-type: none"> • Provide landscaping of the premises and maintenance of the grounds. • Provide building maintenance including mechanical installation, repairs and painting.

	<ul style="list-style-type: none"> • Consultation from time to time when requested. • Assistance with special events and public affairs on the premises. • Payment for electric, water, and wastewater utilities. <i>(Source: Contract between COG and the Society)</i>		
Consideration (Profit Sharing or Rent Paid to the COG)	<ul style="list-style-type: none"> • Pay to the COG 20% of all rental fees obtained from the premises to the public. <i>(Source: Contract between COG and the Society)</i>		
Insurance	<ul style="list-style-type: none"> • Liability insurance is required for all rental activities, but not maintained. • General liability is not required and not maintained by the Society. 	COG Approval Required for Modifications	Yes
Indemnification Clause	Yes	Audit Clause	Not specified in the contract.
Non-Discrimination Clause	Yes	Reporting Frequency to the COG	Not specified in the contract.
Termination	<p>"Either party may terminate this Agreement, without cause or liability by giving the other party not less than 30 days written notice of such termination."</p> <i>(Source: Contract between COG and the Society)</i>		
Dissolution	<p><u>Contract between the COG and the Society</u> <i>Section 3 - Property</i> – "...Any and all assets of the Landmark Society, whether monetary, physical or proprietary, shall be permanently dedicated to the purpose of the organization as established by the Landmark Society's by-laws. In the event that the Landmark Society and its membership decide to dissolve the Landmark Society, the ownership of the remaining assets of the Landmark Society shall be transferred to the City, to the City's designated successor organization, or to such other non-profit organization(s) as directed by the City, as may support the purposes and objectives of the Landmark Society as approved by the City." <u>The Society's By-Laws</u> <i>Article 10</i> - "Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501c3 of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organizations, as said Court shall determine, which are organized and operated exclusively for such purposes. <i>Article 18</i> – "Should The Society Board and membership decide at some future date to dissolve The Society, then the ownership of remaining assets shall be</p>		

	transferred to the City of Garland, Texas, or to the City’s designate as a successor organization.”				
Annual Costs Absorbed by the COG					
COG’s Costs	Utilities \$7,154* Avg./Year <i>*Calculation is based on the “intracity” rate. According to Customer Service, this type of organization falls under the “public institution” rate. Using this rate, the utility cost would have increased by an additional \$5,251 in 2018. (Source: Customer Service)</i>	Maintenance \$1,698 Avg./Year <i>(Source: Facilities Management)</i>	Landscaping \$2,697 Avg./Year <i>(Source: Parks Management)</i>	Information Technology (IT) \$ 1,081 Avg./Year to replace hardware only. <i>(Source: IT)</i>	Other \$102K Annually <i>Includes one full time* and one part time employee, and funding for the Heritage celebration (\$10K). (Source: Budget)</i> <i>*According to the Heritage Crossing Coord., approx. 50% of his/her time is dedicated to the Society, and the remaining is spent on COG priorities.</i>
	Review Summary				
<div>1. The Society preserves historical information and upon requests, communicates historical elements to departments such as the City Secretary Office, the Engineering Department, and the Office of Strategic Initiatives.</div> <div>2. The Society is open to the public on Saturdays from 10 AM – 2PM, and by appointment on weekdays to host groups and school field trips. The Society, in conjunction with the COG, entertained two group visits in 2017 and seven in 2018.</div> <div>3. The Society provides assistance during events such as the Garland Heritage Celebration and Christmas on the Square.</div> <div>4. The COG is currently meeting its obligations as outlined in the contract by providing utilities, landscaping, maintenance and assistance with special events such as the Garland Heritage Celebration.</div> <div>5. IA was precluded from inspecting the Society’s obligations as it pertains to inventory and revenue, due to:<div><div>The Society only providing limited information (i.e., the total number of items in the collection) regarding the inventory of historical items.</div><div>The Society only providing ‘Financial Summary’ forms, and not the accounting records. The ‘Financial Summary’ forms provided were the same as the ones presented to the Garland Cultural Arts Commission for grant purposes, and do not contain the level of detail and supporting documentation needed to assess revenue sources.</div></div></div> <div>6. The Society does not maintain liability insurance for rental activities as required in the contract.</div> <div>7. The current contract between the COG and the Society does not include standard contract clauses, such as right to audit clause, and a requirement for the Society to periodically report to the COG and maintain general liability insurance.</div> <div>8. The COG spends approximately \$115K per year for maintenance, utilities, salaries and benefits in order to maintain and operate the premises.</div>					

9. The agreement requires the COG to pay for electric, water and sewer each month. The current calculation (\$7,154 Avg. /Year) is based on an “intracity” rate; however this type of organization would fall under the “public institution” rate. Using this rate, the utility cost would have increased by an additional \$5,251 in 2018.
10. According to the contract, only the remaining assets shall be transferred to the COG. As such, the COG may not be the final recipient of all the historical assets if the Society is dissolved. Furthermore, the COG has not developed a process to transfer ownership of the Society’s assets to the COG upon dissolution.
11. COG employees at various levels executed contracts on the COG’s behalf.

Loving Garden Green Naaman School Rd and Brand Rd.


<p>Year Built: N/A</p> <p>Land Size: 17,696 sq. ft.</p> <p>Ownership:</p> <ul style="list-style-type: none"> ▪ Land – City of Garland (COG) ▪ Improvements – LGG <p><i>(Source: Dallas County Appraisal District and Community Garden License Agreement)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Contract - April 2, 2014	Indefinitely as long as the Licensed Property is used solely for its intended purpose.	Anita Russelmann, Director Planning Department	501c3
Mission	<p>To ensure that Garland has more people growing at least some of the food they eat and to support them through our continuing efforts to learn and share knowledge together.</p> <p><i>(Source: Loving Garden Green, Founding President)</i></p>		
History	<p>The LGG was founded in 2013 by a group of local residents who believe that local people growing edible plants will also grow a robust and secure local economy.</p> <p>“Throughout its young history the LGG has received numerous recognitions and awards. The following are examples: March 2015 3rd Place Civic Organization Award from Keep Texas Beautiful; October 2015 Special Recognition for Urban Agriculture and Monarchs in collaboration with North Garland High School Key Club; and in April 2016 received recognition as a Certified Wildlife Habitat.”</p> <p><i>(Source: Loving Garden Green, Founding President)</i></p>		
Board and Membership	<p>The LGG has 14 active members and six officers.</p> <p><i>(Source: Loving Garden Green, Founding President)</i></p>		
Services Provided	<ul style="list-style-type: none"> • Sixteen Garland citizens maintain a garden bed at the Community Garden. <i>(Source: Loving Garden Green, Founding President)</i> • For the past two years, Good Samaritans of Garland have received 452 pounds of fresh picked produce from the LGG. <i>(Source: Executive Director, Good Samaritans of Garland)</i> • Assisted Park Crest Elementary with the installation of a vegetable garden, a large pollinator garden, and an area of native prairie. 		

	<i>(Source: School Nurse, Park Crest Elementary School)</i> <ul style="list-style-type: none">• Provided educational gardening classes at the Community Garden for Beaver Technology first grade students. <i>(Source: Teacher, Beaver Technology Elementary School)</i> <ul style="list-style-type: none">• Provided other community outreach efforts to local students such as, guided tours of the garden, and science projects. <i>(Source: Loving Garden Green, Founding President)</i>		
Organization’s Funding Source	<ul style="list-style-type: none">• Private donations• Annual plant sales• Quarterly garage sales (items donated by members) <i>(Source: Loving Garden Green, Founding President)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The Licensee has permission to use the eligible City property solely to install, repair, operate, maintain, and remove a community garden. The agreement allows the Licensee to: <ul style="list-style-type: none">• Grow ornamental plants and produce, and harvest food crops for personal or group use, consumption or donation by the non-profit organization, or cooperatively for the benefit of its members• Operate in a manner that includes water conservation and composting, non-polluting, and integrated pest management practices that promote a sustainable garden <i>(Source: Community Garden License Agreement)</i>		
COG’s Obligations	Not specified in the contract		
Consideration (Profit Sharing or Rent Paid to the COG)	Not specified in the contract		
Insurance	Not specified in the contract; however, the LGG requires the growers to sign a release of claims form.	COG Approval Required for Modifications	Not specified in the contract
Indemnification Clause	Yes	Audit Clause	Not specified in the contract
Non-Discrimination Clause	Not specified in the contract	Reporting Frequency to the COG	Yes
Termination	<ul style="list-style-type: none">• Termination by the Licensee (LGG) – The Licensee may terminate by delivering written notice of termination to the Community Garden Manager (CGM) not later than 90 calendar days before the effective date of termination.• Termination by City – The License agreement is revocable without cost to the City, by the CGM if, the CGM determines that:		

	<ul style="list-style-type: none">- Improvements are not removed as required (under Section 7 - Terms and Conditions); or interfere with the City's rights in Real Property; or constitute a danger to the public.- The Licensee fails to comply with terms and conditions of the License Agreement.- After 30 calendar days prior written notice to Licensee, the City requires that the License Agreement be terminated without cause.• Termination by Abandonment – If Licensee abandons or fails to maintain the Licensed Property, and the CGM receives no substantive response within 30 calendar days following written notification to Licensee, then the City may remove all Improvements at the Licensee's expense. All improvements not removed are deemed property of the City. <p><i>(Source: Community Garden License Agreement)</i></p>			
Dissolution	Not specified in the contract			
Annual Absorbed Costs by the COG				
COG's Costs	<table><tr><td>Utilities \$0 LGG pays <i>(Source: Customer Service)</i></td><td>Maintenance \$0 LGG maintains <i>(Source: Facilities Management)</i></td><td>Landscaping \$0 LGG maintains <i>(Source: Parks Management)</i></td></tr></table>	Utilities \$0 LGG pays <i>(Source: Customer Service)</i>	Maintenance \$0 LGG maintains <i>(Source: Facilities Management)</i>	Landscaping \$0 LGG maintains <i>(Source: Parks Management)</i>
Utilities \$0 LGG pays <i>(Source: Customer Service)</i>	Maintenance \$0 LGG maintains <i>(Source: Facilities Management)</i>	Landscaping \$0 LGG maintains <i>(Source: Parks Management)</i>		
Review Summary				
<ol style="list-style-type: none">1. The LGG provides gardening educational opportunities to Garland area schools and donates produce to food banks such as the Good Samaritans of Garland.2. The LGG does not maintain liability insurance, but requires the growers to sign a release of claims form.3. The current contract between the COG and the LGG does not include standard contract clauses, such as right to audit, non-discrimination, and a requirement for the LGG to obtain approval from the COG to make improvements or modifications.				

Preservation Society for Spring Creek Forest

(Spring Creek)

<p>Land Size: 157 Acres</p> <p>Ownership:</p> <ul style="list-style-type: none"> Land – Dallas County <p><i>(Source: COG Parks and Recreation Management)</i></p>			
Executed Contract or Resolution Date	Contract or Resolution Term	Contract or Resolution Signed by	Organization Status
Contract – September 6, 1989	92 Years	Jim Spore, City Manager	Not for profit
Background			
Mission	<p>The purpose for which the Preservation Society of Spring Creek Forest is to educate the public about the Spring Creek Forest Preserve in Dallas County, Texas and to foster the preservation and protection of this cultural and natural treasure as a display for scientific and educational pursuits by the public, so long as such pursuits do not infringe upon or diminish the pristine-like integrity of this gallery forest.</p> <p><i>(Source: Preservation Society for Spring Creek Forest Bylaws)</i></p>		
History	<p>One day in 1980, Bobby Scott (Naturalist) took a walk in the woods and discovered the past – Spring Creek Forest. The pristine bottomland forest in the floodplain of Spring Creek was a haven of towering trees and unusual wildflowers on the edge of a dynamic North Garland community. Early settlers, who cut most of the timber around streambeds a century ago, left Spring Creek untouched. Mr. Scott knew that it was unique; and when he showed it to City officials in 1982, they agreed. With the help of Dallas County and the State of Texas, Garland began its efforts to protect the relic forest of Chinquapin, Bur, and Shumard oaks. Many of these trees, 100-300 years old, soared to heights of 100 feet on trunks four feet thick.</p> <p>Visitors today continue to express awe at the forest’s natural treasures. Gary Powell (formerly with the Texas Department of Water Resources) suggested that some of the rare plants in the forest that have never been screened could prove to contain bio-chemicals for lifesaving medicines. John White of The Nature Conservatory believes, “It is very unlikely that any other forest like the</p>		

	one along Spring Creek exists in the nation.” Over 650 species of plants & animals have been observed. <i>(Source: Preservation Society for Spring Creek Forest Society website)</i>		
	In 1988, the COG and Dallas County entered into an Open Space Use Agreement to lease the Spring Creek Forest Preserve to the COG for a period of 99 years. <i>(Source: Open Space Use Agreement between the COG and Dallas County)</i>		
Board and Membership	The Preservation Society has 32 members including three Officers. <i>(Source: President, the Society)</i>		
Services Provided	<ul style="list-style-type: none">• Provide guided nature walk tours of the Preserve• Assist Boy Scout troops with scout projects• Host an annual event for the Lilly Trout Bloom• Provide speakers throughout the year on various topics such as tree identity, wilderness first aid, and aquatic invasive species• Maintain a butterfly garden at the Spring Creek Preserve• Hold “work days” to clear the trails at the Preserve <i>(Source: Preservation Society Calendar of Events 2017 – 2018)</i>		
Organization’s Funding Source	<ul style="list-style-type: none">• Membership Dues• Private donations <i>(Source: President, the Society)</i>		
Contract Requirements			
Organization's Use & Key Obligations	The agreement provides the Preservation Society with the responsibilities for preservation, pursuit of educational opportunities, research, development, and operations and maintenance associated with Spring Creek Forest. It also requires that: <ul style="list-style-type: none">• The majority of the Preservation Society’s Board of Directors shall be Garland residents.• The Preservation Society shall obtain a minimum bond of \$25,000 for each officer, employee or member who is approved by the Board of Directors to receive or disburse funds greater than \$5,000 per year. <i>(Source: Spring Creek Forest Use Agreement with the COG)</i>		
COG’s Obligations	Not specified in the contract		
Consideration (Profit Sharing or Rent Paid to the COG)	\$10.00 upon contract execution		
Insurance	Yes; however, the Society does not maintain general liability.	COG Approval Required for Modifications	Yes
Indemnification Clause	Yes	Audit Clause	Yes
Non-Discrimination Clause	Yes	Reporting Frequency to the COG	Yes (Upon Request)

Termination	<ul style="list-style-type: none">• This agreement may be terminated by either party, without cause, provided that a written notice of intent is delivered to the other party at least one year in advance of termination.• This agreement may be terminated by the City, at any time, upon the breach by the Preservation Society of any term or condition of this agreement or by the Use Agreement, for any reason, of the Use Agreement. <p><i>(Source: Spring Creek Forest Use Agreement with the COG)</i></p>		
Dissolution	Not specified in the contract		
Annual Absorbed Costs by the COG			
COG's Costs	Utilities \$0 N/A	Maintenance \$0 N/A	Landscaping \$70 Avg./Year <i>Parks department only mows the prairie area about once per year. The last records of mowing the prairie were in 2015 and 2016.</i> <i>(Source: Parks Management)</i>
Review Summary			
<ol style="list-style-type: none">1. The Preservation Society keeps the trails clear, and educates the public about the Spring Creek Preserve through guest speakers, guided nature walks and scout projects.2. The majority of the Preservation Society's Board of Directors are Garland residents.3. The Preservation Society does not maintain insurance as required by the agreement. However, according to the City's Risk Management, the property belongs to Dallas County and there is not an insurance requirement by the County. The activities are for public benefit that falls under the recreational use statute, reducing the City's risk of liability.4. The Preservation Society does not maintain bonds on officers for fund transactions, greater than \$5,000, as required by the agreement. However, according to the Preserve Society no officers in recent years have received or disbursed funds greater than \$5,000 per year.			

Opportunities for Improvements

IA's review of the COG's handling of third-party usage of City properties revealed most of these agreements have not been re-evaluated in recent years. This audit also identified inconsistencies in how the contracts were executed and the lack of a contract monitoring and enforcement program. As a result:

- Four organizations are operating without an executed written agreement.
- Two organizations are operating under expired terms.
- COG employees at various levels were executing contracts on behalf of the COG.
- An incorrect contract template was utilized to execute the agreement for one organization.
- Two organizations are not paying for utilities and maintenance, as required by the agreement.
- The COG is absorbing most of the costs for utilities, maintenance, and landscaping.
- Rent payments have not increased based on contract terms for one organization.
- The rate classification for two organizations that are required to pay utilities is not correct in the Customer Service system.
- The account information (contact name and address) is not correct in the Customer Service system for two organizations.
- The costs associated for utilities and maintenance cannot be isolated for one organization.
- The majority of the agreements are missing standard clauses such as: right to audit, non-discrimination, reporting to the COG, insurance, COG approval for modifications and improvements, and dissolution.
- Other required terms and conditions, such as insurance and bond requirements, may not be necessary based on the organizations' current operations.

Recommendations

IA recommends the COG should:

- Re-evaluate the agreements to ensure that the purpose and associated terms and conditions of these agreement are aligned with the COG's vision and priorities.
- Develop a City-wide comprehensive policy regarding the execution of contracts with third-parties. The policy should include items such as, the process of procuring contract, approval authorization, reporting methods and timeliness, contract monitoring and insurance requirements.
- Develop a centralized contract management function to monitor and enforce contract terms and conditions.
- Review and update the utility account information to ensure the accuracy of contact names, addresses, and rate classification.

City Manager's Response:

Concur

Action Plan:

The current arrangements with various not-for-profits for the use of properties owned by the City of Garland span decades and consists of what could best be described as "one-offs". Most arrangements were entered into based on the politics and needs at the time. While there is obviously room for standardization of terms and improved documentation, there are also deep policy questions that should be resolved first. As City Manager, I ask for direction and guidance from the City Council as to what role and to what extent the City should have in facilitating and supporting the work of not-for-profits in the community. Staff certainly stands ready to help Council through research, benchmarking and other assistance as may be needed.

During the FY2020 budget process, resources will be evaluated, and priority will be given to develop a centralized contract management process to monitor and enforce contract terms and conditions.

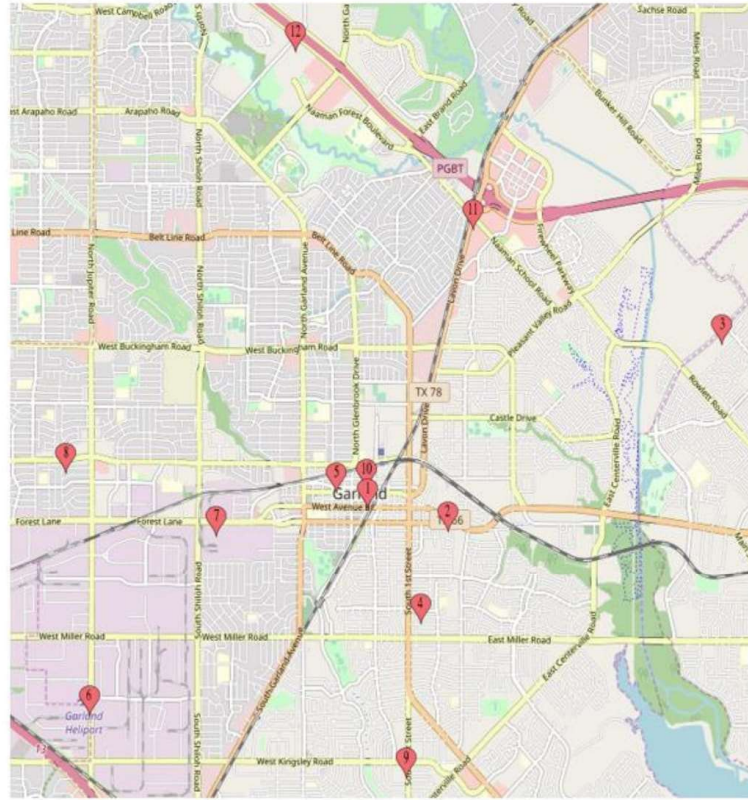
The utility account information in the Customer Service system will be updated to reflect the correct contact name and building address. The rate classification will be adjusted based on City Council's direction.

Implementation Date:

May 2020

Exhibit A – Map of City Properties Utilized by Third-Parties

1. Boy Scouts of America
2. ChildCareGroup
3. DORBA - Rowlett Creek Preserve
4. Freemonters Neighborhood Association
5. Garland Amateur Radio Club
6. Garland DFW Heliport
7. Garland Emergency Corps
8. Head Start Child Care Center
9. Hope's Door New Beginning
10. Landmark Society
11. Loving Garden Green – Community Garden
12. Preservation Society for Spring Creek Forest – Spring Creek Reserve



Appendix C - New Contracts

Long-term Lease

LEASE AGREEMENT

This Lease Agreement ("Lease") is made and entered between the City of Garland, Texas, a Texas home-rule municipality ("Lessor"), and Lessee as identified in the Letter of Confirmation ("Letter") for the times and dates indicated therein, which is attached hereto as **Exhibit "A"** and incorporated herein by reference. In the event of a conflict between this Lease and the Letter, the terms and conditions of this Lease shall control.

W I T N E S S E T H

1. **Agreement to Lease.** Subject to the terms and conditions of this Lease, Lessor hereby grants, demises and lets to Lessee, and Lessee hereby hires and takes as tenant of Lessor, the premises located in Garland, Dallas County, Texas, and being more particularly described in **Exhibit "A"** (the "Premises"). Any concessions, and use of City owned concession facilities located on or within the Premises, shall be under the terms and conditions of the Concessions Agreement, which is attached hereto as **Exhibit "B,"** and incorporated herein by reference.

2. **Term.** The term of this Lease shall commence ___ days after the execution of this Agreement (the "Effective Date"), and shall end at midnight on the same date _____ years thereafter (the "Termination Date"), unless sooner terminated as provided herein.

3. **Use.** The Premises leased are to be used and occupied by Lessee as a non-profit for the times and purposes indicated in the Letter. Lessor shall make the Premises available to the Lessee at the times specified in the Letter for any set-up required prior to the event. Lessee shall not use or permit the use of the Premises, or any part thereof, for any purpose other than as stipulated without the written consent of Lessor.

4. **Rent; Deposit.** Lessee shall pay Lessor an amount under the terms and conditions indicated within the Letter. User shall pay Licensor the deposit amount indicated within the Letter.

5. **As Is Condition.** After execution of this Agreement, but prior to the Effective Date, Lessee shall have the right to enter onto the Premises and to have full access to the Premises for the purpose of conducting such inspections, investigations, studies and tests as Lessee may deem fit. In the event that Lessee determines, in its sole discretion, based upon its inspections, investigations, studies or tests, that the Premises is not satisfactory for Lessee's purposes or is not suitable for Lessee's intended use, then Lessee shall deliver written notice of such determination to Lessor on or before the Effective Date. Lessee, by entry of the Premises under this Lease, accepts the Premises **"AS IS - WHERE IS, WITH ALL FAULTS"** in the present state of repair. Lessee has been given the opportunity to perform, such inspections, investigations, studies, and tests as Lessee has deemed appropriate and Lessee has satisfied itself, without any representation or warranty on the part of Lessor or anyone acting on Lessor's behalf, that the Premises are fit and satisfactory in all respects for Lessee's purposes.

LESSEE ACKNOWLEDGES THAT LESSOR EXPRESSLY DISCLAIMS AND LESSEE EXPRESSLY WAIVES, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, USEABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PREMISES, AND LESSEE FURTHER ACKNOWLEDGES THAT LESSOR HAS NOT MADE ANY OTHER REPRESENTATIONS TO LESSEE AS TO WHETHER OR NOT THE PREMISES ARE FIT AND SATISFACTORY FOR THE USE INTENDED BY LESSEE. LESSOR DISCLAIMS RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION RELATING TO THE PREMISES, WHETHER PROVIDED BY LESSOR OR OTHERWISE. WITHOUT LIMITING THE FOREGOING, LESSOR MAKES NO REPRESENTATIONS OF ANY NATURE REGARDING THE PREMISES AND SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, EXPRESS OR IMPLIED, PAST, PRESENT, OR FUTURE, CONCERNING: (I) THE NATURE AND CONDITION OF THE PREMISES, INCLUDING WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, AND THE SUITABILITY THEREOF AND THE PREMISES FOR ANY AND ALL ACTIVITIES AND USES WHICH LESSEE MAY ELECT TO CONDUCT THEREON, AND THE EXISTENCE OF ANY ENVIRONMENTAL SUBSTANCES, HAZARDS OR CONDITIONS OR PRESENCE OF ANY ENDANGERED OR PROTECTED SPECIES THEREON OR COMPLIANCE WITH ALL APPLICABLE LAWS, RULES OR REGULATIONS; (II) THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE, POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION OR OTHERWISE; (III) THE COMPLIANCE OF THE LAND

OR ITS OPERATION WITH ANY LAW, ORDINANCE OR REGULATION OF ANY FEDERAL, STATE, OR LOCAL GOVERNMENTAL AUTHORITY; AND (IV) WHETHER OR NOT THE PROPERTY CAN BE DEVELOPED OR UTILIZED FOR ANY PURPOSE. FOR PURPOSES HEREOF, "ENVIRONMENTAL SUBSTANCES" MEANS THE FOLLOWING: (A) ANY "HAZARDOUS SUBSTANCE" UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, 42 U.S.C.A. SECTION 9601 ET. SEQ., AS AMENDED, (B) ANY "HAZARDOUS SUBSTANCE" UNDER THE TEXAS HAZARDOUS SUBSTANCES SPILL PREVENTION AND CONTROL ACT, TEX. WATER CODE, SECTION 26.261, ET. SEQ., AS AMENDED, (C) PETROLEUM OR PETROLEUM-BASED PRODUCTS (OR ANY DERIVATIVE OR HAZARDOUS CONSTITUENTS THEREOF OR ADDITIVES THERETO), INCLUDING WITHOUT LIMITATION, FUEL AND LUBRICATION OILS, (D) ANY "HAZARDOUS CHEMICALS" OR "TOXIC CHEMICALS" UNDER THE OCCUPATIONAL SAFETY AND HEALTH ACT, 29 U.S.C.A. SECTION 651 ET. SEQ., AS AMENDED, (E) ANY "HAZARDOUS WASTE" UNDER THE RESOURCE CONSERVATION AND RECOVERY ACT, 42 U.S.C.A. SECTION 6901 ET. SEQ., AS AMENDED, (F) ASBESTOS, (G) POLYCHLORINATED BIPHENYLS, (H) UNDERGROUND STORAGE TANKS AND WELLS, WHETHER EMPTY, ABANDONED, CAPPED, UNCAPPED, FILLED, OR PARTIALLY FILLED WITH ANY SUBSTANCE, (I) ANY SUBSTANCE, THE PRESENCE OF WHICH IS PROHIBITED BY FEDERAL, STATE OR LOCAL LAWS AND REGULATIONS, AND (J) ANY OTHER SUBSTANCE WHICH BY FEDERAL, STATE OR LOCAL LAWS AND REGULATIONS REQUIRES SPECIAL HANDLING OR NOTIFICATION OF GOVERNMENTAL AUTHORITIES IN ITS COLLECTION, STORAGE, TREATMENT OR DISPOSAL. REFERENCES TO PARTICULAR ACTS OR CODIFICATIONS IN THIS DEFINITION INCLUDE ALL PAST AND FUTURE AMENDMENTS THERETO, AS WELL AS APPLICABLE RULES AND REGULATIONS AS NOW OR HEREAFTER PROMULGATED THEREUNDER.

TO THE FULLEST EXTENT OF THE LAW, LESSEE WAIVES AND DISCLAIMS ANY CAUSE OF ACTION THAT LESSEE MAY NOW OR HEREAFTER HAVE OR OBTAIN AGAINST LESSOR, ITS AGENTS, EMPLOYEES OR SERVANTS ARISING FROM THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LEASE.

LESSEE FURTHER AGREES TO INDEMNIFY AND HOLD LESSOR AND ALL OF ITS PRESENT, FUTURE AND FORMER AGENTS, EMPLOYEES, OFFICIALS AND REPRESENTATIVES HARMLESS IN THEIR OFFICIAL, INDIVIDUAL AND REPRESENTATIVE CAPACITIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, JUDGMENTS, LIENS AND EXPENSES (INCLUDING ATTORNEY'S FEES), COSTS AND DAMAGES (WHETHER COMMON LAW OR STATUTORY, AND WHETHER CHARACTERIZED AS ACTUAL, PUNITIVE, CONSEQUENTIAL, INCIDENTAL OR BASED ON STRICT LIABILITY AND EXPRESSLY INCLUDING THOSE CAUSED BY

THE NEGLIGENCE OR OTHER FAULT OF ANY PARTY INDEMNIFIED HEREIN), OF ANY CONCEIVABLE CHARACTER, DUE TO OR ARISING FROM INJURIES TO PERSONS (INCLUDING DEATH) OR TO PROPERTY (BOTH REAL AND PERSONAL) CREATED BY, ARISING FROM OR IN ANY MANNER RELATING TO THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LEASE.

6. Fixtures, Improvements, and Liability for Loss or Damage to Property. Lessee acknowledges that as part of the consideration for entering into this Lease, Lessee may have the obligation to make certain capital improvements to the Premises, which are more fully described in **Exhibit "C,"** attached hereto and incorporated herein by reference for all purposes. Title to any fixtures and improvements constructed by Lessee and attached to the Premises shall transfer to the City of Garland upon termination of this Lease, unless otherwise agreed upon in writing by both Parties. Prior to constructing any improvements or attachments on the Premises, Lessee must first obtain written authorization from the City. As of the Execution Date, Lessee is authorized to construct and attach to the Premises the improvements detailed in **Exhibit "D,"** attached hereto and incorporated herein by reference for all purposes. During the term of this Lease, Lessee shall have a duty to maintain all fixtures and improvements in accordance with the provisions of below Sections 7 and 8. Personal property and chattel placed in or on the Premises shall be at the sole risk of Lessee or the owner of such property.

7. No Waste or Contamination. Lessee shall commit no waste of the Premises, including but not limited to any fixtures or improvements, and shall be responsible for any damages to the Premises, including but not limited to fixtures and improvements, caused by the activities of Lessee. Lessee shall, on the Termination Date or any earlier termination of this Lease, surrender the Premises clean, free of debris, and in substantially the same condition as received, except for normal wear and tear. Lessee may not discharge any waste or hazardous materials on the Premises. Any use of fertilizers, herbicides, pesticides or other similar chemicals by Lessee shall be done in strict accordance with all applicable federal, state and local laws. Lessee shall, upon request, provide Lessor with copies of all chemical constituents and MSDS sheets prior to the application of any fertilizer, herbicide, pesticide or other chemicals to the Premises.

8. **Maintenance.** Subject to the provisions of paragraph 7, Lessee must maintain, including performing any necessary repairs to conduct the approved use on the Premises, in accordance with the terms and conditions of the Letter. Lessee shall maintain the Premises in a neat and orderly fashion and in compliance with all applicable laws including, but not limited to, mowing, weed control, and trash and litter removal.

9. **Loss or Destruction of Property Leased.** If the Premises become, as a practical matter, totally untenable after a casualty loss such as fire, storm, explosion, earthquake, or other casualty, and if the casualty loss is not due to the negligence or fault of the Lessee or the Lessee's employees, guests or invitees, either Lessor or Lessee may terminate the Lease at any time by giving written notice to the other.

10. **Lessee to Provide Insurance.** Lessee agrees to carry, during the term of this Lease, comprehensive general liability insurance insuring against bodily injury - including death - and property damage with a company or companies qualified to do business and to write insurance in the State of Texas. The policy or policies shall name Lessor as an additional insured and shall provide coverage of at least \$___,000.00 for bodily injury or death, per occurrence, and \$___,000.00 for property damage, per occurrence. The cost of premiums for all such policies shall be paid by Lessee and the policy or policies shall bear an endorsement providing at least ten (10) days written notice to Lessor of cancellation or material alteration. Lessee shall provide the Lessor with a copy of the insurance policy listing the Lessor as an additional insured and reflecting the required minimum coverage amounts herein at the time of executing this Lease. Also, Lessee shall provide the Lessor with a copy of the insurance policy on an annual basis throughout the term of the lease beginning on the 1st anniversary of the Effective Date and continuing on the same date throughout the term of this Lease.

11. **Assignment or Sublease.** Lessee shall not assign this Lease or sublet the Premises, or any part thereof, without the prior written consent of the Lessor, which may be denied for any reason or no reason at all.

12. **Utilities.** Lessee shall pay, during Lessee's occupancy of the Premises, for all utilities and services, if any, supplied to the Premises, and Lessee shall not cause or suffer the imposition of any lien against the Premises arising from the provision of any utility or related services.

13. **Right to Audit; Inspections.** Lessee grants Lessor the right to enter into and upon the Premises to conduct routine inspections of the Premises and to the extent necessary to determine Lessee is in compliance with the material terms of this Lease, to conduct compliance audits of Lessee's business records. In the event Lessor elects to do a compliance audit to confirm Lessee is maintaining the minimum insurance requirements, is operating its business as described in above Section 4, and is in conformance with all material provisions of this Lease, Lessor shall give Lessee written notice three business days in advance of entering the Premises to conduct a compliance audit.

14. **Termination.** This Lease may be terminated by Lessor, for cause, upon thirty (30) days written notice to Lessee. "Cause" shall be deemed to be any of the following, separately or in any combination:

- (A) Failure to maintain insurance coverage on the Premises or provide Lessor proof thereof upon demand;
- (B) Failure to maintain the Premises in accordance with the provisions of paragraph 8 or applicable laws, rules or regulations;
- (C) Use of the Premises in violation of paragraph 3; or
- (D) Failure to comply with any material provision of this Lease.

15. **Severability.** If any term or provision of this Lease is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Lease shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Lease a legal, valid or enforceable term or provision

as similar as possible to the term or provision declared illegal, invalid or unenforceable.

16. **Waiver.** Either Lessor or Lessee shall have the right to waive any requirement contained in this Lease which is intended for the waiving party's benefit but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended.

17. **Governing Law.** This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Lease are performable in Dallas County, Texas such that exclusive venue for any action arising out of this Lease shall be in Dallas County, Texas.

18. **Paragraph Headings; Construction.** The paragraph headings contained in this Lease are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Lease and this Lease shall not be construed either more or less strongly against or for either party.

19. **Complete Agreement.** This Lease contains the entire agreement between Lessor and Lessee with respect to the Premises and, except as set forth herein and in written instruments executed in connection herewith, neither Lessor nor Lessee has made any agreements, covenants, warranties or representations of any kind or character, express or implied, oral or written, with respect to the Premises including, without limitation, any warranties of habitability, merchantability, workmanship, income to be derived from the Premises, expenses to be incurred in connection with the Premises or with respect to any other conditions, facts or requirements relating or pertaining to the Premises.

20. **Binding Effect.** Except as limited herein, the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

21. **Gender.** Within this Lease, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

22. **Counterparts.** This Lease has been executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

23. **Exhibits.** All exhibits to this Lease are incorporated herein by reference for all purposes wherever reference is made to the same.

24. **Dispute Resolution.** In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which notice shall request a written response to be delivered to the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

25. **No Waiver of Immunity or Defense.** No party, by execution of this Agreement, waives nor shall be deemed to have waived, any immunity or defense that would otherwise be available to it including, without limitation, immunity from liability and suit for damages to one another or to any third-party except as otherwise provided by law.

26. **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal

and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Lease nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of Lessor and Lessee as those terms are understood herein.

27. **Non-Discrimination.** Lessee promises and warrants that no person shall on the grounds of race, color, national origin, or sex, as provided by Title VI of the Civil Rights Act of 1964, and the Civil Rights Restoration Act of 1987 be excluded from participation in, be denied access or benefits of, or be otherwise subjected to discrimination under any program, activity, or transaction on the Premises.

28. **Signature Authority.** Both Parties represent, warrant, and agree that they have the full right and authority to enter into this Lease, and that the person executing this Lease on behalf of the respective Party has the full right and authority to enter into this Lease and bind the Party to each and every obligation contained herein. Lessee understands and acknowledges that Lessor cannot be lawfully held responsible for any obligation contained herein and this Lease cannot be amended, without the authorization of the City Council of the City of Garland and executed by the Mayor of the City of Garland.

EXECUTED as of the ____ day of _____, 2019.

LESSOR:

LESSEE:

CITY OF GARLAND, TEXAS

_____, **INC.**

By: _____

By: _____

Title: _____

Title: _____

Address:

Address:

City of Garland
200 N. Fifth Street
P. O. Box 469002

Garland, Texas 75_____

Garland, Texas 75046-9002
Attn: City Manager

With a copy to:

Office of the City Attorney
City of Garland
200 N. Fifth Street, 4th Floor
P.O. Box 469002
Garland, Texas 75046-9002

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day
of _____, 2019, by _____,
Mayor of the City of Garland, Texas, on behalf of the City.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day
of _____, 2019.

Notary Public in and for the
State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day
of _____, 2019, by _____,
as _____ acting on behalf of
_____.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day
of _____, 2019.

Notary Public in and for the
State of Texas

Exhibit A

Exhibit B

License Agreement

LICENSE AGREEMENT

This License Agreement ("License") is made and entered between the City of Garland, Texas, a Texas home-rule municipality ("Licensor"), and Licensee as identified in the Letter of Confirmation ("Letter") for the times and dates indicated therein, which is attached hereto as **Exhibit "A"** and incorporated herein by reference. In the event of a conflict between this License and the Letter, the terms and conditions of this License shall control.

W I T N E S S E T H

1. **Agreement to License; Concessions.** Subject to the terms and conditions of this License, Licensor hereby licenses and grants access to Licensee, and Licensee hereby takes the premises located in Garland, Dallas County, Texas, and being more particularly described in **Exhibit "B"**, attached hereto, also commonly known by the street address of _____, Garland, Texas (the "Premises"). Any concessions, and use of City owned concession facilities located on or within the Premises, shall be under the terms and conditions of the Concessions Agreement, which is attached hereto as **Exhibit "C,"** and incorporated herein by reference.

2. **Term.** Licensee shall be permitted to use the Premises for the times indicated in the Letter for the purposes stated therein. Licensor shall make the Premises available to the Licensee at the times specified in the Letter for any set-up required prior to the event.

3. **Use.** The Premises licensed is to be used by Licensee for the purposes stated within the Letter and for no other uses or purposes whatsoever. Licensee shall not use or permit the use of the Premises, or any part thereof, for any purpose other than as stipulated without the written consent of Licensor.

4. **Licensee Fee; Deposit.** Licensee shall pay Licensor a non-refundable license fee under the terms and conditions, and in the amount, indicated within the Letter. User shall pay Licensor the deposit amount indicated within the Letter.

5. **As Is Condition.** After execution of this Agreement, but prior to the Effective Date, Licensee shall have the right to enter onto the Premises and to have full access to the Premises for the purpose of conducting such inspections, investigations, studies and tests as Licensee may deem fit. In the event that Licensee determines, in its sole discretion, based upon its inspections, investigations, studies or tests, that the Premises is not satisfactory for Licensee's purposes or is not suitable for Licensee's intended use, then Licensee shall deliver written notice of such determination to Licensor on or before the Effective Date. Licensee, by entry of the Premises under this License, accepts the Premises "**AS IS - WHERE IS, WITH ALL FAULTS**" in the present state of repair. Licensee has been given the opportunity to perform, such inspections, investigations, studies, and tests as Licensee has deemed appropriate and Licensee has satisfied itself, without any representation or warranty on the part of Licensor or anyone acting on Licensor's behalf, that the Premises are fit and satisfactory in all respects for Licensee's purposes.

LICENSEE ACKNOWLEDGES THAT LICENSOR EXPRESSLY DISCLAIMS AND LICENSEE EXPRESSLY WAIVES, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, USEABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PREMISES, AND LICENSEE FURTHER ACKNOWLEDGES THAT LICENSOR HAS NOT MADE ANY OTHER REPRESENTATIONS TO LICENSEE AS TO WHETHER OR NOT THE PREMISES ARE FIT AND SATISFACTORY FOR THE USE INTENDED BY LICENSEE. LICENSOR DISCLAIMS RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION RELATING TO THE PREMISES, WHETHER PROVIDED BY LICENSOR OR OTHERWISE. WITHOUT LIMITING THE FOREGOING, LICENSOR MAKES NO REPRESENTATIONS OF ANY NATURE REGARDING THE PREMISES AND SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, EXPRESS OR IMPLIED, PAST, PRESENT, OR FUTURE, CONCERNING: (I) THE NATURE AND CONDITION OF THE PREMISES, INCLUDING WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, AND THE SUITABILITY THEREOF AND THE PREMISES FOR ANY AND ALL ACTIVITIES AND USES WHICH LICENSEE MAY ELECT TO CONDUCT THEREON, AND THE EXISTENCE OF ANY ENVIRONMENTAL SUBSTANCES, HAZARDS OR CONDITIONS OR PRESENCE OF ANY ENDANGERED OR PROTECTED SPECIES THEREON OR COMPLIANCE WITH ALL APPLICABLE LAWS, RULES OR REGULATIONS; (II) THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE, POSSESSION, LIEN, ENCUMBRANCE,

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TO THE FULLEST EXTENT OF THE LAW, LICENSEE WAIVES AND DISCLAIMS ANY CAUSE OF ACTION THAT LICENSEE MAY NOW OR HEREAFTER HAVE OR OBTAIN AGAINST LICENSOR, ITS AGENTS, EMPLOYEES OR SERVANTS ARISING FROM THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LICENSE.

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STRICT LIABILITY AND EXPRESSLY INCLUDING THOSE CAUSED BY THE NEGLIGENCE OR OTHER FAULT OF ANY PARTY INDEMNIFIED HEREIN), OF ANY CONCEIVABLE CHARACTER, DUE TO OR ARISING FROM INJURIES TO PERSONS (INCLUDING DEATH) OR TO PROPERTY (BOTH REAL AND PERSONAL) CREATED BY, ARISING FROM OR IN ANY MANNER RELATING TO THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LICENSE.

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7. No Waste or Contamination. Licensee shall commit no waste of the Premises, including but not limited to any fixtures or improvements, and shall be responsible for any damages to the Premises, including but not limited to fixtures and improvements, caused by the activities of Licensee. Licensee shall, on the Termination Date or any earlier termination of this License, surrender the Premises clean, free of debris, and in substantially the same condition as received, except for normal wear and tear. Licensee may not discharge any waste or hazardous materials on the Premises. Any use of fertilizers, herbicides, pesticides or other similar chemicals by Licensee shall be done in strict accordance with all applicable federal, state and local laws. Licensee shall, upon request, provide Licensors with copies of all chemical constituents and MSDS sheets prior to the application of any fertilizer, herbicide, pesticide or other chemicals to the Premises.

8. **Maintenance.** Subject to the provisions of paragraph 7, Licensee must make any necessary improvements or repairs to operate as a _____. Maintenance, including any necessary repairs to operate as a _____, of the Premises, including but not limited to any fixtures and improvements, shall be at the sole expense of Licensee and Licensor shall have no maintenance responsibility regarding the Premises whatsoever, such responsibilities being fully assumed by Licensee. Licensee shall maintain the Premises in a neat and orderly fashion and in compliance with all applicable laws including, but not limited to, mowing, weed control, and trash and litter removal.

9. **Loss or Destruction of Property Licensed.** If the Premises become, as a practical matter, totally untenable after a casualty loss such as fire, storm, explosion, earthquake, or other casualty, and if the casualty loss is not due to the negligence or fault of the Licensee or the Licensee's employees, guests or invitees, either Licensor or Licensee may terminate the License at any time by giving written notice to the other.

10. **Licensee to Provide Insurance.** Licensee agrees to carry, during the term of this License, comprehensive general liability insurance insuring against bodily injury - including death - and property damage with a company or companies qualified to do business and to write insurance in the State of Texas. The policy or policies shall name Licensor as an additional insured and shall provide coverage of at least \$____,000.00 for bodily injury or death, per occurrence, and \$____,000.00 for property damage, per occurrence. The cost of premiums for all such policies shall be paid by Licensee and the policy or policies shall bear an endorsement providing at least ten (10) days written notice to Licensor of cancellation or material alteration. Licensee shall provide the Licensor with a copy of the insurance policy listing the Licensor as an additional insured and reflecting the required minimum coverage amounts herein at the time of executing this License.

11. **Assignment or Sublicense.** Licensee shall not assign this License or sublicense the Premises, or any part thereof, without the prior written consent of the Licensor, which may be denied for any reason or no reason at all.

12. **Utilities.** Licensee shall pay, during Licensee's occupancy of the Premises, for all utilities and services, if any, supplied to the Premises, and Licensee shall not cause or suffer the imposition of any lien against the Premises arising from the provision of any utility or related services.

13. **Right to Audit; Inspections.** In permitting the use of the Premises, Licenser does not relinquish its rights to access and enter the Premises and does hereby expressly retain the right to enforce any and all laws and applicable rules and regulations. The Licenser's agents, officers, and employees (including law enforcement) may enter upon and into the Premises at all times to make inspections and perform compliance audits to ensure compliance with this License. In the event Licenser elects to do a compliance audit to confirm Licensee is maintaining the minimum insurance requirements, is operating its business as described in above Section 4, and is in conformance with all material provisions of this License, Licenser shall give Licensee written notice three business days in advance of entering the Premises to conduct a compliance audit.

14. **Termination.** This License may be terminated by Licenser for any reason, or no reason at all, upon three (3) days written notice to Licensee.

15. **Severability.** If any term or provision of this License is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this License shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this License a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

16. **Waiver.** Either Licenser or Licensee shall have the right to waive any requirement contained in this License which is intended for the waiving party's benefit but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended.

17. **Governing Law.** This License and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of

Texas. The provisions and obligations of this License are performable in Dallas County, Texas such that exclusive venue for any action arising out of this License shall be in Dallas County, Texas.

18. **Paragraph Headings; Construction.** The paragraph headings contained in this License are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this License and this License shall not be construed either more or less strongly against or for either party.

19. **Complete Agreement.** This License contains the entire agreement between Licensor and Licensee with respect to the Premises and, except as set forth herein and in written instruments executed in connection herewith, neither Licensor nor Licensee has made any agreements, covenants, warranties or representations of any kind or character, express or implied, oral or written, with respect to the Premises including, without limitation, any warranties of habitability, merchantability, workmanship, income to be derived from the Premises, expenses to be incurred in connection with the Premises or with respect to any other conditions, facts or requirements relating or pertaining to the Premises.

20. **Binding Effect.** Except as limited herein, the terms and provisions of this License shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

21. **Gender.** Within this License, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

22. **Counterparts.** This License has been executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

23. **Exhibits.** All exhibits to this License are incorporated herein by reference for all purposes wherever reference is made to the same.

24. **No Waiver of Immunity or Defense.** No party, by execution of this Agreement, waives nor shall be deemed to have waived, any immunity or defense that would otherwise be available to it including, without limitation, immunity from liability and suit for damages to one another or to any third-party except as otherwise provided by law.

25. **Relationship of Parties.** Nothing contained in this License shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this License nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of Licensor and Licensee as those terms are understood herein.

26. **Non-Discrimination.** Licensee promises and warrants that no person shall on the grounds of race, color, national origin, or sex, as provided by Title VI of the Civil Rights Act of 1964, and the Civil Rights Restoration Act of 1987 be excluded from participation in, be denied access or benefits of, or be otherwise subjected to discrimination under any program, activity, or transaction on the Premises.

27. **Signature Authority.** Both Parties represent, warrant, and agree that they have the full right and authority to enter into this License, and that the person executing this License on behalf of the respective Party has the full right and authority to enter into this License and bind the Party to each and every obligation contained herein. Licensee understands and acknowledges that Licensor cannot be lawfully held responsible for any obligation contained herein and this License cannot be amended, without the authorization of the express authorization of the City Manager of the City of Garland and executed by the City Manager of the City of Garland.

EXECUTED as of the ____ day of _____, 2019.

LICENSOR:

LICENSEE:

CITY OF GARLAND, TEXAS _____, INC.

By: _____ By: _____

Title: _____ Title: _____

Address:

City of Garland
200 N. Fifth Street
P. O. Box 469002
Garland, Texas 75046-9002
Attn: City Manager

Address:

Garland, Texas 75____

With a copy to:

Office of the City Attorney
City of Garland
200 N. Fifth Street, 4th Floor
P.O. Box 469002
Garland, Texas 75046-9002

Exhibit A

Exhibit B

Exhibit C

Facility Use Agreement

FACILITY USE AGREEMENT

This **Facility Use Agreement** ("License") is made and entered between the City of Garland, Texas, a Texas home-rule municipality ("Licensor"), and User ("Licensee" or "User"), as identified in the Letter of Confirmation ("Letter") for the times and dates indicated therein, which is attached hereto as Exhibit "A" and incorporated herein by reference. In the event of a conflict between this License and the Letter, the terms and conditions of this License shall control.

W I T N E S S E T H

1. **Agreement to License.** Subject to the terms and conditions of this License, Licensor hereby licenses and grants access to User, and User hereby takes the premises located in Garland, Dallas County, Texas, and being more particularly described in the Letter ("Premises").

2. **Term.** User shall be permitted to use the Premises for the times indicated in the Letter for the purposes stated therein. Licensor shall make the Premises available to the User at the time specified in the Letter for any set-up required prior to the event.

3. **Use.** The Premises licensed is to be used by User for the purposes stated within the Letter, under the name stated within the Letter, and for no other uses or purposes whatsoever. User shall not use or permit the use of the Premises, or any part thereof, for any purpose other than as stipulated in the Letter without the express written consent of Licensor.

4. **User Fee; Deposit.** User shall pay Licensor a non-refundable license fee in the amount indicated within the Letter. User shall pay Licensor the deposit amount indicated within the Letter.

5. **As Is Condition.** User, by entry of the Premises under this License, accepts the Premises "**AS IS - WHERE IS, WITH ALL FAULTS**" in the present state of repair. User has been given the opportunity to perform, such inspections, investigations, studies, and tests as User has deemed appropriate and User has satisfied itself, without any representation or warranty on the part of Licensor or

anyone acting on Licensor's behalf, that the Premises are fit and satisfactory in all respects for User's purposes.

LICENSEE ACKNOWLEDGES THAT LICENSOR EXPRESSLY DISCLAIMS AND LICENSEE EXPRESSLY WAIVES, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, USEABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PREMISES, AND LICENSEE FURTHER ACKNOWLEDGES THAT LICENSOR HAS NOT MADE ANY OTHER REPRESENTATIONS TO LICENSEE AS TO WHETHER OR NOT THE PREMISES ARE FIT AND SATISFACTORY FOR THE USE INTENDED BY LICENSEE. LICENSOR DISCLAIMS RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION RELATING TO THE PREMISES, WHETHER PROVIDED BY LICENSOR OR OTHERWISE. WITHOUT LIMITING THE FOREGOING, LICENSOR MAKES NO REPRESENTATIONS OF ANY NATURE REGARDING THE PREMISES AND SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, EXPRESS OR IMPLIED, PAST, PRESENT, OR FUTURE, CONCERNING: (I) THE NATURE AND CONDITION OF THE PREMISES, INCLUDING WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, AND THE SUITABILITY THEREOF AND THE PREMISES FOR ANY AND ALL ACTIVITIES AND USES WHICH LICENSEE MAY ELECT TO CONDUCT THEREON, AND THE EXISTENCE OF ANY ENVIRONMENTAL SUBSTANCES, HAZARDS OR CONDITIONS OR PRESENCE OF ANY ENDANGERED OR PROTECTED SPECIES THEREON OR COMPLIANCE WITH ALL APPLICABLE LAWS, RULES OR REGULATIONS; (II) THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE, POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION OR OTHERWISE; (III) THE COMPLIANCE OF THE LAND OR ITS OPERATION WITH ANY LAW, ORDINANCE OR REGULATION OF ANY FEDERAL, STATE, OR LOCAL GOVERNMENTAL AUTHORITY; AND (IV) WHETHER OR NOT THE PROPERTY CAN BE DEVELOPED OR UTILIZED FOR ANY PURPOSE. FOR PURPOSES HEREOF, "ENVIRONMENTAL SUBSTANCES" MEANS THE FOLLOWING: (A) ANY "HAZARDOUS SUBSTANCE" UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, 42 U.S.C.A. SECTION 9601 ET.SEQ., AS AMENDED, (B) ANY "HAZARDOUS SUBSTANCE" UNDER THE TEXAS HAZARDOUS SUBSTANCES SPILL PREVENTION AND CONTROL ACT, TEX. WATER CODE, SECTION 26.261, ET. SEQ., AS AMENDED, (C) PETROLEUM OR PETROLEUM-BASED PRODUCTS (OR ANY DERIVATIVE OR HAZARDOUS CONSTITUENTS THEREOF OR ADDITIVES THERETO), INCLUDING WITHOUT LIMITATION, FUEL AND LUBRICATION OILS, (D) ANY "HAZARDOUS CHEMICALS" OR "TOXIC CHEMICALS" UNDER THE OCCUPATIONAL SAFETY AND HEALTH ACT, 29 U.S.C.A. SECTION 651 ET. SEQ., AS AMENDED, (E) ANY "HAZARDOUS WASTE" UNDER THE RESOURCE CONSERVATION AND RECOVERY ACT, 42 U.S.C.A.

SECTION 6901 ET. SEQ., AS AMENDED, (F) ASBESTOS, (G) POLYCHLORINATED BIPHENYLS, (H) UNDERGROUND STORAGE TANKS AND WELLS, WHETHER EMPTY, ABANDONED, CAPPED, UNCAPPED, FILLED, OR PARTIALLY FILLED WITH ANY SUBSTANCE, (I) ANY SUBSTANCE, THE PRESENCE OF WHICH IS PROHIBITED BY FEDERAL, STATE OR LOCAL LAWS AND REGULATIONS, AND (J) ANY OTHER SUBSTANCE WHICH BY FEDERAL, STATE OR LOCAL LAWS AND REGULATIONS REQUIRES SPECIAL HANDLING OR NOTIFICATION OF GOVERNMENTAL AUTHORITIES IN ITS COLLECTION, STORAGE, TREATMENT OR DISPOSAL. REFERENCES TO PARTICULAR ACTS OR CODIFICATIONS IN THIS DEFINITION INCLUDE ALL PAST AND FUTURE AMENDMENTS THERETO, AS WELL AS APPLICABLE RULES AND REGULATIONS AS NOW OR HEREAFTER PROMULGATED THEREUNDER.

TO THE FULLEST EXTENT OF THE LAW, LICENSEE WAIVES AND DISCLAIMS ANY CAUSE OF ACTION THAT LICENSEE MAY NOW OR HEREAFTER HAVE OR OBTAIN AGAINST LICENSOR, ITS AGENTS, EMPLOYEES OR SERVANTS ARISING FROM THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LICENSE.

LICENSEE FURTHER AGREES TO INDEMNIFY AND HOLD LICENSOR AND ALL OF ITS PRESENT, FUTURE AND FORMER AGENTS, EMPLOYEES, OFFICIALS AND REPRESENTATIVES HARMLESS IN THEIR OFFICIAL, INDIVIDUAL AND REPRESENTATIVE CAPACITIES FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, JUDGMENTS, LIENS AND EXPENSES (INCLUDING ATTORNEY'S FEES), COSTS AND DAMAGES (WHETHER COMMON LAW OR STATUTORY, AND WHETHER CHARACTERIZED AS ACTUAL, PUNITIVE, CONSEQUENTIAL, INCIDENTAL OR BASED ON STRICT LIABILITY AND EXPRESSLY INCLUDING THOSE CAUSED BY THE NEGLIGENCE OR OTHER FAULT OF ANY PARTY INDEMNIFIED HEREIN), OF ANY CONCEIVABLE CHARACTER, DUE TO OR ARISING FROM INJURIES TO PERSONS (INCLUDING DEATH) OR TO PROPERTY (BOTH REAL AND PERSONAL) CREATED BY, ARISING FROM OR IN ANY MANNER RELATING TO THE USE, OCCUPATION OR CONDITION OF THE PREMISES OR THE EXISTENCE OF THIS LICENSE.

6. Concessions and Catering. All concessions and catering shall be in accordance with the terms and conditions stated within the Letter.

7. No Waste, Defacement, or Contamination. User shall commit no waste of the Premises and shall be responsible for any damages to the Premises, including but not limited to fixtures, personal property, and improvements, caused by the activities of User. User shall, upon vacating the Premises, surrender the Premises clean, free of debris, and in substantially the same condition as received. User

shall not discharge any waste or hazardous materials on the Premises. User shall not injure, mar or in any way deface the Premises and shall not cause, permit, or suffer anything to be done whereby the Premises shall be in any manner injured, marred, or defaced. User shall not drive, allow, suffer, or permit to be driven nails, hooks, tacks, or screws into any part of the Premises and shall not allow, permit, suffer, or make any alterations to the Premises of any kind.

8. **Compliance with Laws.** User shall comply with all federal, state, and local laws that are applicable to the use of the Premises. There shall be no smoking or gambling on the Premises.

9. **User to Provide Insurance.** User agrees to carry, during its use of the Premises, comprehensive general liability insurance insuring against bodily injury - including death - and property damage with a company or companies qualified to do business and to write insurance in the State of Texas. The policy or policies shall name Licensor as an additional insured and shall provide coverage of at least \$____,000.00 for bodily injury or death, per occurrence, and \$____,000.00 for property damage, per occurrence. The cost of premiums for all such policies shall be paid by User. User shall provide the Licensor with a copy of the insurance policy listing the Licensor as an additional insured and reflecting the required minimum coverage amounts herein at the time of executing this License.

11. **Assignment or Sublicense.** User shall not assign this License or sublicense the Premises, or any part thereof, without the prior written consent of the Licensor, which may be denied for any reason or no reason at all.

12. **Termination.** This License may be terminated by Licensor for any reason, or no reason at all, upon three (3) days written notice to User. In the event Licensor terminates this License prior to the event and due to no fault of User, any deposit paid by User shall be refunded in full.

13. **Severability.** If any term or provision of this License is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this License shall not be affected

thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this License a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

14. **Waiver.** Either Licensor or User shall have the right to waive any requirement contained in this License which is intended for the waiving party's benefit but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended.

15. **Governing Law.** This License and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this License are performable in Dallas County, Texas such that exclusive venue for any action arising out of this License shall be in Dallas County, Texas.

16. **Paragraph Headings; Construction.** The paragraph headings contained in this License are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this License and this License shall not be construed either more or less strongly against or for either party.

17. **Complete Agreement.** This License, including the attached Letter, contains the entire agreement between Licensor and User with respect to the Premises and, except as set forth herein and in written instruments executed in connection herewith, neither Licensor nor User has made any agreements, covenants, warranties or representations of any kind or character, express or implied, oral or written, with respect to the Premises including, without limitation, any warranties of habitability, merchantability, workmanship, income to be derived from the Premises, expenses to be incurred in connection with the Premises or with respect to any other conditions, facts or requirements relating or pertaining to the Premises.

18. **Binding Effect.** Except as limited herein, the terms and provisions of this License shall be binding upon and inure to the benefit of the parties hereto and their

respective heirs, devisees, personal and legal representatives, successors and assigns.

19. **Gender.** Within this License, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

20. **Counterparts.** This License has been executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

21. **Exhibits.** All exhibits to this License are incorporated herein by reference for all purposes wherever reference is made to the same.

22. **No Waiver of Immunity or Defense.** No party, by execution of this Agreement, waives nor shall be deemed to have waived, any immunity or defense that would otherwise be available to it including, without limitation, immunity from liability and suit for damages to one another or to any third-party except as otherwise provided by law.

23. **Relationship of Parties.** Nothing contained in this License shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this License nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of Licensors and User as those terms are understood herein.

24. **Non-Discrimination.** User promises and warrants that no person shall on the grounds of race, color, national origin, or sex, as provided by Title VI of the Civil Rights Act of 1964, and the Civil Rights Restoration Act of 1987 be excluded from participation in, be denied access or benefits of, or be otherwise subjected to discrimination under any program, activity, or transaction on the Premises.

25. **Right to Enter.** In permitting the use of the Premises, Licensors does not relinquish its rights to access

and enter the Premises and does hereby expressly retain the right to enforce any and all laws and applicable rules and regulations. The Licensor's agents, officers, and employees (including law enforcement) may enter upon and into the Premises at all times to make inspections to ensure compliance with this License.

26. **Signature Authority.** Both Parties represent, warrant, and agree that they have the full right and authority to enter into this License, and that the person executing this License on behalf of the respective Party has the full right and authority to enter into this License and bind the Party to each and every obligation contained herein. User understands and acknowledges that Licensor cannot be lawfully held responsible for any obligation contained herein and the express terms and conditions of this License cannot be amended by the Letter or otherwise, without the express authorization of the City Manager of the City of Garland and executed by the City Manager, or his express designee, of the City of Garland.

EXECUTED as of the ____ day of _____, 20____.

LICENSOR:

USER:

CITY OF GARLAND, TEXAS

By: _____

By: _____

Title: _____

Title: _____

Address:

Address:

City of Garland
200 N. Fifth Street
P. O. Box 469002
Garland, Texas 75046-9002
Attn: City Manager

Garland, Texas 75____

With a copy to:

Office of the City Attorney
City of Garland
200 N. Fifth Street, 4th Floor
P.O. Box 469002
Garland, Texas 75046-9002

Exhibit A

Exhibit B

Appendix D – Garland Women’s Activities Building Council Use Agreement Audit Report



GARLAND
INTERNAL AUDIT

1.9.2020 DRAFT

Garland Women's Activities Building Council, Inc. Use Agreement



City Auditor:

Jed Johnson, CIA, CGAP

Major Contributor:

Lynae McClean, CPA

October 15, 2018

Report 201810

Contents

Executive Summary	136
Authorization.....	136
Objective(s).....	136
Scope and Methodology.....	137
Background.....	138
WABC Program Analysis	144
Recommendations.....	150
Exhibit A – WABC Rules, Guidelines and Rates	151
Exhibit B – WABC Programs.....	152
Exhibit C – Surveys.....	153

Executive Summary

On October 5, 1976, the City of Garland (City) entered into a Use Agreement with the Garland's Women's Activities Building Council, Inc. (WABC) for use, maintenance, and operation of the Women's Activities Building located in downtown Garland. Per this agreement, the WABC agreed to provide programs of interest to the public, including, but not limited to, educational, social, and cultural seminars which promulgate participation from all segments of the City. Also, as stated in the WABC's Articles of Incorporation, the purpose of WABC is to provide those programs to stimulate interest in the areas of art, literature, and crafts for all women of the City of Garland.

According to the WABC Board, upon execution of this agreement they were very active in the community for several years and offered a variety of programs. Membership records from 1991, show that the WABC had over 200 members. However, membership has gradually declined and currently only has 30 members.

During the scope of the audit, the WABC offered limited programs of interest to the public. They currently do not have any outreach programs to identify the interest of various segments of Garland Women and to attract new members and/or officers. The building is mainly used as a rental facility for non-profit organizations (including 5 women's groups) and citizens.

The building office is open Monday through Thursday from 8 AM – 2 PM. Office duties are not segregated and records are not consistently maintained to mitigate risks and provide audit trails.

There are two areas where the WABC is not in compliance with the Use Agreement:

- They do not provide supervision for all functions held at the facility.
- Internal developed House Rules have not been presented to the City for approval.

The City has provided subsidies and services to the WABC in accordance with the Use Agreement. This averages approximately \$21K per year. Based on IA's analysis of the WABC's financials, they will not be able to continue its operation (as it is) without the City's continuing support.

IA recommends the City to re-evaluate the Use Agreement with the WABC to determine the best method to serve the needs and activities of Garland Citizens, especially women.

Authorization

This audit was conducted under the authority of Article IV, Section 8 of the Garland City

Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

A. Determine if the City's Use Agreement with the WABC and current operation serve the needs and activities of Garland Citizens.

B. Verify if the WABC and the City are in compliance with the terms and conditions listed in the Use Agreement.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit is from June 1, 2013 (FY/2014) through May 31, 2018 (FY/2018), with the exception of WABC's programs (October 2011–May 2018), WABC's membership rosters (FY/1991–FY/2018), WABC Annual Contracts (January 2018–July 2019), WABC Individual contracts (June 2018–December 2018) and building repairs (August 2012 and June 2018). Please note WABC's Fiscal Year starts in June and ends in May.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA:

- Conducted interviews with the WABC Board/Staff and reviewed supporting evidence to understand the mission and types of educational, social, cultural and/or other programs of public interest provided by the WABC. (Obj. A & B)
- Performed a walkthrough of the facility to evaluate furnishings, landscaping, and building condition. (Obj. B)
- Obtained and reviewed House Rules, membership details, booking calendars, third-party rental agreements, financial records, board meeting minutes, etc. to understand the WABC's operation. (Obj. A & B)
- Conducted surveys of cities for benchmarking purposes. (Obj. A)
- Conducted meetings and inquiries with various City departments and reviewed supporting evidence to evaluate the services provided by the City. (Obj. B)
- Obtained and reviewed insurance policies from both the WABC and the City to determine if coverage is adequate. (Obj. B)
- Reviewed the WABC's treasury reports and tax returns to assess the WABC's financial independence without the City's subsidy and/or services. (Obj. B)
- Reviewed City Council minutes and City Secretary records to identify details regarding Federal Revenue sharing funds. (Obj. A & B)

To assess the reliability of City reports originated from Customer Service, Parks and Facilities departments, IA interviewed the respective departments and compared the reports to the applicable systems and financial records to verify accuracy. The intent of this assessment was to estimate costs of City services provided to WABC, not a detailed study of each system. As a result of our assessment, IA determined the data was reliable and sufficient for purposes of this report.

To assess the reliability of the WABC Treasury Reports, IA traced transactions to available source documents and conducted interviews with the Building Manager. IA was not able to obtain all of

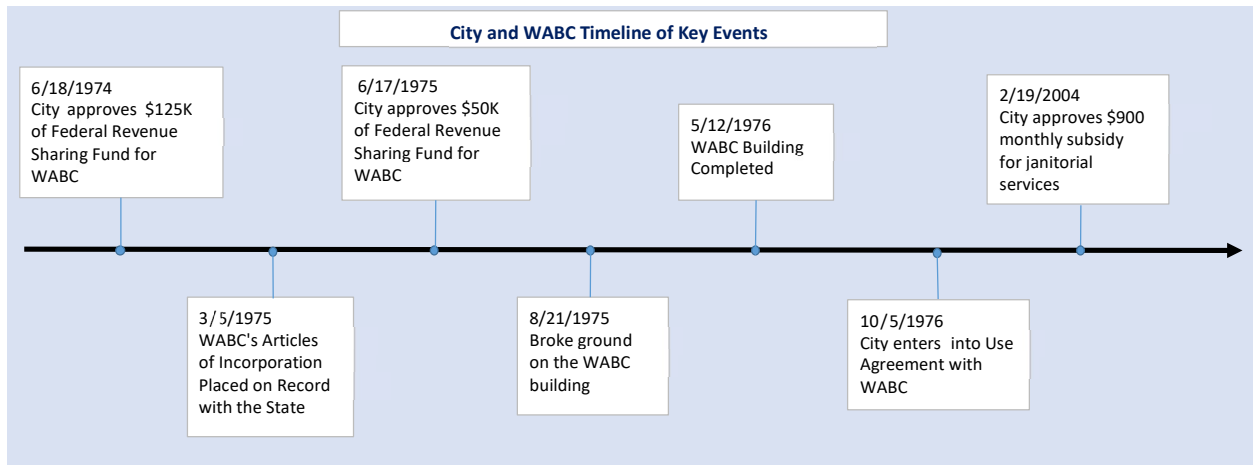
the supporting documentation for expenses and Individual Renter contracts. However, IA was able to assess the reliability of Annual rental fees, City subsidy and services for purpose of this report.

Background

During the mid-1900s, the women of Garland had many clubs and societies of one sort or another, however, they did not have their own building or proper space to meet. They met in different members' homes and churches. In 1970, the Garland Federation of Women's Clubs (Federation) formed a committee entitled Future Women's Building in order to fund construction of a meeting space for women's organization. Data was collected from a survey that showed an active interest in the project. There were more than 35 member clubs in the Federation in Garland during this time. In 1973, the various clubs decided to combine their efforts to obtain support from politicians. In 1974, the Federation led the charge and requested the City Council to allocate funding from the Federal Revenue Sharing Fund* to construct a building. The City Council approved this request and granted \$125K from the Federal Revenue Sharing Fund. The following year, the City Council approved another \$50K from the same source. During this time frame, the WABC was formed and played a significant role in raising additional funds for the building from various individuals, businesses and organizations.¹

On October 5, 1976, City Council approved Resolution no. 2617 authorizing the City Manager to enter into a Use Agreement with the Garland Women's Activities Building Council, Inc. for use, maintenance, and operation of the Women's Activities Building located at 713 Austin Street, Garland, Texas.

* IA was not able to locate any details/restrictions regarding the Federal Revenue Sharing Fund. The timeline¹ below summarizes key dates leading up to and following the Use Agreement:



Use Agreement

The Use Agreement contains several conditions to be met by both the City and the WABC. Some of those requirements include:

City Services (Section II)

The City agrees to perform the following:

1. Provide fire and comprehensive liability coverage for the premises, except that coverage beyond that included in the City's general policy shall be responsibility of the WABC.
2. Provide police surveillance on a regular basis as provided other municipal facilities.
3. Provide electricity, sewer, and water utilities at the expense of the City, as is provided all other municipal buildings.
4. Provide garbage and trash pickup on a regular basis.
5. Provide heating/air conditioning maintenance with regular inspections of roof units and repair when necessary.
6. Provide landscape maintenance on a weekly basis with watering, as needed, during all times of the year.

WABC Services (Section III)

WABC agrees to perform the following:

1. Furnish the building and keep all furnishings in good repair, as well as maintain the building on a daily basis to insure that same is maintained in good repair.
2. Provide staff for the building on a part-time or full-time basis, as needed.
3. Supervise all functions to be held on the premises.
4. Provide landscaping for the premises, as needed, and fund such improvements.
5. Provide programs of interest to the public, including, but not limited to, educational, social, and cultural seminars which promulgate participation from all segments of the City.
6. Provide custodial maintenance as needed (daily, bi-weekly, weekly, etc.) including litter control on the grounds as well as the traditional custodial services.

7. Be responsible for its own liability coverage if such coverage is desired.
8. Provide fire and casualty insurance coverage beyond the coverage limits and deductible provisions of the City's General Policy as desired by the WABC.

House Rules (Section IV)

The WABC shall adopt reasonable rules and regulations for the daily operation of the buildings. House Rules developed by WABC must be approved by the City. Amendments to the House Rules must be approved by the City Manager or his designee.

Use of the Premises (Section V)

The WABC agrees to make available meeting room space to all groups, including, but not limited to, service clubs, political organizations, non-partisan organizations, community service organizations, as well as individuals on a first-come first-serve equal basis, under the rules and regulations of the WABC.

The City reserves the right to utilize the building for public-oriented functions, provided that said use does not conflict with any use or function previously scheduled by WABC.

Non-Discrimination Clause (Section VI)

No person, firm, corporation or group shall be denied use of the premises because of race, sex, color, or national origin.

Modifications (Section VII)

Structural modifications, improvements, remodeling, painting, attachment of signs and poles, etc. must first be approved in writing by the City Manager or his designated representative.

Internal Matters (Section X)

Use fees, bylaws, custodial maintenance, etc. and the manner of handling same are the responsibility of the WABC, provided that the City shall have the right to periodically audit and require operational and/or policy revisions of these internal matters.

Term (Section XI)

This Agreement shall be for a term of one year from the date hereof, but shall automatically be extended from year to year, unless either party gives the other party thirty (30) day notice in writing that this Agreement shall not be extended.

Ownership (Section XIV)

The City is recognized as retaining sole and complete ownership of the building and all parts thereof, all adjacent structures, and the grounds on which the building and other structures stand,

as well as any equipment or material the City provides for the maintenance and improvement of the entire facility or any part thereof.

The WABC shall be recognized as sole owner of all contents of the building, including furnishings, paintings, etc., that are purchased with funds of WABC. However, the WABC shall not have the right to claim ownership of any article of property provided by the City or some other governmental unit, private citizen or organization.

City Subsidy²

On February 19, 2004, the City agreed to provide an annual subsidy of \$10,800 (\$900/ month) for janitorial services to cover maintenance activities such as carpet cleaning and window washing to help preserve the City's asset.

WABC Articles of Incorporation

The WABC's Articles of Incorporation was filed with the Office of the Secretary of State on 3/5/1975. Some of those requirements include:

Article 4 – The purpose for which the Corporation is organized is to provide educational, civic, and social activities for all women of the City of Garland, Texas, with the view towards stimulating interests in the areas of art, literature, and crafts.

Article 8 – The Corporation shall promote and provide educational, civic, and social activities for all women in the City of Garland, Texas. All properties of the Corporation shall be for the use and benefit of the public, and no part of the income of the Corporation shall inure to the benefit of any private person. Upon dissolution or liquidation of the Corporation, all assets and properties belonging to the Corporation shall be transferred and conveyed to the City of Garland, Texas as designated in the Bylaws of the Corporation.

WABC Bylaws

The WABC is governed by Bylaws. Some of those requirements include:

Article II Object - The object of WABC shall be to provide the educational, civic, and social activities for all women of the City of Garland, Texas with a view toward stimulating interest in the areas of art, literature, and crafts; to obtain and administer funds for construction, maintenance and/or repair of the Women's Activities Building of Garland as they become necessary and as approved by the City of Garland; and to establish and enforce regulations for the use of the Women's Activities Building of Garland. No individual shall ever derive any personal monetary benefit from this

organization other than in giving and receiving of services to be performed in connection with the purpose above stated.

Article III Policy - The policy of this organization shall be non-partisan, non-sectarian, and for the benefit of the public as a whole.

Article V Officers and Elections (Term of Office Section 2) - The elected officers of WABC shall serve a term of office in their elected capacities for one year, or until their successors are elected, and may be re-elected to serve one additional year in the same office. A term of office shall begin June 1. No member shall hold more than one office at a time.

Article VIII – Membership and Meetings

- Regular Meetings Section 1 - Two regular meetings of WABC shall be held at the Women’s Activities Building, Garland, Texas, on the first Monday of May and October, unless otherwise ordered by the Executive Board.
- Annual Meetings Section 2 - The May meeting shall be known as the annual meeting and shall be for the purpose of electing officers, receiving reports of officers and committees, and for any other business that may arise.

Article IX – Committees

- Roster of Standing Committee Section 1 - At the discretion of the president, the following committees may be appointed as needed: House Rules, Inventory, Auditing, Finance, Building Maintenance, Grounds, History and Publicity, and Acquisitions.
- Appointment Section 2 – Unless otherwise provided in these bylaws or by the assembly, each standing committee shall consist of at least three members, the chairman of which shall be appointed by the president from the roster of the Executive Board within thirty days after she takes office.
- Duties of Standing Committee Section 4, include but not limited to:
 - Auditing – Prior to June of each year the president shall appoint a committee of three who shall conduct an audit to examine the treasurer’s accounts, making preliminary report to the Executive Board and a final report to the membership meeting in October.
 - Finance – The finance committee, of which the treasurer shall be chairman, shall prepare an annual budget which shall be submitted to the Executive Board for approval at its September meeting and to the members at the general meeting in October for ratification. The committee shall have general supervision of all expenditures.
 - History and Publicity – The history and publicity committee shall be responsible for recording the history of WABC during its term and for submitting to news media all information regarding WABC to be released to the public. The committee shall maintain a scrapbook of the activities of WABC and shall prepare a narrative account

of the account activities during its term, which when approved by the assembly, will become a permanent part of the official history of WABC.

Article X Fiscal Year – The fiscal year of WABC shall be June 1 through May 31.

Article XIII Dissolution – Upon dissolution or liquidation of WABC all assets and properties of the organization shall be transferred and conveyed to the City of Garland, Texas.

Sources:

1. WABC formation, building completion and ground breaking dates were obtained from a guest commentary by Ruth Buchholz (First President of the WABC) published in The Garland News (1997). City Council approvals were obtained from meeting minutes.
2. Letter addressed to Ruth Buchholz from Bob Day, Mayor.

A. WABC Operation - Does the current operation serve the needs and activities of Garland women and citizens?

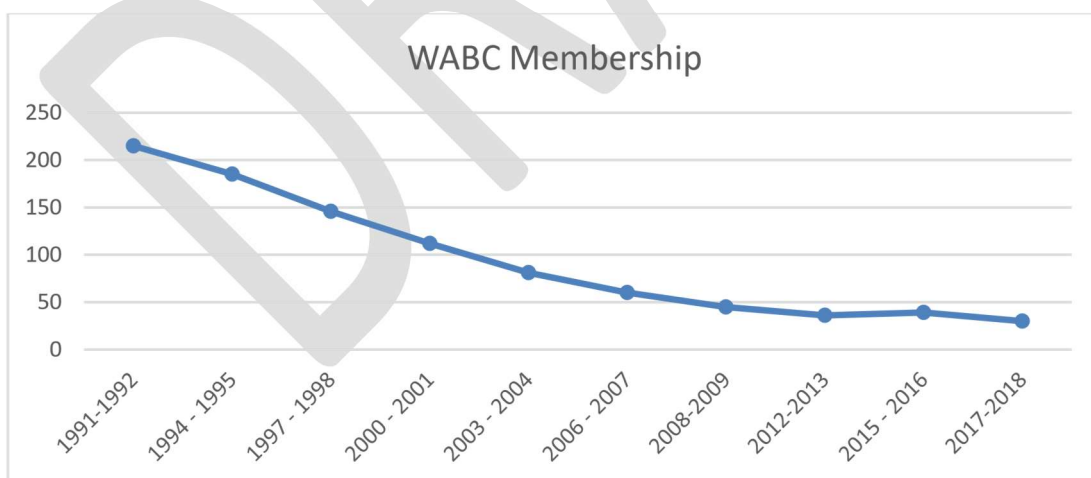
1. Programs of Interest to the Public

The Use Agreement requires the WABC to provide programs of interest to the public, including but not limited to, educational, social, and cultural seminars which promulgate participation from all segments of the City. Also, according to the WABC's Articles of Incorporation, the purpose of WABC is to provide those programs to stimulate interest in the areas of art, literature, and crafts for all women of the City of Garland.

IA reviewed the WABC's programs and identified that four programs are held per year in March, May, October and December. These programs cover various topics such as, history, music, literature, etc. See Exhibit B for examples. The WABC members are encouraged to bring guests to these functions. However, these programs are not advertised on the WABC website, City press or through any other mediums. They also have not done any surveys or outreach measures to identify current/relevant topics that could be of interest to various segments of the Garland women population.

2. WABC Membership and Board

IA reviewed the WABC membership files and identified that membership has been declining over the past 27 years. Since 1991, membership has dropped from 215 members to 30 in 2018. According to the Board, this was mainly due to the aging of the membership population and/or differences in interests as a result of a generational gap.



Source: WABC Membership Book

IA reviewed Board minutes and observed that the WABC has not had a Board election in the recent years. The following illustrates the duration of positions held by the officers:

- President, since 2007

- Vice President, since 2010
- Director, since 2010
- Treasurer, since 1993
- Secretary, since 2010 (*In 2010, the Treasurer also took the role of Secretary*)

The WABC does not have outreach programs to promote or recruit new members or officers. According to the Board, several years ago WABC participated in the City's Annual Board and Volunteer Fair, but the purpose was mainly to invite citizens to rent the facility.

During the audit, IA learned that the Treasurer/Secretary is also the Building Manager of the WABC. The Building Manager is responsible for managing all of the duties, including, but not limited to, reserving rooms, determining rental fee exceptions, signing contracts, collecting payments, processing payroll, cutting checks, record keeping, preparing Treasury reports, filing tax returns, etc. This creates a lack of segregation of duties. There is no continuous oversight of this role other than the Board reviewing Treasury Reports on a quarterly basis. According to the WABC bylaws, an Audit Committee could be assigned to conduct an audit of the treasurer's accounts. However, an Audit Committee has not been established.

3. WABC Building Operation

The building office is open Monday through Thursday from 8AM – 2PM. During business hours, the Building Manager meets with potential renters to tour the facility and book rooms. If the Building Manager is out for an extended period of time, the office is closed for tours and reservations. However, an individual is designated to handle light facility maintenance.

The WABC rents the facility to various types of non-profit organizations, including but not limited to, service, political, non-partisan, and religious groups. Most of these groups rent the facility at least nine times per year and are considered Annual Renters. According to a letter sent out by Ruth Buchholz (First President of the WABC) to the Mayor in 2004, the WABC had 40 annual renters. However, currently that number has reduced to 17, including five women's organizations. Annual Renters pay a reduced rate to rent the facility. Based on the WABC FY/18 data, 60% of rental fees are generated from Annual Renter contracts.

IA verified that rental fees are not consistently charged to the Annual Renters in accordance with the annual user rates, published in the WABC brochure. IA's review of current Annual Renters' contracts revealed that 12 out of 17 rental fees were not calculated based on the current fee schedule, resulting in a shortfall of \$2,960 in rental revenue from January 2018 through July 2019. During the interview with the Building Manager, it was stated that some of the Annual Renters had been utilizing the facility since at least 1989. Therefore, their rates were only slightly increased each year, in order to maintain long term relationships with those Annual renters. However, new organizations are required to pay the current published rate.

The facility is also used by Individual Renters for events such as baby showers, wedding receptions, anniversary, and birthday parties. IA identified only 12 events that are currently reserved for Individual Renters from June – December 2018. IA did not find any major discrepancies in the Individual Renter Fee assessments and/or payments. Records prior to this time were not maintained by the WABC. Therefore, IA was unable to verify the completeness or accuracy of the Individual Renter fees assessed and received prior to June 2018.

The WABC is permitted to retain all profits from the rental fees. See Exhibit A for rental fee schedule.

Summary:

During the scope of the audit, the WABC has offered limited programs of interest to the public. They currently do not have any outreach programs to identify the interest of various segments of Garland Women and to attract new members or officers. The building is mainly used as a rental facility for non-profit organizations and citizens. Five out of 17 Annual Renters are women's organizations.

The office is only open Monday through Thursday from 8AM to 2PM, thus limiting building access to potential clients. Office duties are not segregated and records are not consistently maintained to mitigate risks and provide audit trails.

B. Compliance with the Use Agreement - Is the WABC and the City Compliant with the terms and conditions of the Use Agreement?

1. WABC

Per the Use Agreement, the WABC is required to furnish the building, provide staff, supervise functions, provide landscaping, be responsible for custodial maintenance, maintain insurance if desired, submit House Rules to the City for approval, and offer programs of interest to the public (as discussed above in A).

IA's walk through of the facility revealed that the WABC keeps the furniture, building and grounds clean and well maintained. Their staff consists of a part time Building Manager and a contract Custodian. They also maintain a personal property insurance policy to cover the contents inside the building.

However, through further discussion with the Building Manager, and review of documentation, IA identified the following areas where the WABC is not in compliance with the Use Agreement:

- a. Functions held at the WABC are not supervised by the staff. The WABC's business hours are from 8AM-2PM, Monday through Thursday. Most of the functions occur in the evenings and/or weekends. Both Annual and Individual Renters are given keys to the building entrance and the room being reserved. Without proper supervision, the City could be exposed to various risks such as property damage, injuries, alcohol consumption, inappropriate and/or unapproved activities, etc. According to the Building Manager, no issues have been reported in the past.
- b. House Rules or amendments developed by the WABC have not been presented to the City for approval.

2. City of Garland

According to the Use Agreement and amendment from 2004, the City is required to provide the following subsidy and services to the WABC, at the expense of the City:

- \$900/month to subsidize janitorial services.
- Utilities including electricity, sewer, water, garbage and trash pickup.
- Landscape maintenance on a weekly basis with watering as needed, during all times of the year.
- Facility maintenance including heating/air conditioning with regular inspections of the roof units, and repairs when necessary.

- Police surveillance on a regular basis as provided to the other municipal facilities. □ Fire and comprehensive liability coverage for the premises.

IA conducted interviews with various City departments and obtained work order history and financial records to verify City's compliance. Based on IA's review, the City complied with the terms and conditions listed in the Use agreement. The table below summarizes the City's costs of annual services and subsidy provided to the WABC:

	FY14	FY15	FY16	FY17	FY18
Facilities Maintenance*	\$ 1,811	\$ 1,495	\$ 1,306	\$ 1,473	\$ 1,127
Grounds Maintenance	\$ 2,137	\$ 3,327	\$ 3,618	\$ 3,975	\$ 3,633
Utilities	\$ 3,787	\$ 4,623	\$ 4,740	\$ 4,972	\$ 5,959
Total Services	\$ 7,735	\$ 9,445	\$ 9,665	\$ 10,420	\$ 10,720
City Subsidy	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
Total Services & Subsidy	\$ 18,535	\$ 20,245	\$ 20,465	\$ 21,220	\$ 21,520

Sources: PARD and Facility Work Order Reports, and Utility Account Entry Revenue Report

*The City also provides major replacement and repairs (i.e., A/C unit in August 2012, \$14,460 and skylight repair in August 2018, \$2,166).

3. WABC Financial Condition

As of September 2018, WABC's checkbook balance is \$28,383. IA conducted the following analysis to assess WABC's financial condition with and without City resources:

	FY14	FY15	FY16	FY17	FY18
Rental Fees	\$ 24,495	\$ 26,965	\$ 30,520	\$ 39,162	\$ 36,060
City Subsidy	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
City Services Donation⁽¹⁾	\$ 7,735	\$ 9,445	\$ 9,665	\$ 10,420	\$ 10,720
Membership Dues	\$ 435	\$ 525	\$ 510	\$ 390	\$ 330
Other ⁽²⁾	\$ 85		\$ 570	\$ 370	\$ 161
Total Income	\$ 43,550	\$ 47,735	\$ 52,065	\$ 61,141	\$ 58,071

Office Staff Salary	\$ 23,088	\$ 23,280	\$ 26,076	\$ 26,076	\$ 26,184
Contract Custodian & Maintenance	\$ 10,301	\$ 10,034	\$ 10,334	\$ 9,892	\$ 10,255
City Services ⁽¹⁾	\$ 7,735	\$ 9,445	\$ 9,665	\$ 10,420	\$ 10,720
Office Expense ⁽³⁾	\$ 1,900	\$ 2,087	\$ 2,031	\$ 2,269	\$ 2,003
Building ⁽⁴⁾	\$ 432	\$ 1,245	\$ 1,329	\$ 1,947	\$ 857
Insurance	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Programs ⁽⁵⁾	\$ 848	\$ 1,259	\$ 1,269	\$ 1,475	\$ 1,395
Other ⁽²⁾	\$ -	\$ -	\$ 385	\$ 385	\$ 340
Total Expenses	\$ 44,855	\$ 47,900	\$ 51,638	\$ 53,014	\$ 52,303
NET INCOME	\$ (1,304)	\$ (165)	\$ 427	\$ 8,127	\$ 5,767
Less: City Subsidy	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800	\$ 10,800
City Services Donation	\$ 7,735	\$ 9,445	\$ 9,665	\$ 10,420	\$ 10,720
NET LOSS w/o City Subsidy and Services	\$ (19,840)	\$ (20,410)	\$ (20,038)	\$ (13,093)	\$ (15,752)

Sources: WABC Treasury Reports, PARD and Facility Work Order Reports, Utility Account Entry Revenue Report, and Finance System Notes:

- 1) Services for facilities, ground maintenance and utilities
- 2) Mostly consists of damage deposits either returned or retained
- 3) Includes fees for internet services
- 4) Includes supplies for restrooms and kitchen
- 5) Program costs -guest speaker fees, food, etc.

Summary:

IA identified two areas where the WABC is not in compliance with the Use Agreement. The WABC does not supervise functions held at the facility, and have not submitted House Rules to the City for approval.

The City has provided subsidies and services to the WABC in accordance with the Use Agreement. This averages approximately \$21K per year. Only 3% of the WABC's operating cost is expended on program cost (Direct cost). Based on IA's analysis of WABC's financials, they will not be able to continue its operation (as it is) without the City's continuing support.

Recommendations

The City should re-evaluate the Use Agreement with the WABC to determine the best method to serve the needs and activities of Garland Citizens, especially women. As part of this evaluation, the following items should be considered to enhance the effectiveness and efficiency of the operation:

- Performance outcome measures
- Outreach efforts
- Subsidy and resource allocation
- Rate review process
- Reporting methods and timeliness
- Segregation of duties and/or compensating internal controls
- Operational hours and staffing needs
- Supervision of functions
- Record Retention policy
- Review of other Cities' arrangements with similar non-profit organizations (See Exhibit C)

Management Response:

Concur

Action Plan:

1. An item will be placed on the City Council's Administrative Service Committee Agenda to re-evaluate the Use Agreement with the WABC.
2. The Committee will then make a recommendation to the entire City Council for their consideration.

Implementation Date:

1. Administrative Committee - November 2018
2. City Council – January 2019

Rules and Guidelines

Minimum rental time is 3 hours for any room.

Set up, decorating and clean up time is to be included in rental time.

The foyer is shared space and for all users. If more than one renter are in the building at the same time, they must share the foyer, restrooms, etc. The kitchen will not be rented to two users at the same time.

The kitchen must be rented for the same amount of time as the meeting rooms.

Renters must be 21 years or older and must sign a rental agreement.

Rental fees and damage deposits are due and payable at the time the building is reserved. Rental and damage deposit must be paid in full to put your event on the calendar.

Commercial users not charging admission may use the building for meetings, seminars, etc. Under federal guidelines, the building may not be used for profit. Fundraising by non-profit groups is excluded.

Annual user rates are available for groups meeting 9 times a year or more.

Price List

	Individual User		Annual User (9+ rentals/year)		
	Hourly	Damage	Hourly	Hourly	Damage
	Rate	Deposit	Rate	Rate	Deposit
			Mon-Thurs	Fri-Sun	
Assembly Room 100 Chairs 12 Round Tables 60" 12 Rectangle Tables 8' x 30" Podium Screen 70" Upright Piano	\$80	\$300	\$20	\$40	\$100
Room 2 40 Chairs 9 Card Tables 1 Rectangle Table 6' Podium	\$40	\$200	\$10	\$20	\$75
Kitchen Double Oven Electric Stove Refrigerator Microwave Oven 100 Glass Punch Cups 200 Glass Plates 100 12 & 16 oz. Glasses 100 White Luncheon Plates 100 White Salad Plates 100 White Cups and Saucers Silverware for 100	\$15	\$100	\$10	\$10	\$40

per meeting

Garland Activities Building



713 Austin Street
Garland, Texas 75040

GarlandActivitiesBuilding.com

972-272-5024

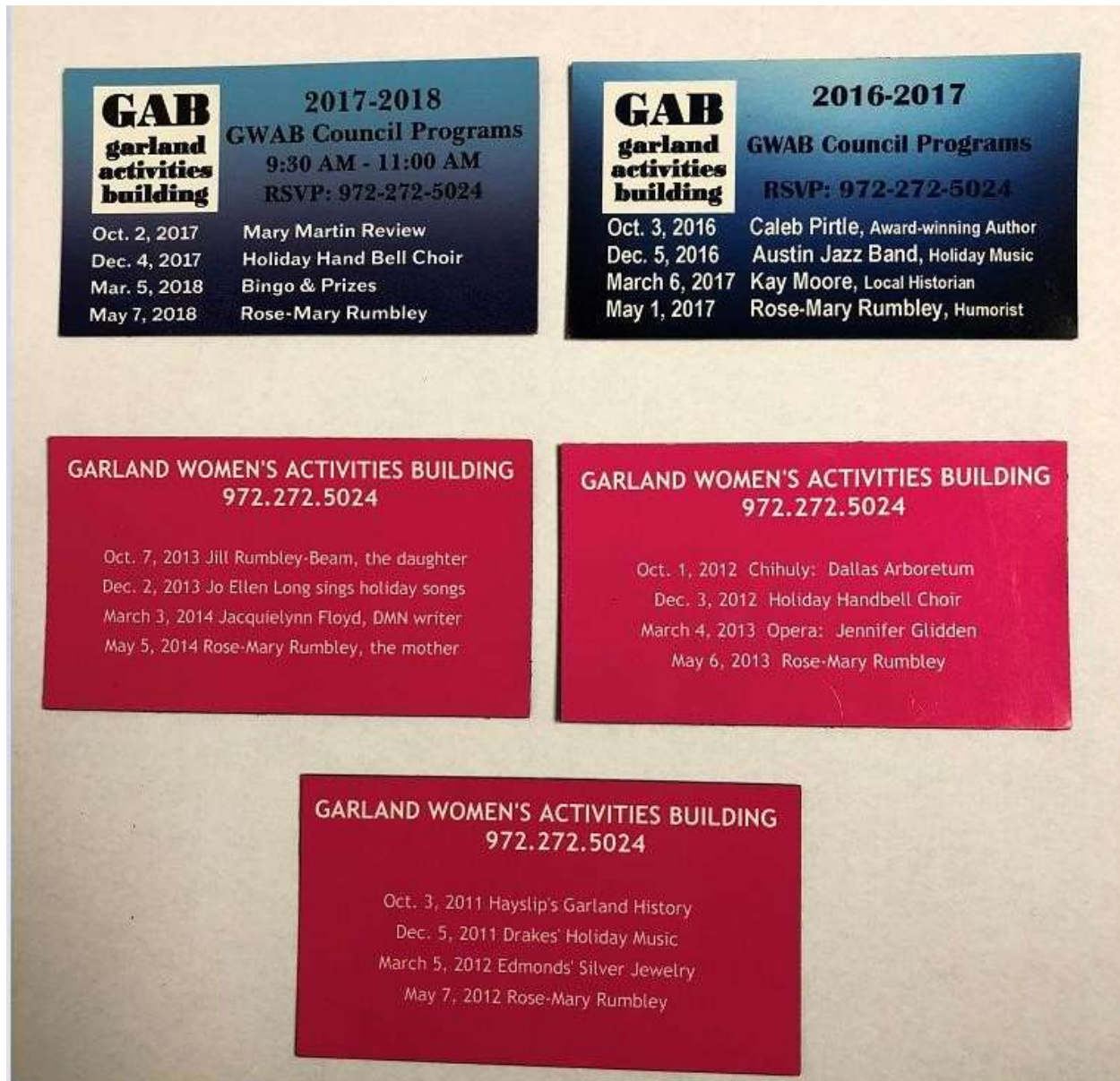


Exhibit C – Surveys

To identify how other cities handle similar arrangements with women’s organizations, IA surveyed eight cities in the Dallas Fort Worth Metroplex and the results are listed below:

- City of Richardson has a Use Agreement with the Richardson’s Woman’s Club (RWC). According to their website and IA’s inquiry with the City of Richardson, the organization is actively involved in the community, and events are advertised to the public. RWC has over 100 members to help organize events such as golf tournaments, festivals and annual community projects. They also provide scholarships to Richardson Independent School District students. Per the agreement, RWC is required to provide an annual report to the City.
- The remaining seven cities that IA surveyed did not have similar agreements as Garland or Richardson. However, 4 out of 7 cities either waive or apply discounts for non-profit organizations (including women’s clubs).

Facility Rental Fees Survey	
City	Fees waived or Discounted for Non-Profit
Irving*	Waived
Mesquite*	Waived
Plano*	Discounted
Highland Village*	Waived
Coppell	No
Rockwall	No
Flower Mound	No

**Each City has certain criteria that must be met to qualify for waived or discounted fees.*